



**Beacon Capital Management Limited
Beacon Fund Advisors Ltd.**

HEDGE FUND ADMINISTRATION AND MANAGEMENT SERVICES

June 1, 2003

INTRODUCTION

Beacon Fund Advisors Ltd. (“BFA”) was established in April 1997 and is a licensed Fund Manager incorporated and regulated under the Mutual Fund Act (1996) in the British Virgin Islands. BFA also has a license to provide Administration Services to Private and Professional Funds and is part of the Beacon Group of Companies specializing in Capital Management, Hedge Fund Management and Investment Services to Offshore companies.

The Company’s founder, David Sims, has over 12 years experience in the offshore financial services industry. BFA currently provides director, administration and other advisory services and trade execution to over 30 funds and fund managers in the Bahamas, BVI and Cayman Islands with total assets under management exceeding \$750 million.

Hedge Fund formation, management and administration is our core business and we are dedicated to providing a focused, professional and timely service for our clients.

BFA has experience across a wide range of hedge fund structures, open-ended and closed-end funds, ranging from venture capital funds to specialized investment funds and is able to offer support and expert advice to all those looking to establish a Fund.

THE BRITISH VIRGIN ISLANDS AND THE MUTUAL FUNDS ACT 1996

The British Virgin Islands are amongst the world’s most reputable Offshore Jurisdictions for the formation of funds, providing a well-regulated environment with modern and flexible legislation designed to meet the needs of private, professional and public funds.

The Mutual Fund Act 1996 defines a mutual fund as a legal vehicle that collects and pools funds for the purpose of collective investment, in order to spread risk. All funds doing business in or from within the BVI are required to be licensed under the Mutual Fund Act. The Act recognizes that many BVI Funds are offered on an institutional level and provides for simple minimum requirements that are necessary to protect the interests of fund investors and safeguard the industry.

The Act provides a simplified recognition process for two classes of fund:

A private fund should have no more than 50 investors (or offer its shares on a private basis and have less than 300 investors).

A professional fund -a minimum investment of \$100,000 per investor, and each investor must be a “professional” i.e. in the business of investments, or with net worth of >\$1million dollars and agrees to be treated as a “professional investor”.

Almost all BVI funds are established as corporate vehicles in order to gain the many advantages afforded under the International Business Companies Act. Funds may also be established under BVI law as Unit Trusts or Limited Partnerships.

BFA offers a flexible approach to those clients seeking to establish hedge funds. Primary Services include but are not limited to Incorporation and Management, Administration, Shareholder Services and Guidance in all aspects of the Fund's activities.

FUND ADMINISTRATION SERVICES

Incorporation Services

- Legal Guidance and assistance
- Tax Planning assistance
- Review of Fund documents
- Incorporation and recognition of funds
- Organisation and Implementation of systems & procedures.

Accounting Services

- Maintaining books of account
- Production of Net Asset Value
- Preparation of Financial Statements
- Liaison with external Auditors

Corporate Services

- Convening shareholders meetings
- Coordination of directors meetings
- Passing of board resolutions
- Granting Powers of Attorney
- Reviewing Legal Documents
- Advising on Local Tax Matters
- Obtaining Certification
- Disbursing legal and professional fees
- Publishing net asset value
- Maintaining corporate records

Shareholder Services

- Communicating with Shareholders
- Processing redemptions and subscriptions
- Maintaining shareholders register
- Calculating dividend payments
- Acting as Transfer agent
- Acting as Paying agent
- Acting as escrow Agent.

We also act as Director for Funds subject to completion of due diligence.

FUND MANAGEMENT SERVICES

We are also active in the structuring, formation and organisation of Fund Management companies. In this respect we provide the following services:

- Formation of Company
- Application for Fund Managers Licence
- Responsible/Restricted Licence Holder
- Directors and Officers may be provided subject to completion of due diligence.
- General Consultancy services regarding the Manager's activities
- Investment Advisory Services
- Trade Execution

BVI JURISDICTION SUMMARY

Status:	British Overseas Territory
Legal System:	English Common Law
Currency:	US Dollar
Exchange Controls:	None
Tax on Offshore profits:	None
License Fees:	Funds -\$650 pa; Managers - \$1,300 pa

FEES

FUND ADMINISTRATION SERVICES

Incorporation (Set up) Fees

Incorporation & Organisation of a BVI Fund \$10,000
Fee includes Assistance with Initial Setup and organization of the Fund including review of all documents.

Fund Recognition (Private & Professional Fees) \$ 2,500
Preparation and filing of Application to the FSC for Recognition

Annual Fees

Fund Administration Services On Application
Director Fees (Minimum) \$ 3,000
Registered Office/Agent & Secretary \$ 1,500
Government Recognition Fee \$ 350
Government IBC Licence Fee (Minimum) \$ 300

FUND MANAGEMENT SERVICES

Incorporation Fees

Incorporation & Organisation of a BVI Fund Manager \$ 5,000

Licence Application Fees

Fund Managers Application (Restricted Licence Holder) \$ 3,000
Fund Managers Application (Full Licence Holder) \$ 5,000

Annual Fees (estimated)

Fund Manager Services for Restricted Licence Holder \$12,000
Fund Manager Services for Full Licence Holder \$18,000
Provision of Director Services (minimum) \$ 3,000
Registered Office/Agent & Secretary \$ 1,000
Government Manager Licence Fees \$ 500
Government IBC Licence Fees (minimum) \$ 300
General Consultancy Services for Fund Managers \$250/hr

All Fees are Exclusive of disbursements. Actual Fees may differ from the above depending on the range and complexity of services provided. All fees are determined on a case-by-case basis by prior negotiation with clients. Clients are encouraged to fill out the attached Funds Questionnaire in order to obtain a more accurate fee estimate.

BEACON FUND ADVISORS LTD.

**HEDGE FUND
PROPOSAL QUESTIONNAIRE**

*PLEASE FILL OUT/INDICATE AS APPROPRIATE AND RETURN VIA FAX TO
1-(284)-494-4771 –ATTENTION David Sims.*

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1. Proposed Name of Fund: _____
Alternative : _____
 2. a) Authorised Share Capital _____
b) Classes of Shares _____
 3. Amount of Capital expected to be raised-initial _____ after yr 1 _____
(Currency _____)
 4. Number of Shareholders: initial _____ After yr 1 _____
 5. Minimum Subscription Amount: **US\$** _____
 6. a) Category of Fund: **BVI** Private ___ Professional ___ Public ___
Other : Jurisdiction _____ Category _____
b) State if Fund will be: Stand Alone ___ Feeder Fund ___ Master Fund ___
 7. Frequency of Subscription: MONTHLY ___ QUARTERLY ___ OTHER ___
 8. Frequency of Redemption: MONTHLY ___ QUARTERLY ___ OTHER ___
(Please specify any **lock-up period** _____)
 9. Frequency of NAV Calculation: MONTHLY ___ QUARTERLY ___ OTHER ___
 10. a) Prime Broker's Name: _____
b) Number of Other Brokers _____
 11. Types of Security: _____
 12. Number of Portfolio Transactions Per Month: _____
 13. Audit Frequency: ANNUALLY ___ OTHER _____
Auditor _____ jurisdiction _____
 14. Need for BEACON FUND ADVISORS LTD. to provide:
 - a) Bookkeeping/Accounting Services : YES/ NO
 - b) Director i) Corporate Entity : YES/NO ii) Person YES/NO
 - c) Share Registrar & Transfer Agent : YES/NO
 - e) Escrow & Paying Agent : YES/NO
 15. BVI Licenced Manager required: YES/NO