



a member of the EQUITY TRUST Group of Companies

THE NASCENT FUND

Custom House Global Fund Services Limited is pleased to announce **The Nascent Fund** SICAV P.L.C. (the “Fund”)

The Fund is aimed at assisting Managers entering the market to establish and control their own segregated sub-fund (a “Sub-Fund”) of the Fund, with a relatively small amount of initial capital.

The Fund enables these Managers to start their business and establish a track record, whilst it develops into a mature investment entity.

It is an open-end umbrella fund platform, specifically designed to provide an efficient and cost-effective solution for new managers (“Managers”) wishing to start up their own open end hedge fund.

The Fund, which is a EU based fund, is incorporated as a SICAV under the Maltese Companies Act 1995 (Reg. No. SV117) and complies with the Maltese law with regard to Professional Investor Funds.

The cost of establishing a stand-alone hedge fund or CTA fund in any of the recognised offshore jurisdictions – (i.e. not US & Europe (EU)), can range from circa US\$30,000 to more than US\$125,000, depending upon the selection of service and professional advisors used and the complexity of the fund. Indeed, the cost of establishing a Maltese SICAV, once all the detail has been completed, would probably be not be less than US\$35/40,000, whereas Managers who wish to acquire their own Sub-Fund within the Fund are only required to subscribe US\$10,000 towards establishment costs.

It is relatively common for start-up Managers to want to launch their fund with a small sum of assets under management – often between US\$5 and US\$10 million, or even less. This money is usually subscribed by the Manager, together with contributions from family and friends and is not raised by an offering to outside investors. Typically, such a Manager would set up its fund and run it for at least 12 months in order to establish a track record. Once the track record has been established, the Manager will then be in a position to market the fund to professional investors.

However, in addition to the establishment costs for a stand-alone fund, it is almost impossible to operate such a fund without incurring substantial annual expenses, which, for a small start-up fund, will damage the performance and track record that the Manager is trying to achieve, unless the fund has initial capital in excess of US\$25 million. Indeed, these fees (excluding investment management fees and transaction costs) can amount to 2% or 3%, or more, per annum on a

US\$5 million fund, which could decimate the fund's performance at a time when the Manager is trying to generate an attractive track record.

The Fund provides a solution to many of these problems.

The Fund is structured so that each Sub-Fund is entirely and legally segregated from each other Sub-Fund, so as to avoid any cross-collateral risk. Thus, if one of the Sub-Funds should suffer massive losses in the market, which exceed the capital of the Sub-Fund, those losses will be ring-fenced within the individual Sub-Fund and will not be passed on to other Sub-Funds of the Fund.

The Manager will have full autonomy as the Investment Manager of its own Sub-Fund. Each Sub-Fund will operate through a separately incorporated trading company (the "Trading Company"), which will be wholly owned by the Sub-Fund. This is designed so that, at a later date, the Sub-Fund can sever its connection with the Fund and re-establish itself as a stand-alone fund. The new stand-alone fund will acquire the Trading Company and, with it, the track record, and thus the Manager will then be able to transfer his track record from the original Sub-Fund to his new fund, which would not otherwise be the case.

The Manager will have the right to close the Sub-Fund and open a stand-alone fund at any time, providing the Manager appoints Custom House as the administrator of the new stand-alone fund, for a minimum period of three years.

PROFILE

The Custom House Group of companies ("Custom House") has several complementary businesses.

The primary business is the provision of a full administration service to alternative investment funds (including private equity, real estate and venture capital funds), hedge funds, managed accounts and daily dealing managed account platforms. The complementary businesses include the provision of Corporate Secretarial and Director services as well as acting as a licensed Custodian of Funds of Funds in Malta and similarly in the Netherlands, where Custom House offers Bewaarder services to local Dutch clients. Custom House can also assist clients in the design, organisation and establishment of customised offshore funds if needed.

Custom House offers a 24/5 global hedge fund administration service through its fully integrated network of offices in Chicago, Dublin, Luxembourg, Malta and Singapore.

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