INVESTMENT ADVISORY AGREEMENT  
  
 September 10, 1993  
  
XXXXXXXX/CUBA  
The Xxxxxxxx Building  
P.O. Box 161465  
Xxxxx, XX 00000  
  
Dear Sirs:  
  
The Xxxxxxxx Caribbean Basin Fund, Inc. (the "Fund"), a corporation organized  
under the laws of the State of Maryland, confirms its investment advisory  
agreement with XXXXXXXX/CUBA, a division of Xxxxxx X. Xxxxxxxx Advisors, Inc.  
(the "Adviser"), as follows:  
  
1. Investment Description; Appointment  
  
The Fund desires to employ its capital by investing and reinvesting In  
investments of the kind and in accordance with the limitations specified in its  
Articles of Incorporation, as amended from time to time (the "Articles of  
Incorporation"), and in its Registration Statement on Form N-2 under the  
Investment Company Act of 1940 (the "1940 Act") as from time to time in effect  
(the "Registration Statement") and in such manner and to such extent as may from  
time to time be approved by the Fund's Board of Directors. Copies of the  
Articles of Incorporation and the registration Statement have been submitted to  
the Adviser. The Fund desires to employ and hereby appoints the Adviser to act  
as its investment adviser. The Adviser accepts the appointment and agrees to  
furnish the services set forth below for the compensation set forth below.  
  
2. Services as Investment Adviser  
  
Subject to the supervision and direction of the Fund's Board of Directors, the  
Adviser will (a) act in strict conformity with the Articles of Incorporation,  
the 1940 Act and the Investment Advisers Act of 1940 ("Advisers Act") and all  
applicable rules and regulations, as the same may from time to time be amended,  
(b) place purchase and sale orders in accordance with the Fund's investment  
objective, policies and restrictions as stated in the Registration Statement and  
select brokers and dealers to execute portfolio transactions on behalf of the  
  
  
  
Fund. In addition, the Adviser will furnish the Fund with whatever statistical  
information the Fund may reasonably request with respect to the securities that  
the Fund may hold or contemplate purchasing.  
  
3. Brokerage  
  
In executing transactions for the Fund and selecting brokers and dealers, the  
Adviser will use its best efforts to seek the best overall terms available. In  
assessing the best overall terms available for any transaction on behalf of the  
Fund, the Adviser will consider all factors it deems relevant including, but not  
limited to, the breadth of the market in the security, the price of the  
security, the financial condition and execution capability of the broker or  
dealer and the reasonableness of any commission for the specific transaction and  
on a continuing basis The Adviser may use an affiliated broker or brokers to  
execute transactions on an agency basis on exchanges and for over-the-counter  
purchases and sales and receive stated commissions therefrom in accordance with  
Section 11(a) of the Securities Exchange Act of 1934 and Rule 11a2-a(T)  
thereunder and subject to any other applicable laws and regulations. The Adviser  
may transact over-the-counter purchases and sales with principal market makers  
directly in those cases in which better prices and executions may be obtained.  
Subject to obtaining best price and execution, the Adviser may direct orders for  
transactions by the Fund to brokers who provide supplemental research, market  
and statistical information to the Adviser or its affiliates. For purposes of  
this paragraph, "research, market and statistical information" includes advice  
as to the value of securities, the advisability of investing in, purchasing or  
selling securities, and the availability of securities or purchasers or sellers  
of securities, furnishing analyses and reports concerning issuers, industries,  
securities, economic factors and trends, portfolio strategy and the performance  
of accounts and other materials and data that provide lawful and appropriate  
assistance to the Adviser in the performance of its investment decision-making  
responsibilities. Such information may be used by the Adviser and its affiliates  
in providing services to clients other than the Fund.  
  
4. Information Provided to the Fund  
  
The adviser will keep the Fund informed of developments materially affecting the  
Fund, and will, furnish the Fund from time to time with whatever information the  
Adviser believes is appropriate for this purpose or the Fund reasonably  
requests.  
  
5. Liability of the Adviser.  
  
The Adviser may rely on information reasonably believed by it to be accurate and  
reliable. Except as may otherwise be provided by the 1940 Act, neither the  
Adviser nor its stockholders, officers, directors,  
  
  
  
employees or agents shall be subject to, and the Fund shall indemnify and hold  
such persons harmless from and against, any liability for and any damages,  
expenses or losses incurred in connection with any act or omission in the course  
of, connected with or arising out of any services to be rendered hereunder,  
except by reason of willful misfeasance, bad faith or gross negligence in the  
performance of the Adviser's duties or by reason of reckless disregard of the  
Adviser's obligations and duties under this Agreement.  
  
6. Compensation  
  
In consideration of the services rendered pursuant to this Agreement, the Fund  
will pay the Adviser on the first business day of each month a fee for the  
previous month at the annual rate of 1.45% of the Fund's average weekly net  
assets. The fee for the period from the date of the Fund's initial registration  
statement is declared effective shall be prorated according to the proportion  
that such periods bears to the full monthly payment period. Upon any termination  
of this Agreement before the end of a month, the fee for such part of that month  
shall be prorated according to the proportion that such period bears to the full  
monthly period and shall be payable upon the date of termination of this  
Agreement. For the purpose of determining fees payable to the Adviser, the value  
of the Fund's net assets shall be computed at the times and in the manner  
specified in the Registration Statement.  
  
7. Expenses  
  
The Adviser will bear all expenses in connection with the performance of its  
services under this Agreement. The Fund will bear certain other expenses to be  
incurred in its operation, including: expenses for legal and independent  
accountants' services, costs of printing proxies, stock certificates,  
shareholder reports, charges of the custodian, any sub-custodian and transfer  
and dividend paying agent, Securities and Exchange Commission fees, and fees and  
expenses of unaffiliated directors, accounting and pricing costs, membership  
fees in trade associations, fidelity bond coverage for the Fund's officers and  
employees, directors' and officers' errors and omissions insurance coverage,  
interest, brokerage costs, taxes, stock exchange listing fees and expenses,  
expenses of qualifying the Fund's shares for sale in various states, litigation  
and other extraordinary or non-recurring expenses, and other expenses properly  
payable by the Fund.  
  
8. Services to Other Companies or Accounts  
  
The Fund understands that the Adviser may act in the future as investment  
adviser to other investment companies or portfolios, and the Fund has no  
objection to the Adviser so acting, provided that whenever the Fund and one or  
more other portfolios or investment companies advised by the adviser have  
available funds for investment,  
  
  
  
investments suitable and appropriate for each will be allocated in a manner  
believed to be equitable to each entity. The Fund recognizes that in some cases  
this procedure may adversely affect the size of the position obtainable for the  
Fund. Nothing contained herein shall be deemed to limit or restrict the right of  
the Adviser or any affiliate of the Adviser to engage in and devote time and  
attention to other businesses or to render services of whatever kind of nature.  
  
9. Name of the Fund  
  
The Fund may use the word "Xxxxxxxx" in its name only as long as the Adviser is  
the investment adviser of the Fund. The Fund hereby acknowledges that the  
Adviser may at any time permit others to use the word "Xxxxxxxx".  
  
10. Term of Agreement  
  
This Agreement shall continue until September 10, 1995 and thereafter shall  
continue automatically for successive annual periods, provided such continuance  
is specifically approved at least annually by (i) the Fund's Board of Directors  
or (ii) a vote of a "majority" (as defined in the 0000 Xxx) of the Fund's  
outstanding voting securities, provided that in either event the continuance is  
also approved by a majority of the Board of Directors who are not "interested  
persons" (as defined in the 0000 Xxx) of any party to the Agreement, by vote  
cast in person at a meeting called for the purpose of voting on such approval.  
This Agreement is terminable, without penalty, on 60 days' written notice, by  
the Fund's Board of Directors, by vote of holders of a majority of the Fund's  
shares, or by the Adviser. This Agreement will also terminate automatically in  
the event of its assignment (as defined in the 1940 Act and the rules  
thereunder).  
  
11. Miscellaneous  
  
(a) This Agreement shall be construed in accordance with the laws of the State  
of Florida, provided that nothing herein shall be construed as being  
inconsistent with the 1940 Act, the Advisers Act and any rules, regulations and  
orders of the SEC.  
  
(b) The captions in this Agreement are included for the convenience only and in  
no way define or delimit any of the provisions hereof or otherwise affect their  
construction or effect.  
  
(c) If any provision of the Agreement shall be held or made invalid by a court  
decision, statute, rule or otherwise the remainder of this Agreement shall not  
be effected hereby and, to this extent, the provisions of this Agreement shall  
be deemed to be severable.  
  
  
  
(d) Nothing herein shall be construed as constituting the Adviser an agent of  
the Fund.  
  
If the foregoing is in accordance with your understanding, kindly indicate your  
acceptance of this Agreement by signing and returning the enclosed copy.  
  
 Very truly yours,  
  
 THE XXXXXXXX CARIBBEAN BASIN FUND, INC.  
  
  
 By: /s/ Xxxxxx X. Xxxxxxxx  
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 Xxxxxx X. Xxxxxxxx  
 Chairman  
  
Accepted:  
  
XXXXXXXX/CUBA, a division of  
 Xxxxxx X. Xxxxxxxx Advisors, Inc.  
  
  
By: /s/ Xxxxxx X. Xxxxxxxx  
 ---------------------------------  
 Xxxxxx X. Xxxxxxxx  
 President