

CFAL BALANCED FUND, LTD.(formerly CFAL MSI Preferred Investment Fund, Ltd.)

OFFERING MEMORANDUM

Date of Publication: December 31st, 2012

This document has been prepared in accordance with the requirements of the Investment Funds Act, 2003 of the Commonwealth of The Bahamas. CFAL Balanced Fund, Ltd. (“the Fund”) has obtained a license to operate as a Standard Investment Fund in The Bahamas. The Securities Commission of The Bahamas, as regulators of the Investment Funds Act, 2003, takes no responsibility for the soundness of the Fund or for the correctness of any statements or opinions expressed herein. The securities described in this Offering Memorandum have not been qualified for offer or sale to the public under the securities laws of any other country or jurisdiction.

The Directors of the Fund accept responsibility for the accuracy of the contents of this document at the date of publication. To the best of the knowledge and belief of the Directors the information contained herein is in accordance with the facts and does not omit anything likely to affect the importance of such information.

CFAL BALANCED FUND, LTD.
(Denominated into Bahamian Dollars)

A Domestic Business Company
Incorporated under the laws of The Commonwealth of the Bahamas.
Public Offering of Class A Shares

Registration No. 40,816

Investment Manager :	Colina Financial Advisors Limited (“CFAL”)
Administrator :	CFAL
Sub-Administrator:	Genesis Fund Services Limited
Registrar and Transfer Agent:	CFAL
Banker:	Bank of The Bahamas
Custodian :	CFAL Securities Limited
Auditors :	Ernst & Young
Lawyers :	Alexiou, Knowles & Co.

This Offering Memorandum is strictly confidential and is supplied for the personal use of the recipient only. Under no circumstances should it be reproduced or distributed to any other person. This document shall be governed by and construed in accordance with the laws of The Commonwealth of The Bahamas.

This Offering Memorandum is dated December 31st, 2012 as amended by resolution of the Board of Directors of the Company adopted as of December 31st, 2012 and supersedes all previous Offering Memoranda and supplements thereto.

Prospective investors should not treat the contents of this document as advice relating to legal, tax or investment matters and are advised to consult their own professional advisers concerning any proposed investment in the Fund.

Investors must be aware that the price of the shares offered herein may go down as well as up after subscribing.

NOTICE

This Offering Memorandum has been prepared in connection with the offer and sale of the shares of Class A Shares in The CFAL Balanced Fund, Ltd., or the “Fund” (formerly “CFAL MSI Preferred Investment Fund Ltd.”) to Bahamian investors.

This Offering Memorandum is intended solely for the use of the person to whom it has been delivered by the Fund for the purpose of evaluating a possible investment by the recipient in the shares described herein. No person is authorized to make any representations concerning The Fund or its shares which are inconsistent with those contained in this Offering Memorandum.

This Offering 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 as to any taxation or exchange control legislation applicable to them.

The Class A shares have been registered under the Investment Funds Act, 2003.

All reference herein to “dollars or “\$” are to Bahamian dollars.

TABLE OF CONTENTS

	PAGE
GLOSSARY OF TERMS.....	5
OFFERING SUMMARY	8
DIRECTORS OF THE FUND.....	9
INVESTMENT OBJECTIVES AND STRATEGY.....	10
INVESTMENT RESTRICTIONS.....	10
RISK FACTORS.....	12
ADMINISTRATOR, INVESTMENT MANGER REGISTRAR & TRANSFER AGENT.....	13
ADMINISTRATION AGREEMENTS.....	13
MANAGEMENT AGREEMENT.....	14
BANKER & CUSTODIAN.....	15
AUDITORS.....	15
FEES AND EXPENSES.....	15
ANTI-MONEY LAUNDERING.....	15
TERMS OF OFFERING.....	16
REDEMPTIONS.....	18
NET ASSET VALUE.....	19
TAX CONSEQUENCES.....	19
DIVIDENDS.....	19
REPORTS TO SHAREHOLDERS.....	19
ELIGIBLE INVESTORS.....	20
WARNING NOTICE.....	20
CONSTITUTIVE DOCUMENTS.....	20
THE DIRECTORY.....	22
SUBSCRIPTION FORMS.....	23
REDEMPTION FORMS.....	28

GLOSSARY OF TERMS

Administrator:	The Company that maintains the Register of Shareholders and records of the Fund, produces monthly NAV reports, and liaises with shareholders, namely Colina Financial Advisors Limited (“CFAL”).
Articles of Association:	The Articles of Association of the Company as amended from time to time.
Business Day:	Any normal business day except any day that is a national or bank holiday in the United States or The Bahamas.
CFAL	Colina Financial Advisors Limited
Class A Shares	The participating shares that represent equity ownership in the Fund. These are issued to the investor at their current NAV and have no voting rights.
Class B Shares	The non-participating management shares of the Fund. These are issued to the Investment Manager and have exclusive voting rights.
Commercial Paper:	Short term unsecured debt obligations issued by established companies for their short-term working capital needs.
Custodian:	CFAL Securities Limited
Dealing Day:	Any Business Day when subscriptions or redemptions are requested, the last business day of each month and such other days as the Directors may in their sole discretion determine.
Derivatives:	Financial instruments whose value is based on another security.
Domestic	Of, in, or relating to The Bahamas.
Duration:	The price sensitivity of a security with respect to small changes in interest rates.
Equities:	The shares or instruments of a company that indicates an ownership interest in the assets of the company.

Investment Account:	An account established with CFAL to reflect the value of each shareholder's ownership in the Fund.
Investment Advisor:	The professional money manager that provides the investment advice and management services to the Investment Manager and the Fund.
Investment Funds Act	Includes the Investment Funds Act and Regulations of 2003 of the Commonwealth of The Bahamas and any amendments and replacements thereof.
Investment Manager:	The professional money manager that provides the investment advice and management services to the Fund (CFAL).
Investor Shares:	Unless otherwise stated, the Class A Non-Voting Participating Shares of the Company, to which this Offering Memorandum relates.
Leverage:	Borrowing against the assets of the Fund. Leverage can increase the return and potential loss of the Fund.
Liquidity:	The ability of an individual or company to convert assets into cash or cash equivalents without significant price fluctuations.
Markets:	The markets on which the Company trades, which is primarily the global fixed income market.
Memorandum:	This Company's Offering Memorandum.
Memorandum of Association:	The Memorandum of Association of the Company as amended from time to time.
Net Asset Value "NAV":	The fair market value of the Fund's assets, less its liabilities calculated on the final business day of the month or at any other time deemed practical by the Company's directors.
NAV PER SHARE:	NAV of the Fund divided by the number of issued and outstanding Shares of the relevant Class. The NAV per Share will be quoted in United States Dollars.
Open end Fund	An investment fund with no specified subscription limit or closing date, and which redeems its own shares or units.
Options:	The right to buy or sell specific securities or properties at a specified price within a specified

time.

Redemption:	The sale of redeemable non-voting participating class of shares by and investor.
Redemption Notice:	The form if notice required to redeem investors shares.
Redemption Price:	The repurchase of Class A shares by the Fund.
REIT:	A Real Estate Investment Trust (REIT) is a company, that usually trades publicly and that manage a portfolio of real estate assets to earn profits for its shareholders.
Redemption Stock	Long-term securities of the Government of The Bahamas issued to finance its on-going fiscal needs.
Remitting Bank/ Financial Institutions:	The Bank or financial institution from which a Subscriber's subscription monies are sent to the Company.
Registrar:	Genesis Funds Services Limited or such other entity that may be appointed from time to time
Securitized Mortgage:	Pooling of mortgages and issuance of a bond against the underlying mortgage.
Shareholder:	Any individual, partnership, or corporation with a beneficial interest in the Fund through the holding of Class A shares.
Share Register:	The principal register maintained by the Company at its Registered Agent in which are entered the names and addresses of the Shareholders and their respective shareholding in the Company including and sub-funds there under.
Shares:	Unless otherwise stated, the Management Shares and Class A shares of the Company.
Short Sales:	Sale of a security not owned by the seller.
Standard Fund:	The Company has applied to The Securities Commission for licensing as a Standard Fund under the Investment Funds Act, 2003 of The Bahamas. The Standard Fund is a highly regulated modern investment vehicle and is designed to operate as a traditional collective investment scheme.

Sub-Administrator	Genesis Fund Services Limited.
Subscriber:	Any person who subscribes for shares pursuant to this Memorandum.
Subscription:	The Application for shares in the Fund.
Subscription Price:	The price at which shares may be purchased on any Deal Day.
Time Horizon:	The expected time from when an individual first makes an investment to the anticipated time when he/she will redeem his/her shares.
Treasury Bills	Short-term securities of the Government of The Bahamas with 91- and 182-day maturities.
Valuation Date:	The last business day of the month, when the Fund's NAV is computed, and subscriptions and redemptions are deemed effective.
Valuation Day:	The Net Asset Value of each Share will be calculated in the currency of the Compartment, or in any other currency as determined by the Board of Directors, using standard actuarial models at intervals ("Valuation Days") that may vary for each Compartment.
Yield:	The rate of return on an investment.

OFFERING SUMMARY

The following summary is intended to highlight certain information contained in the body of the Offering Memorandum where more detailed information is found. The information on the Fund set out below should be read in conjunction with the full text of this document, from which it is derived: -

Fund Inception	11 th October 1994
Minimum Subscription	\$1,000.00
NAV Distribution Frequency	Monthly, calculated on the last business day of the month.
Management Fee	1.00% p.a.
Subscriptions and Redemptions	The Fund is opened monthly for subscriptions and redemptions
Dividends	The Fund will not distribute dividends to its shareholders but will reinvest all net income in the Fund

THE FOREGOING IS A SUMMARY ONLY AND DOES NOT ATTEMPT TO BE COMPLETE. IT IS IN ALL RESPECTS QUALIFIED BY THE MORE DETAILED INFORMATION APPEARING ELSEWHERE HEREIN.

DIRECTORS OF THE FUND

ANTOINE W. BASTIAN, CPA
First Floor, 308 East Bay Street,
P.O. Box N-9058, Nassau, Bahamas

Antoine W. Bastian earned his B.Sc. in Accounting from Indiana University in 1989 and qualified as a Certified Public Accountant in 1993. He began his career in 1990 with Deloitte & Touche LLP. From 1993 to 1995, he was a Mutual Fund Administrator with MeesPierson FundService (formerly FundService International, Ltd.). Subsequently, he managed St. Matthew Investment Fund Accounting Ltd., a Bahamian fund administrator that was associated with Michael J. Liccar & Co., CPAs of Chicago, Illinois. In 1999, he joined The Private Trust Corporation Limited as Manager of the Mutual Fund Department and was appointed to the Board of Directors in 2001. In September 2002, Mr. Bastian was appointed as Managing Director of Genesis Fund Services Limited, a licensed Investment Fund Administrator. Mr. Bastian is a Founding Member of the Bahamas Association of Investment Fund Administrators and works actively with development and promotion of fund administration

PAMELA Q. MUSGROVE, CFA
Third Floor, 308 East Bay Street,
P.O. Box CB-12407 Nassau, Bahamas

Pamela Q. Musgrove is V.P. of Investments at CFAL. Ms. Musgrove is responsible for overseeing the day to day management of the company's local and international investment management accounts.

Ms. Musgrove joined CFAL in July 1999, and has garnered over fourteen years of experience in securities administration and trading, portfolio accounting, securities fundamental research and portfolio management. In addition to attending a number of investment seminars around the U.S., Ms. Musgrove has also completed a one-week executive investment management workshop at Harvard Business School. Ms. Musgrove earned her BA with Honors, in Finance from Acadia University, Nova Scotia, Canada in June 1996. She is also a Chartered Financial Analysts (CFA) charter holder. Her professional affiliations include memberships in the Bahamas Society of Financial Analysts and the International Society of Financial Analysts.

SOPHIA THURSTON, CPA
Third Floor, 308 East Bay Street,
P.O. Box N-CB-12407, Nassau, Bahamas

Sophia P. Thurston joined CFAL in 2008 as Vice President of Pension Administration and Operations respectively. Mrs. Thurston brought with her bringing with her 17 years of financial services experience. Currently, Mrs. Thurston is responsible for the day to day back office operations and pension administration. Mrs. Thurston earned her MBA at University of Phoenix, Arizona and her BBA at Acadia University, Nova Scotia, Canada.

Mrs. Thurston is a member of the Bahamas Institute of Chartered Accountants and the Massachusetts Society of Certified Public Accountants. Mrs. Thurston previously worked as an Operations Manager at a major private bank and has experience in Funds Transfer, Securities/Custody and Documentation. She has also had oversight of Fund Accounting, Investor Relations and Financial Services and Corporate Services at a Fund Services Company. Mrs. Thurston is a former Audit Senior in one of the Big Four Global Accounting Firms.

INVESTMENT OBJECTIVES AND STRATEGY

Investment Objective

The Fund seeks to achieve long-term capital appreciation and income by investing its assets in equities, fixed income securities and private label investments available in the Commonwealth of The Bahamas. By emphasising a diversity of domestic instruments for capital preservation, steady income flow, and the opportunity for capital appreciation, the Fund seeks to provide competitive returns to shareholders.

The Fund's overall investment objective is the creation of a diversified portfolio which serves to mitigate security specific risk, while producing above average risk-adjusted returns.

Investment Strategy

The investment of the Fund focuses heavily on fundamental security analysis, which is supported by macro economic analysis and our internal outlook for key sectors of the economy.

In analyzing a potential equity investment, the Investment Manager examines factors including, but not limited to, the issuer's core business environment; growth and/or expansion opportunities; the quality of the management team and the valuation being attached to the investment. Similarly, when analyzing fixed income securities, the Manager examines the issuer's ability to service its interest and principal obligations in a timely manner; the duration, rating, yield and structure of the investment.

The Fund's assets may also be invested in Bahamas Government debt obligations such as Registered Stock and Treasury Bills, which provide safety of principal and relative liquidity. Additionally, these securities will allow the Fund to realize a stable income flow, secured by the credit backing of The Bahamas Government rated A1 by Moodys Investors Services for domestic debt.

INVESTMENT RESTRICTIONS

The Fund may not:

Scope: Invest in any companies that are not registered in the Commonwealth of The Bahamas.

Borrow: Leverage the assets of the Fund more than 2:1, although the portfolio may obtain financing for temporary or emergency (not leveraging) purposes, including the need to meet redemption requests that might otherwise require the untimely disposition of the securities. The amount borrowed, however, may not exceed 25% of the value of the Fund.

Diversification: Make any investment if more than 10% of the Fund would be in a single issuer. This limit does not apply to Government securities.

Invest more than 55% of the value of its total assets in securities of issuers in any industry other than those securities issued or guaranteed by The Bahamas Government.

If these limits are exceeded due to the change in the asset value of the Fund or because of redemptions, the Investment manager shall not be obligated to effect changes in assets already owned.

Liquidity: Acquire more than 20% of securities which at the time of purchase that are not readily marketable.

Short Sale: Make short sales of securities or maintain a short position.

Derivatives: Undertake any transactions in any derivative instruments neither listed nor over-the-counter.

Real Property: The Fund will not invest directly in real property of any kind.

Asset Allocation: The cash portion of the Fund will represent not less than 5% of the portfolio. Equities and commercial paper will be limited to a maximum of 70% of the portfolio and no more than 10% of the portfolio can be invested in any one equity unless the equity price appreciation brings its value to greater than 10%.

Cash Holdings: When the Fund is not holding securities it may only hold cash deposits denominated in Bahamian dollars. The term of these deposits will range from overnight to a maximum of six months. The deposits will be only held with institutions with a strong short term credit rating. There is no maximum to the percentage of cash holding in the fund.

Lending of Portfolio Securities: The Investment Manager may utilize the assets of the Fund or any interest in the Fund as collateral for borrowing purposes as aforementioned.

RISKS FACTORS

General

A subscription for shares should be considered only by investors financially able to maintain their investment for the long-term

Market Risks

There can be no assurance that the Fund will achieve its investment objectives, as changes in economic conditions, interest rates, and the mix of securities in the Fund's portfolio will affect the return on the Fund's shares. The active management of the portfolio will attempt to maximize returns *vis-à-vis* any such constraints. Additionally, past performance is no guarantee of future potential or opportunities.

Conflicts of Interest

The Fund, partnerships in which the Investment Manager or its affiliates may participate as a partner, and other investment management clients which the Investment Manager or its affiliates may have from time to time, will share administrative offices and utilize common services, facilities, investment research and management. The Investment Manager also may determine from time to time that some investment opportunities are appropriate for Investment Management clients and not others, including the Fund, as the Fund has an investment objective that may vary from that or other investment management clients.

Reliance on the Manager

Investors in the Fund will have no right or power to elect the members of the Fund's Board of Directors or to otherwise take part in or direct the management of the Fund. The Investment Manager will make all decisions with respect to the Fund's investments.

Trading

The investment manager intends to effectuate the strategies described above and will generally follow these strategies for as long as such strategies are in accordance with the Fund's objective. However, the Investment Manager reserves the right to modify the Fund's investment approaches or to formulate new approaches to carry out the objective of the Fund. There can be no assurances that the Fund will achieve its investment objective.

Expenses

The Fund is subject to Fees and expenses set forth under "Fees & Expenses" section of this Offering Memorandum on page 14.

ADMINISTRATOR, INVESTMENT MANAGER, REGISTRAR AND TRANSFER AGENT

CFAL was established in 1997 and it has a Restricted Investment Fund Administrator's License.

Apart from providing Investment Fund Management and Administration, CFAL will also provide Registrar Agency services. CFAL is a Bahamian financial advisory firm providing integrated financial services to local and international institutions and individuals.

ADMINISTRATION AGREEMENTS

The Fund has entered into an Administration, and Registrar and Transfer Agency Agreement with CFAL; (Administrator), to perform all general administrative tasks including the keeping of the financial records and calculation of net asset values. The Administrator may decide to contract some of these services to other affiliated group companies.

The Administrator will receive a minimum fee of \$20,000 or 12 basis points per annum of the Fund's Net Asset Value. The fee will be accrued monthly and paid monthly in arrears. The Fee is payable regardless of whether any profits are achieved.

The Administrator is established under the laws of The Commonwealth of The Bahamas and has been granted a restricted license by the Securities Commission of The Bahamas as a Investment Fund Administrator.

MANAGEMENT AGREEMENT

Under the Management Agreement, the Investment Manager will invest and reinvest the assets of the Fund in accordance with the investment objectives and policies of the Fund set forth above.

Under the terms of the Management Agreement, the Investment Managers may charge a fee of up to 1.00% per annum of the net asset value of the fund, payable monthly in arrears by the Fund. No direct fee will be charged to the Fund.

The Investment Manager or The Fund may terminate the Management Agreement effective at the close of business on the last day of any month by giving the Fund not less than 90 days written notice. The Fund may at any time, without prior notice, order the Investment Manager to cease activity, subject to its obligations to complete execution of directions or instructions already initiated, with respect to the Fund.

The services of the Investment Manager to the Fund hereunder are not to be deemed exclusive and the Investment Manager shall be free to render similar services to others and to retain for its own use and benefit all fees or other monies payable thereby and the Investment Manager shall not be deemed to be affected with notice of, or to be under any duty to disclose to the Fund any fact or thing, which comes to the notice of the Investment Manager, or any employee or agent of the Investment Manager, in the course of the Investment Manager rendering similar services to others, or in the course of its business in any other capacity or in any manner whatsoever otherwise than in the course of carrying out its duties hereunder. The Investment Manager may on occasion give advice or take action with respect to the Fund that differs from the advice given with respect to other accounts. Nothing in the Management Agreement shall limit or restrict the right of any directors, officers or employees of the Investment Manager to engage in any other business or to devote his time and attention in part to the management or other aspects of any other business, whether similar or dissimilar in nature. The Investment Manager may aggregate purchases or sales of securities for the Fund with purchases or sales of the same securities by other clients of the Investment Manager. The Investment Manager agrees that in the event that purchase or sales of securities for the Fund shall coincide with the purchases or sales of the same securities by other clients of the Investment Manager, the Investment Manager will make such allocation in a manner believed by the Investment Manager to be equitable to each client.

Under the Management Agreement, the Fund will indemnify the Investment Manager 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 the Investment Manager will not be indemnified against any liability to which it would otherwise be subject by reason of wilful misfeasance, bad faith or gross negligence in the performance of its duties, or reckless disregard of its obligation and duties under the Management Agreement.

BANKER AND CUSTODIAN

The Fund has appointed the Bank of the Bahamas Limited as general banker to the Fund, and CFAL Securities Limited to act as Custodian to the Fund. This role does not imply an endorsement of the Fund or assume any responsibility or involvement in the Fund by the Banker or Custodian beyond these functions. The Banker and Custodian will act solely on the instructions of the Directors of the Fund in accordance with the terms of this Offering Memorandum and any Agreement entered into between The Banker, the Custodian and the Fund.

AUDITORS

The Board of Directors of the Fund has appointed Ernst & Young, Chartered Accountants, Nassau, Bahamas, as the Fund's auditors.

FEES & EXPENSES

The Fund will pay the Administration and Investment Management fees and all investment expenses (including brokerage commissions).

Other Expenses

The Fund shall bear other reasonable expenses attributable to it including, but not limited to, the following where applicable:

- Standard bank, Custodian and brokerage fees incurred for business transactions;
- Interest on financing and any applicable taxes;
- Any custodian and/or depository charges;
- Fees due to the auditors;
- Business license fees; and
- Legal expenses of the Fund.

The cost of any irregular transaction required by a shareholder will be charged directly to the investment account of that shareholder. The Fund reserves the right to charge proportionately to each shareholder any unforeseen or unquantifiable imposition of tax, levy, or business license fees by the Government which may affect this investment fund. Shareholders will be advised of any such charge.

ANTI -MONEY LAUNDERING PROCEDURES

Measures aimed towards the prevention of money laundering and applicable “know your customer” legislation require that an applicant verify his/her identity to CFAL, (“the Administrator”). The Administrator’s Investor Identification/Anti Money Laundering Questionnaire must be completed as part of the standard application form (attached hereto). This is in pursuance of Bahamian legislation, mainly, The Proceeds of Crime Act (“PCA”) 2000 and The Financial Transactions Reporting Act (“FTRA”) 2000. Pursuant to FTRA financial institutions are obliged to verify the identity of existing and prospective clients. This obligation is absolute unless the application is being made via a foreign financial institution, which is located in a country set out in note 2 of Investor Identification/Anti Money Laundering Questionnaire.

In addition, the Administrator may request further information and documents before processing the application. This may result in shares/units being issued on a dealing day subsequent to the dealing day on which an applicant initially wished to have shares issued to him.

Pursuant to the Financial Transactions Reporting Regulations (No.1) 2000, an individual will be required to produce a copy of the first four pages of passport (and additional pages, if relevant) or national identity card, together with evidence of his address such as a copy of a recent utility bill or bank statement. Each partner or beneficial owner of an unincorporated business must complete as individuals, and supply the documents requested. Additionally, a copy of the partnership agreement or other agreement establishing the unincorporated business and authorized signatory listing will be required. In the case of corporate applicants, this will require submission of a certified copy of the Certificate of Incorporation (and any certificate of change of name), certified copy of Memorandum and Articles of Association, Certificate of good standing from registrar of

companies, the authorized signatory listing and the names and addresses of all officers, directors and beneficial owners.

It is further acknowledged that the Administrator shall be held harmless and indemnified by the applicant against any loss arising as a result of a failure to process the application if such documentation is required by the Administrator and has not been provided by the applicant to the Administrator's satisfaction.

TERMS OF OFFERING

General

The Fund's authorized capital consists of \$101,000 divided into 10,000,000 non-voting Class A common shares having no par value and 1,000 voting Class B shares having a par value of \$1 per share (the "Management Shares").

The Shares

During the initial offering period, the Class A shares were offered for sale at \$1.00 per share. They are now continuously offered for sale at a purchase price equal to the Fund's Net Asset Value per Share, as determined on the Valuation Date. See section on Net Asset Value.

The minimum initial subscription in the Fund is \$1,000 although the Fund, in its sole discretion, may accept subscriptions for less than the minimum amount. Shares of the Fund shall be purchased at the Net Asset Value per shares on the next Valuation Date, and fractional shares may be issued. All shares must be paid in full at the time of their issue. After the initial investment, each investment account must maintain a minimum investment balance of \$1,000 and may be increased in minimum increments of \$100.

The Management Shares (Class B Shares)

Upon incorporation, the Investment Manager subscribed for, and paid in full at par, all of the Management Shares. The holders of the Management Shares have the exclusive right to vote on all matters. The Management Shares may not be redeemed.

Subscriptions:

Each investor who wishes to subscribe for Shares will be required to complete, execute and deliver to the Fund's Administrator a Subscription Agreement in the form attached to the Offering Memorandum. Subscriptions will be fully payable when submitted to the Fund. Subscriptions will be payable by cheque, bank draft, or direct deposit to the Fund's account, in accordance with the instructions included with the Subscription Agreement. The number of shares or part thereof will be allocated based on the Net Asset Value on the Valuation date.

The Fund will not issue share certificates in respect of the Shares. Upon acceptance of the subscription, the Fund Administrator will forward details of the investment account to the subscriber, including the number of shares credited thereto. Subsequently, all references to and inquiries about any individual investment account must be identified by the relevant account number.

Distribution and Subscription Office

The Offering Memorandum may also be collected from, and subscription applications delivered to the office of: CFAL, Nassau; Colina Insurance Company Ltd., Nassau, Freeport and Abaco

Transfer of Shares

On acceptance of the subscription, assignment of an investment account number, and the inclusion of the name on the Register of Shareholders will collectively be *prima facie* evidence of a shareholder's interest in the Fund. This interest is transferable, subject to notice being given to the Administrator and approval thereof by the Directors.

REDEMPTIONS

Investors may redeem Shares by submitting a Redemption Form to the office of the Administrator at least fifteen business days prior to any Valuation Date (as defined). The prices for the Shares on any redemption will be the Net Asset Value per Share as of such Valuation Date multiplied by the number of Shares being redeemed. See section on Net Asset Value.

Cheques and/or statements of account reflecting the value of assets at the date of redemption will be dispatched within seven days of the Valuation Date.

As the Fund is intended as a long-term savings vehicle, there is a redemption fee of 1% of any amount being redeemed within the first year of investment in the Fund.

Compulsory Redemption

The Fund's Articles of Association empower the directors to compulsorily redeem as of any Valuation Date any Shares that, in the opinion of the directors, have been acquired in breach of the laws, or if such compulsory redemption would in any way best serve the interest of the Fund or its Shareholders or would eliminate or reduce the exposure of the Fund or its Shareholders to adverse regulatory or tax consequences under the laws of the Commonwealth of The Bahamas.

Suspension of the Calculation of Net Asset Value Per Share and the Right of Redemption.

The Company may suspend the calculation of the Net Asset Value Per Share and the right of Shareholders to request redemption of their Shares during the whole or part of any period which:

- Its is not reasonably practicable to determine the Net Asset Value of the Shares on an accurate and timely basis;
- As a result of events, conditions or circumstances beyond the control or responsibility of the Fund, disposal of the assets of the Fund or other transactions in the ordinary course of the Fund's business involving the sale, transfer, delivery or withdrawal of securities or Accounts is not reasonably practicable without being detrimental to the interest of the Shareholders; or
- In the event of the liquidation and dissolution of the Fund or upon the order of a supervisory authority of the Commonwealth of The Bahamas.

The Fund may withhold payment to any person whose Shares have been tendered for redemption until the right of Redemption has been reinstated. All Shareholders and the Securities Commission of The Bahamas will be notified immediately of the suspension of the calculation of the Net Asset Value per Share and of the right to request redemption and of the resumption of the aforementioned calculation and reinstatement of the Right of Redemption.

NET ASSET VALUE

For all purposes of the Fund, including the determination of subscription and redemption prices, the Fund's Net Asset Value (i) will be calculated as the value of its portfolio securities and other assets, determined as described below, less the value of its liabilities, but including all accrued expenses and brokerage fees, and (ii) will take into account both realized capital gains and losses and unrealized appreciation and depreciation, as well as accrual for the Administrator's, Auditor's and Investment Management fee compensation.

The Fund's Net Asset Value per Share will be its Net Asset Value divided by the aggregate number of Class A Shares outstanding on the date of determination.

Net Asset Value will be determined by the Administrator as of the close of business on the final business day of the month (the "Valuation Date"), unless such a day is a holiday in the Commonwealth of The Bahamas, in which case the determination will be made on the next preceding day that is not a holiday. In valuing the Fund's assets for this purpose, each investment will be valued at the last reported price. If no sales occurred on such date, however, the value of such investment will be the last reported bid quotation thereof on such date, or if a quotation is not available for such date, at the most recent bid quotation for such investment available, in either case from its principal market makers.

If such quotations are not readily available, or if the Board of Directors determines that they do not fairly represent the value of an investment, an investment will be valued using methods determined in good faith by the Board of Directors, after consultation with the Investment Manager.

TAX CONSEQUENCES

Under existing legislation in The Commonwealth of The Bahamas, there are no income, capital gains or withholding taxes payable by the Fund, or its Shareholders, nor are there any Bahamian estate, succession or inheritance taxes payable by Shareholders with respect to their Shares.

DIVIDENDS

The Fund will not distribute dividends to its shareholders but will reinvest all dividends, interest and net income in the Fund. The accumulation of net income will be reflected by an increase both in the Net Asset Values (NAV) per shares of the Fund and in the value of each shareholder's investment account.

REPORTS TO SHAREHOLDERS

Within seven days after each Valuation Date, the Fund Administrator will publish the NAV and/or performance figures for the preceding month in at least one local daily newspaper.

The fiscal year of the Fund shall be December 31st of each year. The Fund will be audited annually, and the audited financial statements will be completed no later than the fourth month after the end of the financial year. It is not the intention of the Fund to hold any Annual Meetings of shareholders.

Shareholders may contact the office of CFAL for valuations of investment accounts and copies of the audited annual reports which will be available to Shareholders within six(6) months after the end of the Fund's fiscal year or such other period permissible by law or such extension of time granted by the Securities Commission of The Bahamas. All material documents associated with the Fund may be viewed at the office of CFAL during regular office hours.

ELIGIBLE INVESTORS

THIS OFFERING MEMORANDUM IS MADE ONLY TO THE FOLLOWING ELIGIBLE INVESTORS:

If an individual:

1. The applicant is 18 years of age or older; and
2. The applicant is a citizen of The Commonwealth of The Bahamas or holds a permanent residency permit with the unrestricted right to work in The Bahamas; and
3. The applicant is not applying for the shares as nominee for any other person, corporation, trust or fund that would not be an eligible investor.

If a Corporation:

1. The applicant is incorporated under the laws of The Commonwealth of The Bahamas and is deemed resident by the Central Bank of The Bahamas for exchange control purposes; and
2. The applicant is wholly owned by individuals who are citizens of The Commonwealth of The Bahamas and/or permanent residents with the unrestricted right to work or is approved as an investor in The Company by the Central Bank of The Bahamas; and
3. All necessary corporate action has been taken to authorise the purchase of the shares.
4. The applicant is not applying for the shares as nominee for any other person, corporation, trust or fund that would not be an eligible investor.

If a Trust or Pension Fund:

1. Beneficiaries of the trust or fund are citizens or permanent residents of The Commonwealth of The Bahamas with the unrestricted right to work or Bahamian resident companies owned by them and/or any other eligible trust or pension fund which is approved as an investor in The Company by The Central Bank of The Bahamas; and

2. Trustees of the trust and managers of the fund represent that they have the necessary power and all requisite action has been taken to enable them to effect the purchase of the shares.
3. The applicant is not applying for the shares as nominee for any other person, corporation, trust or fund that would not be an eligible investor.

WARNING NOTICE

If you are in any doubt about the contents of this offering document, you should consult your financial advisors, stockbroker, bank manager, counsel and attorney or accountant. The price of the Shares may decrease as well as increase.

CONSTITUTIVE DOCUMENTS

The following documents may be inspected free of charge, during normal business hours, at the office of the Administrator; copies shall be made available at a reasonable fee:

- Certificate of Incorporation of the Fund;
- Memorandum and Articles of Association of the Fund;
- Management Agreement;
- Administration Agreement;
- Registrar and Transfer Agency Agreement;
- Annual Audited Accounts; and
- Investment Fund License.

THE DIRECTORY

BUSINESS ADDRESS

CFAL Balanced Fund, Ltd.
308 East Bay Street
P.O. Box CB-12407
Nassau, Bahamas

REGISTERED OFFICE

Alexiou, Knowles & Co.
St. Andrew's Court
Frederick Street Steps
P. O. Box N-4805

DIRECTORS

Mr. Antoine Bastian
c/o CFAL
308 East Bay Street
P.O. Box N-9058
Nassau, Bahamas

Ms. Pamela Musgrove
c/o CFAL
308 East Bay Street
P.O. Box CB-12407
Nassau, Bahamas

Mrs. Sophia Thurston
308 East Bay Street
P. O. Box CB-12407
Nassau, Bahamas

DISTRIBUTION AND SUBSCRIPTION OFFICES

Colina Financial Advisors Limited ("CFAL")
Bay View House, 308 East Bay Street,
P.O.Box CB -12407
Nassau, The Bahamas

Colina Insurance Limited,
Locations: Nassau
Freeport
Abaco

ATTORNEY

Alexiou, Knowles & Co.
St. Andrew's Court
Frederick Street Steps
P. O. Box N-4805

AUDITORS

Ernst & Young
One Montague Place, East Bay Street
P.O. Box N-3231
Nassau, Bahamas

INVESTMENT MANAGER ADMINISTRATOR, REGISTRAR & TRANSFER AGENT

Colina Financial Advisors Limited "CFAL"
308 East Bay Street
P.O. Box CB-12407
Nassau, Bahamas

BANKER & DEPOSITORY

Bank of the Bahamas Limited
Claughton House
P.O. Box N-7118
Nassau, Bahamas

CUSTODIAN

CFAL Securities Limited
308 East Bay St.
P.O. Box CB - 12407
Nassau, Bahamas

SUB-ADMINISTRATOR

Genesis Fund Services Limited
308 East Bay Street
P.O. Box N-9058
Nassau, Bahamas

CFAL BALANCED FUND, LTD.

Third Floor, 308 East Bay Street

Nassau, The Bahamas

Telephone No. (242) 502.7010

Facsimile No. (242) 356.3677

SUBSCRIPTION FORM – CLASS A SHARES - INDIVIDUAL

• Name(s): _____
Last First Middle

Name(s): _____
Last First Middle

• Address: P.O. Box _____

City _____

Telephone _____
Home Office

• Passport or NI Number: _____

• Occupation: _____

• Amount of Investment B\$ _____
Minimum initial investment \$500.00

• Investment Amount Number: _____
(To be completed by current shareholders of the Fund only)

DECLARATION

I/we hereby acknowledge that I/we have read the CFAL Balanced Fund, Ltd Offering Memorandum and accept the risks associated with the Fund. I/we declare that I/we are 18 years of age or older, and are an eligible investor as defined in the Offering Memorandum and I/we waiver the right to be sent copies of the financial statements of the Fund which shall be available at the registered office of the Fund for inspection.

SIGNATURE OF APPLICANT(S): _____ DATE: _____

CFAL BALANCED FUND, LTD.

Third Floor, 308 East Bay Street
Nassau, The Bahamas
Telephone No. (242) 502- 7010
Facsimile No. (242) 356-3677

SUBSCRIPTION FORM – CLASS A SHARES –CORPORATE/INSTITUTIONS

- Name of Company/Institution: _____

- Contact Name: _____

- Address: P.O.Box _____

City _____

Telephone _____

Facsimile _____

- Amount of Investment B\$ _____
Minimum initial investment \$500.00

- Investment Amount Number: _____
(To be completed by current shareholders of the Fund only)

DECLARATION

I/we hereby acknowledge that I/we have read the CFAL Balanced Fund, Ltd Offering Memorandum and accept the risks associated with the Fund. I/we declare that I/we are an eligible investor as defined in the Offering Memorandum and I/we waiver the right to be sent copies of the financial statements of the Fund which shall be available at the registered office of the Fund for inspection.

ATHORISED SIGNATORIES: _____ DATE: _____

(Please note the Company Seal MUST be affixed by all corporate entities)