icons



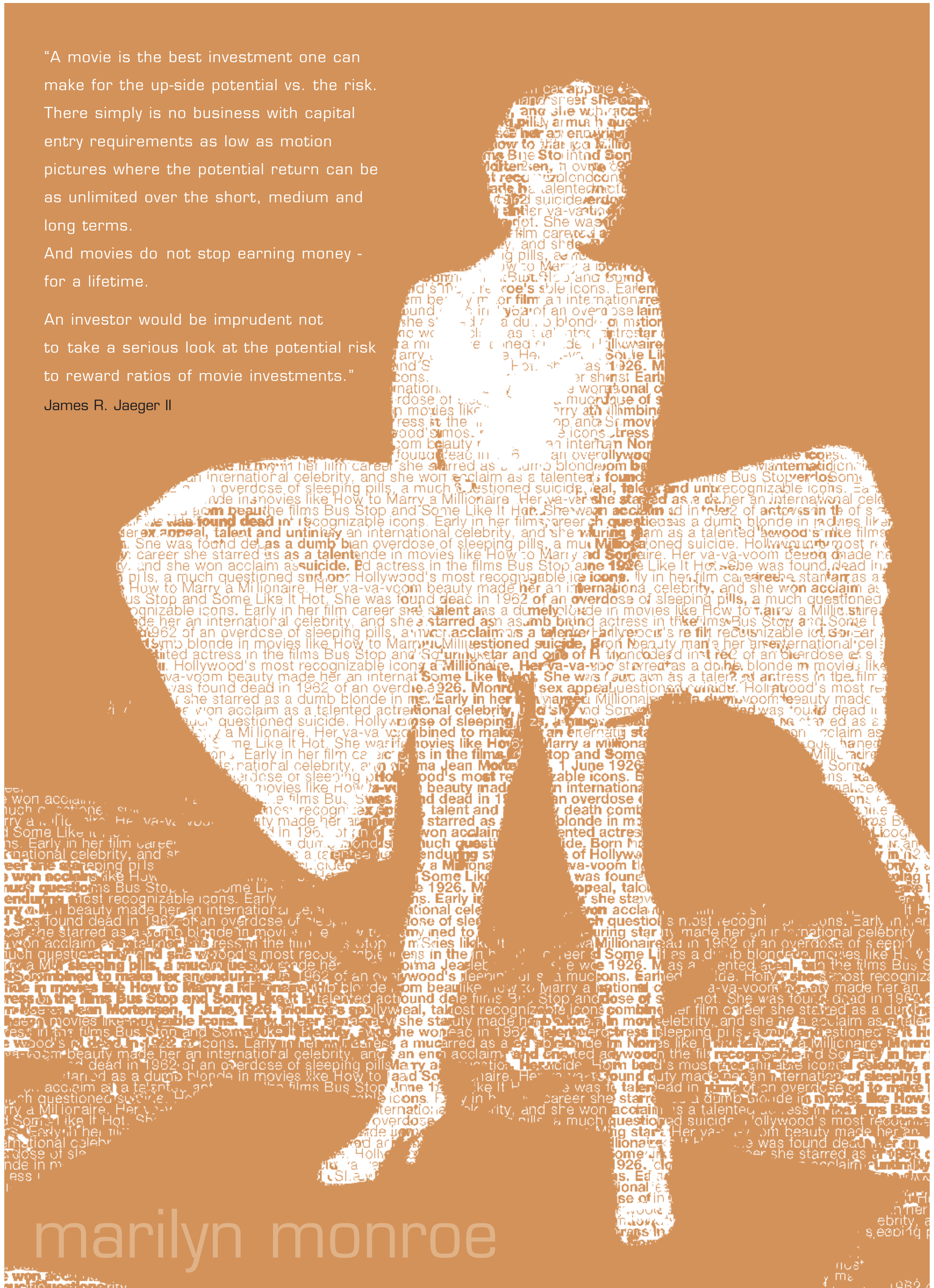



Movie Portfolio Fund

"A movie is the best investment one can make for the up-side potential vs. the risk. There simply is no business with capital entry requirements as low as motion pictures where the potential return can be as unlimited over the short, medium and long terms.
And movies do not stop earning money - for a lifetime.

An investor would be imprudent not to take a serious look at the potential risk to reward ratios of movie investments."

James R. Jaeger II



Fund Overview

The Movie Portfolio Fund (MPF) is the first international investment fund to focus on financing a diverse portfolio of Hollywood feature films. Through its partnership with commercially successful Hollywood producers it gives investors access to the excitement and potentially lucrative returns generated by the movie business.

The movie business has traditionally been thought of as a high-risk area with only a small chance of providing investor returns. Recently the investment climate has changed dramatically as the advent of the DVD format and the growth in international markets have established steady flows of predictable revenue streams. This fundamental shift has encouraged new classes of sophisticated investors, such as hedge funds and private equity firms, to look to the movie sector for higher returns with a risk profile unrelated to traditional investments.

As a result the movie sector is now seen as a valid and attractive asset class in its own right. At least 30% of all studio movies are now made in partnership with third-party funding and the concept of "slate finance" is acknowledged to lower costs, reduce risks and raise returns for studios and investors alike.

The MPF model is built upon the conviction that a diversified portfolio of carefully chosen feature films is totally uncorrelated to traditional investment markets and indices, and it believes that movie assets will continue to grow, building on the industry's performance of the past two decades of recession-resistant growth. Through in-depth analysis and Monte Carlo simulations carried out on historical data from over 5,000 movies the MPF conservatively forecasts annualised returns to investors in the range 15-25%.

The MPF has brought together an immensely experienced team capable of exploiting these exciting opportunities. With expertise from international finance, banking and business management, and the creative, financing, production and distribution aspects of the film production business, the MPF team has the skills and experience to maximise the returns from a selection of highly commercial movie assets.

The movie industry is becoming an attractive and essential part of any investment portfolio. The MPF's strategy of diverse portfolio investment into mainstream movies in partnership with successful industry professionals has been adopted by investors across the board and offers lucrative potential returns from this exciting industry.

"From the very beginning we built this plan specifically around private equity and returns. I myself would not have done this deal six or seven years ago. But the advent of DVD and overseas expansion of the box-office has made the movie business much more attractive as an asset class."

Thomas Tull, CEO of Legendary Pictures, announcing its $500 million slate investment deal with Warner Bros. Daily Variety, June 2005

john wayne

Investor Highlights

Unique Fund Structure and Opportunity. The MPF pioneered the concept of portfolio movie investing, and offers investors inside access to the exciting and potentially highly lucrative movie business. Via an open-ended fund, investors can expect to earn superior returns in an uncorrelated asset class.

Strategic Relationship with Outstanding Hollywood Producers and Studios. Through its key partnership with Hollywood production group Pacific Media & Entertainment (PME), the fund can deliver investment access to slates of mainstream Hollywood feature films with worldwide distribution undertaken by the major Hollywood film studios. The MPF will co-finance PME's slate of 15 mainstream movies over an initial 5-year period. The executives of PME have unparalleled track records in terms of quality and success in their movie careers.

Ongoing Growth in International Movie Sector. The movie industry has grown consistently year-on-year over the past two decades. Box-office receipts, long seen as the barometer of movie success, continued this long-term trend in 2006 in the US as well as international markets, emphasising the global lure of Hollywood. Box-office, however, now accounts for less than 25% of a movie's total revenues, and total earnings are predicted to grow at a healthy rate as the entire marketplace expands. The recent shift in the perception of the movie sector from a pure high-risk play to a desirable asset class and the influx of institutional capital have served to endorse the portfolio approach to investment and encourage transparency in reporting to investors.

Diversified Portfolio Approach. The MPF's concept is to invest in a diverse pool of movies, thereby creating a portfolio of revenue-earning assets for investors with the potential for long-term growth. This approach has been validated and adopted by the many hedge funds and other institutions investing into slate deals with Hollywood studios and producers. We believe that this approach creates the best conditions for MPF investors to profit from the movie business.

Ownership of Film Assets. The MPF invests on an equity basis in each film, taking ownership of all available revenue rights on each project. With box-office receipts accounting for less than 25% of total earnings, ownership of ancillary rights such as foreign sales, video/DVD, TV sales and merchandising is important in generating total earnings for investors. Equity ownership of the films it finances will allow the MPF to build up a library of assets which will not only generate income in perpetuity, but will create a valuable asset in its own right. Studios make money by careful exploitation of film properties over multiple channels and over time and film libraries are prized assets. The MPF adopts the same approach, giving investors further opportunity for capital growth and profit

"Across a slate of 20 or 30 films, just two or three hits will all but ensure a positive return for investors, based on over 30 years of historical performance data from the film industry." Paul Kent, SVP Citibank.

Euromoney, October 2006

The Movie Industry

The Hollywood film industry generates worldwide revenues in excess of $100 billion annually. According to the Motion Picture Association of America (MPAA), worldwide box office sales reached $23.2 billion in 2005 with U.S. domestic box office receipts growing over the last ten years from $5.5 billion in 1995 to $9.0 billion in 2005. Increasingly, the international market is playing an important role in overall revenue, reaching $14.3 billion in 2005. 2006 has also been confirmed as another growth year for global movie receipts with both domestic and international revenues posting strong gains over 2005. It is important to note that traditional box office revenues now account for only about 25% of the total gross of a movie project.

Film studio revenue growth has also been driven by home video in recent years with worldwide home video revenue increasing from $43.0 billion in 2001 to approximately $55.0 billion in 2004. Within the home video market, growth has accelerated since the introduction of the DVD format.

Studio movies have traditionally been self-financed at the corporate level but in recent years the means of financing movies have diversified considerably with a number of innovative funding structures being put in place. New financiers have entered the entertainment industry, including Wall St. banks, pension funds, hedge funds and private equity groups. Such institutional investors recognise the merits in financing a portfolio of movies which generate substantial, multiple, global revenue streams, while also building long-term asset value. These non-traditional funding sources now account for at least one third of studio production budgets and a variety of slate deals and financing partnerships are in place.

"Wall Street is well aware that the movie business has been notoriously harsh on private investors. But it's not the movie business of a generation ago, or even a decade ago. In recent years, the US film industry has quietly built substantial, multiple, global revenue streams – and big-money private investors have taken notice. Despite the general perception of the film industry as a hit-or-miss kind of business, Wall Street bankers point out that there are fairly predictable cash flows in a slate of pics. The key here is having a diversified slate, not just one or two movies."

Daily Variety, August 2005

humphrey bogart

Investment Strategy

"The possibility of making an annual 30% return on investments is not the only appeal. Film financing offers uncorrelated returns. During economic downturns, people still go to the cinema or rent movie DVDs."

Euromoney, October 2006

The MPF will invest principally in a portfolio of movie projects to be produced either directly or on a franchise-producer basis by PME, which will be distributed internationally through major studio partners. The fund currently has a first-dollar 5-year agreement in place to co-finance all of PME's slate of studio movies. Anticipated to cover 15 films, this will form the core of the MPF slate. The MPF will finance between 10% and 25% of all PME movies on an equity basis, and will be entitled to proportionate ownership of all revenue streams from those movies.

Analysis has shown that high returns can be generated on movie investments in low-cost productions which may start life without major studio backing but are capable of "break-out" success. Recent examples include films like Napoleon Dynamite, My Big Fat Greek Wedding and The Blair Witch Project. In partnership with PME, the MPF also has the opportunity to co-finance an additional slate of smaller, yet still mainstream Hollywood movies in the budget range of $5 million to $20 million. Partnering with commercially successful producers and studios across a diversified slate of movies with assured distribution is the surest way of producing returns to fund investors, and building asset value in the fund.

The gestation period for movies to be produced and brought to market is normally around 18 months and we anticipate the first significant returns will occur during the third investment year. MPF research estimates such returns to be in the order of 15-25% per annum. Financial projections for the fund are based on the following assumptions, which are believed to be conservative:

1. Up to a 20% stake is secured in each movie production;
2. The cost of each such investment is within the range $1m-$13m; and
3. Only one in ten films becomes profitable with the remainder as total losses.

In this hypothetical scenario the MPF's movie slate will produce returns on investors' funds of 15-25% per annum. The MPF's approach is to maximise its opportunities and reduce the risks by partnering with the best producers in the business, securing international distribution on all releases and acquiring exploitation rights to all future revenues. It is an acknowledged industry fact that, over time, all movies show a positive return. Therefore the prospect of the fund suffering 9 out of 10 total losses in its portfolio is believed to be extremely remote.

The MPF offers investors a unique and outstanding opportunity to invest in an equity portfolio of film and ancillary rights that over the medium term is expected to accumulate significant cash and entertainment assets which may outperform other conventional investment vehicles.

Management Expertise

The movie sector is a specialist investment area and as such requires a high degree of technical skill and hands-on experience. The ability to source and develop relationships with producers and creative teams, and to secure competitive and commercial material, together with the analytical skills to successfully manage the attendant investment risks are essential ingredients of the MPF's management team and partner colleagues.

The MPF is managed by specialist fund manager Out Of Obscurity Inc. (OOO), which pioneered the concept of a portfolio approach to movie slate investing. OOO is headed up by Mr. Gordon Clark, a Chartered Accountant and former Head of Finance with Standard Chartered Bank, Asia. As a Director of the MPF, Mr. Clark has worked closely with PME and its CEO Mr. Douglas Falconer, to structure and implement the fund's investment approach.

The MPF has a strategic agreement in place with Hollywood production group PME. PME's management team have outstanding, second-to-none track records of movie achievement, as well as access to top industry talent and movie projects. The MPF works closely with PME to ensure the fund invests in a slate of top-quality mainstream movies with international commercial appeal to give the best potential return for the fund and its investors.

Pacific Media & Entertainment, LLC

PME was co-founded by Barry Josephson, ex-President of Worldwide Production at Sony Columbia TriStar and one of the most successful producers in Hollywood history. PME's management team has more than 40 years of experience in Hollywood and has been successful in all aspects of film production, with significant experience both at the studio level and as independent producers. Some examples of movies overseen, developed, produced or distributed by PME's management team include Men In Black, Wild Wild West, In The Line Of Fire, Air Force One, Get Shorty, Sleepless In Seattle, A Few Good Men, Sense and Sensibility, Jerry Maguire, My Best Friend's Wedding and Erin Brockovich.

PME will produce approximately three new motion pictures each year, most with budgets in the $35 million range. PME will also joint venture with a studio partner on a selected basis, providing direct access to and benefit from the full range of studio resources while maintaining the creativity, flexibility and low cost model of an independent production company. By producing an initial slate of 15 films in the first four years, PME intends to emulate the studio portfolio approach to film making.

Barry Josephson is Co-Chairman and President Worldwide Production of PME. Mr. Josephson has been responsible for the development or production of some of the highest grossing feature films of all time including: Men in Black, Air Force One, In The Line Of Fire, The Fifth Element, Wild Wild West, Die Hard 2, The Professional, Anaconda and Last Action Hero. Barry has recently produced Like Mike (2003), The Ladykillers (2004), starring Tom Hanks and Hide and Seek (2005) starring Robert De Niro. Enchanted, starring Susan Sarandon, produced by Mr. Josephson for Disney, is set for a 2007 release.

Doug Falconer, Co-Chairman, President and Chief Executive Officer of PME, brings a wide range of business and creative experience to PME. Doug was President and CEO of Falconer Entertainment Group, a location-based entertainment, special effects and ride film company, and previously served as a Senior Vice President of IVT, an Internet company funded by Paul Allen's venture group (Vulcan Ventures) and clients included Microsoft, HBO, Paramount Pictures, United Paramount Network and Sun Microsystems.

Duncan Clark, President International of PME, is the former president of Sony Columbia TriStar, and is renowned for worldwide success in motion picture distribution and marketing. He has over 25 years of achievement and honors in the launch of more than 1,000 films including Sleepless In Seattle, A Few Good Men, Sense and Sensibility, Jerry Maguire, My Best Friend's Wedding, Men in Black and Erin Brockovich. In 2005/06 Duncan headed up the distribution campaigns for the Steven Spielberg films War of the Worlds and Munich and he recently completed work on the 2006 production of the James Bond film Casino Royale.

"Essentially it is important to view the producer selecting the films as an asset manager."

Euromoney, October 2006.

clint eastwood

The Movie Portfolio Fund Performance

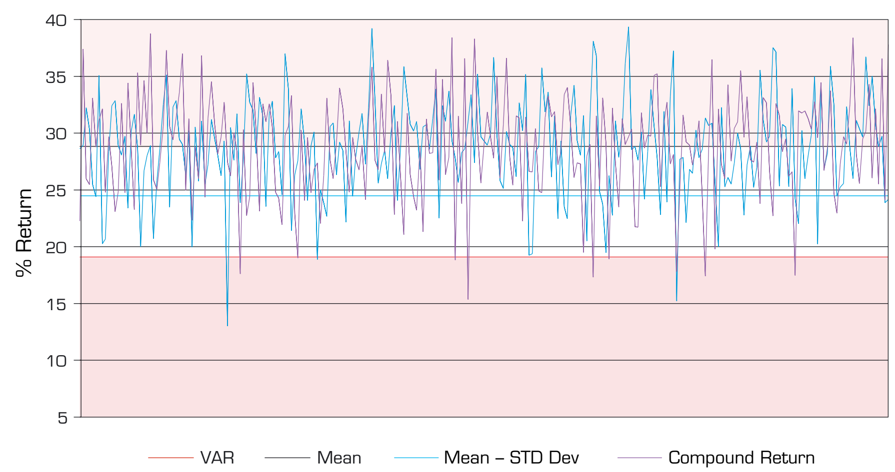
The goal of the MPF is to achieve better returns for its investors than are normally realised from mainstream investment options by the application of a portfolio approach to the movie industry, in partnership with some of the most successful producers and studios in that industry. Collaboration with top industry professionals and accessing studio distribution for each movie release minimise further the headline risks of investing in movies.

The MPF's own research, supported by independent work conducted by, amongst others, Merrill Lynch and Citibank, supports the fund's prediction that superior returns in the range of 15-25% are achievable under conservative assumptions, and that by protecting the fund's portfolio these figures may be exceeded.

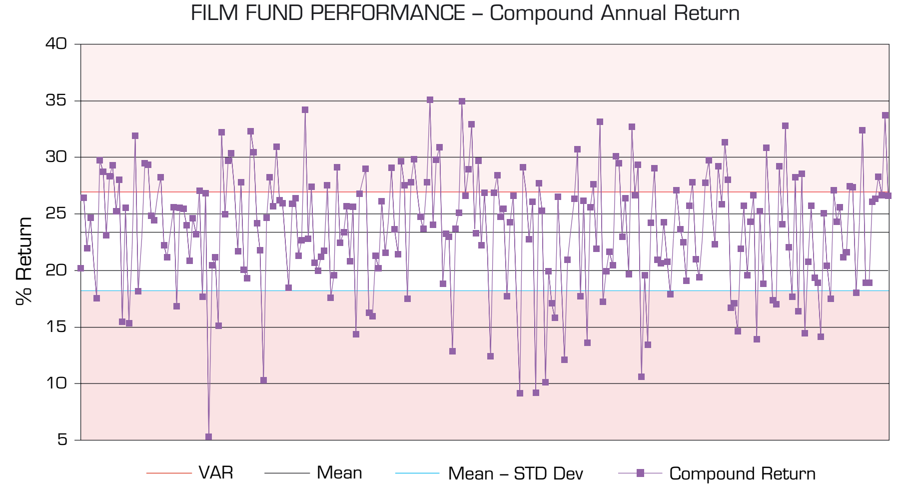
The fund's strategic relationship with PME and access to studio distribution reduce the principal risk of investing in movies – that the film is made but not released and forever consigned to the shelf. The MPF's strategy ensures that the appropriate distribution channels are secured for the project at an early stage, thus minimising the fund's exposure to post-production risks.

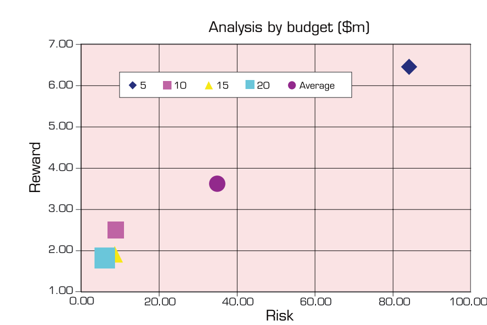
Whilst this professionally-managed collaborative approach seeks to maximise the MPF's opportunity to profit for its investors, the MPF cannot guarantee that any capital invested will maintain or increase in value. The movie business is generally considered to be a high-risk sector and therefore the attraction of potentially large gains must be balanced against the risk of losses. Because of this risk profile, a diversified portfolio of movie assets in differing classes can be considered a much safer alternative to investing in individual movies.

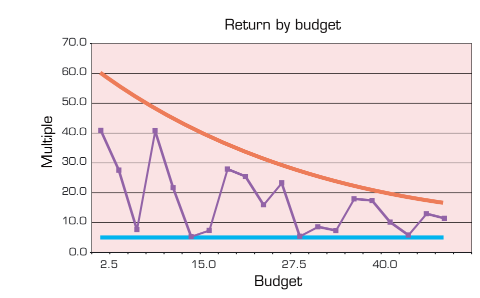
FILM FUND PERFORMANCE – Compound Annual Return
(partially protected portfolio)



FILM FUND PERFORMANCE – Compound Annual Return







Risk/Reward Profiles

In an analogous process to the Sharpe Ratio analysis for an equity portfolio, MPF has generated expected risk/reward profiles for its movie projects.

Analysing over 5,000 movies, MPF breaks down the principal components that contribute to successful movie projects and identifies the outperformance factors that influence a prospective project e.g. Studio, budget, genre, stars etc.

This analysis, and the approach, complement the due diligence approach and provides expected risk reward projections for individual movie investments.

NOTES

The 'Film Fund Performance' graphs (left) illustrate the differences between the returns from a partially protected portfolio scenario and the base assumptions of the MPF.

The models make the following assumptions:-

1. 1 in 10 projects are successful
2. 65% of projects retain the initial investment with zero profit
3. Deductions for fees included
4. No interest is earned on cash balances.

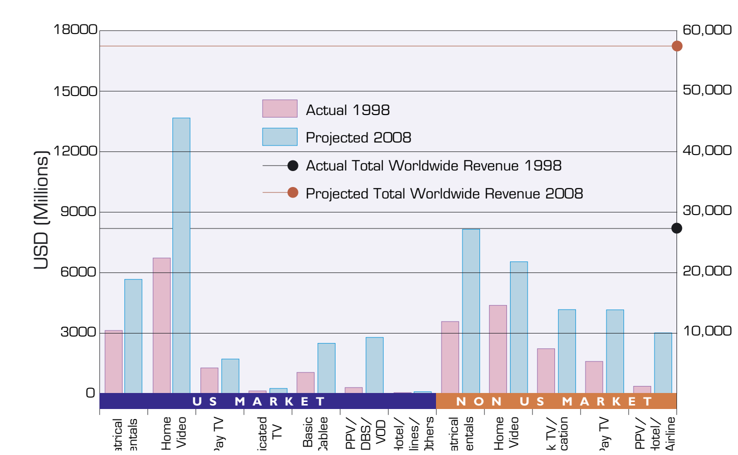
Return by Budget

Distribution randomly varies between the upper and lower limits to simulate the random nature of return in the film market. Return calculations are only applied to [x] projects per 100, where [x] is typically 10. This assumes in the most conservative projections that the other 90 projects are total write-offs. For illustrative purposes, in the 'partially protected' scenarios, it is assumed that a fraction of 'unsuccessful' projects have the investment principal protected.

Non box office revenues

Worldwide total revenue for non box office earnings for 1998 was $27.4 billion (USD) forecast to rise to $80.1 billion (USD) by 2009.

Source: MPAA Worldwide Market Research



Fund Facts

Entity	An open-ended investment company incorporated in the British Virgin Islands (Registration Number 470734) specialising in identifying investment opportunities in international movie financing projects.
Financial Year End	30 April
Base Currency	US Dollars
Minimum Investment	US$100,000
Subsequent Investment	US$10,000
Charges and Fees	Subscription Charge 5% Redemption Charge 6% Year 1, 3% Year 2. Annual Management Fee 1.75% Performance Fee 20% of increase in NAV (payable quarterly in arrears only on compound returns)
Dealing and Valuation Frequency	Monthly
Investment Manager	Out Of Obscurity Inc.
Custodian	Albyn (Isle of Man) Ltd
Administrator	Albyn (Isle of Man) Ltd
Auditor	The Iyer Practice, Singapore
Banker	HSBC plc, 2 Queens Road, Aberdeen AB15 4ZT
Legal Advisor	Harney Westwood & Riegels, British Virgin Islands
Registered Address	Stanley House, Lord Street, Douglas, Isle of Man IM1 1LJ

"Why are outside investors attracted to film? High returns, above 20% possible with much less risk: Portfolio approach reduces film-specific risk: Low or no correlation to traditional investment markets: Ancillary revenue streams improve potential return: Home video/DVD sales, International markets etc."

"Inside Film Financing", Merrill Lynch September 2006

Risk Factors

The goal of the MPF is to achieve better returns for its investors than is normally realised from mainstream investment options by the application of a portfolio approach to the movie industry, in partnership with some of the most successful producers and studios in that industry.

The MPF's own research, supported by independent work conducted by, amongst others, Merrill Lynch and Citibank, supports the fund's prediction that superior returns in the range of 15-25% are achievable under conservative assumptions, and that by protecting the fund's portfolio these figures may be exceeded.

This document describes the MPF and its activities. The information and opinions contained in this document have been compiled or arrived at based upon information obtained from sources believed to be reliable, but are not guaranteed as being accurate nor is it a complete statement or summary of the securities, markets or developments referred to. Past performance of investments (whether simulated or actual) is not necessarily a guide to future performance. All such information and opinions are subject to change without notice.

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The shares of the Fund are suitable only for sophisticated private and institutional investors who have sufficient financial resources at their disposal and who fully understand and are willing to assume the risks involved in the Fund's investment objectives and policy as described in the prospectus.

For further information please refer to the MPF's prospectus which may be obtained from the company's registered office.

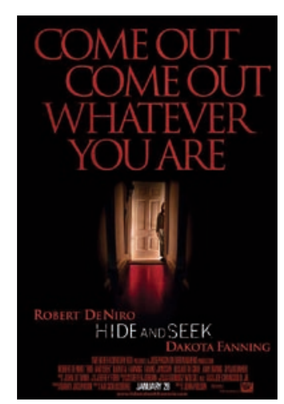
"Slate deals and the application of portfolio theory have been key to attracting institutional investors that may have previously considered film equity investments to be excessively risky. Our Monte Carlo simulation suggests median levered returns can be above 20%. Low correlation with the equity markets is also an important consideration for alternative investment managers"

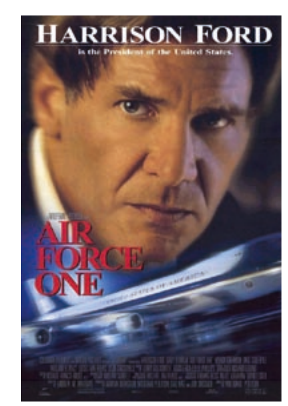
"Inside Film Financing", Merrill Lynch September 2006

Success Stories

Barry Josephson Film History

	In the Line of Fire	Men in Black	Air Force One	The Fifth Element	Anaconda	Wild Wild West	Like Mike	The Ladykillers	Hide and Seek
Participation	President Worldwide Productions	President Worldwide Productions	President Worldwide Productions	President Worldwide Productions	President Worldwide Productions	Producer	Producer	Producer	Producer
Budget	$38,000,000	$90,000,000	$87,000,000	$90,000,000	$50,000,000	$105,000,000	$30,000,000	$35,000,000	$25,000,000
US Domestic Gross	$137,210,000	$374,910,000	$259,310,000	$96,700,000	$99,000,000	$168,710,000	$51,432,000	$39,692,000	$51,098,000
International Gross	$112,647,000	$458,647,000	$184,947,000	$251,800,000	$99,000,000	$139,847,000	$30,244,000	$28,127,000	$65,000,000
Total Global Revenue	$249,857,000	$833,557,000	$444,257,000	$348,500,000	$198,000,000	$308,557,000	$81,676,000	$67,819,000	$116,098,000





"Any good investment would include all revenue streams of a film. Often, expected performance can improve over time. If the entertainment dollar shifts from theatre to DVD, and then to internet films, you will still be able to earn revenues." Robert Stanley, Director, Merrill Lynch.

Euromoney, October 2006

Distribution is Key

Ensuring that MPF movies gain exposure to the widest possible audience is a key facet of generating profit and return to MPF investors. Duncan Clark of PME is an acknowledged industry distribution expert and was engaged as a specialist distribution consultant by Steven Spielberg on his movies War Of The Worlds and Munich, and by the James Bond producers on Casino Royale.

War Of The Worlds, starring Tom Cruise, has grossed almost $600 million worldwide to date.

Casino Royale relaunched the James Bond franchise and has quickly become the highest-grossing James Bond movie ever, taking $531 million to date.

"Using a Monte Carlo simulation, our mock film slate model suggests the median rate of return is significantly higher for a co-financed slate and the risk is markedly lower."

"Inside Film Financing", Merrill Lynch September 2006

Movie Portfolio Fund

www.movieportfoliofund.com