Copy No.

CONFIDENTIAL EXPLANATORY MEMORANDUM

THAI FOCUSED EQUITY FUND LIMITED

Continuing offer for sale of shares of common stock, par value $0.01 (U.S.) per share (such common stock is sometimes hereinafter referred to collectively as the "Common Stock"), of Thai Focused Equity Fund Limited, an International Business Company organized under the laws of the British Virgin Islands (the "Fund"). The minimum subscription is $100,000 (U.S.) exclusive of any initial charge.

Price: The Offering Price (as defined herein) per share of Common Stock.

The shares of Common Stock of the Fund are speculative securities intended for a limited number of experienced and sophisticated investors both within and without the United States.

January 2010

THIS EXPLANATORY MEMORANDUM HAS BEEN PREPARED IN CONNECTION WITH THE OFFER AND SALE BOTH WITHIN AND WITHOUT THE UNITED STATES OF SHARES OF COMMON STOCK OF THAI FOCUSED EQUITY FUND LIMITED. THIS MEMORANDUM MAY NOT BE REPRODUCED.

NO REGISTRATION STATEMENT HAS BEEN FILED WITH THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES AUTHORITY WITH RESPECT TO THIS OFFERING. THE COMMON STOCK HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933 AND MAY NOT BE OFFERED, SOLD OR OTHERWISE TRANSFERRED DIRECTLY OR INDIRECTLY TO ANY UNITED STATES CITIZEN OR RESIDENT OR TO ANY CORPORATION, PARTNERSHIP, TRUST OR OTHER ENTITY CHARTERED OR ORGANIZED UNDER THE LAWS OF ANY JURISDICTION IN THE UNITED STATES OF AMERICA, ITS TERRITORIES OR POSSESSIONS, OTHER THAN TO A LIMITED NUMBER OF ACCREDITED INVESTORS.

THE SHARES OFFERED HEREBY MAY ONLY BE OFFERED OR SOLD IN HONG KONG TO PERSONS WHOSE ORDINARY BUSINESS IS TO BUY OR SELL SHARES OR DEBENTURES, WHETHER AS PRINCIPAL OR AGENT, OR IN CIRCUMSTANCES WHICH DO NOT CONSTITUTE AN OFFER TO THE PUBLIC WITHIN THE MEANING OF THE COMPANIES ORDINANCE (CHAPTER 32) OF HONG KONG. IN ADDITION NEITHER THE FUND NOR ANYONE ON ITS BEHALF WILL ISSUE AN INVITATION OR ADVERTISEMENT RELATING TO THE OFFERING OF SHARES OF THE FUND IN HONG KONG OTHER THAN SHARES INTENDED TO BE DISPOSED OF TO PERSONS OUTSIDE HONG KONG OR TO BE DISPOSED OF IN HONG KONG ONLY TO PERSONS WHOSE BUSINESS INVOLVES THE ACQUISITION AND DISPOSAL, OR THE HOLDING OF SECURITIES (WHETHER AS A PRINCIPAL OR AGENT).

THIS EXPLANATORY MEMORANDUM DOES NOT CONSTITUTE AN OFFER OR SOLICITATION BY ANYONE IN ANY JURISDICTION IN WHICH SUCH OFFER OR SOLICITATION IS NOT AUTHORIZED OR TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH OFFER OR SOLICITATION. PURCHASERS SHOULD INFORM THEMSELVES AS TO THE LEGAL REQUIREMENTS WITHIN THEIR OWN COUNTRIES FOR THE PURCHASE OF SHARES AND TO ANY TAXATION OR EXCHANGE CONTROL LEGISLATION APPLICABLE TO THEM.

THE DIRECTORS OF THE FUND ACCEPT RESPONSIBILITY FOR THE INFORMATION CONTAINED IN THIS CONFIDENTIAL EXPLANATORY MEMORANDUM. TO THE BEST OF THE KNOWLEDGE AND BELIEF OF THE DIRECTORS (WHO HAVE TAKEN ALL REASONABLE CARE TO ENSURE THAT SUCH IS THE CASE) THE INFORMATION CONTAINED IN THIS CONFIDENTIAL OFFERING MEMORANDUM IS IN ACCORDANCE WITH THE FACTS AS AT THE DATE HEREOF AND DOES NOT OMIT ANYTHING LIKELY TO AFFECT THE IMPORT OF SUCH INFORMATION.

SPECIAL NOTICE TO FLORIDA, U.S.A. INVESTORS:

THE FOLLOWING NOTICE IS PROVIDED TO SATISFY THE NOTIFICATION REQUIREMENT SET FORTH IN SUBSECTION 11(A)(5) OF SECTION 517.061 OF THE FLORIDA STATUTES, 1987, AS AMENDED:

UPON THE ACCEPTANCE OF FIVE (5) OR MORE FLORIDA INVESTORS, AND IF THE FLORIDA INVESTOR IS NOT A BANK, A TRUST COMPANY, A SAVINGS INSTITUTION, AN INSURANCE COMPANY, A DEALER, AN INVESTMENT COMPANY AS DEFINED IN THE U.S. INVESTMENT COMPANY ACT OF 1940, A PENSION OR PROFIT-SHARING TRUST, OR A QUALIFIED INSTITUTIONAL BUYER (AS DEFINED IN RULE 144A UNDER THE U.S. SECURITIES ACT OF 1933), THE FLORIDA INVESTOR ACKNOWLEDGES THAT ANY SALE OF AN INTEREST TO THE FLORIDA INVESTOR IS VOIDABLE BY THE FLORIDA INVESTOR EITHER WITHIN THREE DAYS AFTER THE FIRST TENDER OF CONSIDERATION IS MADE BY THE FLORIDA INVESTOR TO THE ISSUER, OR AN AGENT OF THE ISSUER, OR WITHIN THREE DAYS AFTER THE AVAILABILITY OF THAT PRIVILEGE IS COMMUNICATED TO THE FLORIDA INVESTOR, WHICHEVER OCCURS LATER.

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THAI FOCUSED EQUITY FUND LIMITED

1. SUMMARY OF TERMS

THE FUND	Thai Focused Equity Fund Limited is a British Virgin Islands International Business Company (the "Fund"). Thai Focused Equity U.S. Feeder Fund Limited, a BVI Business Company limited by shares formed under the laws of the British Virgin Islands (the “Feeder Fund”), invests substantially all of its assets in the Fund.
INVESTMENT OBJECTIVE	The investment objective of the Fund is to, seek superior long-term capital appreciation through investment primarily in corporate equity securities of companies whose principal operations or assets are located in Thailand, or whose income is primarily derived from Thailand. The Fund may invest up to 25% of its net assets (determined at the time of investment) in other Asian countries.
INVESTMENT APPROACH	In seeking to achieve the Fund's objective, the Investment Manager will employ a strategy based on fundamental research. Through a combination of intensive research and political, economic and financial analysis as well as frequent company visits, the Investment Manager will attempt to achieve substantial long-term gains through investment in Thai corporate equity securities. Investments will generally be focused on 10 or fewer concentrated positions. The Fund will not invest in companies whose equity securities are not publicly-traded.
INVESTMENT MANAGER	The investment manager of the Fund and Feeder Fund is Quest Management, Inc. (the "Investment Manager"), an British Virgin Excluded Person incorporated in the Cayman Islands with limited liability, the principal of which is Mr. Doug Barnett. The value of Mr. Barnett's investment in the Fund (either directly or indirectly through the Investment Manager) exceeds $2,500,000.
THE OFFERING	The minimum investment in the Fund is $100,000 (U.S.) exclusive of any initial charge, subject to exception in the discretion of the Fund's Board of Directors. The Fund may issue additional shares to new or existing shareholders at any time. The Fund will cease to accept new capital contributions if the Board of Directors believes that the Fund would grow too large to be able to invest successfully in thinly traded markets and/or securities, especially during periods of very low investor sentiment. The Common Stock is divided into four classes, Class A Common Stock (the "Class A shares"), Class B Common Stock (the "Manager Shares" or "Class B shares"), Class C Common Stock (the "Class C shares") and Class D

	Common Stock (the “Class D shares”). The Class B shares are owned by the Investment Manager or an affiliate and not available to investors. The Class A, Class C and Class D shares are available to investors. In general, the holders of all classes of shares will participate in all investments of the Fund in the same manner. The only distinctions among the classes are the “Basic Fee” rates and redemption rights, as discussed below.
EXPENSES	The Fund will bear all expenses incurred in connection with its organization and its ongoing operation. The Investment Manager will render its services to the Fund at the Investment Manager's expense. See Section 7, "Expenses."
INVESTMENT MANAGER BASIC FEE	The Fund will pay the Investment Manager (or a person or entity designated by the Investment Manager) a monthly basic fee at the rate of 1.0% per annum of the net assets attributable to the Class A and B shares of the Fund, 1.5% per annum of the net assets attributable to the Class C shares of the Fund and 2.0% per annum of the net assets attributable to the Class D shares of the Fund, paid monthly in arrears. See Section 2, "Investment Management Agreement."
INCENTIVE ALLOCATION TO INVESTMENT MANAGER	An amount equal to 20% of any net profit generated by the Fund in any fiscal year will, as of the end of such fiscal year, be allocated to the Investment Manager subject to a loss carryforward provision. See Section 2, "Investment Management Agreement."
REDEMPTION BY SHAREHOLDERS	Redemptions by shareholders will be permitted as of the last business day in Dublin of each month upon written notice received by the Fund before 5:00 p.m. Dublin time (i.e. 5:00 p.m. Greenwich Mean Time, 11:00 a.m. Eastern Standard Time) on the last day of the applicable month. See Section 12, "Redemptions." A Class A or Class B shareholder must request such redemption pursuant to notice which must be received no later than the last day of the month preceding the month in which the redemption occurs. A Class C Shareholder must request such redemption pursuant to notice which must be received at least three months prior to the redemption date. A Class D shareholder must request such redemption pursuant to notice which must be received at least six months prior to the redemption date.
RISK FACTORS	Investment in the Fund involves significant risks and is suitable only for persons who can bear the economic risk of the loss of their investment, who have limited need for liquidity in their investment and who meet the conditions set forth in this Confidential Explanatory Memorandum. There can be no assurances that the Fund will achieve its investment objective. Investment in the Fund carries with it the inherent risks of investing in securities and financial

instruments including, but not limited to, the use of options, short sales, leverage, currency risk, political risk and investment in illiquid Thai corporate equity securities. Each prospective investor should carefully review this Confidential Explanatory Memorandum and the agreements referred to therein before deciding to invest in the Fund.

REPORTS

Each shareholder will receive reports of the performance of the Fund monthly, and will receive audited year-end financial statements annually.

TAX MATTERS

The Fund should not be subject to any British Virgin Islands or United States income taxes (other than United States withholding taxes on dividends and certain interest income, if any, derived from United States sources). Shareholders of the Fund who are not otherwise subject to United States taxation by reason of their residence, nationality or other particular circumstances should not become subject to any such taxation by reason of the ownership, transfer or redemption of Common Shares. Shareholders should consult their own advisors as to the tax consequences to them of an investment in the Fund. See Section 13, "Tax and ERISA Matters."

REGISTERED OFFICE:

c/o Harneys Corporate Services Limited
Craigmuir Chambers
P.O. Box 71
Road Town
Tortola, British Virgin Islands

INVESTMENT MANAGER:

Quest Management, Inc.
c/o Wayne Lau
Chemin du Champs d'Anier 7
Petit Saconnex
Geneva 1209
Switzerland

ADMINISTRATOR:

Admiral Administration (Ireland) Ltd
KBC House, 4th Floor, 4 George's Dock, IFSC,
Dublin 1,
Ireland

AUDITORS:

BDO Simpson Xavier
Beaux Lane House
Mercer Street Lower
Dublin 2
Ireland

CUSTODIAN:	Citi Global Transaction Services Securities and Fund Services, Singapore 3 Temasek Avenue, #16-00 Centennial Tower Singapore 039190
UNITED STATES COUNSEL:	Seward & Kissel LLP One Battery Park Plaza New York, New York 10004 United States of America
COUNSEL ON BRITISH VIRGIN ISLANDS LAW:	Harney, Westwood & Riegels Craigmuir Chambers P.O. Box 71 Road Town Tortola, British Virgin Islands

Inquiries relating to subscription and redemption procedures in relation to shares in the Fund may be addressed Admiral Administration (Ireland) Ltd . at the address set forth above, or by phone at 353 1 859 0300 or by fax at 353 1 859 0303 . Other written inquiries relating to the Fund should be addressed to the Investment Manager at the address set forth above.

2. THE FUND

Thai Focused Equity Fund Limited (the "Fund") is an International Business Company formed under the laws of the British Virgin Islands. Thai Focused Equity U.S. Feeder Fund Limited, a BVI Business Company limited by shares formed under the laws of the British Virgin Islands (the “Feeder Fund”), invests substantially all of its assets in the Fund. The investment manager of the Fund is Quest Management, Inc., an Excluded Person incorporated in the Cayman Islands with limited liability, whose principal is Mr. Doug Barnett (the "Investment Manager"). The Fund's administrator is Admiral Administration (Ireland) Limited (the “Administrator”).

An investment in the Fund should be regarded as speculative and is not intended as a complete investment program. It is designed only for experienced and sophisticated persons who are able to bear the risk of the substantial impairment or loss of their investment in the Fund.

This Memorandum sets forth the investment objective and investment approach of the Fund, the principal terms of the Fund's Memorandum and Articles of Association and certain other pertinent information. However, the Memorandum is not a disclosure of all of the material provisions of the Fund's Memorandum and Articles of Association that may be significant to a particular prospective Shareholder. Each prospective Shareholder should examine this Fund's Memorandum, the Memorandum and Articles of Association and the Subscription Agreement accompanying this Memorandum in order to assure itself that the Fund’s investment program is satisfactory to it.

Prospective Shareholders are invited to review any materials available to the Fund, relating to the Fund, the operations of the Fund and any other matters regarding this Memorandum. All such materials are available at office of the Administrator, at any reasonable hour, after reasonable prior notice. The Fund will afford prospective Shareholders the opportunity to ask questions of and receive written answers from its representatives concerning the terms and conditions of the offering and to obtain any additional information to the extent that the Fund possesses such information or can acquire it without unreasonable effort or expense.

3. INVESTMENT OBJECTIVE AND METHOD OF OPERATION OF THE FUND

Investment Objective

The investment objective of the Fund is to seek superior long term capital appreciation through investment primarily in corporate equity securities of companies whose principal assets or operations are located in Thailand, or whose income is derived primarily from Thailand.

Investment Approach

In seeking to achieve the Fund's objective, the Investment Manager will employ a strategy based on fundamental research. Through a combination of (i) intensive research, (ii) political, economic and financial analysis and (iii) the conduct of frequent company visits, the Investment Manager will attempt to achieve substantial long-term gains through investment in Thai corporate equity securities. The Investment Manager anticipates that the Fund's investments will generally be focused on 10 or fewer concentrated positions. In making investment decisions, the Investment Manager looks for companies with strong expected earnings per share growth, and that appear to the Investment Manager to be significantly undervalued relative to their historical price/earnings ratio trading range or relative to their quick-liquidation net asset value. Through its analysis, the Investment Manager attempts to identify such situations and invest when valuations are at or near a low point. The investment decision generally is made after one or more on-site inspections. For instance, the investment decision generally would not be made until after meetings with a company's key executive management, inspection of its business sites and meetings with analysts.

The Fund will invest primarily in publicly-traded Thai common stocks, but its investments may at any time include long or short positions in privately-negotiated (or restricted) common stocks of publicly traded companies, preferred stocks, stock warrants and rights, sovereign debt, corporate debt, bonds, notes or other debentures or debt participations, convertible securities, futures, swaps and other derivative instruments, partnership interests and other securities or financial instruments including those of investment companies. The Fund will not invest in the securities of a non-publicly traded issuer. The Fund may invest in "unseasoned" as well as mature companies. In addition, the Fund may buy, sell or write options of any or all types. The Fund may also buy securities on margin and may arrange with banks, brokers and other financial institutions to borrow money against a pledge of securities in order to employ leverage when the Investment Manager deems such action appropriate (although it is anticipated that the Fund will use such leverage only occasionally, with a debt to equity ratio not exceeding 1 to 1). While the Fund intends to concentrate its investments in Thailand, the Fund may also invest up to 25 percent of its net asset value, measured at the time of investment, in other Asian countries.

There can be no assurances that the Fund will achieve its investment objective.

4. INVESTMENT MANAGER

As noted above, the Investment Manager of the Fund is Quest Management, Inc., an Exempted Company incorporated in the Cayman Islands with limited liability, of which Mr. Doug Barnett is the principal. The value of Mr. Barnett's investment in the Fund (either directly or indirectly through the Investment Manager or affiliates) exceeds $2,500,000. The Investment Manager will have sole authority and responsibility for the investment of the Fund's assets pursuant to the Investment Management Agreement, as described below. Biographical information concerning Mr. Barnett and other members of the management team of the Investment Manager is set forth below.

DOUG BARNETT - President, has twenty-three years of experience in the investment banking and fund management business, specializing in the Thai stock market for the past twenty years. He personally decides asset allocation and selects the companies in which to invest, basing his decisions on company visits and detailed analysis carried out under his direction.

Prior to founding Quest Management Inc. in 1994, Mr. Barnett was the Managing Director of Swiss Fund, the Thai division of the global Unifund group. As head of Swiss Fund, Mr. Barnett spearheaded a focused investment strategy that achieved a $350 million profit on an average investment of $150 million over four years. While there, he also established a superior track record in private equity investments. Seven carefully selected private equity projects, with an aggregate purchase price of $24 million, earned a return 3.5 times the equity invested.[1]

Before developing his expertise in the Thai stock market, Mr. Barnett worked in Los Angeles for three years as an Associate for Morgan Stanley, where he refined his fundamental approach to valuation and trading of equities.

Mr. Barnett’s engineering background has been a strong complement to his financial expertise. He earned a Bachelor’s and a Master’s degree in Mechanical Engineering, both from Princeton University. Before graduating at the top of his class in 1987 from UCLA’s Anderson Graduate School of Management, Mr. Barnett worked for five years as a project engineer for Chevron Corporation, where his recommendations for improved piping and instrumentaion designs saved the company over $5 million and won high praise and recognition from management. He seeks to use his understanding of manufacturing processes and finance to improve efficiency and profitability at QMI portfolio companies.

[1] Past Performance is not indicative of future results. Profits and return are compiled by the Investment Manager and have not been audited or independently verified, and are completed without deduction for fees and expenses.

SERGEJ BELOZEROV, CFA - Equity Research, has four years of equity research experience in global equity markets. Since August 2008, Mr. Belozerov has been QMI's main equity researcher. Mr. Belozerov is responsible for identifying, researching and performing due diligence on investment opportunities and providing input to the listed portfolio management process.

Before joining QMI, Mr. Belozerov was a member of the equity research team at Charlemagne Capital where he covered listed companies in Asia, including the property sector, utilities, commodities, alternative energy, and healthcare. Mr. Belozerov began his career in 1999 with Dresdner Bank as an intern.

Mr. Belozerov received his Diplomkaufmann, equivalent to a bachelors degree plus one year masters degree in finance from the International School of Management in Dortmund, Germany. He recently completed the testing requirements for his CFA.

KATEKAO TUNTIPRAWON - Financial Analyst, is responsible for uncovering, analyzing and recommending investment opportunities as well as trading the Fund's portfolio. Prior to joining QMI in 1994, she worked as an analyst at Swiss Fund, the Thai Division of the global Unifund group. Ms. Tuntiprawon's research coverage has included various companies within the electronics, entertainment, finance, property and retail industries. Ms. Tuntiprawon began her career with the United Nation's Save the Children program, where she was an educational instructor at the Indochinese Refugee Camp in Panat Nikom, Thailand.

Ms. Tuntiprawon earned her MBA in 1993 from the Graduate School of Management at Assumption University in Bangkok. In 1984, she received a BS degree from Thammasart University.

PAKAMON PRUKSANUBAL - Controller, has been with QMI since 1994. Ms. Pruksanubal is in charge of back office operations. From 1993 to 1994 she was Chief Accountant at Swiss Fund, the Thai division of the global Unifund group. Ms. Pruksanubal began her career at Seagate Technology (Thailand), where she was in charge of cost and management accounting activities for the company's Thailand based operations.

Ms. Pruksanubal attended the Graduate School of Management at Chulalongkorn University, where she received an MBA degree in finance, and received her BS degree in Accountancy from Thammasart University in 1986.

5. INVESTMENT MANAGEMENT AGREEMENT

General

Under an investment management agreement (the "Investment Management Agreement") between the Investment Manager, the Fund and the Feeder Fund, the Investment Manager provides investment management services to the Fund and the Feeder Fund in accordance with the investment objectives and policies of the Fund set forth above. Under the terms of the Investment Management Agreement and the Fund's Articles of Association, respectively, the Fund pays or allocates to the Manager Shares (owned by the Investment Manager or an affiliate) for its services as investment manager a monthly "Basic Fee" and an annual "Incentive Allocation" as described below.

Basic Fee

The Basic Fee for any fiscal month is an aggregate amount equal to (i) 0.0833% (i.e., 1.0% per annum) of the net assets attributable to the Class A and B shares of the Fund, (ii) 0.125% (i.e., 1.5% per annum) of the net assets attributable to the Class C shares of the Fund and (iii) 0.1667% (i.e., 2.0% per annum) of the net assets attributable to the Class D shares of the Fund during such month, adjusted for subscriptions and redemptions occurring during the month and computed without regard to

the Basic Fee for such month or any accrued Incentive Allocation for such year. The Basic Fee is calculated and paid as of the end of each month. The Fund will pay the Basic Fee in U.S. dollars within ten days after the last day of each calendar month. The Basic Fee will be deducted in computing the net profit or net loss of the Fund. In the event that the Investment Manager is not acting as Investment Manager for an entire month, the Basic Fee payable by the Fund for such month will be prorated to reflect the portion of such month in which the Investment Manager was acting as such under the Investment Management Agreement. The Investment Manager may, in its sole discretion, in effect waive or reduce the Basic Fee to be paid by certain shareholders affiliated with the Investment Manager or certain large shareholders by way of rebate or otherwise. The fund has established “non-fee” classes of A, B, and C shares to facilitate these affiliated investors.

Incentive Allocation

Under the Articles of Association of the Fund, the Manager Shares (owned by the Investment Manager or an affiliate) are allocated an Incentive Allocation for each fiscal year equal to twenty percent (20%) of the net profits (including net unrealized gains), if any, during such fiscal year allocable to each common share. As noted below, if a common share has a loss chargeable to it during any fiscal year and during a subsequent year there is a profit allocable to the share, there will be no Incentive Allocation with respect to the share until the amount of the loss previously allocated to the share has been recouped. Allocation of all or a portion of the Incentive Allocation attributable to a shareholder's common shares may be accomplished through the redemption of a portion of that shareholder's common shares. Circumstances under which such a redemption may be made are illustrated in Appendix A hereto. The fiscal year of the Fund shall end on December 31; provided, however, that if December 31 does not fall on a trading day in Thailand, then, for purposes of preparing year-end financial statements, the Fund shall use the net asset value as of the last trading day in Thailand. The Investment Manager may, in its sole discretion, in effect waive or reduce the Incentive Allocation for certain shareholders affiliated with the Investment Manager or certain large shareholders by way of rebate or otherwise. The fund has established “non-fee” classes of A, B, and C shares to facilitate these affiliated investors.

The Investment Manager will be entitled to withdraw its Incentive Allocation within thirty days after the end of the fiscal year.

In the event that the Investment Management Agreement is terminated prior to the last day of the fiscal year, the Incentive Allocation will be computed as though the termination date were the last day of the fiscal year.

Other Provisions of Investment Management Agreement

The Investment Management Agreement provides that it shall continue until the close of business on December 31, 2026, except that either party may terminate the Investment Management Agreement effective at the close of business on the last day of any month by giving the other party not less than thirty days written notice. The Fund may terminate the Investment Management Agreement only by a unanimous vote of the holders of all "Investor Shares" (as described in Section 8 below).

The Investment Management Agreement specifically recognizes that the Investment Manager or its principal or affiliates may be or become associated with other investment entities and engage in investment management for others. Except to the extent necessary to perform its obligations under the Investment Management Agreement, the Investment Manager or its principal or affiliates are not limited or restricted from engaging in or devoting time and attention to the management of any other business, whether of a similar or dissimilar nature, or from rendering services of any kind to any other corporation, firm, individual or association. See discussion in Section 11 below under "Potential Conflicts of Interest."

Under the Investment Management Agreement, the Fund will indemnify the Investment Manager (and its principal, officers, and employees) against all expenses, including legal fees, and against all judgments, fines and amounts paid in settlement and reasonably incurred in connection with legal, administrative or investigative proceedings, except that no such person will be indemnified against any liability to which it would otherwise be subject by reason of willful misfeasance, bad faith or gross negligence in the performance of its duties, or reckless disregard of its obligations and duties under the Investment Management Agreement.

6. BROKERAGE AND CUSTODY

The Investment Manager is authorized to determine the brokers or dealers to be used for each securities transaction for the Fund. In selecting brokers or dealers to execute transactions, the Investment Manager need not solicit competitive bids and does not have an obligation to seek the lowest available commission cost. It is not the Investment Manager's practice to negotiate "execution only" commission rates, thus the Fund may be deemed to be paying for research services provided by brokers which are included in the commission rate. Research furnished by brokers may include, but is not limited to, written information and analyses concerning specific securities, companies or sectors; market, financial and economic studies and forecasts; financial publications; statistical and pricing services, as well as discussions with research personnel, along with hardware, software, data bases and other technical and telecommunication services and equipment utilized in the investment management process. Research services obtained by the use of commissions arising from the Fund's portfolio transactions may be used by the Investment Manager in its other investment activities. In selecting brokers and negotiating commission rates, the Investment Manager will take into account the financial stability and reputation of brokerage firms, referrals of prospective investors by brokerage firms (consistent with best execution), and the brokerage and research services provided by such brokers, although the Fund may not, in any particular instance, be the direct or indirect beneficiary of the research services provided.

Citibank N.A. (the “Custodian”) has been appointed as the Custodian to the Fund and the Master Fund pursuant to a custodian agreement “Global Custodial Services Agreement. In its capacity as Custodian, the Custodian may clear and settle orders executed by brokers. The Custodian will be responsible for the safekeeping of all the investments and other assets of the Fund and the Master Fund delivered to it (the “Custody Assets”). The Custodian will identify, record and hold the Custody Assets in such a manner that the identity and location thereof can be identified at any time and so that the Custody Assets shall be readily identifiable as property belonging to, and held for the benefit of, the Fund and as separate from any of the Custodian’s own property.

The Custodian may hold the Custody Assets with a sub-custodian, depository or clearing agent, including a person connected with the Custodian (each a “sub-custodian”) in a single account that is identified as belonging to customers of the Custodian. The Custodian will identify in its own books and records that part of the Custody Assets held by a sub-custodian as being held for the Fund and the Master Fund. However, in the event of an unreconcilable shortfall following the default of any subcustodian, the Fund and the Master Fund may share in that shortfall proportionately with the Custodian’s other customers. Assets of the Fund and the Master Fund held as collateral or margin are not required to be segregated and in the event of a broker’s insolvency may not be recoverable in full.

In accordance with the “Global Custodial Services Agreement”, the Custodian will exercise reasonable skill, care and diligence in the selection of any sub-custodian and will be responsible to the Fund and the Master Fund for the duration of any sub-custody agreement for satisfying itself as to the ongoing suitability of such sub-custodian, for the maintenance of an appropriate level of supervision over such sub-custodian and for confirming by means of appropriate periodic enquiries that the obligations of such sub-custodian continue to be competently discharged.

The Custodian will only be responsible for losses suffered by the Fund and the Master Fund as a direct result of its negligence or bad faith in the appointment and monitoring of any nonaffiliated sub-custodian or nominee. Otherwise the Custodian shall not be liable for any act or omission, or for the solvency, of any non-affiliated sub-custodian or nominee.

Notwithstanding the foregoing, the Custodian accepts the same level of responsibility as it does for itself for

companies controlled by the Custodian whose business consists solely of acting as a nominee holder of investments or other property in respect of any requirements of the “Global Custodial Services Agreement”. In the case of any act or omission on the part of a sub-custodian or its agent which the Fund and the Master Fund considers to involve the negligence, fraud or wilful default on the part of such sub-custodian or agent, the Custodian shall, subject to any internal approvals, not to be arbitrarily withheld or delayed, assign to the Fund any rights it may have in respect of such act or omission.

In the event that the Fund obtains legal advice that such assignment would be ineffective to enable the Fund and the Master Fund to pursue its claim, then the Custodian shall, subject to any internal approvals, not to be arbitrarily withheld or delayed and at the Fund and the Master Fund’s expense, claim and pursue the appropriate damages or compensation from the sub-custodian or agent on the Fund and the Master Fund’s behalf.

The Custodian shall be liable for damage or loss only to Fund and the Master Fund’s account(s) and only to the extent arising directly from any act or omission by the Custodian that constitutes negligence, fraud or wilful default. The Custodian shall not be liable under or in connection with the Custodian Agreement for loss (whether direct or indirect) of business profits, revenue or of data or any indirect, consequential or incidental damages, liabilities, claims, losses, expenses, awards, proceedings and costs, in each case, regardless of whether the possibility of such damages, liabilities, claims, losses, expenses, awards, proceedings and costs was disclosed to, or could reasonably have been foreseen by, the Custodian and whether arising in contract, in tort or otherwise.

The Fund and the Master Fund will indemnify the Custodian for any and all expenses, losses, damages, liabilities, demands, charges, actions and claims arising out of any act or omission on the part of the Fund and the Master Fund, except to the extent that the same is due to the negligence, fraud or wilful default of, or breach of the Custodian Agreement by the Custodian.

The Custodian will have no decision-making discretion relating to the Fund’s investments. The Custodian shall have no obligation to review, monitor or otherwise ensure compliance by the Fund with the investment policies, restrictions or guidelines applicable to it or any other term or condition of the Fund’s offering document(s). The Custodian is a service provider to the Fund and is not responsible for the preparation of this document or the activities of the Fund and therefore accepts no responsibility for any information contained in this document.

The Fund reserves the right, in its discretion, to change the custodian arrangements described above including, but not limited to, the appointment of additional prime broker(s) and custodian(s).

The Investment Manager may from time to time place cash, securities and/or other assets of the Fund with brokers or other agents outside of the Custodian's global custodian network. In such circumstances the Custodian will not be responsible for the cash, securities and other assets placed with such brokers or agents.

The appointment of the Custodian may be terminated by either party upon sixty (60) days written notice.
Subject to a minimum monthly fee of US$10,000, the Custodian's fee is accrued and calculated at the following tiers as of each month-end:

Country	**Transaction Fee (USD Per Transaction)**	**Safekeeping Fee (Basis Points Per Annum)**
Euroclear/Clearstream	30	4.50
Indonesia	40	7.00
Singapore	35	4.00
Thailand	40	7.00
United States	Waived	Waived

Such fee shall be calculated and payable monthly in arrears. The Custodian shall also be entitled to be

reimbursed by the Fund for all out-of-pocket expenses incurred in the course of its duties.

7. EXPENSES

The Investment Manager renders the services set forth in the Investment Management Agreement at its own expense, including the salaries of employees necessary to render such services, all general overhead expenses attributable to its offices and employees and other expenses incidental to the rendering of such services. The Fund pays its own expenses including the fees paid to the Investment Manager, the Administrator and the Custodian, accounting and legal expenses, Fund registration expenses payable to the British Virgin Islands authorities, organizational expenses, expenses incurred in connection with the offering of shares in the Fund and all investment expenses (including brokerage commissions, custodial fees, interest on margin accounts, borrowing charges for securities sold short and short sale dividends) and other reasonable expenses related to the purchase, sale or transmittal of Fund assets, as determined by the Fund.

8. DESCRIPTION OF THE FUND'S CAPITAL STOCK

The authorized capital stock of the Fund consists of four classes of common stock. The first class (referred to herein as "Investor Shares" or "Class A"), which will be subscribed to by investors, consists of 5,000,000 authorized shares of common stock having a par value of $0.01 (U.S.) per share. The second class (referred to as "Manager Shares" or "Class B"), which will be held solely by the Investment Manager or an affiliate, consists of 50,000 authorized shares of common stock having a par value of $0.01 that are identical to Investor Shares except that the Manager Shares are allocated the Incentive Allocation. The third class (referred to herein as "Investor Shares" or "Class C"), which will be subscribed to by investors, consists of 5,000,000 authorized shares of common stock having a par value of $0.01 (U.S.) per share that are identical to Class A shares except that the Class C shares will be charged a 1.5% Basic Fee and will be subject to a three month notice period with respect to redemptions. The fourth class (referred to herein as "Investor Shares" or "Class D"), which will be subscribed to by investors, consists of 5,000,000 authorized shares of common stock having a par value of $0.01 (U.S.) per share that are identical to Class A and Class C shares except that the Class D shares will be charged a 2.0% Basic Fee and will be subject to a six month notice period with respect to redemptions. (Investor Shares and Manager Shares are referred to as "Common Shares.") Each Common Share has equal dividend, distribution and liquidation rights (except as to the Incentive Allocation). The Fund does not anticipate paying any dividends on its Investor Shares. There are also non-fee-paying classes of A, C, and D shares to facilitate shares held by the manager’s affiliates. These non-fee-paying shares are subject to the notice periods of the regular shares.

Common Shares generally may be purchased on the first business day in Thailand of each month or at such other times as the Fund may determine. The proper documentation necessary to purchase shares must be received by Admiral Administration at least two Dublin business days prior to the purchase date unless such notice period is waived by the Fund. Purchase documentation received after 5:00 p.m. (Dublin time) or on a day not being a business day in Dublin , will be deemed to have been received the following business day.

Subject to the exceptions set forth below, all decisions of the shareholders will be made by the holders of a simple majority of Common Shares represented at a meeting, provided that a quorum of the holders of one-third of the outstanding Common Shares are present. Notwithstanding the foregoing, the (i) removal of a member of the Board of Directors must be approved by an affirmative vote of two-thirds of the votes of Investor Shares cast at a meeting of shareholders at which more than one-half of the total number of Common Shares then issued and outstanding are represented; (ii) any investment advisory or management contract entered into by the Fund (other than an investment advisory or management contract entered into on behalf of the Fund by the Investment Manager pursuant to

discretionary authority granted under the Investment Management Agreement) may not be terminated by the Fund unless such termination is approved by a unanimous vote of Investor Shares cast at a meeting at which all the issued and outstanding Investor Shares are represented; (iii) amendments to the Memorandum of Association and the Articles of Association which, in the sole opinion of the Directors, have a material, adverse effect on the rights of shareholders of the Fund must be approved by three-quarters of the votes of Common Shares cast at a meeting at which not less than one-half of the issued and outstanding Common Shares are represented, except that any amendment to decrease the vote required to terminate an investment advisory or investment management contract requires approval by a unanimous vote of Investor Shares cast at a meeting at which all of the issued and outstanding Investor Shares are represented; and (iv) the merger or consolidation of the Fund with another corporation or the dissolution of the Fund requires the affirmative vote of the holders of three-quarters of the Common Shares outstanding. Any matter referred to herein may also be adopted by resolution in writing of all the shareholders. There are no conversion or pre-emptive rights in connection with any Common Shares of the Fund. All Common Shares of the Fund, when duly issued, will be fully paid and nonassessable.

The Fund's Common Shares have noncumulative voting rights, which means that the holders of more than 50% of the shares voting for the election of Directors can elect all of the Directors if they chose to do so, and in such event the holders of the remaining Common Shares representing less than 50% of the shares voting for such election of Directors will not be able to elect any person or persons as Directors.

From time to time, the Fund, by a resolution of the Board of Directors, may increase the authorized stock in order to have a substantial number of Common Shares available at all times for issuance.

9. OFFERING OF INVESTOR SHARES

The Fund is conducting an offering of its Investor Shares to a limited number of investors. The minimum subscription required of each investor is $100,000 (subject to reduction in the discretion of the Fund; provided always that the initial investment by each of a majority of the Fund's shareholders must not be less than $100,000 (U.S.)). Subscriptions for Investor Shares may be made only in cash (unless waived by the Fund). Shares generally may be purchased on the first business day in Thailand of each month. At the discretion of the Fund, these dates may be changed and additional dates may be designated from time to time.

Investor Shares will generally be offered at the net asset value per investor share as of the close of business on the immediately preceding business day in Thailand. However, when Investor Shares are subscribed for during the course of a fiscal year, certain adjustments to the amount of money paid for the purchase of Investor Shares is necessary. This is done so that (i) the Incentive Allocation is charged only to those shares which have appreciated in value since their acquisition, (ii) all shareholders of the same class will have the same amount per share at risk and (iii) all shares of the same class will have the same net asset value. A specific description of the manner in which these adjustments shall be made is set forth in Appendix A hereto.

Investors interested in subscribing for Investor Shares should follow the procedures set forth in Section 19, "Procedure to Purchase Investor Shares and Representations by Purchasers."

10. PAYMENTS TO SPONSORS OF THE FUND

It is noted that the Investment Manager may pay fees to persons (whether or not affiliated with the Investment Manager) who are instrumental in the sale of interests in the Fund. Any such fees will in no event be payable by or chargeable to the Fund or any shareholder or prospective shareholder.

11. RISK FACTORS

The Fund is a speculative investment and is not intended as a complete investment program. It is designed only for sophisticated persons who are able to bear the economic risk of the loss of their investment in the Fund. The following risks should be carefully evaluated before making an investment in the Fund:

Illiquidity

Because of the limitation on redemption rights and the fact that interests in the Fund are not tradeable, an investment in the Fund is a relatively illiquid investment and involves a high degree of risk. An interest in the Fund should be considered only by persons financially able to maintain their investment and who can afford the loss of a substantial part of such investment.

Market Risks

The profitability of a significant portion of the Fund's investment program depends to a great extent upon correctly assessing the future course of the price movements of securities and other investments. There can be no assurance that the Investment Manager will be able to predict accurately these price movements.

Small Cap Stocks

At any given time, the Fund may have significant investments in smaller-to-medium sized companies of a less seasoned nature. These "secondary" securities often involve significantly greater risks than the securities of larger, better-known companies.

Options

The purchase or sale of an option involves the payment or receipt of a premium by the investor and the corresponding right or obligation, as the case may be, to either purchase or sell the underlying security, commodity or other instrument for a specific price at a certain time or during a certain period. Purchasing options involves the risk that the underlying instrument will not change price in the manner expected, so that the investor loses its premium. Selling options involves potentially greater risk because the investor is exposed to the extent of the actual price movement in the underlying security rather than only the premium payment received (which could result in a potentially unlimited loss). Over-the-counter options also involve counterparty solvency risk.

Short Sales

Short sales can, in certain circumstances, substantially increase the impact of adverse price movements on the Fund's portfolio. A short sale involves the risk of a theoretically unlimited increase in the market price of the particular investment sold short, which could result in an inability to cover the short position and a theoretically unlimited loss. There can be no assurance that securities necessary to cover a short position will be available for purchase.

Leverage

While the use of margin borrowing can substantially improve the return on invested capital, such use may also increase the adverse impact to which the portfolio of the Fund may be subject. It is anticipated that the Fund will use leverage only occasionally.

Lack of Diversification

The Fund's portfolio will not be diversified among a wide range of issuers, industries or geographic areas. In particular, the Fund's portfolio will be focused primarily on investments in Thailand and will generally be focused on 10 or fewer concentrated positions. Accordingly, the investment portfolio of the Fund may be subject to more rapid change in value than would be the case if the Fund were required to maintain a wide diversification among companies, types of securities and geographic areas.

Lack of Liquidity of Fund Assets; Valuation

Fund assets may, at any given time, consist of significant amounts of securities and other financial instruments or obligations which are thinly-traded or for which no market exists and/or which are restricted as to their transferability under applicable securities laws. The sale of any such investments may be possible only at substantial discounts and it may be extremely difficult to accurately value any such investments. Further, such investments may be extremely difficult to value with any degree of certainty. Finally, if a substantial number of shareholders were to make redemptions and the Fund did not have a sufficient amount of cash or liquid securities, the Fund might have to meet such redemption requests through distributions of illiquid securities. See "Limited Redemption and Transfer Rights; In Kind Distributions" below.

Portfolio Valuation

Because of overall size, concentration in particular markets and maturities of positions held by the Fund, the value at which its investments can be liquidated may differ, sometimes significantly, from the interim valuations arrived at using the methodology described in the Articles of Association of the Fund. In addition, the timing of liquidations may also affect the values obtained on liquidation. Securities to be held by the Fund may routinely trade with bid-ask spreads that may be significant. At times, third-party pricing information may not be available for certain positions held by the Fund. In addition, the Fund may hold loans or privately placed securities for which no public market exists. The Investment Manager is entitled to rely, without independent investigation, upon pricing information and valuations furnished to the Investment Manager by third parties, including pricing services.

Incentive Allocation

The allocation of 20% of the Fund's profits to the Investment Manager may create an incentive for the Investment Manager to cause the Fund to make investments that are riskier or more speculative than would be the case in the absence of such an incentive allocation.

Limited Redemption and Transfer Rights; In Kind Distributions

A shareholder generally will be permitted to redeem all or any part of his shares as of the last business day in Thailand of any month or at other times in the discretion of the Board of Directors; provided, however, that a Class A or Class B shareholder must request such redemption pursuant to notice which must be received by Admiral Administration on behalf of the Fund before 5:00 p.m. Dublin Time (i.e. 5:00 p.m. Greenwich Mean Time or 11:00 a.m. Eastern Standard Time) on the last day of the month preceding the month of the redemption; and, provided further, however, that a Class C shareholder must request such redemption pursuant to notice which must be by Admiral Administration on behalf of the Fund before 5:00 p.m. Dublin Time (i.e. 5:00 p.m. Greenwich Mean Time or 11:00 a.m. Eastern Standard Time) at least three months prior to the redemption date; and, provided further, however, that a Class D shareholder must request such redemption pursuant to notice which must by Admiral Administration on behalf of the Fund before 5:00 p.m. Dublin Time (i.e. 5:00 p.m. Greenwich Mean Time or 11:00 a.m. Eastern Standard Time) at least six months prior to the redemption date. Accordingly, an investment in the Fund is a relatively illiquid investment. Further, if a substantial number of shareholders were to make redemptions and the Fund did not have a sufficient amount of cash or

liquid securities, the Fund might have to meet such redemption requests through distributions of illiquid securities directly to shareholders or to a liquidating trust or liquidating account. If illiquid securities are distributed or allocated to a liquidating trust or liquidating account, a shareholder will not be paid until such time as the securities are sold by the Fund for the benefit of the redeeming shareholder, in which case (i) payment to such shareholder of that portion of his redemption attributable to securities will be delayed until such time as such securities can be liquidated, and (ii) the amount otherwise due such shareholder will be increased or deceased to reflect the performance of such securities through the date on which the liquidation of such securities is effected. See “Distributions in Cash or in Kind” in Section 12 below. Further, transfers of shares will be permitted only with the written consent of the Fund. As a result, the shares should only be acquired by shareholders willing and able to commit their assets for an appreciable period of time.

Non-U.S. Securities

Investing in securities of non-U.S. companies which are generally denominated in currencies other than the U.S. dollar, and utilization of currency forward contracts and options on foreign currencies involve certain considerations comprising both risks and opportunities not typically associated with investing in securities of United States issuers. These considerations include changes in exchange rates and exchange control regulations, political and social instability, expropriation, imposition of taxes, less liquid markets and less available information than are generally the case in the United States, higher transaction costs, less government supervision of exchanges, brokers and issuers, difficulty in enforcing contractual obligations, lack of uniform accounting and auditing standards and greater price volatility.

Emerging Markets

Investing in emerging markets involves certain risks and special considerations not typically associated with investing in other more established economies or securities markets. Such risks may include (a) the risk of nationalization or expropriation of assets or confiscatory taxation; (b) social, economic and political uncertainty including war; (c) dependence on exports and the corresponding importance of international trade; (d) price fluctuations, less liquidity and smaller capitalization of securities markets; (e) currency exchange rate fluctuations; (f) rates of inflation; (g) controls on foreign investment and limitations on repatriation of invested capital and on the Fund's ability to exchange local currencies for U.S. dollars; (h) governmental involvement in and control over the economies; (i) government decisions to discontinue support of economic reform programs generally and to impose centrally planned economies; (j) differences in auditing and financial reporting standards which may result in the unavailability of material information about issuers; (k) less extensive regulation of the securities markets; (l) longer settlement periods of securities transactions; (m) less developed corporate laws regarding fiduciary duties of officers and directors and the protection of investors; and (n) certain considerations regarding the maintenance of Fund portfolio securities and cash with non-U.S. subcustodians and securities depositories.

Currency Risks

The Fund's investments generally will be denominated in currencies other than the U.S. dollar and thus are subject to the risk that the value of a particular currency will change in relation to the U.S. dollar. Among the factors that may affect currency values are trade balances, the level of short-term interest rates, differences in relative values of similar assets in different currencies, long-term opportunities for investment and capital appreciation and political developments. The Fund may try to hedge these risks by selling or buying currencies in the forward market, selling or buying currency futures contracts, options or other securities thereon, borrowing funds denominated in particular currencies, or any combination thereof, depending on the availability of liquidity in the hedging instruments and their relative costs. There can be no assurance that such strategies will be implemented, or if implemented, that they will be effective.

Futures

The use of futures is a highly specialized activity which involves investment strategies and risks different from those associated with ordinary portfolio securities transactions, and there can be no guarantee that their use will increase the Fund's return or not cause the Fund to sustain large losses. While the use of these instruments by the Fund may reduce certain risks associated with portfolio positions, these techniques themselves entail certain other risks. If the Investment Manager applies a strategy at an inappropriate time or judges market conditions or trends incorrectly, futures strategies may lower the Fund's return or cause substantial losses. Certain strategies limit the Fund's possibilities to realize gains as well as limiting its exposure to losses. The Fund could also experience losses if the values of its futures positions were poorly correlated with its other investments, or if it could not close out its positions because of an illiquid market. In addition, the Fund will incur transaction costs, including trading commissions, in connection with its futures transactions and these transactions could significantly increase the Fund's investment turnover rate. Futures markets are highly volatile. The low margin or premiums normally required in such trading may provide a large amount of leverage, and a relatively small change in the price of a security or contract can produce a disproportionately larger profit or loss. There is no assurance that a liquid secondary market will exist for futures contracts or options purchased or sold, and the Fund may be required to maintain a position until exercise or expiration, which could result in losses. Many futures exchanges limit the amount of fluctuation permitted in contract prices during a single trading day. Once the daily limit has been reached in a particular contract, no trades may be made that day at a price beyond that limit. Contract prices could move to the daily limit for several consecutive trading days permitting little or no trading, thereby preventing prompt liquidation of futures and options positions and potentially subjecting the Fund to substantial losses. Investing in futures contracts, options or commodities is a highly specialized investment activity entailing greater than ordinary investment risk.

High Risk Investments

The Fund may invest in companies involved in (or the target of) acquisition attempts or tender offers or companies involved in work-outs, liquidations, spin-offs, reorganizations, bankruptcies and similar transactions. Likewise, the Fund's investment philosophy often involves investment in companies in the midst of a period of economic or political instability. In any investment opportunity involving any such type of business enterprise, there exist a number of risks, such as the risk that the transaction in which such business enterprise is involved either will be unsuccessful, will take considerable time or will result in a distribution of cash or a new security the value of which will be less than the purchase price to the Fund of the security or other financial instrument in respect of which such distribution is received. Similarly, if an anticipated transaction does not in fact occur, the Fund may be required to sell its investment at a loss. Further, in any investment in an unstable political or economic environment, there exists the risk of default as to debt securities and bankruptcy or insolvency with respect to equity securities. Because there is substantial uncertainty concerning the outcome of transactions involving financially troubled companies or situations in which the Fund may invest, there is a potential risk of loss by the Fund of its entire investment in such transactions.

Counterparty and Settlement Risk

To the extent the Fund invests in swaps or other derivatives or over-the-counter transactions or, in certain circumstances, non-U.S. securities, the Fund may take a credit risk with regard to parties with whom it trades and may also bear the risk of settlement default. These risks may differ materially from those entailed in exchange-traded transactions which generally are backed by clearing organization guarantees, daily marking-to-market and settlement, and segregation and minimum capital requirements applicable to intermediaries. Transactions entered directly between two counterparties generally do not benefit from such protections and expose the parties to the risk of counterparty default. It is expected that all securities and other assets deposited with custodians or brokers will be clearly identified as being assets of the Fund and hence the Fund should not be exposed to a credit risk with regard to such parties. However, it may not always be possible to achieve this and there may be

practical or time problems associated with enforcing the Fund's rights to its assets in the case of an insolvency of any such party.

Unrelated Business Taxable Income for
Certain United States Tax-Exempt Investors

Pension and profit-sharing plans, Keogh plans, individual retirement accounts and other tax-exempt investors may realize "unrelated business taxable income" as a result of an investment in the Fund since it is anticipated that the Fund may occasionally employ leverage. See Section 13, "Tax and ERISA Matters - United States Tax-Exempt Shareholders." Any tax-exempt investor should consult its own tax adviser with respect to the effect of an investment in the Fund on its own tax situation.

No Separate Counsel

Seward & Kissel LLP will act as United States counsel to the Investment Manager, the Fund and the Feeder Fund. Harney, Westwood & Riegels will act as British Virgin Islands counsel to the Fund and the Feeder Fund. No separate counsel has been retained to act on behalf of the Shareholders.

Absence of U.S. Regulatory Oversight

While the Fund may be considered similar to an investment company, it does not intend to register as such under the U.S. Investment Company Act of 1940, as amended, in reliance upon an exemption available to privately offered investment companies, and, accordingly, the provisions of that Act (which, among other matters, require investment companies to have disinterested directors, require securities held in custody to at all times be individually segregated from the securities of any other person and marked to clearly identify such securities as the property of such investment company and regulate the relationship between the adviser and the investment company) will not be afforded to the Fund or the Shareholders.

Potential Conflicts of Interest

As noted above, the Investment Manager (and its principal or affiliates) may serve as investment adviser or investment manager to other client accounts and conduct investment activities for their own accounts. Such other entities or accounts may have investment objectives or may implement investment strategies similar to those of the Fund. The Investment Manager (and its principal or affiliates) may have investments in certain of the entities managed by the Investment Manager or its affiliates.

The Investment Manager (or its principal or affiliates) may give advice or take action with respect to such other entities or accounts that differs from the advice given with respect to the Fund. To the extent a particular investment is suitable for both the Fund and other clients of the Investment Manager (or its principal or affiliates), such investments will be allocated between the Fund and the other clients pro rata based on assets under management or in some other manner which the Investment Manager determines is fair and equitable under the circumstances to all clients, including the Fund. From the standpoint of the Fund, simultaneous identical portfolio transactions for the Fund and the other clients may tend to decrease the prices received, and increase the prices required to be paid, by the Fund for its portfolio sales and purchases. Where less than the maximum desired number of shares of a particular security to be purchased is available at a favorable price, the shares purchased will be allocated among the Fund and the other clients in an equitable manner as determined by the Investment Manager.

In addition, purchase and sale transactions (including swaps) may be effected between the Fund and other clients of the Investment Manager or its affiliates subject to the following guidelines: (i) such transactions shall be effected for cash consideration at the current market price of the particular

securities, and (ii) no brokerage commission fee (except for customary transfer fees) or other remuneration shall be paid in connection with any such transaction.

As a result of the foregoing, the Investment Manager (and its principal) may have conflicts of interest in allocating their time and activity between the Fund and other entities, in allocating investments among the Fund and other entities and in effecting transactions between the Fund and other entities, including ones in which the Investment Manager (and its principal) may have a greater financial interest.

While the Administrator for the Fund typically will calculate the Fund's portfolio market value based on pricing information from independent sources such as brokers, the Administrator may also rely on pricing information from the Investment Manager. Because the Investment Manager is allocated a percentage of the Fund's net profits (which includes unrealized gains), the Investment Manager's involvement regarding valuation may present a potential conflict of interest.

Although the Investment Manager will attempt to allocate investment opportunities in a manner which is in the best interests of all the entities involved and in general will allocate investment opportunities believed to be appropriate for both the Fund and other clients between the Fund and other clients on a pro rata basis in proportion to the relative net worth of each, there can be no assurance that an investment opportunity which comes to the attention of the Investment Manager will not be allocated to an entity other than the Fund, with the Fund being unable to participate in such investment opportunity or participating only on a limited basis. In addition, it is noted that there may be circumstances under which the Investment Manager will consider participation by other entities in investment opportunities in which the Investment Manager does not intend to invest, or intends to invest only on a limited basis, on behalf of the Fund. The Investment Manager evaluates for the Fund and the other entities a variety of factors which may be relevant in determining whether a particular situation or strategy is appropriate and feasible for the Fund or a particular entity at a particular time, including the nature of the investment opportunity taken in the context of the other investment or regulatory limitations on the Fund or particular entity and the transaction costs involved. Because these considerations may differ for the Fund and other entities in the context of any particular investment opportunity, investment activities of the Fund and other entities may differ considerably from time to time.

12. REDEMPTIONS

Generally

Any shareholder has the right, in accordance with and subject to the applicable provisions of the Articles of Association of the Fund and the laws of the British Virgin Islands, to have all or a portion of his shares redeemed as of the last business day in Thailand of any month or at other times in the discretion of the Board of Directors. Shares will be redeemed at the Redemption Price (as described below) as of the close of business on such redemption date (as determined in accordance with the applicable redemption provisions set forth in the Articles of Association). The Redemption Price is by reference to the net asset value per share and computed after deduction of the accrued Basic Fee and Incentive Allocation payable or allocable to the Investment Manager attributable to the shares redeemed. A Class A or Class B shareholder must request such redemption pursuant to notice which must be received by Admiral Administration on behalf of the Fund before 5:00 p.m. Dublin Time (i.e. 5:00 p.m. Greenwich Mean Time or 11:00 a.m. Eastern Standard Time) no later than the last day of the month preceding the month in which the redemption occurs. A Class C shareholder must request such redemption pursuant to notice which must be received by Admiral Administration on behalf of the Fund before 5:00 p.m. Dublin Time (i.e. 5:00 p.m. Greenwich Mean Time or 11:00 a.m. Eastern Standard Time) at least three months prior to the redemption date. A Class D shareholder must request such redemption pursuant to notice which must be received by Admiral Administration. on behalf of the Fund before 5:00 p.m. Dublin Time (i.e. 5:00 p.m. Greenwich Mean Time or 11:00 a.m. Eastern Standard Time) at least six months prior to the redemption date.

At redemption, shareholders will be paid the net asset value of the shares on the date of redemption with appropriate adjustment to ensure that (i) the Incentive Allocation to the Investment Manager is charged only to those shares which have appreciated in value since their acquisition, (ii) all shareholders will have the same amount per share at risk, and (iii) all shares in each class will have the same net asset value. A specific description of the manner in which these adjustments shall be made is set forth in Appendix A hereto.

Redemption requests may be made by mail or facsimile (with the original to follow promptly by mail). Investors should note that Admiral Administration assumes no responsibility for any loss arising as a result of non-receipt of any redemption request sent by facsimile. If by mail, the shareholder's request should be made by letter addressed to the Administrator's Agent, c/o Admiral Administration. attention Shareholder Services; if by facsimile to the Fund, c/o Admiral Administration., attention Shareholder Services (facsimile no. 353 1 859 0303 with the original to follow promptly by mail (payment will not be made until the redemption request is received by mail). Except as otherwise provided below, payment in U.S. dollars of the Redemption Price will be made as soon as practicable. The Fund has the right to make payment on such redemption in securities owned by the Fund. Any portion of the Redemption Price not paid within thirty days following the effective date of the redemption will earn interest from the effective date computed at an annual rate equal to the brokers' call rate charged by the Fund's principal broker on the effective date of redemption.

Where payment is by telegraphic transfer to a bank account with a bank in New York State or Dublin, the signature on the relevant payment instruction will require verification to the satisfaction of Admiral Administration before payment will be made. If payment by telegraphic transfer is requested, the costs of such telegraphic transfers will be deducted from the redemption proceeds.

Distributions in Cash or in Kind

Distributions to a shareholder on redemption generally will be made in cash; however, at the discretion of the Fund, such distributions may be made in securities (including short positions) selected by the Investment Manager or partly in cash and partly in securities selected by the Investment Manager. If the Investment Manager determines to distribute securities in kind, such securities may be distributed directly to the redeeming shareholder or alternatively, distributed or allocated to a liquidating trust or liquidating account and sold by the Fund for the benefit of the redeeming shareholder, in which case (i) payment to such shareholder of that portion of his redemption attributable to such securities will be delayed until such time as such securities can be liquidated, and (ii) the amount otherwise due such shareholder will be increased or decreased to reflect the performance of such securities through the date on which the liquidation of such securities is effected.

Special Conversion Rights

At the end of each fiscal year, if the combined gross assets under management attributable to the Class A and Class B shares exceeds $150 million, Class A shares equal to each Class A shareholder's pro rata share of such excess shall be, at the shareholder's option, (i) redeemed pursuant to the terms of redemption set forth herein or (ii) reinvested in Class C shares, subject to the Investment Manager's discretion to determine otherwise. Non fee paying shares will participate in this conversion scheme pro-rata, but will be convertible into non fee paying shares of the new class. For example, if the gross assets under management attributable to the Class A and Class B shares equals $200 million at the end of 2006, of which the value of Class A shares equals $180 million and the value of Class B shares equals $20 million, and the Investment Manager wants to retain Class B shares in the Fund equal in value to $10 million, the total amount available to be retained as Class A shares by the current Class A shareholders equals $140 million. Since the total value of Class A shares at year-end equals $180 million, $40 million will be redeemed or reinvested in Class C shares on a pro rata basis. The estimated gross assets under management attributable to the Class A and Class B shares shall be calculated as of December 1st of each year. The Fund shall promptly notify the shareholders of their

options if such estimate exceeds $150 million, and each shareholder shall have until December 15 of such year to notify the Fund of its choice to redeem its shares or reinvest its shares in accordance with this provision. If no notice is received by the Fund from a shareholder, such shareholder's shares equaling the pro rata share of the excess shall be redeemed as of the year-end in accordance with the redemption procedures set forth above. For purposes of determining the final redemption and reinvestment amounts, the Fund shall use the amount of gross assets under management attributable to the Class A and Class B shares as of December 31st of such year. However, if the total value of the Class A and Class B shares is less than $150 million as of December 1 but exceeds $150 million as of December 31, no such conversion will occur.

If on a subsequent December 1st the estimated gross assets under management of the Fund fall below $150 million, each Class C shareholder (regardless of whether such shareholder is also a Class A shareholder or previously participated in a conversion from Class A shares to Class C shares) shall be promptly notified of such change and its Class C shares, equaling the shareholder's pro rata share of the amount falling below $150 million, shall be converted into Class A shares as of December 31st of such year. For purposes of determining the final conversion amounts, the Fund shall use the amount of gross assets under management attributable to the Class A and Class B shares as of December 31st of such year. However, if the total value of the Class A and Class B shares exceeds $150 million as of December 1 but is less than $150 million as of December 31, no such conversion will occur.

Further, if the combined gross assets under management attributable to the Class C shares exceeds $100 million (so that the total combined gross assets under management attributable to the Class A, Class B and Class C shares exceeds $250 million), Class C shares equal to each Class C shareholder's pro rata share of such excess shall be, at the shareholder's option, (i) redeemed pursuant to the terms of redemption set forth herein or (ii) reinvested in Class D shares, subject to the Investment Manager's discretion to determine otherwise. For example, if the gross assets under management attributable to the Class A and Class B shares equals $150 million at the end of 2006, and the gross assets under management attributable to the Class C Shares equals $120 million, the total amount available to be retained as Class C shares by the current Class C shareholders equals $100 million. Since the total value of Class C shares at year-end equals $120 million, $20 million will be redeemed or reinvested in Class D shares on a pro rata basis. The estimated gross assets under management attributable to the Class C shares shall be calculated as of December 1st of each year. The Fund shall promptly notify the shareholders of their options if such estimate exceeds $100 million, and each shareholder shall have until December 15 of such year to notify the Fund of its choice to redeem its shares or reinvest its shares in accordance with this provision. If no notice is received by the Fund from a shareholder, such shareholder's shares equaling the pro rata share of the excess shall be redeemed as of the year-end in accordance with the redemption procedures set forth above. For purposes of determining the final redemption and reinvestment amounts, the Fund shall use the amount of gross assets under management attributable to the Class C shares as of December 31st of such year. However, if the total value of the Class C shares is less than $100 million as of December 1 but exceeds $100 million as of December 31, no such conversion will occur.

If on a subsequent December 1st the estimated gross assets under management attributable to the Class C shares fall below $100 million, each Class D shareholder (regardless of whether such shareholder is also a Class C shareholder or previously participated in a conversion from Class C shares to Class D shares) shall be promptly notified of such change and Class D shares, equaling the shareholder's pro rata share of the amount falling below $100 million, shall be converted into Class C shares as of December 31st of such year. For purposes of determining the final conversion amounts, the Fund shall use the amount of gross assets under management attributable to the Class C shares as of December 31st of such year. However, if the total value of the Class C shares exceeds $100 million as of December 1 but is less than $100 million as of December 31, no such conversion will occur.

Compulsory Redemption

If the Board of Directors determines that any of the representations given by any holder of Investor Shares as set forth in the "Subscription Agreement and Revocable Proxy" were not true or have ceased to be true, the Fund may repurchase all or any part of his shares at a date specified in the notice of such repurchase by the Fund to the shareholder, which date shall be not less than ten nor more than sixty days from the date of such notice. In addition, the Fund shall be entitled to require the redemption of all or any part of a shareholder's Investor Shares, with or without cause, as of the end of any fiscal quarter upon 20 days notice. Payment shall be made in accordance with the procedure applicable to shares which are redeemed at the request of the holder.

Suspension of Net Asset Value

The Board of Directors may suspend the right of the holders of the Fund's Common Shares to require the Fund to redeem shares during any period when:

(a) any stock exchange on which a substantial part of securities owned by the Fund are traded is closed, otherwise than for ordinary holidays, or dealings thereon are restricted or suspended;

(b) there exists any state of affairs which constitutes a state of emergency as a result of which (1) disposal of a substantial part of the investments of the Fund would not be reasonably practicable and might seriously prejudice the shareholders of the Fund or (2) it is not reasonably practicable for the Fund fairly to determine the value of its net assets;

(c) none of the requests for redemption which have been made may be lawfully satisfied by the Fund in U.S. dollars; or

(d) there is a breakdown in the means of communication normally employed in determining the prices of a substantial part of the investments of the Fund, or in determining the net asset value and net asset value per share.

Determination of Net Asset Value

The net asset value per share of the Fund's Common Shares at any date shall be the net assets of the Fund divided by the number of Common Shares then outstanding. A separate net asset value will be calculated for each class of Common Shares. The net assets at any date shall be determined on the accrual basis of accounting in accordance with International Financial Reporting Standards and in accordance with the following:

(a) no value will be assigned to goodwill;

(b) accrued investment management fees, other fees and the Incentive Allocation will be treated as liabilities;

(c) dividends payable on the Common Shares, if any, after the date as of which the total net assets are being determined to shareholders of record prior to such date will be treated as liabilities;

(d) The market value of positions in securities shall be as follows: securities that are listed on an exchange and are freely transferable shall be valued at their last sales price (i.e., last reported price at which a transaction was effected) on such exchange on the date of determination, or, if no sales occurred on such day, at the "bid"

price on such exchange at the close of business on such day if held long and at the "asked" price at the close of business on such day if sold short. This accounting policy is not in accordance with International Financial Reporting Standards which require such securities (in the case of long positions) to be stated at bid pricing and (in the case of short positions) at offer pricing. However the directors do not consider that the difference would be material. Securities traded over the counter which are freely transferable shall be valued at the last sales price on the date of determination, or, if no sales occurred on such day, at the "bid" price at the close of business on such day if held long and at the "asked" price at the close of business on such day if sold short. Notwithstanding the foregoing, if in the reasonable judgment of the Fund, in its sole and absolute discretion, the listed price for any security held by the Fund does not accurately reflect the value of such security, the Fund may value such security at a price which is greater or less than the quoted market price for such security.

(e) all other assets of the Fund shall be valued in the manner determined by the Board of Directors of the Fund to reflect their fair market value.

In connection with the determination of the net asset value of shares in each Class, the Board of Directors may consult with and is entitled to rely upon the advice of the Fund's custodians, brokers or Investment Manager. In no event and under no circumstances shall the Board of Directors or the Investment Manager incur any individual liability or responsibility for any determination made or other action taken or omitted by them in good faith with respect to the valuation of the Fund's assets.

13. TAX AND ERISA MATTERS

The tax status of the Fund and its shareholders under the tax laws of the British Virgin Islands, the United States and Thailand is summarized below. The summary is based on the assumption that the Fund is owned, managed and operated as contemplated herein. The summary is considered in the opinion of the attorneys indicated below to be a correct interpretation of existing laws as applied at the date of this Confidential Explanatory Memorandum, but no representation is made or intended by the Fund (i) that changes in such laws or their application or interpretation will not be made in the future or (ii) that the relevant taxing authorities will agree with the interpretation described below as applied to the method of operation of the Fund. Persons interested in subscribing for the Fund's Investor Shares should consult their own tax advisers with respect to the tax consequences, including the income tax consequences, if any, to them of the purchase, holding, redemption, sale or transfer of Investor Shares.

British Virgin Islands Taxation

The Fund is not required to pay any income taxes under the laws of the British Virgin Islands. Furthermore, the shareholders will not have to pay any British Virgin Islands income taxes on payments received from the Fund. Providing the Fund has no employee in the British Virgin Islands, the Fund will have no liability to British Virgin Islands payroll taxes.

Capital gains realized with respect to any shares of the Fund are exempt from income tax in the British Virgin Islands and there are no estate, inheritance, succession or gift taxes payable in the British Virgin Islands with respect to any shares of the Fund.

European Union Savings Tax Directive

The British Virgin Islands has introduced legislation relating to the European Union Savings Tax Directive (the "EUSD"). In common with the EUSD, the British Virgin Islands legislation will apply to “interest payments” made by a “paying agent” to an individual resident in the European Union. Payments subject to the EUSD are subject to a withholding tax or, with the consent of the individual, automatic exchange of information. Under the British Virgin Islands legislation, “interest payment”

includes income paid (as a distribution or on redemption) by or on behalf of certain UCITS or “equivalent undertakings for collective investment established in the British Virgin Islands” (an “UCITS equivalent”).

The Fund is recognised as a professional fund under the Mutual Funds Act, 1996. Guidelines published by the British Virgin Islands Government states that a professional fund recognised under the Mutual Funds Act, 1996 will not be an UCITS equivalent. As the Fund is neither an UCITS or an UCITS equivalent, the Fund is out of scope of the British Virgin Islands legislation.

The administrator of the Fund will make the payments to investors and is usually the paying agent for the purposes of the EUSD. The Fund’s Administrator is located in the Republic of Ireland and the payments will be subject to the laws which implement the EUSD in the Republic of Ireland.

Investors resident in the European Union or territories affected by the EUSD should seek tax advice based on their particular circumstances from an independent tax advisor.

United States Taxation

The Fund

The Fund will not be subject to United States federal income tax except as noted below. The Fund will be subject to a 30% withholding tax payable with respect to any dividends received from United States corporations and certain interest considered to be from United States sources. The Fund expects that little, if any, of its income will be subject to United States withholding tax. The Fund will not be subject to any United States federal income tax on its capital gains.

United States Shareholders

The Fund has filed an election with the United States Internal Revenue Service to be treated as a "partnership" for United States federal income tax purposes. Each shareholder that is subject to United States federal income tax regardless of its source will be required to take into account for each fiscal year, for purposes of computing his income tax, his distributive share of the items of the Fund's income or loss, whether or not any income is paid out to him. Such income or loss will be required to be taken into account in the taxable year of the shareholder in which the fiscal year of the Fund ends. The preparation of such information will be handled by BDO Simpson Xavier , the Fund’s auditors, and will be charged to the entire Fund.

The Fund will be required each year to make the determination as to whether it will take the position for United States federal income tax purposes that it is (i) a trader in securities or, alternatively, (ii) an investor in securities. This determination will be made separately each year based primarily on the level of the Fund's securities activities during the particular year. Accordingly, the Fund's status as a trader or an investor may vary from year to year. If the Fund takes the position on its federal information return that it is a trader, then each shareholder who is an individual will be entitled to deduct his share of the Fund's expenses under section 162 of the Internal Revenue Code of 1986, as amended (the "Code"), as business expenses rather than investment expenses deductible under Code section 212. Under Code section 162, business expenses are fully deductible in computing taxable income. Alternatively, if the Fund takes the position that it is an investor in securities (which, given the Fund's investment strategy, is highly likely), the Fund's expenses would be investment expenses deductible under Code section 212 and, as such, would be deductible by an individual only to the extent that such expenses, when combined with the individual's other "miscellaneous itemized deductions," exceed 2% of the individual's adjusted gross income. Further, the amount in excess of that 2% floor would be subject to the overall limitation on itemized deductions imposed by Code section 68. Also, the amount in excess of such 2% floor would be considered a tax preference item in computing the individual's alternative minimum tax.

Interest expense of the Fund will generally be considered "investment interest" for federal income tax purposes. Generally, investment interest is deductible by an individual only to the extent of his net investment income (which for this purpose generally does not include net long-term capital gains or "qualified dividend income"). Investment interest which is not deductible in any taxable year because of this limitation may be carried forward to the succeeding taxable year.

The income and losses of the Fund will not be income and losses from a "passive activity" within the meaning of Code section 469. Accordingly, each shareholder who is an individual (i) will not be able to deduct losses from his other "passive activities" against his share of the Fund's income, (ii) will be able to deduct his share of the Fund's ordinary losses against other income (subject to the discussion of Code section 212 in the preceding paragraph) and (iii) will be able to deduct his share of the Fund's capital losses against other capital gains.

Insofar as the Fund will invest in the securities of non-United States issuers, the Fund's income may be subject to foreign income taxes, including withholding taxes. A shareholder may elect to either deduct his share of foreign taxes paid by the Fund in computing his federal taxable income or treat his share of such foreign taxes as a credit against federal income taxes, subject to certain limitations. No deduction for foreign taxes may be claimed by an individual who does not itemize deductions.

Any gains or losses recognized by the Fund on the disposition of foreign currency or on the disposition of certain foreign currency contracts which are attributable to fluctuations in the value of the foreign currency between the date of acquisition and the date of disposition will be treated as ordinary gains or losses.

Non-United States Shareholders

Shareholders, as long as they are neither citizens nor residents of the United States nor engaged in a trade or business in the United States, will not be subject to any United States federal income, withholding, or capital gains taxes with respect to Investor Shares owned by them and dividends received on such shares.

United States Tax-Exempt Shareholders

Tax Matters

The Fund may sell Investor Shares to United States investors that are (i) individual retirement accounts, pension, profit sharing or stock bonus plans and governmental plans and units ("Retirement Trusts") and (ii) other tax-exempt entities (collectively with Retirement Trusts, "Tax-Exempt Entities"). As a condition to such sale, Retirement Trusts will be required to represent that the investment in the Fund by the Retirement Trust has been authorized by the appropriate person or persons and that the Retirement Trust has consulted its counsel with respect to such investment.

As noted in Section 3 above, the Fund may occasionally use leverage in connection with its investments. In this regard, since the Fund will be treated as a partnership for federal income tax purposes, a Tax-Exempt Entity will generally be subject to tax on the portion of its share of the Fund's profits attributable to the use of leverage. Such portion will be considered "debt-financed income" and will be taxable as "unrelated business taxable income" for federal income tax purposes. It should be noted that the law is not entirely clear as to the proper way to determine what portion of a Tax-Exempt Investor's share of the Fund's profits is attributable to the use of leverage and therefore is "debt-financed income." Accordingly, while the Fund will compute each Tax-Exempt Investor's share of "debt-financed income" from the Fund in a manner which the Fund determines is reasonable, there can be no assurance that the Internal Revenue Service will accept the method of computation utilized by the Fund. In addition, a portion of any gain realized by a Tax-Exempt Entity on redemption of Investor Shares may also be considered "unrelated business taxable income."

Information Reporting and Related Matters

Pursuant to Code section 6038B, a United States person who transfers property (including cash) to a foreign partnership in exchange for an interest in the partnership is required to file an information return with the IRS with respect to such transfer. Accordingly, a shareholder is required to file an information return with respect to his investment in the Fund. In some instances, a shareholder also may be required to file an information return with respect to his acquisition or disposition of Investor Shares pursuant to Code section 6046A.

In February 2003, the Internal Revenue Service (the "IRS") released final Treasury Regulations expanding previously existing information reporting, record maintenance and investor list maintenance requirements with respect to certain "tax shelter" transactions (the "Tax Shelter Regulations"). The Tax Shelter Regulations may potentially apply to a broad range of investments that would not typically be viewed as tax shelter transactions, including investments in investment partnerships and portfolio investments of investment partnerships. Under the Tax Shelter Regulations, if the Fund engages in a “reportable transaction,” the Fund and, under certain circumstances, a shareholder would be required to (i) retain all records material to such “reportable transaction”; (ii) complete and file IRS Form 8886, "Reportable Transaction Disclosure Statement" as part of its Federal income tax return for each year it participates in the "reportable transaction"; and (iii) send a copy of such form to the IRS Office of Tax Shelter Analysis at the time the first such tax return is filed. The scope of the Tax Shelter Regulations may be affected by further IRS guidance. Non-compliance with the Tax Shelter Regulations may involve significant penalties and other consequences. Each shareholder should consult its own tax advisers as to its obligations under the Tax Shelter Regulations.

A shareholder (and each employee, representative, or other agent of the shareholder) may disclose to any and all persons, without limitation of any kind, the tax treatment and tax structure of an investment in the Fund and all materials of any kind (including opinions or other tax analyses) that are provided to the shareholder relating to such tax treatment and tax structure.

Thailand Taxation

The Fund

The Fund will not be subject to any income taxes in Thailand. In general, foreign entities such as the Fund would be subject to a 15% withholding tax in Thailand on capital gains and a 10% withholding tax on dividends with respect to investments in companies whose equity securities are publicly traded on the Stock Exchange of Thailand. However, the Fund has been advised that, under current Thai tax law and tax treaties, the Fund may structure its investments (either through the use of subsidiaries in jurisdictions covered by tax treaties with Thailand, structured products or otherwise) to eliminate or minimize the withholding tax on capital gains. Accordingly, the Fund has structured its investments such that it will not be subject to the 15% withholding tax on capital gains. Nevertheless, it should be recognized that Thai tax laws or applicable tax treaties may change and, even absent such change, the Thai tax authorities may disagree with the conclusion that the withholding tax on capital gains is not applicable to investments structured in the manner implemented by the Fund. Therefore, there is a risk that the Fund will be subject to Thai withholding tax at the rate of 15% on capital gains and 10% on dividends.

Shareholders

Shareholders, as long as they are not resident in Thailand for tax purposes, will not be subject to any Thai income, withholding, capital gains, estate or inheritance taxes with respect to shares in the Fund owned by them or dividends received on such shares.

General Information

The tax consequences of an investment in the Fund may vary depending upon the particular circumstances of each prospective shareholder. Accordingly, each prospective shareholder should consult his own tax advisors with respect to the effect of an investment in the Fund on his personal tax situation and, in particular the state and local tax consequences to him of an investment in the Fund. Tax-exempt investors should review with their tax advisers the discussion above regarding unrelated business taxable income and debt-financed income and any tax and/or filing obligation they may have with respect to unrelated business taxable income. Tax-exempt investors should also consult their tax advisers with regard to the unrelated business taxable income issues that may arise upon the disposition of their Investor Shares. In a private ruling, the IRS has taken the position that a portion of the gain realized from the sale (e.g., withdrawal) of a partnership interest by a tax-exempt entity is debt-financed income when the partnership uses borrowed funds to purchase property even though the tax-exempt entity did not use borrowed funds to purchase its partnership interest.

The above statements are based on advice received by the Fund as to United States taxes from Seward & Kissel LLP, New York, New York, as to British Virgin Islands taxes from Harney, Westwood & Riegels, Tortola, British Virgin Islands and as to Thailand taxes from Tilleke and Gibbons R.O.P., Bangkok, Thailand.

ERISA Matters

The following is a summary of certain aspects of the laws and regulations applicable to retirement plan investments as in existence on the date hereof, all of which are subject to change. This summary is general in nature and does not address every issue under ERISA that may be applicable to the Fund or a particular investor.

The Fund may accept subscriptions from individual retirement accounts ("IRAs"), Keogh plans, pension or profit-sharing plans, governmental plans, entities that invest the assets of such accounts or plans and/or other benefit plan investors (all such entities are herein referred to as "Benefit Plan Investors"). The Fund does not anticipate that its assets will be subject to ERISA, because it intends to limit the investments in the Fund by Benefit Plan Investors (both U.S. and non-U.S.) to less than 25% of the value of any class of equity interests of the Fund, excluding from this calculation any non-Benefit Plan Investor interest of that class held by the Investment Manager, persons affiliated with the Investment Manager or their employees. No subscriptions for Common Shares made by Benefit Plan Investors will be accepted and no transfers of Common Shares will be permitted to the extent that the investment or transfer would result in the Fund exceeding this 25% limit. In addition, because the 25% limit is to be calculated upon every subscription to or redemption from the Fund, the Fund has the authority to require the redemption of all or some of the Common Shares held by any Benefit Plan Investor if the continued holding of such Common Shares, in the opinion of the Board of Directors, could result in the Fund being subject to ERISA (See "Redemptions"- Section 12).

ERISA and the Code impose certain duties, obligations and responsibilities on persons who serve as fiduciaries with respect to employee benefit plan ("Plans") or IRAs and prohibit acts of fiduciary self-dealing and certain transactions between Plans or IRAs and "parties-in-interest" or "disqualified persons" (as such terms are defined in ERISA and the Code). In the Fund's Subscription Agreement and Revocable Proxy, each Plan and IRA will be required to represent that its fiduciary has independently made the decision to invest in the Fund and has not relied as a primary basis for its investment decision on any advice from the Investment Manager, any placement agent associated with the Fund or any affiliate of either with respect to the investment in the Fund. Accordingly, fiduciaries of Plans or IRAs should consult their own investment advisors regarding the prudence of the investment and their own legal counsel regarding the consequences under ERISA and the Code of the investment in the Fund.

14. BOARD OF DIRECTORS

The Board of Directors of the Fund consists of Mr. Doug Barnett, Mr. Wayne Lau, and Mr. James Lyle. Mr. Barnett is affiliated with the Fund's Investment Manager. Mr. Lau is a former hedge fund manager located in Singapore and a small investor in the Fund. Mr. Lyle is a hedge fund manager and long-standing investor in the Fund. Mr. Lau and Mr. Lyle are compensated in accordance with their standard fees charged for such services. If additional Directors are elected, the Fund may compensate such Directors (other than the Fund's Investment Manager or any persons affiliated with the Investment Manager) with respect to services rendered in that capacity.

Biographical information concerning Mr. Barnett is set forth above in Section 4. Biographical information concerning Mr. Lau and Mr. Lyle are set forth below.

Wayne Lau. Wayne Lau is a Director of the Leading Assets United Fund (an independent Asia ex-Japan Long/Short Fund) and the Managing Director of WCW Lau Associates (an Investment Advisor). Mr. Lau is a U.S. citizen with over 20 years experience in Asian equities analysis and investment management. He has worked for J.P. Morgan Investment Management, Smith New Court Securities (now part of Merrill Lynch), and Peregrine Brokerage (now BNP Paribas Peregrine). Mr. Lau is a Chartered Financial Analyst (CFA) and a member of the International Society of Financial Analysts. He has served as Honorary Auditor for the Singapore Society of Financial Analysts and as an Examination Moderator for the Diploma courses in Investment and Banking sponsored by Singapore's Institute of Banking and Finance.

Mr. Lau graduated summa cum laude from Princeton University with a Bachelor's degree in Engineering. He also was awarded a Masters of Philosophy in Engineering from Cambridge University, Trinity College under a Marshall Scholarship.

James Lyle. James Lyle is Chief Investment Officer of Millgate Capital, Inc., which he co-founded in 1997. From 1993 to 1997, he was a Managing Director of Tiger Management LLC, with responsibility for international equity and emerging market investment. From 1991 to 1993, he served as fund manager with Fidelity Management and Research in Boston where he was responsible for the Overseas and International Opportunity funds, as well as various institutional assets. From 1985 to 1991, he was a Vice President of Morgan Stanley, where he was responsible for European equity assets as well as for establishing the Portuguese Investment Fund (London Stock Exchange listed) and the Turkish Investment Fund (NYSE listed). He has also served as a member of the Barron's International Roundtable. He is currently Chairman of the National Foundation for Teaching Entrepreneurship, a board member of the GL Group, and a trustee of the Tiger Foundation. He has a BA from St. Edmund Hall, Oxford University and served as a research officer at the London Business School, London University from 1983 to 1985. He is also a trustee of The Egmont Trust.

15. FUND ADMINISTRATOR

The Fund has appointed Admiral Administration (Ireland) Limited to act as Administrator to the Fund pursuant to an administration agreement (the “Administration Agreement”). Admiral Administration (Ireland) Limited is a company incorporated under the laws of Ireland and authorised for the administration of collective investment schemes under the Investment Intermediaries Act 1995 as amended.

Pursuant to the Administration Agreement, the Administrator is responsible for, among other things: (i) maintaining the register of Shareholders of the Fund and processing the issuance and transfer of Shares in the Fund; (ii) calculating the Net Asset Value and Net Asset Value per Share; (iii) processing requests for redemption of Shares in the Fund; (iv) maintaining financial books and records of the Fund and the Master Fund; and (v) performing other services necessary in connection with the administration of the Fund.

In accordance with the Administration Agreement, the Administrator, shall, at the request of and without any liability in respect thereof, in sole reliance of and based only upon the reports, prices, balances, data, advice, instructions and any other information of any kind whatsoever provided by the Fund or the Investment Manager, calculate the net asset value per Share.

The Administration Agreement provides that the Administrator shall not, in the absence of the Administrator's negligence, willful default or fraud, be liable for any loss or damage which the Fund or the Shareholders may sustain or suffer as the result of or in the course of the discharge of its duties. The Fund have agreed to indemnify and hold harmless the Administrator and any agent appointed by the Administrator to act as sub-administrator or administrative service provider or otherwise (collectively, "agents") against all and any claims and demands made, asserted or threatened against the Administrator, judgments, fines, losses, costs or damages and expenses necessarily and properly incurred in connection therewith which may be incurred by the Administrator or its agents, otherwise than arising out of the proven fraud, negligence or willful default of the Administrator or its agents, provided that the Administrator shall have used reasonable care in the appointment, supervision and control of such agents.

The Administrator is not involved directly or indirectly with the business affairs, organization, sponsorship or management of the Fund. The Administrator will have no obligation to review, monitor or otherwise ensure compliance by the Fund with the investment policies, approach or restrictions applicable to it. The Administrator is a service provider to the Fund and is not responsible for the preparation of this Prospectus or the activities of the Fund and therefore accepts no responsibility for any information contained in this Prospectus.

The Fund reserves the right to change the administration arrangements described above by agreement with the Administrator and/or in their discretion to appoint an alternative administrator.

The appointment of the Administrator may be terminated by either party upon 30 days written notice.

The Administrator will receive from the Fund an administration fee calculated and paid monthly in arrears. The fee shall be equal to 12 basis points (“bps”) per annum based off the net assets of the Company as of the end of the immediately preceding month (prior to redemptions on the valuation date) up to $200 million, subject to a monthly minimum fee $9,000 paid monthly in arrears. A reduced monthly fee of 10 bps per annum will apply to net assets of the Company between $200 million and $400 million, and 8 bps per annum for those assets in excess of $400 million.

16. FISCAL YEAR AND FISCAL PERIODS; FINANCIAL STATEMENTS; AUDITORS; BUSINESS DAY

The Fund's fiscal year will end each December 31; provided, however, that if December 31 does not fall on a trading day in Thailand, then, for purposes of preparing year-end financial statements, the Fund shall use the net asset value as of the last trading day in Thailand. The Directors do not expect any significant difference to be material. Since Common Shares may be sold by the Fund during the course of a fiscal year, the Fund's Articles of Association provide for fiscal periods, which are portions of a fiscal year, for the purpose of allocating net profits and net losses of the shares. A new fiscal period will commence on the first day of each fiscal year, the date next following the date of any redemption of Common Shares, the date of any sale of Common Shares and the date established by the Board of Directors for determining the record ownership of shares of the Fund's capital stock for the payment of dividends, and the prior fiscal period will terminate on the date immediately preceding the first day of a new fiscal period.

Each year shareholders will be sent audited financial statements of the Fund. At the end of each month the Fund will send an unaudited report to each shareholder as to the performance of the Fund and will post the report on the Fund's web site.

BDO Simpson Xavier have been appointed as the auditors for the Fund.

A "business day" is any day (except Saturday) on which banks are open for usual business in Singapore, Thailand and New York unless the Investment Manager otherwise determines.

17. MEETINGS OF SHAREHOLDERS

Meetings of the shareholders of the Fund may be called by the Board of Directors and shall be called at the request of the shareholders of 50% or more of the shares of outstanding Common Shares. All shareholders' meetings will be held in the British Virgin Islands, or such other location as the Board of Directors shall determine. All shareholders' meetings require at least seven days notice. Except with respect to certain matters, holders of one-third or more of the outstanding Common Shares comprise a quorum at any shareholders' meeting. Shareholders may designate an approved representative to attend shareholder meetings in their absence.

18. GENERAL COMMENTS

The summary set forth herein does not purport to be and should not be construed as a complete description of the Memorandum and Articles of Association of the Fund, the Administration Agreement or the Investment Management Agreement, copies of which will be furnished on request made to the Fund at its principal office.

Common Shares may be transferred only if the proposed transferee of the shares obtains the prior written approval of the Fund. In this regard, the proposed transferee will be required to make the representations and warranties required of a subscriber in form and substance satisfactory to the Fund. The Fund will have full discretion to approve or disapprove any proposed transferee, and no proposed transfer will be recognized until the documents relating to it have been approved by the Fund. The Fund need not approve any transfer that is not or may not be consistent with any representation or warranty that the transferor of the shares may have given to the Fund.

Among other things, the Articles of Association provide certain rights of indemnification in favor of Directors, officers and liquidators of the Fund against legal liability and expenses if such persons have acted in accordance with certain standards of conduct and, in connection with the matter giving rise to a particular claim, acted honestly and in good faith with a view to the best interests of the Fund.

Recognition Under the British Virgin Islands Mutual Funds Act

The Fund will be a “Professional Fund” within the meaning of the British Virgin Islands Mutual Funds Act 1996 (as amended) (the “MFA”) and accordingly its shares may only be made available to persons who are “professional investors” within the meaning of the MFA and on the basis that the initial investment in the Fund by each of a majority of its shareholders is not less than US$100,000. As a Professional Fund, the Fund is required to be and will be recognized under the MFA within 14 days of commencing its business and will be required to pay an annual recognition fee of US$350. Such recognition does not involve a detailed examination of the merits of an investment in the Fund or substantive supervision of the investment performance or portfolio constitution of the Fund by the British Virgin Islands government or the Financial Services Commission in the British Virgin Islands. There is no financial obligation or compensation scheme imposed on or by the Government of the British Virgin Islands in favour of or available to the investors in the Fund.

A Professional Investor is any person (a) whose ordinary business involves, whether for his own account or the accounts of others, the acquisition or disposal of property of the same kind as the property, or substantial part of the property, of the Fund; or (b) who has signed a declaration that he, whether individually or jointly with his spouse, has net worth in excess of one million dollars in the United States currency or its equivalent in any other currency and that he consents to being treated as a Professional Investor.

As an entity regulated under the MFA, the Fund will be subject to the supervision of the Financial Services Commission in the British Virgin Islands, who is authorized by the MFA to direct the Fund to furnish information or provide access to any records, books or other documents which he deems necessary to ascertain compliance with the MFA or any regulations made under the MFA.

The MFA provides that the Fund's Certificate of Recognition may be cancelled or made subject to the conditions if, *inter alia,* the Fund has breached the MFA or any subsidiary legislation or conditions of its certificate, has been convicted of an offence, is carrying on business in a manner detrimental to its investors or to the public interest, or is declared bankrupt or is being wound-up or dissolved.

Prevention of Money Laundering

British Virgin Islands: To comply with the anti-money laundering legal and regulatory requirements in the British Virgin Islands, the Fund is required to verify the identity of all shareholders. Schedule B to the Subscription Agreement (the "AML Schedule") must be completed by all subscribers and proposed transferees.

In addition to the information required under the AML Schedule, the Fund and/or the Administrator reserve the right to request such further information as they may, in their absolute discretion, require for verification purposes. In the event of delay or failure by the Subscriber or proposed transferee to produce satisfactory information required for verification purposes, the Fund and/or the Administrator may refuse to accept the application for shares or, as the case may be, to register the relevant transfer and (in the case of a subscription of Shares) any monies received will be returned without interest to the account from which the monies were originally debited. The right of the Fund and/or the Administrator to refuse to register a relevant transfer shall apply irrespective of whether the Shares are expressed as freely transferable elsewhere in this document.

Redemption proceeds will only be paid to the registered holder of the Shares shown on the register of members of the Fund on the relevant redemption date

United States: In order to comply with applicable laws aimed at the prevention of money laundering and terrorist financing, each prospective investor that is an individual will be required to represent in the Subscription Agreement and Revocable Proxy that, among other things, he is not, nor is any person or entity controlling, controlled by or under common control with the prospective investor, a "Prohibited Person" as defined in the Subscription Agreement and Revocable Proxy (generally, a person involved in money laundering or terrorist activities, including those persons or entities that are included on any relevant lists maintained by the U.S. Treasury Department's Office of Foreign Assets Control, any senior foreign political figures, their immediate family members and close associates, and any foreign shell bank). Further, each prospective investor which is an entity will be required to represent in the Subscription Agreement and Revocable Proxy that, among other things, (i) it has carried out thorough due diligence to establish the identities of its beneficial owners, (ii) it reasonably believes that no beneficial owner is a "Prohibited Person", (iii) it holds the evidence of such identities and status and will maintain such information for at least five years from the date of its complete redemption from the Fund, and (iv) it will make available such information and any additional information that the Fund may require upon request.

As mentioned above, the Fund, or the Administrator on its behalf reserves the right to request such evidence as is necessary to verify the identity and source of funds of a prospective investor. The Fund or the Administrator on its behalf also reserves the right to request such verification evidence in respect of a transferee of Common Shares. In the event of delay or failure by the prospective investor or transferee to produce any evidence required for verification purposes, the Fund or the Administrator on its behalf may refuse to accept the application or (as the case may be) to register the relevant transfer, and (in the case of a subscription of Common Shares) any funds received will be returned without interest to the account from which such funds were originally debited.

The Fund or the Administrator on its behalf also reserves the right to refuse to make any redemption payment or distribution to a Shareholder if any of the Directors of the Fund or the Administrator suspects or is advised that the payment of any redemption or distribution moneys to such shareholder might result in a breach or violation of any applicable anti-money laundering or other laws or regulations by any person in any relevant jurisdiction, or such refusal is considered necessary or appropriate to ensure the compliance by the Fund, its Directors or the Administrator with any such laws or regulations in any relevant jurisdiction.

19. PROCEDURE TO PURCHASE COMMON STOCK AND REPRESENTATIONS BY PURCHASERS

Persons interested in purchasing Investor Shares of the Fund should inform themselves as to (i) the legal requirements within their own countries for the purchase of such shares and (ii) any foreign exchange restrictions which they might encounter.

Any person desiring to subscribe for Investor Shares is requested to execute two copies of a "Subscription Agreement and Revocable Proxy," in the form furnished by the Fund, offering in the Subscription Agreement to purchase a specified dollar amount of shares of Investor Shares, and fax a photocopy and mail two such executed copies of the "Subscription Agreement and Revocable Proxy" to: Thai Focused Equity Fund Limited, c/o ADMIRAL ADMINISTRATION (IRELAND) LIMITED, KBC House, 4th Floor, 4 George's Dock, IFSC, Dublin 1, Ireland. Note: Admiral Administration will accept no responsibility for non-receipt of any Subscription Agreement sent by facsimile. Subscription documents should be received by the Fund by 5:00 p.m. Dublin time at least two Dublin business days before the purchase date, subject to waiver by the Fund.

With respect to certain countries, special requirements may have to be observed with respect to subscriptions.

The Fund will advise each subscriber promptly of the Fund's acceptance of an offer to subscribe for Investor Shares. Payment in the amount of the subscription in United States dollars should be made in accordance with the terms of the Subscription Agreement, and funds should be received by the Fund by 5:00 p.m. (New York time) at least one New York business day before the purchase date. A late payment will be accepted only if (a) the completed Subscription Agreement is received prior to the purchase date, (b) the payment is received within 5 business days of the purchase date, and (c) the current flash net asset value provided by the Investment Manager on the date the payment is received is less than the flash net asset value on the purchase date. Otherwise, payment will be held until the next purchase date and interest will be paid based on the Fund's current deposit rate.

A U.S. investor will be required to provide the Fund with a completed IRS Form W-9. A non-U.S. investor will be required to provide the Fund with a completed IRS Form W-8BEN (or other applicable IRS form).

As noted above, subscribers for and each transferee of Investor Shares will be required to give certain representations and undertakings to the Fund which are contained in the Subscription Agreement.

The subscription documents to be executed and delivered by prospective subscribers contain the subscriber's agreement to indemnify and hold harmless the Fund and its Directors and officers, the Investment Manager and its principal and the Administrator and its agents against any loss, liability, cost or expense (including attorneys' fees, taxes and penalties) which may result, directly or indirectly, from any misrepresentation or breach of any warranty, condition, covenant or agreement set forth therein or in any other document delivered by the subscriber to the Fund.

The acceptance or nonacceptance of any subscription is solely at the discretion of the Fund and no reasons need be given for the nonacceptance of any subscription.

No share certificates representing the shares subscribed for will be forwarded to an investor unless specifically requested (delivery of share certificates may take four to six weeks). All shares issued in the Fund will be issued as registered shares.

The form of "Subscription Agreement and Revocable Proxy" grants a proxy to the Administrator, authorizing it or its designated agent to vote the shares subscribed for on behalf of the subscriber at any meeting of shareholders. Such proxy may be revoked by the shareholder giving the proxy by written notice to the Administrator. Any such revocation shall be effective upon its receipt by the Administrator.

THAI FOCUSED EQUITY FUND LIMITED

APPENDIX A

Investor Shares sold during the Initial Offering Period were offered at an offering price of $100 per share. Thereafter, shares generally may be purchased at the net asset value as of the close of business on the immediately preceding day. However, when shares are subscribed for during the course of a fiscal year ("Interim Period"), certain adjustments to the amount of money paid for the purchase of shares are necessary. This is done so that (i) the Incentive Allocation to the Investment Manager is charged only to those shares which have appreciated in value since their acquisition, (ii) all shareholders will have the same amount per share at risk, and (iii) all shares in each class will have the same net asset value.

The number of shares to be purchased will be based on the offering price per share (the "Offering Price") as defined below and as illustrated in the tables which follow. The Offering Price for each share is calculated in the following manner:

(1) For shares purchased at the beginning of the fiscal year ("Year Beginning"), the Offering Price is the Year Beginning net asset value ("Beginning Value").

(2) For Interim Purchases, when the net asset value per share is more than the sum of (i) the Beginning Value and (ii) the loss carryover[2] per share at Year Beginning, the Offering Price is the sum of the net asset value per share and the "Equalization Factor" as defined below. The Equalization Factor is an amount which the shares outstanding since Year Beginning should be charged (i.e. 20% of the increase in net asset value, computed for this purpose without regard to any accrued Incentive Allocation, since Year Beginning in excess of the loss carryover at Year Beginning), and which the shares subscribed for at the date of the Interim Purchase ("Interim Purchase Date") should not be charged. To the extent that the increase in value of the shares that cause the payment of the Equalization Factor is not lost in the current year, the Equalization Factor attributable to such increase becomes payable to the shareholder at the end of the current year. To the extent that the increase in value of the shares that cause the payment of the Equalization Factor is lost in the year the shares are purchased but is recovered in a subsequent year, the Equalization Factor attributable to such recovery will become payable to the shareholder at the end of the year in which the recovery occurs. Upon redemption by a shareholder of his shares, the same amount of the Equalization Factor will be paid to him as if the date of redemption were the last day of the fiscal year in which the shares are redeemed. Any Equalization Factor, or portion thereof, which is due to a shareholder not redeeming his shares will be used to purchase additional full shares of Investor Shares on behalf of such shareholder as of the first day of the next succeeding fiscal year.

Certain adjustments are required at the end of the fiscal year if Investor Shares are purchased during a fiscal year at a time when the net asset value per share is less than the sum of (i) the Beginning Value and (ii) the loss carryover per share at Year Beginning or if Investor Shares are purchased at the beginning of the fiscal year when there is a loss carryover so that the purchasers of those shares will be charged an Incentive Allocation equal to 20% of the net profits allocable to those shares. These adjustments will be effected by redeeming a sufficient number of those shares at the end of the fiscal year so that the appropriate Incentive Allocation will be made with respect to gains attributable to the particular shareholder.

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[2] The loss carryover per share at the beginning of any year shall be the loss carryover per share at the beginning of the preceding year plus an amount equal to the decrease in net asset value per share during the preceding year or minus an amount equal to the increase in net asset value during the preceding year.

The following tables have been provided to illustrate the manner in which the adjustments set forth above operate. Table I illustrates the manner in which the adjustments described above operate with respect to shares subscribed for at the beginning and during a hypothetical fiscal year where there is no loss carryover at the beginning of the year. Table II illustrates the manner in which the adjustments described above operate with respect to shares subscribed for prior to, at the beginning and during a hypothetical fiscal year where there is a loss carryover of $20 per share at the end of the first year.

TABLE I

Share-holder	Shareholder Subscribes for Shares at	NAV on Date of Purchase	Equali-zation Factor Paid	Offering Price	NAV at Year End (before Incentive Allocation)	Regular Incentive Accrued at Year End	Additional Incentive Allocable	Equalization Factor Returned to Shareholder	Number of NAV at Year End (after Incentive Allocation)	Shares Held By Share-holder at Beginning of Year 2
A	Year Beginning Jan. 1 NAV = $100	$100	$0	$100	$140	$8.00	$0	$0	$132.00	1.0000
B	Interim Purchase Date July 1 NAV = $80	80	0	80	140	8.00	$4.00	0	132.00	0.9697
C	Interim Purchase Date Oct. 1 NAV = $120 (before Incentive Allocation)	116.00	4.00	120**	140**	4.00	$0	4.00	132.00	1.0303

* Additional incentive allocation owed for increase in NAV from 80 to 100 (which is not charged to Shareholder A). Adjustment made by redeeming portion of Shareholder B's shares at year end.

** Includes Equalization Factor.

TABLE II

Share holder	Shareholder Subscribes for Shares at	NAV on Date of Purchase	Equali-zation Factor Paid	Offering Price	NAV at Year End (before 20% Incentive Allocation	Regular 20% Incentive Accrued at Year End	Additional Incentive Allocable	Equalization Factor Returned to Shareholder	NAV at Year End (after 20% Incentive Allocation)	Number of Shares Held By Share-holder at Beginning of Year 2***
A	Beginning of Year 1 NAV = 100	$100	$0	$100	$115	$3	$0	$0	$112	1.0
B	Beginning of Year 2 NAV = 80	80	0	80	115	3	4*	0	112	108/112
C	Interim Purchase Date April 1 Year 2 NAV = 110 (before Incen-tive Allocation)	108	2	110**	115	3	0	2	112	1 2/112

* Additional incentive allocation owed for increase in NAV from 80 to 100 (which is not charged to Shareholder A). Adjustment made by redeeming portion of shareholder B's shares at year-end.

** Includes Equalization Factor.

*** Shareholder C's Equalization Factor returned and invested in additional shares.

Shareholder B in Table I, purchasing shares on an Interim Purchase Date when the net asset value has decreased since Year Beginning, pays an Offering Price of $80 per share. Since the Incentive Allocation which would accrue to his shares would be $4.00 more than the Incentive Allocation which would accrue for shares purchased by Shareholder A at Year Beginning, $4.00 in amount of Shareholder B's shares would be redeemed at the end of the fiscal year so that Shareholder B would be charged the current amount of the Incentive Allocation.

Shareholder C, purchasing shares on an Interim Purchase Date when the net asset value has increased since Year Beginning, pays an Offering Price of $120 per share . The Equalization Factor is returned to him at Year End in the form of additional shares since the Incentive Allocation which would accrue to his shares would be $4.00 less than the Incentive Allocation which would accrue to the shares purchased by Shareholder A.

Shareholder B in Table II, purchasing shares at the beginning of Year 2 when the net asset value has decreased since the beginning of Year 1, pays an offering price of $80 per share. Since the Incentive Allocation which would accrue to his shares would be $4 more than the Incentive Allocation which would accrue for shares purchased by Shareholder A at Year 1, $4 in amount of Shareholder B's shares would be redeemed at the end of the fiscal year so that Shareholder B would pay the current amount of Incentive Allocation.

Shareholder C in Table II, purchasing shares on an Interim Purchase Date during Year 2 when the net asset value has increased since the beginning of Year 1, pays an Offering Price of $110 per share (which includes an Equalization Factor of $2) since the amount of funds he would otherwise have at risk would be $2 less than the amount of funds at risk of Shareholder A. The Equalization Factor is returned to him and applied to the purchase of additional shares at the end of Year 2 since the Incentive Allocation which would accrue to his shares would be $2 less than the Incentive Allocation which accrues to Shareholder A.

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