

THE INCUBATOR FUND

The Incubator Fund PCC Ltd (“the Fund”) is a segregated portfolio company , specifically designed to provide a streamlined solution for those investment managers wanting to establish their own funds, but without the high set up costs of establishing a stand-alone fund. The Fund, which is a Protected Cell Company registered in Anguilla, allows managers to control their own segregated sub-fund under the umbrella of the Fund, with a relatively small start up capital.

The Fund is incorporated as a Protected Cell Company, registered as a Mutual Fund under the Regulation of Anguilla’s Financial Services Authority (“FSA”).

The cost of setting up a stand-alone hedge fund in an offshore jurisdiction can range from \$30,000 to even \$125,000 depending on the complexity of the fund and the advisors required. Indeed, the cost of setting up a Mutual Fund through Drake in the BVI, will be in the region of \$12,000 to \$25,000.

The Fund provides managers with the opportunity to start their business with only a small sum of assets under management. This, together with the low start up costs of each sub-fund, allows managers time to develop their funds into a mature investment entities before being in a position to market their fund to professional investors, without the establishment and administration costs eating into the initial capital and decimating the fund’s performance when the manager is trying to establish an attractive track record.

STRUCTURE

The Fund is structured as a segregated portfolio company (Anguillan Terminology being Protected Cell Company) and therefore each sub-fund is ring-fenced from the others, with no cross-collateral risk. This means that any liabilities arising from one sub-fund will be met only by the assets of that particular sub-fund and creditors will not have access to the assets of the other sub-funds.

The manager, acting as Investment Manager of the sub-fund, will have full autonomy to invest or trade as he or she wishes.

Each sub-fund will operate through its own, incorporated trading company, of which the sub-fund will be sole shareholder. This will allow the manager to establish a stand-alone fund, which will purchase the trading company, together with the its track record, from the Fund down the line. In this way the manager can easily transfer his track record to the new, stand-alone fund. This can be done by the manager at any time, provided that Drake Fund Advisors Ltd must be appointed as administrator of the new fund for a minimum period of three years.

PROVISIONS

- The minimum initial investment into any sub-fund by each investor must be not less than \$100 000;

- manager of the sub-fund must be regulated in a jurisdiction approved by the FSC in Anguilla which includes Anguilla itself or the BVI;
- The Fund, all sub-funds and all investment managers and other providers and advisors must comply with all current and future legislation and regulations in Anguilla;
- The directors of the Fund shall have the right, in their sole discretion, to close any sub-fund that has not reached an agreed AUM within an agreed period of say two years of the date of commencement of that sub-fund;
- The directors of the Fund shall have the right, in their sole discretion, to convert any sub-fund to a stand-alone fund when the AUM exceeds \$20 million;
- Drake Fund Advisors shall be appointed as administrator to any sub-fund that converts to a stand-alone fund, keeping the manager's track record through the trading company, for a minimum period of three years;
- It is acknowledged that the requirement to appoint Drake Fund Advisors Ltd as administrator is to enable the administrator to recoup the reduced level of income, or even losses, incurred in operating the Fund.

FEES

- Incorporation and set up fees: \$8,000 payable in advance;
- Annual Operating Fee: None other than fees below;
- Investment Management Fee: to be advised by Investment Manager;
- Audit Fees: There is no requirement for the appointment of an auditor for professional and private fund in Anguilla;
- Administration Fees and Disbursements: This will be charged at a rate based on the NAV of each sub fund, but subject to the following minimum monthly fees:
 - For sub-funds with AUM less than \$10 million: \$1,000
 - For sub-funds with AUM between \$10 million and \$20 million: \$1,250
 - For sub-funds with AUM between \$20 million and \$30 million: \$1,500
 - For sub-funds with AUM exceeding \$30 million: \$2,250
 - For sub-funds with AUM \$43 million: An ad valorem fee of 0.125% per annum of the NAV of the sub-fund, calculated and invoiced monthly in arrears;
- Trading Companies: The annual government license and registered office fees will be \$3,000;

DIRECTORY OF THE FUND

Directors

Mr. Nicolaas Faure

Mr. Dustyn Molver

Mr. Peter Todd

Registered Office

201 The Rogers Office Building
Edwin Wallace Rey Drive
George Hill
Anguilla

Fund Administrator and Registrar

Drake Fund Services Ltd
201 The Rogers Office Building
Edwin Wallace Rey Drive
George Hill
Anguilla

Company Secretary

Osiris Secretarial Services Ltd
Harbour House
2nd floor Waterfront Drive
P.O. Box 2221
Road Town, Tortola
British Virgin Islands

Legal Adviser

Collin Mead
Hansa Bank Building, 1st Floor
Landsome Road
The Valley
Anguilla

Fund Custodian

Manager Client Defined

Bankers

Manager Client Defined

FURTHER INFORMATION

If you require advice or assistance in regard to any of the matters raised in this brochure, please contact Nicolaas Faure at;

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