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**PRIVATE OFFERING MEMORANDUM**

relating to the private offering of up to 4,900,000 redeemable non-voting participating shares of par value US\$0.01 each

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**NFG PARTNERS SPC**

an open-ended investment fund incorporated as an exempted company limited by shares and registered as a segregated portfolio company under the laws of the Cayman Islands with registration number OC-383017

**NFG PARTNERS SA**

Investment Manager

September 2023

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This Private Offering Memorandum is strictly confidential. It is being provided to a restricted number or class of potential investors. It is intended to be read by the potential investor to whom it has been addressed, and is made available on the understanding that it will not be passed on to any person other than the potential investor's professional advisers.

The distribution of this Private Offering Memorandum and the offering or purchase of Participating Shares may be restricted in certain jurisdictions. No person receiving a copy of this Private Offering Memorandum, or the accompanying Subscription Agreement, in any such jurisdiction may treat this Private Offering Memorandum or such Subscription Agreement as constituting an invitation to subscribe for Participating Shares unless in the relevant jurisdiction such an invitation may be lawfully made without compliance with any registration or other legal requirements.

Potential investors should carefully review this Private Offering Memorandum and obtain their own professional advice before subscribing for Participating Shares. In particular, potential investors should consult with their legal, tax and financial advisers to determine the possible legal, tax, financial and other consequences of purchasing, holding or redeeming Participating Shares.

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**DIRECTORY**

<b>Directors</b> Glenn Coxon Mark Fagan	<b>Registered Office</b> Ogier Global (Cayman) Limited 89 Nexus Way Camana Bay Grand Cayman KY1-9009 Cayman Islands
<b>Investment Manager</b> NFG Partners SA Rue de Mont Blanc 4 Geneva 1201 Switzerland	<b>Administrator</b> Apex Fund Services (Malta) Ltd. Quad Central, Q3 Level 9 Triq L-Esportaturi, Zone 1, Central Business District Birkirkara CBD 1040 Malta
<b>Auditor</b>  Cohen & Company (Cayman) Cayman Corporate Centre 27 Hospital Road P.O.Box 1748 Grand Cayman KY1-1109	<b>Legal Adviser as to matters of Cayman Islands law</b>  Ogier (Cayman) LLP 89 Nexus Way Camana Bay Grand Cayman KY1-9009 Cayman Islands
<b>Prime Broker and Custodian</b> See applicable Supplement	

**Enquiries**

Written enquiries relating to the Fund should be addressed to the Investment Manager at the address set forth above.

## IMPORTANT NOTICE TO POTENTIAL INVESTORS

### **This Private Offering Memorandum**

This Memorandum relates to the offering of Participating Shares in the Fund, a company incorporated under the Companies Act as an exempted company limited by shares and registered as a segregated portfolio company. Participating Shares may be issued in one or more Classes and each Class participates in one of the Fund's Segregated Portfolios. The specific terms relating to a Segregated Portfolio are set forth in a separate Supplement relating to such Segregated Portfolio. In the case of inconsistency between the terms set forth in this Memorandum and the terms set forth in the Supplement describing a specific Segregated Portfolio, the terms of the Supplement shall prevail in respect of that Segregated Portfolio.

**References to this "Memorandum" shall include reference to the Supplement prepared in connection with a Segregated Portfolio in relation to an investment in such Segregated Portfolio, as the context may require. Furthermore, references in the Memorandum to the "Fund" shall include the Fund, the Segregated Portfolio, or the Fund acting for and on behalf of such Segregated Portfolio, as the context may require.**

This Memorandum is strictly confidential. It is intended to be read only by the person to whom it has been delivered to enable that person to evaluate an investment in the Fund. It is not to be reproduced or distributed to any other person. But each recipient (and each employee, representative, or other agent of the recipient) may disclose to any person the tax treatment and tax structure of an investment in the Fund and all related tax materials (including opinions or other tax analyses) given to the recipient.

The Directors, whose name appear in the Directory, accept responsibility for the information contained in this Memorandum. To the best of the knowledge and belief of the Directors (who has taken all reasonable care to ensure that such is the case) the information contained in this Memorandum is in accordance with the facts and does not omit anything likely to affect the import of such information.

### **Reliance on this Memorandum**

The Participating Shares are offered solely on the basis of the information contained in this Memorandum and the applicable Supplement. Potential investors should disregard, and should not rely upon, any other information or representations given or made by any dealer, broker or other person. No person is authorised to give any information or to make any representations in connection with the offering of Participating Shares apart from those contained in this Memorandum and the applicable Supplement. A potential investor to whom such information or representations are given or made must not rely on them as having been authorised by the Fund, the Directors, the Investment Manager, or the Administrator.

Statements in this Memorandum are based on the law and practice in the Cayman Islands current at the date it was issued. Those statements are therefore subject to change should that law or practice change. Under no circumstance does the delivery of this Memorandum or the issue of Participating Shares imply or represent that the affairs of the Fund have not changed since the date of this Memorandum.

## **Investor responsibility**

The Fund does not make representations or warranties of any kind with respect to the economic return from, or the tax consequences of an investment in, the applicable Segregated Portfolio. It cannot assure that existing laws will not be changed or interpreted adversely.

Prospective investors must not treat this Memorandum and applicable Supplement as legal, investment or tax advice. This Memorandum supersedes all previous versions. It should be reviewed before making an investment decision.

Prospective investors should carefully review the whole of this Memorandum and the accompanying Supplement. They should also consult with their legal, tax and financial advisors in relation to the following:

- (i) the legal and regulatory requirements within their own countries for purchasing, holding and disposing of Participating Shares;
- (ii) any foreign exchange restrictions to which they may be subject in their own countries in relation to purchasing, holding or disposing of Participating Shares; and
- (iii) the legal, tax, financial and other consequences of subscribing for, purchasing, holding or disposing of Participating Shares.

By retaining this Memorandum, each recipient acknowledges and represents to the Fund that it has read, understood and accepted the terms of this Important Notice. If the recipient does not accept these terms, it must immediately return this Memorandum to the Fund, marked to the attention of "The Directors".

## **No offer in restricted jurisdictions**

The distribution of this Memorandum and the offering or purchase of the Participating Shares may be restricted in certain jurisdictions. Neither this Memorandum nor the Participating Shares qualify for offer, sale or distribution under the laws of any jurisdiction governing the offer or sale of mutual fund shares or other securities.

The receipt of this Memorandum or the accompanying Subscription Agreement does not constitute an invitation to a recipient to subscribe for Participating Shares in a jurisdiction where it is necessary to comply with some registration or other legal requirement to make that invitation, or the use of the Subscription Agreement, lawful. No such recipient may treat this Memorandum or the accompanying Subscription Agreement as an invitation to subscribe for Participating Shares, nor may such recipient use the Subscription Agreement. More particularly, this Memorandum does not constitute an offer or solicitation:

- (i) by anyone in a jurisdiction in which such offer or solicitation is not lawful or in which the person making such offer or solicitation is not qualified to do so; or
- (ii) to anyone to whom it is unlawful to make such offer or solicitation.

It is the responsibility of every person in possession of this Memorandum and every person wishing to apply for Participating Shares to inform himself, herself or itself of, and to observe all applicable laws and regulations of, any relevant jurisdiction.

The Fund may not make an invitation to the public in the Cayman Islands to subscribe for the Participating Shares unless the Fund is listed on the Cayman Islands Stock Exchange. For these purposes, "public" has the same meaning as "public in the Islands" as defined in the Mutual Funds Act (Revised) of the Cayman Islands (**Mutual Funds Act**). Apart from this restriction, persons resident, domiciled, established, incorporated or registered pursuant to the laws of the Cayman Islands may beneficially own Participating Shares.

### **Regulation**

The Fund is a "regulated mutual fund" for the purposes of the Mutual Funds Act. The Fund is registered with CIMA pursuant to section 4(3) of the Mutual Funds Act and this Memorandum has been filed with CIMA. Such registration does not imply that CIMA or any other regulatory authority in the Cayman Islands has approved this Memorandum or the offering of the Participating Shares.

**A MUTUAL FUND LICENCE ISSUED OR A FUND REGISTERED BY CIMA DOES NOT CONSTITUTE AN OBLIGATION OF CIMA TO ANY INVESTOR AS TO THE PERFORMANCE OR CREDITWORTHINESS OF THE FUND.**

**FURTHERMORE, IN ISSUING SUCH A LICENCE OR IN REGISTERING A FUND, CIMA SHALL NOT BE LIABLE FOR ANY LOSSES OR DEFAULT OF THE FUND OR FOR THE CORRECTNESS OF ANY OPINIONS OR STATEMENTS EXPRESSED IN ANY PROSPECTUS OR OFFERING DOCUMENT.**

### **Data Protection**

For the purposes of the Data Protection Act, the data controller in respect of any personal data provided in respect of Shareholders and their respective representatives, directors, officers, agents or beneficial owners in respect of whom personal data is provided in relation to the Fund shall be the Fund. Personal data shall be processed in accordance with the Cayman Privacy Notice set out in the Subscription Agreement. The Cayman Privacy Notice sets out the purposes for which such personal data may be processed, the circumstances in which such data might be disclosed or transferred, Shareholders' rights in respect of such data, as well as other matters.

The Fund has engaged the Administrator to act as data processor, as defined in the Data Protection Act. Pursuant to the Administration Agreement (as defined herein), the Administrator, as data processor, is permitted to do the following, including but not limited to, processing personal data (as defined in the Data Protection Act and the Administration Agreement) in order to provide services under the Administration Agreement and to carry out anti- money laundering checks and related actions; disclose or transfer the personal data to its affiliates, employees, agents, delegates, subcontractors, credit reference agencies, professional advisors or competent authorities for the provision of the services; and report tax or regulatory related information to competent bodies or authorities.

The Administrator, as data processor, shall, among others, only act on and process such personal data in accordance with the documented instructions of the Fund, unless otherwise prevented or required by applicable laws; ensure that all persons who have access to personal data have committed themselves to appropriate obligations of confidentiality; and upon termination of the Administration Agreement, the personal data shall, at the Fund's option, be

destroyed or returned to the Fund, unless applicable laws prevent the return or deletion of such personal data.

### **Confidentiality**

Except as outlined in the Cayman Privacy Notice in the Subscription Agreement, any information forwarded to the Fund by a potential investor will be treated on a confidential basis. If required to do so by law or regulation, or if, in consultation with the Investment Manager, the Fund deems it necessary to protect or preserve the assets of the Fund, the Fund may pass on that information to a relevant third party. In addition, the Fund may disclose information relating to the Shareholders as is necessary to allow any potential service provider to the Fund to complete such service provider's pre-appointment due diligence or other procedures. By subscribing for Participating Shares, each investor is deemed to have consented to such release of confidential information pursuant to Section 3(1)(b) (or any amendment of that provision) of the Confidential Information Disclosure Act (Revised) of the Cayman Islands.

### **Beneficial Ownership Regime**

The Fund is regulated as a mutual fund under the Mutual Funds Act and, accordingly, does not fall within the scope of the primary obligations under Part XVIIIA of the Companies Act (**Beneficial Ownership Regime**). The Fund is therefore not required to maintain a beneficial ownership register. The Fund is required to confirm its out-of-scope status to the relevant Cayman authority annually and failure to do so may result in an administrative fine payable by the Fund. The Fund may, however, be required from time to time to provide, on request, certain particulars to other Cayman Islands entities which are within the scope of the Beneficial Ownership Regime and which are therefore required to maintain beneficial ownership registers under the Beneficial Ownership Regime. Neither the beneficial ownership registers nor any information provided is publicly available.

### **Risks**

Investment in a Segregated Portfolio carries substantial risk. There can be no assurance that the investment objective of a Segregated Portfolio will be achieved and investment results may vary substantially over time. The value of the Participating Shares may go down as well as up and investors may not get back the amount invested. An investment in a Segregated Portfolio is only suitable for sophisticated investors who are able to bear the loss of a substantial portion or even all of their investment in that Segregated Portfolio. An Investment in a Segregated Portfolio is not intended to be a complete investment programme for any investor.

There is no public market for the Participating Shares, nor is a public market expected to develop in the future.

Potential investors should carefully consider the risk factors set out in the section headed "Certain Risk Factors" when considering whether an investment in the Fund is suitable for them in light of their circumstances and financial resources. Investors are advised to seek independent professional advice on the implications of investing in the Fund.

### **Forward-looking information**



If and when included in this Memorandum, the words “expects,” “intends,” “anticipates,” “estimates” and analogous expressions are intended to identify forward-looking statements. Any statement of this kind is inherently subject to a variety of risks and uncertainties that could cause actual results to differ materially from those projected. Without seeking to be exhaustive, those risks and uncertainties include (i) general economic and business conditions, (ii) interest rate risks, (iii) prepayment risks, (iv) delinquency and default rates, (v) competition, (vi) changes in political, social and economic conditions, (viii) regulatory initiatives and compliance with governmental regulations and (ix) customer preferences. Many of these are beyond the Fund’s or the Investment Manager’s control.

These forward-looking statements speak only as of the date of this Memorandum. None of the Fund, its Directors, the Investment Manager, the Administrator or any of their respective affiliates is obliged, or undertakes, to release publicly any updates or revisions to any forward-looking statement to reflect a change in the Fund’s or the Investment Manager’s expectations or a change in events, conditions or circumstances on which the statement is based.

## DEFINITIONS

In this Memorandum the following words and phrases have the meanings set out below:

<b>Administrator</b>	Apex Fund Services (Malta) Ltd. unless otherwise specified in the applicable Supplement;
<b>Anti-Money Laundering Regulations</b>	the Anti-Money Laundering Regulations (2020 Revision) of the Cayman Islands;
<b>Articles</b>	the memorandum and articles of association of the Fund, as amended from time to time;
<b>Business Day</b>	any day on which banks are open in the Cayman Islands;
<b>Cayman Privacy Notice</b>	privacy notice adopted in respect of the Data Protection Act, as appended to the Subscription Agreement;
<b>CIMA</b>	the Cayman Islands Monetary Authority;
<b>Class</b>	any class of Participating Shares designated by the Director pursuant to the Articles;
<b>Companies Act</b>	the Companies Act (2021 Revision) of the Cayman Islands;
<b>Confidential Information Disclosure Act</b>	the Confidential Information Disclosure Act, 2016 of the Cayman Islands;
<b>Custodian</b>	any person as may be appointed custodian of the Fund on behalf of any Segregated Portfolio from time to time and specified in the applicable Supplement;
<b>Custody Agreement</b>	the agreement between the Fund on behalf of a Segregated Portfolio named therein and the relevant Custodian and described in the applicable Supplement;
<b>Data Protection Act</b>	the Data Protection Act, 2017 of the Cayman Islands;
<b>Directors or Director</b>	the directors of the Fund for the time being;
<b>Eligible Investors</b>	a person to whom the Fund can lawfully make an invitation to subscribe for Participating Shares without compliance with any registration or other legal requirements, who is able to acquire and hold Participating Shares without breaching the law or requirements of any country, regulatory body or government authority and who satisfies such eligibility requirements as may be determined by the Directors from time to time;

<b>Exchange Rate</b>	the currency exchange rate used to convert the applicable operational currency into U.S. dollars and vice versa, and is determined by applying the rate of exchange obtained in the operational currency/U.S. dollar spot currency market, at the close of business on the trading day immediately preceding the exchange rate calculation date. Each operational currency will have a different Exchange Rate;
<b>Fair Value</b>	the price that would be received when selling an asset or paid when transferring a liability in an orderly transaction between market participants in the principal market or in its absence, the most advantageous market, as at the Valuation Day;
<b>High Water Mark</b>	in relation to any Series, the highest Net Asset Value of that Series (after payment of the Performance Fee) as at the last Valuation Day in any previous Performance Fee Period or, if higher, the Net Asset Value of the relevant Series immediately following the issue of such Series;
<b>IFRS</b>	International Financial Reporting Standards issued by the International Accounting Standard Board;
<b>Investment Management Agreement</b>	the agreement between the Fund on behalf of the Segregated Portfolio named therein and the Investment Manager in relation to that Segregated Portfolio, as described in the section headed "Management and Administration;"
<b>Investment Manager</b>	NFG Partners SA unless otherwise specified in the applicable Supplement;
<b>Management Fee</b>	in relation to each Segregated Portfolio, the management fee payable by that Segregated Portfolio to the Investment Manager pursuant to the applicable Investment Management Agreement and set forth in the applicable Supplement;
<b>Market Price</b>	means, in respect of an asset or liability, the price that would be received to sell that asset or paid to transfer that liability in an orderly transaction in the principal or most advantageous market at the Valuation Day that is directly observable and in a market accessible by the Fund;

<b>Material Contracts</b>	In relation to a Segregated Portfolio, the Administration Agreement, the Investment Management Agreement, the Prime Brokerage Agreement and the Custody Agreement relating to such Segregated Portfolio and such other material contracts as may be identified in the applicable Supplement;
<b>Memorandum</b>	this private offering memorandum, as amended or supplemented from time to time, including, where the context permits, the Supplement(s) relating to the Class or Classes of Participating Shares being subscribed for;
<b>Minimum Holding</b>	Participating Shares with an aggregate Net Asset Value of not less than the amount specified in the applicable Supplement;
<b>Mutual Funds Act</b>	the Mutual Funds Act (2021 Revision) of the Cayman Islands;
<b>NAV Calculation Policy</b>	means the valuation policy set forth in this Memorandum, as adopted, amended and revised from time to time;
<b>Net Asset Value per Share</b>	in respect of a Participating Share of any Class or Series, the Net Asset Value of the relevant Class or Series divided by the number of Participating Shares of such Class or Series in issue;
<b>Participating Share</b>	a redeemable non-voting participating share of par value US\$0.01 in the capital of the Fund being offered for subscription under the terms of this Memorandum and the applicable Supplement and, where the context requires, a redeemable non-voting participating share of par value US\$0.01 in the capital of the Fund generally;
<b>Performance Fee</b>	the performance fee, if any, payable by the Fund out of the assets of the applicable Segregated Portfolio to the Investment Manager pursuant to the applicable Investment Management Agreement and set forth in the applicable Supplement;
<b>Performance Fee Period</b>	in respect of each Class, shall be as described in the applicable Supplement;
<b>Prime Broker</b>	any person as may be appointed prime broker of the Fund on behalf of any Segregated Portfolio from time to time and specified in the applicable Supplement;

<b>Prime Brokerage Agreement</b>	the agreement between the Fund on behalf of a Segregated Portfolio named therein and the relevant Prime Broker, as described in the applicable Supplement;
<b>Proceeds of Crime Act</b>	the Proceeds of Crime Act (2020 Revision) of the Cayman Islands;
<b>Redemption Day</b>	in the case of a Class, shall be as set forth in the applicable Supplement;
<b>Redemption Price</b>	the price at which a Participating Share may be redeemed, calculated in the manner described in the applicable Supplement;
<b>Redemption Request</b>	a request for the redemption of Participating Shares, which shall be in such form as the Directors may determine from time to time;
<b>Segregated Portfolio</b>	a segregated portfolio of the Fund or, where the context permits, the Fund acting on behalf of a Segregated Portfolio;
<b>Series</b>	means a Series of any Class of Participating Shares (as the case may be) designated by the Directors pursuant to the Articles;
<b>Shareholder</b>	a holder of one or more Participating Shares;
<b>Special Investment</b>	an investment designated as special investment by the Directors, in their sole and absolute discretion, upon purchase based on its characteristics which may include, without limitation, the following: liquidity, restrictions on transfer or realisation, or any investment which will be held until a realisation event;
<b>Special Investment Share</b>	a Class of Participating Share in the capital of the Fund designated as such by the Directors which are or will be attributed to Special Investments;
<b>Special Investment Threshold</b>	such percentage amount of a Shareholder's Participating Shares, or a particular Class of Participating Shares, as determined from time to time by the Directors, in consultation with the Investment Manager, which may be converted into Special Investments Shares, and as may be set out in the applicable Supplement;
<b>Subscription Agreement</b>	an application to subscribe for Participating Shares, which shall be in such form as the Director may determine from time to time;

<b>Subscription Day</b>	in respect of any Class or Series, shall be as set forth in the applicable Supplement;
<b>Subscription Fee</b>	in respect of any Class or Series, shall be as set forth in the applicable Supplement;
<b>Subscription Price</b>	the price at which a Participating Share may be issued, calculated in the manner described in the applicable Supplement;
<b>Supplement</b>	any supplement to this Memorandum in respect of a Class or Classes of a Segregated Portfolio;
<b>United States or U.S.</b>	the United States of America, its territories and possessions including the States and the District of Columbia;
<b>US\$, USD or US Dollar</b>	the lawful currency of the United States of America;
<b>US Person</b>	as defined under Regulation S under the United States Securities Act of 1933, as amended;
<b>Valuation Day</b>	in respect of each Class or Series, the day specified in the applicable Supplement; and

In addition, other matters of interpretation to note are these:

- (a) a reference to any law is a reference to the most recent revision of such law and a reference to any law, legislation or legislative provision includes any statutory modification, amendment or re-enactment, and any subordinate legislation or regulations issued under that legislation or legislative provision;
- (b) a reference to any document or agreement is to that document or agreement as amended, novated, supplemented or replaced; and
- (c) a reference to 'including' or similar expression does not imply any limitation.

Certain defined terms appear in the body of this Memorandum, but do not appear in the Definition section. This is because such defined terms are generally only used within the section where they are so defined. However, where any such defined term is used elsewhere in the Memorandum, the given definition will continue to apply.

## EXECUTIVE SUMMARY

You should not rely on this summary alone; you must read it in conjunction with the rest of this Memorandum together with the applicable Supplement, the Articles and the Material Contracts.

### **The Fund**

NFG Partners SPC is an open-ended investment fund incorporated in the Cayman Islands as an exempted company limited by shares with unlimited duration and registered as a segregated portfolio company.

The Fund was incorporated on 1 November 2021.

### **Segregated Portfolios**

As a segregated portfolio company, the Fund can operate Segregated Portfolios with the benefit of statutory segregation of assets and liabilities between each Segregated Portfolio (and between each Segregated Portfolio and the Fund's general assets). Under the Companies Act, the debts, liabilities, obligations and expenses incurred by one Segregated Portfolio will only be enforceable against the assets of the same Segregated Portfolio and not against the assets of any other Segregated Portfolio or against the general assets of the Fund.

Each Segregated Portfolio is administered and maintained separate from each other Segregated Portfolio and functions as a separate investment fund (although the Fund is a single legal person and the Segregated Portfolios do not have legal personality separate from that of the Fund).

The assets of each Segregated Portfolio are invested separately in accordance with the investment objective, strategies and restrictions for such Segregated Portfolio, as specified in the Supplement(s) prepared in respect of such Segregated Portfolio. There can be no assurance that the investment objective of a Segregated Portfolio will be achieved.

The Directors may create a Segregated Portfolio at any time without notice to, or the consent of, the Shareholders.

### **Investment objective and strategies**

The investment objective and strategies of each Segregated Portfolio are set forth in the applicable Supplement. There can be no assurance that the investment objective of any Segregated Portfolio will be achieved.

### **Classes**

Within each Segregated Portfolio, the Directors at any time may create multiple Classes of Participating Shares (including, *inter alia*, with different operational currencies) without notice to, or the consent of, the Shareholders.

## **Operational Currency and Hedging**

With respect to one or more Segregated Portfolios, the Directors, in consultation with the Investment Manager, may designate Classes of Participating Shares with an operational currency other than USD. In such circumstances, unless determined otherwise by the Directors, the subscription amounts received by the Fund in the applicable non-USD currency of the Class will generally be converted from the applicable non-USD currency into USD at the relevant Exchange Rate and funds for redemption payments will generally be obtained by converting USD into the applicable operational currency of the non-USD currency Class at the relevant Exchange Rate.

Accounts will be maintained in USD and fees (including Management Fee and the Performance Fee) for all operational currency classes will generally be calculated and charged in USD. Investor statements will be reported in the applicable operational currency of the Class.

Unless disclosed to the contrary in the applicable Supplement, the Investment Manager may attempt to hedge the currency exposure of the non-USD operational currency share classes to minimize, to the extent commercially reasonable, fluctuations in the value of such share classes arising from fluctuations in the Exchange Rate, including by selling or buying currencies in the forward market, selling or buying currency futures contracts, options, or other securities thereon, borrowing funds denominated in particular currencies, or any combination thereof, depending on the availability of liquidity in the hedging instruments and their relative costs.

Under normal circumstances, when non-USD operational currency shares are issued, the Fund (on behalf of the applicable Segregated Portfolio) expects to engage in currency hedging activities such that, at a subsequent date when redemption is permissible, the effect of the hedge will substantially offset any increase or decline in the value of the U.S. dollar relative to the value of the applicable operational currency. After the initial investment, the Fund (on behalf of the applicable Segregated Portfolio) expects to adjust those hedged positions periodically to reflect investment results and other items of income, gain, loss or deduction that would alter the amount payable upon a subsequent redemption.

All expenses associated with such currency hedging will be allocated to the relevant record corresponding to the applicable non-USD operational currency shares.



**Side Pockets**

Because certain of a Segregated Portfolio's investments may be in illiquid or restricted investments (such as equities of non-listed companies), the Investment Manager (in consultation with the Directors) may designate an investment as a Special Investment and establish a "side pocket". Where the Investment Manager intends to utilise side pockets with respect to a particular Segregated Portfolio, this will generally be expressly disclosed in the applicable Supplement. The Directors may issue a new Class of Participating Shares to represent the Segregated Portfolio's investment in Special Investments if the Directors determine that such shares are necessary in order to not impose a significant liquidity burden on the Segregated Portfolio. Unless otherwise amended pursuant to a Supplement, the mechanics for the use of side pockets are as set out in the section below headed "Special Investments and Special Investment Shares".

**Regulation**

The Fund is registered with CIMA as a regulated mutual fund pursuant to section 4(3) of the Mutual Funds Act. Accordingly, the Fund is subject to regulatory supervision by CIMA.

**Management**

The Directors have overall responsibility for the management and administration of the Fund. However, in respect of each Segregated Portfolio the Directors delegate responsibility for day-to-day administrative functions to the Administrator and responsibility for making day-to-day investment decisions to the Investment Manager.

**Term**

The Term of a Segregated Portfolio shall be for an unlimited duration unless otherwise specified in the applicable Supplement.

**Subscriptions**

Participating Shares in a Segregated Portfolios will be offered for subscription on the terms set forth in the applicable Supplement.

A subscriber for Participating Shares may be required to pay a Subscription Fee as set out in the applicable Supplement.

The minimum initial investment per subscriber, if any, will be set out in the applicable Supplement. The Directors may waive or reduce the minimum initial investment either generally or in any particular case.

The Directors may temporarily suspend the subscriptions of Participating Shares in certain circumstances.

**Minimum investment**

The minimum initial investment for the Participating Shares of each Class is as set forth in the applicable Supplement. The

minimum subsequent investment for Participating Shares of each Class is also set forth in the applicable Supplement.

In each case, the Directors may accept some other amount below the minimum subscription payable by a particular Shareholder or group of Shareholders. However, for so long as the Fund is registered under section 4(3) of the Mutual Funds Act, the minimum initial investment cannot be less than US \$100,000 or its equivalent in any other currency.

<b>Eligible Investors</b>	Only Eligible Investors may subscribe for Participating Shares. Investors who qualify as “Eligible Investors” are specified in Appendix I. Any additional eligibility requirements determined by the Directors in respect of a Class are set forth in the Supplement for that Class.
<b>Redemptions</b>	Participating Shares may be redeemed at the option of the Shareholder in accordance with the terms set out in the applicable Supplement.
<b>Compulsory redemptions</b>	The Fund may compulsorily redeem Participating Shares in certain circumstances, details of which are set out in the section headed “ <i>Compulsory redemptions</i> ”.
<b>Restrictions on redemptions</b>	<p>The Directors may suspend the redemption of Participating Shares in certain circumstances, details of which are set out in the section headed “<i>Temporary suspension of dealings</i>”.</p> <p>The Directors may also limit redemptions in certain circumstances. Details of any such limitation are set out in the applicable Supplement.</p>
<b>Redemption fee</b>	A redemption fee may be charged on the redemption of Participating Shares. Details of any redemption fee are set out in the applicable Supplement.
<b>Payment of redemption proceeds</b>	Normally, the Fund will pay redemption proceeds in cash (in the currency noted in the applicable Supplement) by electronic transfer at the Shareholder’s risk and expense. However, in certain circumstances, the Fund may satisfy the redemption proceeds in investments of the Segregated Portfolio (which may include corresponding hedging positions), or partly in cash and partly in investments.
<b>Valuations</b>	The Net Asset Value and the Net Asset Value per Share of each Class will be calculated on each Valuation Day.

The Directors may temporarily suspend the calculation of the Net Asset Value and/or the Net Asset Value per Share in certain circumstances.

**Transfers**

Participating Shares will only be issued to, and may only be transferred to, persons who are Eligible Investors. Participating Shares may not be transferred without the prior written consent of the Directors. Transfers of Participating Shares may only be conducted in accordance with the anti-money laundering policies and procedures of the Fund and the Administrator.

**Management Fee**

The Fund will pay the Investment Manager a Management Fee, out of the assets of the applicable Segregated Portfolio. Details of the Management Fee payable are set out in the applicable Supplement.

**Performance fee**

The Fund may also pay the Investment Manager a Performance Fee, out of the assets of the applicable Segregated Portfolio. Details of any Performance Fee payable are set out in the applicable Supplement.

**Other fees and expenses**

Each Segregated Portfolio bears all costs of its investment program, other than those borne by the Investment Manager. Those costs include interest and taxes as well as the fees and expenses payable to service providers. Each Segregated Portfolio is also responsible for its formation and related expenses and a *pro rata* share of the initial expenses in establishing the Fund.

To the extent that any fees and expenses incurred by the Fund do not relate to a specific Segregated Portfolio, such fees and expenses will be apportioned between all relevant Segregated Portfolios at the discretion of the Directors.

**Risk factors and conflicts of interest**

An investment in the Fund entails certain risks. Prospective investors should review carefully the discussion about risks in Section III headed "Certain Risk Factors."

**Reporting**

The Fund will furnish to each Shareholder of a Segregated Portfolio an annual report that will include audited financial statements in respect of such Segregated Portfolio as of the end of each fiscal year or the first audit period, as applicable, provided that the Directors have the discretion to provide only the portion thereof relating to the relevant Segregated Portfolio if the Directors determine it appropriate to do so. The Fund will also provide Shareholders of such Segregated Portfolio with more frequent information as set forth in the Supplement for the relevant Segregated Portfolio in which that Shareholder holds Participating Shares.

**Fiscal year** Fiscal year means a period of 12 months ending 31 December in each year, save for the first fiscal year, which will run from the date the Fund begins operations until 31 December 2022.

**Tax**

**Cayman Islands**

Apart from registration and annual filing fees, the Fund is not (under the current laws of the Cayman Islands) subject to tax in the Cayman Islands.

The Fund has applied for, and obtained, an undertaking from the Financial Secretary of the Cayman Islands that, for a period of twenty years from the date of the undertaking:

- no law subsequently enacted in the Cayman Islands that imposes any tax to be levied on profits, income, gains or appreciations will apply to the Fund or its operations; and
- in addition, that no tax to be levied on profits, income, gains or appreciations or that is in the nature of estate duty or inheritance tax will be payable by the Fund:
  - on or in respect of the Participating Shares, debentures or other obligations of the Fund; or
  - by way of the withholding in whole or in part of any relevant payment as defined in section 6(3) of the Tax Concessions Act (2018 Revision).

**United Kingdom**

The Directors may apply to HMRC in the United Kingdom for "reporting fund" status for any class of Participating Shares of any Segregated Portfolio.

Each prospective investor should consult its own advisors about the tax consequences for it of any proposed investment in a Segregated Portfolio.

**Application procedure**

To participate, an investor must do the following:

- (a) fulfil the requirements set forth in Appendix I;
- (b) complete and return the Subscription Agreement provided by the Administrator; and

- (c) transfer its subscription amount to the Fund's bank account maintained in respect of the applicable Segregated Portfolio.

## SECTION I - THE FUND

### 1.1 Structure

The Fund is an exempted company limited by shares with unlimited duration and registered as a segregated portfolio company.

The Fund may create one or more Segregated Portfolios in order to segregate the assets and liabilities held by the Fund on behalf of each Segregated Portfolio from the assets and liabilities held by the Fund on behalf of any other Segregated Portfolio or the general assets and liabilities of the Fund.

The Fund and each Segregated Portfolio comprise a single legal person. The Segregated Portfolios do not have legal personality separate from that of the Fund. But the Companies Act establishes principles of segregation.

Such principles, for example, relate to the payment of dividends or other distributions, and the payment of the redemption price of shares, which are applied to each segregated portfolio in isolation. Payments in respect of dividends, distributions and redemptions of shares may only be paid out of the assets of the segregated portfolio in respect of which the relevant shares were issued. Segregated portfolio assets are only available to meet liabilities to creditors of the company who are creditors in respect of the relevant segregated portfolio and are protected from and are not available to creditors of the company who are not creditors in respect of that segregated portfolio.

The Companies Act also requires that any transaction or arrangement entered into by a segregated portfolio company on behalf of one or more of its segregated portfolios must be executed by a segregated portfolio company on behalf or for the account of such segregated portfolio(s), which must be identified in the relevant documents.

If the segregated portfolio company fails to meet this requirement, then (notwithstanding any provisions to the contrary in the segregated portfolio company's articles of association or in any contract) the directors shall, forthwith upon becoming aware of such breach (a) make any necessary enquiries to determine the correct segregated portfolio to which the relevant act, matter, deed, agreement, contract, instrument under seal or other instrument or arrangement should be attributed; (b) make the correct attribution; and (c) notify in writing all persons which are party to the act, matter, deed, agreement, contract, instrument under seal or other instrument or arrangement that was executed, or which may be adversely affected by any such attribution, of that attribution and the parties' rights.

It is also the duty of the directors to establish and maintain procedures for the segregation both of the general assets from the segregated portfolio assets and of the assets of each segregated portfolio from those of each other segregated portfolio such that the assets and liabilities of each segregated portfolio and any general assets or liabilities of the Fund shall be separate and separately identifiable.

Any indemnity given by a segregated portfolio company in favour of a director in respect of a liability incurred by such director on behalf of a segregated portfolio shall only be enforceable against the assets of the segregated portfolio in respect of which such liability arose.

## 1.2 Regulation

The Fund is registered as a "mutual fund" under section 4(3) of the Mutual Funds Act and is therefore regulated under that law. The Fund specifies that the minimum aggregate equity interest purchasable by a potential investor in the Fund is at least US \$100,000 or its equivalent in any other currency. Consequently, the Fund qualifies for registration under that section without the need to be licensed or administered by a licensed mutual fund administrator.

In connection with its initial registration under the Mutual Funds Act, the Fund has filed with CIMA a copy of this Memorandum and certain details of this Memorandum. The Fund has also paid the prescribed initial registration fee.

The Fund's continuing obligations under the Mutual Funds Act are (i) to file with CIMA prescribed details of any changes to this Memorandum, (ii) to file annually with CIMA accounts audited by an approved auditor and an annual return, and (iii) to pay the relevant prescribed annual fee.

As a regulated mutual fund, the Fund is subject to the supervision of CIMA. At any time, CIMA may instruct the Fund to have its accounts audited and to submit them to CIMA within a specified time. Failure to comply with any supervisory request by CIMA may result in substantial fines. CIMA has wide powers to take certain actions if certain events occur. For instance, it has wide powers to take action if it is satisfied that a regulated mutual fund:

- is or is likely to become unable to meet its obligations as they fall due;
- has contravened any provision under the Mutual Funds Act or of the Anti-Money Laundering Regulations; or
- is carrying on or is attempting to carry on business or is winding up its business voluntarily in a manner that is prejudicial to its investors or creditors;
- is not being managed in a fit and proper manner; or
- has persons appointed as director, manager or officer that is not a fit and proper person to hold the respective position.

The powers of CIMA include, amongst others: (i) the power to require a Director and/or the Investment Manager to be replaced; (ii) the power to appoint a person, at the expense of the Fund to advise the Fund on the proper conduct of its affairs; and (iii) the power to appoint a person, at the expense of the Fund, to assume control of the affairs of the Fund, including for the purpose of terminating the business of the Fund; and (iv) the power to cancel or impose conditions on any mutual fund registration granted under the Mutual Funds Act. CIMA also has other remedies available to it including applying to the courts of the Cayman Islands for approval of other actions, and requiring the Fund to re-organise its affairs in a manner specified by CIMA.

CIMA has a discretionary power to impose substantial administrative fines upon the Fund in connection with any breaches by the Fund of prescribed provisions of certain regulatory laws and regulations of the Cayman Islands, including the Mutual Funds Act and the Anti-Money Laundering Regulations, and upon any Director or officer of the Fund who either consented to or connived in the breach, or to whose neglect the breach is proved to be attributable. To the

extent any such administrative fine is payable by the Fund, the Fund will bear the costs of such fine and any associated proceedings.

### **1.3 Additional information**

This Memorandum does not give a complete description of the Fund's memorandum and articles of association or the Material Contracts. Before investing in the Fund, each prospective investor should examine this Memorandum, the applicable Supplement, the Subscription Agreement, the Fund's memorandum and articles of association and the Material Contracts, and satisfy itself that an investment in the Fund is appropriate. In addition, before a prospective investor purchases any Participating Shares, the Fund will allow it or its representative:

- to ask questions of, and receive written answers from, representatives of the Fund concerning any aspect of the investment, and
- to obtain any additional non-proprietary information, to the extent that the Fund possesses that information or can acquire it without unreasonable effort or expense.

**An investment in a Segregated Portfolio may be considered speculative. It is not intended as a complete investment program. It is designed solely for experienced and sophisticated investors who are able to bear the risk that all or a substantial part of their investment may be lost.**



## SECTION II - INVESTMENT OBJECTIVE AND STRATEGY

### 2.1 Investment objective and strategies

The Fund structures the investment programmes of each Segregated Portfolio based upon the specific objectives of each Segregated Portfolio. These objectives and strategies are set forth in the Supplement relating to each Segregated Portfolio. **The investment objectives and strategies in respect of each Segregated Portfolio summarised in the applicable Supplement represent the Investment Manager's current intentions. Depending on conditions and trends in the securities markets and the economy in general, the Investment Manager may pursue any strategies, employ any investment techniques, or purchase any type of security that it considers appropriate to achieve the objective of a Segregated Portfolio, whether or not described in the applicable Supplement, subject to any applicable law or regulation. The discussion in each Supplement includes and is based upon numerous assumptions and opinions of the Investment Manager concerning world financial markets and other matters, the accuracy of which cannot be assured. There can be no assurance that the investment strategy of any Segregated Portfolio will achieve the intended objective. Each Segregated Portfolio's investment programme is speculative and involves a high degree of risk, including without limitation the risk of loss of the entire amount invested.**

### 2.2 Use of Investment Subsidiaries

Each Segregated Portfolio may invest through one or more subsidiaries established in an appropriate jurisdiction in order to take advantage of applicable tax treaties or increase the tax efficiency of the Segregated Portfolio's investments, to engage in short-selling and hedging activities, to facilitate the eventual exit of an investment, or in such other circumstances as the Directors, following consultation with the Investment Manager, deem appropriate, including compliance with local investment laws.

### 2.3 Investment restrictions

The investment restrictions, if any, applicable to a Segregated Portfolio are set forth in the Supplement for that Segregated Portfolio.

### 2.4 Distribution policy

The investment objective of the Fund and each Segregated Portfolio is to maximise capital appreciation. Therefore, it is not envisaged that any income or gains derived from investments will be distributed by way of dividend. Despite this, the Directors may declare a dividend at any time in the future if they consider it appropriate to do so. If a dividend is declared, the Fund will pay it in compliance with any applicable laws.

### 2.5 Co-investment

Unless the Directors determine otherwise, a Segregated Portfolio may invest in parallel or co-invest with other parties, including both Shareholders which have been offered co-investment rights by the Investment Manager and third party investors if the Directors consider it appropriate to do so. For example, a Segregated Portfolio may offer co-investment opportunities where the Segregated Portfolio cannot acquire, or where the Directors determine that it is not in the overall interests of the Segregated Portfolio to acquire, the entire amount of

a particular investment opportunity. A Segregated Portfolio has the discretion to determine the portion of the unutilised investment opportunity to be offered to Shareholders or third party investors. Where the Directors determine to offer a co-investment opportunity to Shareholders, the Directors will generally seek to make it available to Shareholders in proportion to such Shareholders' respective Commitments in the Segregated Portfolio; provided that the Directors may give special/preferential co-investment rights to cornerstone or strategic investors in the Directors' sole discretion. In addition, the Investment Manager may itself act as a co-investor or seek outside co-investors, in its discretion.

Co-investors may be required to reimburse the relevant Segregated Portfolio and/or the Investment Manager for expenses related to a co-investment opportunity, including research and due diligence expenses. Co-investors may also be subject to additional performance-based or fixed asset-based fees. Any fees received from co-investors paid to the Investment Manager will not reduce any other amounts payable by the relevant Segregated Portfolio to the Investment Manager. In no event will any fees received from co-investors be paid to the relevant Segregated Portfolio, unless the Directors determine otherwise.

## SECTION III - CERTAIN RISK FACTORS

An investment in a Segregated Portfolio entails substantial risks. Those risks include the ones listed below and those set forth in the applicable Supplement but there may be others. In ascertaining whether an investment in a Segregated Portfolio is suitable for it, a prospective investor should carefully consider the following risk factors and those set forth in the applicable Supplement, amongst others.

### 3.1 Risk due to the Fund's structure

#### *Illiquidity of Participating Shares*

Participating Shares are not transferable without the approval of the Directors. It is not anticipated that there will be an active secondary market for the Participating Shares and it is not expected that such a market will develop. Consequently, a Shareholder may only be able to dispose of its Participating Shares by having the Fund redeem them, subject to the limitations set forth in this Memorandum and applicable Supplement.

For example, redemptions may be subject to an overall limit by reference to the Net Asset Value and may be suspended in certain circumstances. As such, a Shareholder may not receive cash proceeds on redemption or in the event that the Fund is terminated or may not receive cash proceeds in a timely manner.

#### *In-kind distributions; delay in redemption payments*

A redeeming Shareholder may, in the discretion of the Directors, receive redemption proceeds in whole or in part by the transfer of investments owned by the Fund (including corresponding hedging positions) in lieu of or in combination with cash. The Fund may transfer such assets to a liquidating trust or account and sell or otherwise realise these assets (either by the liquidating trustee or the Fund, as the case may be) for the benefit of the redeemed Shareholder. The Fund may also transfer such assets to a liquidating entity and issue or transfer to the redeeming Shareholder equity interests or promissory notes in that liquidating entity.

Additionally, payment to a Shareholder of the portion of his requested redemption may be delayed until such time as such investment may be realised or may be realised at a value which is not, in the determination of the Directors, at a discount to its Fair Value.

In each of these scenarios, value of investments distributed may increase or decrease before the investments can be sold, and the investor will incur transaction costs in connection with the sale of those investments.

In those circumstances, the investor bears the risk of loss and delay in liquidating those investments, with the result that it may ultimately receive less cash than it would otherwise have received if it had been paid in cash alone for its Participating Shares on the Redemption Day.

#### *Absence of regulatory oversight*

Although the Fund is a regulated mutual fund under the Mutual Funds Act, it is not required to, nor does it intend to, register under the laws of any other jurisdiction. As a consequence, the

securities laws of other jurisdictions (which may provide certain regulatory safeguards to investors) generally will not apply. Accordingly Shareholders may not have the benefit of all the protections afforded to them by the securities laws of their home jurisdiction or other relevant jurisdictions.

#### *Limited rights of holders of Participating Shares*

An investment in the Fund should be regarded as a passive investment.

This is because Shareholders holding Participating Shares have no right to participate in the day-to-day operations of the Fund or any Segregated Portfolio, nor are they entitled to receive notice of, attend or vote at general meetings of the Fund, other than a general meeting to vote on a proposed variation of the Class rights attaching to their Participating Shares. Consequently, they have limited oversight over the management of the Fund or the appointment and removal of its Directors and service providers.

As holder of all the Management Shares, the Investment Manager controls all of the voting interests in the Fund, other than in respect of a proposal to vary the Class rights attaching to the Participating Shares. Consequently, the holder of the Management Shares may make any changes to the Articles that it considers appropriate, including increasing the share capital, consolidating the shares and sub-dividing the shares. Only the holder of the Management Shares can appoint and remove the Directors and, in turn, only the Directors can terminate the services of the service providers, including each Investment Manager.

#### *Side letters*

From time to time, the Fund or the Investment Manager, or both, may enter into agreements (**Side Letters**) with certain prospective or existing Shareholders, under which those Shareholders receive advantages not appearing in this Memorandum or the applicable Supplement. Such rights may include rebates of

fees, rights with respect to access to information, and preferential redemption rights.

The terms of any Side Letters are in the sole discretion of the Fund. They may be based on the following things, amongst others: (i) the size of the Shareholder's investment in the Fund or affiliated investment entity; (ii) an undertaking by the Shareholder to maintain its investment in the Fund for a significant period of time; or (iii) some other similar undertaking by the Shareholder to the Fund.

In general, the Fund will not be required to notify any other Shareholders of any such Side Letters or any of the rights and/or terms or provisions of such Side Letters. Nor will the Fund be required to offer such additional and/or different rights and/or terms to any or all of the other Shareholders. As a consequence of being provided with additional information a Shareholder may be able to take action based on such additional information (for example by making a redemption request) that other Shareholders, in the absence of such information, do not take.

#### *Valuation of the Fund's investments*

Valuation of the Fund's securities and other investments may involve uncertainties and judgmental determinations. If a valuation is incorrect, the Net Asset Value per Share may be adversely affected. Independent pricing information about some of the Fund's securities and

other investments may not always be available. However, valuations will be made in good faith in accordance with the Articles.

If the value assigned by the Fund to an investment differs from its actual value, the Net Asset Value per Share may be either understated or overstated to the extent of that difference. Consequently, if the actual value of some of the Fund's investments is higher than the value assigned to them, a Shareholder holding Participating Shares who redeems all or part of its shares while they are so undervalued may be paid less than if they were correctly valued. Conversely, if the actual value of some of the Fund's investments is lower than the value assigned to them, the Shareholder may, in effect, be overpaid.

Furthermore, an investment in the Fund by a new Shareholder (or an additional investment by an existing Shareholder) may dilute the value of the Fund's investments for the other Shareholders if those investments are undervalued. Conversely, a new Shareholder (or an existing Shareholder who makes an additional investment) could pay too much if the Fund's investments are overvalued by the Fund. If either of these scenarios happens, the Fund does not intend to adjust the Net Asset Value per Share retroactively.

Additionally, as the fees of a number of the Fund's service providers are tied to the Fund's Net Asset Value per Share, any discrepancy in valuation may result in overpayment or underpayment to those service providers.

None of the Directors, the Fund, the Investment Manager nor the Administrator will be liable if a price or valuation used in good faith in connection with any of the above procedures, later proves to be incorrect or inaccurate.

#### *Regulatory risks of investment funds*

The legal, tax, and regulatory environment for investment funds is evolving and any changes may adversely affect the ability of a Segregated Portfolio to pursue its trading strategies or obtain the leverage it might otherwise have obtained. Securities and futures markets are subject to comprehensive statutes, regulations and margin requirements. Regulators and self-regulating organisations and exchanges are authorised to take extraordinary actions in cases of market emergencies. The regulation of derivative transactions and funds that engage in those transactions is an evolving area of law and is subject to modification by government and judicial actions. The effect of any future regulatory change on the Fund could be substantial and adverse.

#### *Segregation risk*

The Fund is a single legal entity and no Segregated Portfolio constitutes a legal entity separate from the Fund itself. Under the Companies Act, Shareholders may only enforce claims against the Segregated Portfolio to which their Participating Shares are attributable and creditors of a particular Segregated Portfolio will not be able to claim against assets of another Segregated Portfolio.

But the Fund or any of its Segregated Portfolios may operate or have assets held on their behalf or be subject to claims in other jurisdictions and there is a risk that the segregation of assets and liabilities between Segregated Portfolios is not recognised in any court proceedings

in such jurisdictions. In such an event there is a risk that a creditor may have recourse against the assets of all Segregated Portfolios.

Further, individual Classes of Participating Shares issued within each Segregated Portfolio are not segregated. Separate records are established in the books of the Fund for each Class for the purpose of allocating assets and liabilities of the applicable Segregated Portfolio to the relevant Class. However, if the assets attributable to one Class of Participating Shares in a Segregated Portfolio were completely depleted by losses and a deficit remained, a creditor could enforce a claim against the assets of the other Classes of the same Segregated Portfolio. As at the date of this document, the Directors are not aware of any such claim or contingent liability.

#### *General Risks Related to Issuing Hedged Shares in Multiple Operational Currency Classes*

The Directors may, following consultation with the Investment Manager, approve the issue of multiple operational currency share classes relating to one Segregated Portfolio and may hedge such currency classes. In such circumstances, there can be no assurance that the currency hedging activities, if implemented, will be effective. For example, the currency hedging may not be adjusted to take into account such currency classes' entire exposure to changes in the Exchange Rate resulting intra-month, and the hedges may not be adjusted to reflect the investment results and other items of income, gain, loss or deduction in months in which such gains or losses are not significant. In addition, there can be no assurance that the currency hedging activities will fully protect investors from a decline in the value of the U.S. dollar against the applicable operational currency. Investors will not generally benefit when the U.S. dollar appreciates against the applicable operational currency.

Where the Participating Shares have been issued in non-USD operational currencies, there may be circumstances in which the Investment Manager determines not to conduct any currency hedging activities in whole or in part for a certain period of time, including, without limitation, when the Investment Manager determines, in its sole discretion, without notice to shareholders of the Fund, that currency hedging is not practicable or possible or may materially and adversely affect the Fund. As a result, currency exposure could go fully or partially unhedged for that period of time.

There can be no assurance that the Investment Manager will be able to hedge, or be successful in hedging, the currency risks. In addition, the Investment Manager is not expected to utilize currency hedging during any period when the Fund's or a Segregated Portfolio's assets are being liquidated or the Fund is being wound up, although it may do so in its sole discretion.

The Investment Manager may engage in such transactions, arrangements and actions, and make such determinations and adjustments, as it deems necessary or advisable in its sole discretion, without notice to the shareholders of the Fund or the affected Segregated Portfolio, to implement, or in connection with, any currency hedging, including without limitation, changing from time to time the techniques and instruments used to hedge currency exposures.

Currency hedging activities will generally require the use of a portion of the applicable Segregated Portfolio's assets for margin or settlement payments or other purposes. Counterparties to any currency hedging activities may demand payments on short notice, including intra-day. As a result, the applicable Segregated Portfolio may liquidate assets

sooner than it otherwise would have, in order to have available cash to meet current or future margin calls, settlement or other payments, or for other purposes. Moreover, due to volatility in the currency markets and changing market circumstances, the Investment Manager may not be able to accurately predict future margin requirements, which may result in the applicable Segregated Portfolio holding excess or insufficient cash and liquid securities for such purposes. Where the Fund, for and on behalf of the applicable Segregated Portfolio, does not have cash or assets available for such purposes, it may be required to dispose of assets at disadvantageous prices or might fail to comply with certain of its contractual obligations. Such failures could, without limitation, include failing to meet margin calls or settlement or other payment obligations. If the Fund, for and on behalf of the applicable Segregated Portfolio, were to default on any of its contractual obligations, the Fund and its shareholders might be materially adversely affected.

In periods of market stress, the instruments necessary to permit hedging activity may not generally be available or may not, in the Investment Manager's judgment, be economically priced. The Fund's hedging counterparties are not contractually obligated to offer currency hedges to the Fund following the maturity of a given transaction or to increase the size of a hedging transaction at the Fund's request. As a result, the entire value in the applicable operational currency of the non-USD currency Participating Shares at any given time may not be completely hedged (or may be completely unhedged) against a decline in the value of the U.S. dollar.

The instruments that may be used to effect currency hedges entail a number of risks. There can be no assurance that the currency hedges will eliminate all or any of the currency risk associated with investing in non-USD currency Participating Shares. It is intended that all losses arising out of hedging transactions relating to the currency transactions will be allocable solely to the relevant record corresponding to the applicable non-USD currency Participating Shares. However, in the event that the assets attributable to such currency class were completely depleted by losses or liabilities, a creditor under a currency hedging contract could enforce a claim against the other assets of the Segregated Portfolio, and the resulting losses would be allocated to other classes of that Segregated Portfolio.

#### *Winding up and Receivership of Segregated Portfolios*

Under the Companies Act, liquidation is only available with respect to a segregated portfolio company as a whole and it is not currently possible for an individual segregated portfolio to be liquidated. In the case where the assets of a particular Segregated Portfolio are insufficient to discharge the claims of creditors in respect of that Segregated Portfolio, the courts of the Cayman Islands are only empowered to make a receivership order rather than a winding up order. A receivership order may be made on application by a segregated portfolio company, its directors, any creditor of the segregated portfolio company in respect of the relevant segregated portfolio, any holder of shares issued by the relevant segregated portfolio, or by CIMA where the segregated portfolio company is licensed or regulated by CIMA. However, such an order cannot be made if the segregated portfolio company is being wound up. Whether a segregated portfolio company is being wound up, or a receiver has been appointed to the assets of one or more segregated portfolios, the liquidator or receiver, as the case may be, must give effect to the segregation principle referred to above.

### *No separate counsel*

Ogier (Cayman) LLP (**Ogier**) acts as Cayman Islands counsel to the Fund. No separate counsel has been retained to act on behalf of the Shareholders or any Director. This Memorandum is based on information furnished by the Investment Manager. Ogier has not independently verified that information. Ogier have received fees calculated on a combination of a fixed fee and time spent basis in connection with the formation and launch of the Fund and may continue to receive fees on such basis in connection with ongoing legal and regulatory advice.

### *Dependence on key personnel*

The investment performance of a Segregated Portfolio will be substantially dependent on the expertise of its Investment Manager, its principals and employees. In particular, the departure for any reason of the key individuals who will be primarily responsible for managing the investment of the assets of the Segregated Portfolio may have a material adverse impact on the performance of the Segregated Portfolio.

### *Limited disclosure of information*

Cayman Islands law, including the Companies Act, provides Shareholders with limited access to information regarding the Fund. In respect of a Segregated Portfolios investments, in particular, the Directors believe that disclosure of the composition of the investment portfolio of the Portfolio could be disadvantageous, for instance by increasing competition for limited investment capacity in underlying strategies. Accordingly, as is common with other hedge funds, Shareholder will be provided with a general performance review but typically will not have access to detailed information regarding the composition of the investment portfolio of the Portfolio.

### *Performance Fee*

In addition to receiving a Management Fee, the Investment Manager may also receive a Performance Fee based on the appreciation in the Net Asset Value per Share. The Performance Fee will increase with regard to both realised and unrealised gains and, accordingly, a Performance Fee may be paid on unrealised gains which may subsequently never be realised. The Performance Fee may create an incentive for the Investment Manager to make investments for a Segregated Portfolio that are riskier than would be the case in the absence of a fee based on the performance of the Segregated Portfolio.

## **3.2 General Investment and trading risks**

### *Overall investment risk*

All investments in securities risk the loss of capital. There may be increased risk due to the nature of the securities to be purchased and traded by a Segregated Portfolio and the investment techniques and strategies used to try to increase profits. While the Investment Manager will devote its best efforts to the management of Segregated Portfolio's investment portfolio, it cannot give an assurance that a Segregated Portfolio will not incur losses. Many unforeseeable events, including actions by various government agencies and domestic and international political events, may cause sharp market fluctuations.



### *Investment Flexibility*

Each Segregated Portfolio has broad and flexible investment authority. In particular no Segregated Portfolio is required to invest any particular percentage of its portfolio in any type of investment, sector or region, and the amount of a Segregated Portfolio's portfolio that is invested in any type of investment or that is weighted in different countries or different sectors can change at any time based on the availability of attractive market opportunities. Accordingly, at any time, such Segregated Portfolio may have significant investments in strategies, sectors or instruments not specifically described in the applicable Supplement and that therefore present risks which are not specifically described therein or herein.

### *Competition for investments*

A Segregated Portfolio will compete with other investment funds and market participants for investment opportunities. Such competitors may be substantially larger and have considerably greater financial, technical and marketing resources than are available to such Segregated Portfolio. They may also have a lower cost of capital and access to funding sources that are not available to such Segregated Portfolio. Such factors may result in such Segregated Portfolio being at a competitive disadvantages with respect to investment opportunities. In addition, the number of investment funds and market participants and the scale of the assets managed by such entities is increasing. The effect of such increase may be to reduce the opportunities available for such Segregated Portfolio to generate returns and/or reduce the quantum of these returns.

### *Impact of non-public information on Investment Manager's ability to trade*

From time to time, the Investment Manager may come into possession of non-public information concerning specific companies although internal structures are in place to prevent the receipt of such information. Under applicable securities laws, this may limit the Investment Manager's flexibility to buy or sell securities issued by such companies which may have an impact on the investment strategies of a Segregated Portfolio.

### *Derivative instruments*

The Investment Manager may use various derivative instruments, including futures, options, forward contracts, swaps and other derivatives. These may be volatile and speculative. Certain positions may be subject to wide and sudden fluctuations in market value, with a resulting fluctuation in the amount of profits and losses. Using derivative instruments has various risks. These include the following:

- Tracking

When used for hedging purposes, an imperfect or variable degree of correlation between price movements of the derivative instrument and the underlying investment sought to be hedged may prevent the Investment Manager from achieving the intended hedging effect or may expose the portfolio to the risk of loss.

- Liquidity

Derivative instruments, especially when traded in large amounts, may not always be liquid. Hence in volatile markets, the Investment Manager may not be able to close out a position without incurring a loss. In addition, exchanges on which the Investment Manager conducts its transactions in certain derivative instruments may have daily limits on price fluctuations and speculative positions limits. These limits may prevent the Investment Manager from liquidating positions promptly, thereby subjecting the portfolio to the potential of greater losses.

- Leverage

Trading in derivative instruments can result in large amounts of leverage. The leverage offered by trading in derivative instruments may magnify the gains and losses experienced by a Segregated Portfolio. This could subject such Segregated Portfolio's Net Asset Value to wider fluctuations than would be the case if the Investment Manager did not use the leverage feature in derivative instruments.

- Over-the-counter trading

Derivative instruments that may be purchased or sold by a Segregated Portfolio may include instruments not traded on an exchange. Over-the-counter instruments, unlike exchange-traded instruments, are two-party contracts with price and other terms negotiated by the buyer and seller. The risk of non-performance by the obligor on an over-the-counter instrument may be greater, and the ease with which the Investment Manager can dispose of or enter into closing transactions with respect to such an instrument may be less, than in the case of an exchange-traded instrument. In addition, significant disparities may exist between "bid" and "asked" prices for derivative instruments that are not traded on an exchange. Derivative instruments not traded on exchanges are also not subject to the same type of government regulation as exchange-traded instruments, and many of the protections afforded to participants in a regulated environment may not be available in connection with those instruments. Considering the above, a Segregated Portfolio would only be allowed to perform over-the-counter transactions whenever such Segregated Portfolio's counterparty is a financial institution regulated and supervised by a recognised authority.

#### *Risks of executing investment strategies*

A Segregated Portfolio may invest in a number of securities and obligations that entail substantial inherent risks. Although a Segregated Portfolio may attempt to manage those risks through careful research, ongoing monitoring of investments and appropriate hedging techniques, there is no assurance that the securities and other instruments purchased by a Segregated Portfolio will in fact increase in value or that such Segregated Portfolio will not incur significant losses.

#### *Market risks and liquidity*

In large measure the profitability of a significant portion of a Segregated Portfolio's investment program depends on correctly assessing the future course of the price movements of securities and other investments. There is no assurance that a Segregated Portfolio will be able to accurately predict those price movements. Although a Segregated Portfolio may attempt to

mitigate market risk through the use of long and short positions or other methods, there is always some and occasionally a significant degree of market risk.

Additionally, some of the markets in which a Segregated Portfolio will invest may be markets with low market capitalisation, which tend to be volatile and illiquid. These factors can influence the price at which such Segregated Portfolio may liquidate positions in order to meet redemption requests or other funding requirements.

Finally, a Segregated Portfolio may be adversely affected by a decrease in market liquidity for instruments in which it invests, which may impair its ability to adjust its position. The size of a Segregated Portfolio's positions may magnify the effect of a decrease in market liquidity for those instruments. Changes in overall market leverage, de-leveraging as a consequence of a decision by a Prime Broker to reduce the level of leverage available, or the liquidation by other market participants of the same or similar positions, may also adversely affect a Segregated Portfolio's portfolio. Some of the underlying investments of a Segregated Portfolio may not be actively traded and there may be uncertainties involved in valuing those investments. Potential investors are warned that under those circumstances, the Net Asset Value of such Segregated Portfolio may be adversely affected.

### *Hedging*

Although a Segregated Portfolio may attempt to hedge its exposure to specific arbitrage positions, it will not always be possible to fully hedge risk from such positions or any other position. In addition, a Segregated Portfolio may take positions based on the expected future direction of the markets without fully hedging the market risks.

### *Risks of global investing*

A Segregated Portfolio may invest in various capital markets throughout the world. As a result, such Segregated Portfolio is subject to risks relating to the following:

- currency exchange matters, including fluctuations in the rate of exchange between the base currency of the Segregated Portfolio and various other currencies in which its investments may be denominated, and costs associated with converting investment principal and income from one currency into another; and
- the possible imposition of withholding taxes on income received from the issuer of, or gains with respect to, those investments.

In addition, investing in some of these capital markets involves factors not typically associated with investing in established securities markets. These include risks relating to the following:

- differences between markets, including potential price volatility in and relative illiquidity of some securities markets;
- the absence of uniform accounting, auditing and financial reporting standards, practices and disclosure requirements, and less governmental supervision and regulation; and
- certain economic and political risks, including nationalisation, potential exchange control regulations, or restrictions on investment and repatriation of capital.

### *Currency risks*

Part of a Segregated Portfolio's assets may be invested in securities denominated in various currencies and in other financial instruments, the price of which will be determined with reference to those currencies. Nonetheless, the accounts of the Segregated Portfolio will be valued in U.S. dollars. To the extent they are not hedged, the value of the Segregated Portfolio's net assets will fluctuate with U.S. dollar exchange rates as well as with price changes of its investments in the various local markets and currencies. A Segregated Portfolio may use forward-currency contracts, currency futures contracts and options to hedge against currency fluctuations, but there is no guarantee that such hedging transactions will be effective.

### *Counterparty and settlement risk*

Due to the nature of some of the investments that a Segregated Portfolio may make, such Segregated Portfolio may rely on the ability of the counterparty to a transaction to perform its obligations. If that party fails to complete its obligations for any reason, such Segregated Portfolio may suffer losses and therefore be exposed to a credit risk on the counterparties with which it trades. A Segregated Portfolio will also bear the risk of settlement default by clearing houses and exchanges. A default by a counterparty or a default on settlement could have a material adverse effect on such Segregated Portfolio.

### *Distributions*

Ordinarily, a Segregated Portfolio will not make distributions by way of dividends to the Shareholders holding Participating Shares and, consequently, all earnings of a Segregated Portfolio are expected to be retained for reinvestment.

### *Discretion of the Investment Manager; concentration of investments*

The Investment Manager will seek to engage in the investment activities described in this Memorandum. Nonetheless, the Investment Manager may alter a Segregated Portfolio's portfolio. It can do so in its sole discretion and without the approval of any holder of Participating Shares. Although, as a matter of general policy, the Investment Manager will try to spread such Segregated Portfolio's capital among a number of investments, it may depart from that policy from time to time and may hold a few relatively large securities positions in relation to a Segregated Portfolio's capital. A loss on a large security position following such concentration could materially reduce such Segregated Portfolio's capital.

### *Difficult market for investment opportunities*

The activity of identifying, completing and realising on attractive investments is highly uncertain. There is no assurance that a Segregated Portfolio will be able to locate and complete investments that satisfy such Segregated Portfolio's rate-of-return objective or to realise on the value of those investments; nor is there any assurance that such Segregated Portfolio will be able to fully invest its subscribed capital in a manner consistent with its investment strategy.

### *Operational Issues and Trading Errors*

A Segregated Portfolio will bear the financial consequences of all operational issues and trade errors including, but not limited to, a technology error or malfunction in the computers,

networks, and systems used by the Investment Manager and its employees, agents, affiliates, counter-parties and service providers. The Investment Manager will take all reasonable measures to ensure that operational issues and trade errors do not occur and will monitor and document all operational issues and trade errors but Shareholders must be prepared to bear the cost of any operational issues and trade errors.

### *Cyber Security*

The Fund and the Investment Manager are highly dependent on their information and technology systems. Such systems may be vulnerable to damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches, usage errors by its professionals, power outages and catastrophic events such as fires, tornadoes, floods, hurricanes and earthquakes. Although the Fund and the Investment Manager have implemented various measures to manage risks relating to these types of events, if these systems are compromised, become inoperable for extended periods of time or cease to function properly, the Investment Manager and/or the Fund may have to make a significant investment to fix or replace them. The failure of these systems and/or of disaster recovery plans for any reason could cause significant interruptions in the Investment Manager's and/or the Fund's operations and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information relating to investors (and the beneficial owners of investors). Such a failure could harm the Investment Manager's and/or the Fund's reputation, subject any such entity and their respective affiliates to legal claims and otherwise affect their business and financial performance.

### *Risk Management*

The Investment Manager intends to actively manage risk on multiple levels, utilizing different analytical and statistical tools. These calculations may be applied on the strategy and segment levels of each Segregated Portfolio. While the Investment Manager will carefully and periodically monitor the risk exposure of each Segregated Portfolio, there is no assurance that this monitoring will prevent the occurrence of severe adverse events at any given time. Depending on the investment objective of each Segregated Portfolio, risk may also be managed indirectly by the funds in which the Segregated Portfolio invests.

### *Compliance*

The Investment Manager shall comply with any investment limitations noted herein and/or in the applicable Supplement when making its investment decisions. In no event should the Investment Manager knowingly breach these limitations due to active alterations in the composition of the investments of the Segregated Portfolio. In case these limitations are violated due to sudden and unexpected shifts in volatility, price levels or investment redemptions, the Directors should be immediately informed and a plan should be jointly established by the Investment Manager and the Directors to re-establish compliance with the limitations in a horizon that is not detrimental to the Shareholders.

The Investment Manager will employ reliable systems and workflow controls to ensure that these restrictions are complied with on a regular basis.

### **3.3 Risks specific to certain investment strategies**

The risks set forth below are risks that are specific to certain investment strategies. Although not all such risks may be relevant to the investment strategy of the Class or Segregated Portfolio a potential investor is investing in, each potential investor should carefully review each of the following risk factors before investing in a Segregated Portfolio.

#### *Equity securities*

Investing in equity securities may offer a higher rate of return than those in short term and long term debt securities. However, the risks associated with investments in equity securities may also be higher, because the investment performance of equity securities depends upon factors which are difficult to predict. Such factors include the possibility of sudden or prolonged market declines and risks associated with individual companies. The fundamental risks associated with any equity portfolio is the risk that the value of the investments it holds might decrease in value. Equity security values may fluctuate in response to the activities of an individual company or in response to general market and/or economic conditions. Historically, equity securities have provided greater long- term returns and have entailed greater short-term risks than other investment choices.

#### *Convertible Securities*

A Segregated Portfolio may invest in convertible securities, securities that may be exchanged or converted into a predetermined number of the issuer's underlying shares or the shares of another company or that are indexed to an unmanaged market index at the option of the holder during a specified time period. Convertible securities may take the form of convertible preferred stock, convertible bonds or debentures, stock purchase warrants, zero-coupon bonds or liquid-yield option notes, stock index notes, mandatories, or a combination of the features of these securities. Prior to conversion, convertible securities have the same general characteristics as non-convertible debt securities. As with all debt securities, the market value of convertible securities tends to decline as interest rates increase and conversely, increase as interest rates decline. Convertible securities, however, can also appreciate when the underlying common stock appreciates, and conversely, can depreciate when the underlying common stock depreciates.

#### *Small cap investments*

There are certain risks associated with investing in small cap stocks and the securities of small companies. The market prices of these securities may be more volatile than those of larger companies. Because small companies normally have shares with a smaller market value than larger companies it may be more difficult to buy and sell significant amounts of shares without affecting market prices. There is typically less publicly available information about these companies than for larger companies. The lower capitalization of these companies and the fact that small companies may have smaller product lines and command a smaller market share than larger companies may make them more vulnerable to fluctuation in the economic cycle.

#### *Exchange-Traded Funds*

A Segregated Portfolio may in ETFs. Assets invested in ETFs are subject to advisory and other fees and expenses, as set forth in the prospectuses of those ETFs.

For ETFs tracking an index of securities, the cumulative percentage increase or decrease in the net asset value of the shares of an ETF may over time diverge significantly from the cumulative percentage increase or decrease in the relevant index due to the compounding effect experienced by an ETF which results from a number of factors, including, daily rebalancing, fees, expenses and interest income, which in turn results in greater non-correlation between the return of an ETF and its corresponding index. Moreover, because an ETF's portfolio turnover rate may be very high due to daily rebalancing, holding both long and short futures contracts, and/or market volatility, such ETF will incur additional brokerage costs, operating costs and may generate increased taxable capital gains, which, in turn, would adversely affect the value of the shares of such ETF.

### *Leverage*

The Investment Manager may use leverage to finance the purchase of investments, to the fullest extent allowable by law. The use of leverage should allow a Segregated Portfolio to make additional investments, thereby increasing its exposure to assets, such that its total assets may be greater than its capital; however, leverage may also magnify the volatility of changes in the value of such Segregated Portfolio's portfolio. The effect of the use of leverage by a Segregated Portfolio in a market that moves adversely to that Segregated Portfolio's investments could result in substantial losses to that Segregated Portfolio, which would be greater than if the Segregated Portfolio was not leveraged. The amount of leverage which a Segregated Portfolio may have outstanding at any time may be substantial in relation to its capital.

### *Short sales*

Short sales of securities and futures by a Segregated Portfolio create opportunities to increase such Segregated Portfolio's return, but at the same time involve special risk considerations and may be considered a speculative technique.

Because a Segregated Portfolio does not need to invest the full purchase price of the securities or futures on the date of the short sale, the value of its Participating Shares will tend to increase more when the securities it has sold short decrease in value, and to decrease more when the securities or futures it has sold short increase in value, than would otherwise be the case had it not engaged in those short sales. Theoretically, short sales involve unlimited loss potential, as the market price of securities sold short may increase continuously. However, a Segregated Portfolio may mitigate those losses by replacing the securities or futures sold short before the market price has increased significantly.

Under adverse market conditions such Segregated Portfolio might have difficulty purchasing securities or futures to meet its short sale delivery obligations, and might have to sell portfolio securities to raise the capital necessary to meet its short sale obligations at a time when fundamental investment considerations would not favour such sales.

Short sales may be used with the intention of hedging against the risk of declines in the market value of a Segregated Portfolio's long portfolio, but there is no guarantee that such hedging operations will be successful.

### *Volatility of Futures*

Futures prices are highly volatile. Due to the low margin deposits normally required in futures trading, an extremely high degree of leverage is typical of a futures trading account. As a result, a relatively small price movement in a futures contract price may result in substantial losses to the Segregated Portfolio. Like other leveraged investments, any purchase or sale of a futures contract may result in losses in excess of the amount invested. Accordingly, relatively small futures positions have the potential to erode significantly or erase gains in other investments made by the Segregated Portfolio.

### *Corporate Debt Obligations*

The Investment Manager may invest in corporate debt obligations, including commercial paper. Corporate debt obligations are subject to the risk of an issuer's inability to meet principal and interest payments on the obligations (credit risk). The Investment Manager may intend to actively expose a Segregated Portfolio to credit risk. However, there can be no guarantee that such Segregated Portfolio will be successful in making the right selections and thus fully mitigate the impact of credit risk changes on that Segregated Portfolio.

### *Debt Securities*

A Segregated Portfolio may take positions in debt securities that rank junior to other outstanding securities and obligations of the issuer, all or a significant portion of which may be secured on substantially all of that issuer's assets. Such Segregated Portfolio may take positions in debt securities which are not protected by financial covenants or limitations on additional indebtedness. Such Segregated Portfolio may invest in securities which are moral obligations of issuers or subject to appropriations. Such Segregated Portfolio will therefore be subject to credit and liquidity risks.

### *Interest Rate Risk*

Generally, the value of fixed income securities will change inversely with changes in interest rates. As interest rates rise, the market value of fixed income securities tends to decrease. Conversely, as interest rates fall, the market value of fixed income securities tends to increase. This risk will be greater for long-term securities than for short-term securities. The Investment Manager may attempt to minimize the exposure of the portfolios to interest rate changes through the use of interest rate swaps, interest rate futures and/or interest rate options. However, there can be no expectation or guarantee that the Investment Manager will be successful in fully mitigating the impact of interest rate changes.

### *High-Yield Bonds*

A Segregated Portfolio may invest in "high yield" bonds which are rated in the lower rating categories by the various credit rating agencies (or in comparable non-rated securities). Securities in the lower rating categories are subject to greater risk of loss of principal and interest than higher-rated securities and are generally considered to be predominately speculative with respect to the issuer's capacity to pay interest and repay principal. They are also generally considered to be subject to greater risk than securities with higher ratings in the case of deterioration of general economic conditions. Because investors generally perceive that there are greater risks associated with the lower-rated securities, the yields and prices of



such securities may tend to fluctuate more than those for higher-rated securities. The market for lower-rated securities is thinner and less active than that for higher rated securities, which can adversely affect the prices at which these securities can be sold. In addition, adverse publicity and investor perceptions about lower-rated securities, whether or not based on fundamental analysis, may be a contributing factor in a decrease in the value and liquidity of such lower-rated securities.

#### *Credit Risk of Investment Grade and Non- or Lower-Rated Securities*

The investment portfolio of a Segregated Portfolio that invests in fixed income securities may contain fixed income securities that consist of both investment grade securities, rated Baa or higher by Moody's or BBB or higher by S&P, and lower-rated securities, rated lower than Baa by Moody's or lower than BBB by S&P (or, if not rated, of comparable quality). Securities rated lower than Baa by Moody's or lower than BBB by S&P are sometimes referred to as "high yield" or "junk" bonds. Securities rated Baa are considered by Moody's to have some speculative characteristics. Higher-rated and lower-rated securities may be regarded as predominately speculative with respect to the issuer's continuing ability to meet principal and interest payments. Analysis of the creditworthiness of issuers/issues of lower-rated securities may be more complex than for issuers/issues of higher quality debt securities. Lower-rated securities may be more susceptible to losses and real or perceived adverse economic and competitive industry conditions than higher grade securities. Securities that are in the lowest rating category are considered to have extremely poor prospects of ever attaining any real investment standing, to have a current identifiable vulnerability to default, to be unlikely to have the capacity to pay interest and repay principal. The secondary markets on which lower-rated securities are traded may be less liquid than the market for higher grade securities. Less liquidity in the secondary trading markets could adversely affect and cause large fluctuations in the value of such Segregated Portfolio's portfolio. Adverse publicity and investor perceptions, whether or not based on fundamental analysis, may decrease the values and liquidity of lower-rated securities, especially in a thinly traded market. Furthermore, higher-rated securities also carry credit risk because they run the risk of a down grading if their credit deteriorates.

The use of credit ratings as the sole method of evaluating lower-rated securities can involve certain risks. For example, credit ratings evaluate the safety of principal and interest payments, not the market value risk of lower-rated securities. Also, credit rating agencies may fail to change credit ratings in a timely fashion to reflect events since the security was rated.

#### *Commodity Futures Contracts*

Trading in commodity futures contracts, short sales and options thereon are highly specialized activities which may entail greater than ordinary investment risks.

Commodity futures markets are highly volatile and are influenced by factors such as changing supply and demand relationships, governmental programs and policies, national and international political and economic events and changes in interest rates. In addition, because of the low margin deposits normally required in commodity futures trading, a high degree of leverage may be typical of a private investment fund engaging in commodity futures trading. As a result, a relatively small price movement in a commodity futures contract may result in substantial losses to such a private investment fund.

Commodity options, like commodity futures contracts, are speculative, and their use involves risk. Specific market movements of the cash commodity or futures contract underlying an option cannot be predicted, and no assurance can be given that a liquid offset market will exist for any particular futures option at any particular time.

Futures and options positions may be illiquid because certain commodity exchanges limit fluctuations in certain futures contract prices during a single day by regulations referred to as daily price fluctuation limits or daily limits. Under such daily limits, during a single trading day no trades may be executed at prices beyond the daily limits. Once the price of a contract for a particular future or option has increased or decreased by an amount equal to the daily limit, positions in the future or option can neither be taken nor liquidated unless traders are willing to effect trades at or within the limit. This could prevent the Investment Manager from promptly liquidating unfavorable positions and subject the Segregated Portfolio to substantial losses. In addition, the Investment Manager may not be able to execute futures or options contract trades at favorable prices if little trading in the contracts involved is taking place. It is also possible that an exchange or the US Commodity Futures Trading Commission (the CFTC) may suspend trading in a particular contract, order immediate liquidation and settlement of a particular contract, or order that trading in a particular contract be conducted for liquidation only.

#### *Commodity-Related Securities*

The production and marketing of commodities may be affected by actions and changes in governments. In addition, commodity-related securities may be cyclical in nature. During periods of economic or financial instability, commodity-related securities may be subject to broad price fluctuations, reflecting volatility of energy and basic materials prices and possible instability of supply of various commodities. Commodity-related securities may also experience greater price fluctuations than the relevant commodity. In periods of rising commodity prices, such securities may rise at a faster rate, and conversely, in times of falling commodity prices, such securities may suffer a greater price decline.

#### *Currency Exchange Markets*

By trading in foreign exchange and investing in international securities and derivative instruments relating to such securities, a Segregated Portfolio will have exposure to fluctuations in currency exchange rates. It may, in part, seek to offset the risks associated with such exposure or to increase returns through foreign exchange transactions. Such transactions involve a significant degree of risk and the markets in which foreign exchange transactions are effected are volatile, specialized and technical. Significant changes, including changes in liquidity and prices, can occur in such markets within very short periods of time, often within minutes. Foreign exchange trading risks include, but are not limited to, exchange rate risk, maturity gaps, interest rate risk and potential interference by foreign governments through regulation of local exchange markets, foreign investment or particular transactions in foreign currency. The foreign exchange transactions can result in the Segregated Portfolio's returns being substantially better or worse than what returns would have been had the Segregated Portfolio not entered into the transactions.

#### *Investment Funds*

A Segregated Portfolio may pursue a fund of funds strategy, or may deploy some of its assets in underlying investment vehicles, which come with their own risks, including: an additional layer of advisory and other fees and expenses; competition among underlying managers for the same position in the markets or, conversely, taking opposite positions in the same security; limited control over the operations and asset allocation of the underlying investment funds; limited access to information; and delay in receiving redemption proceeds from underlying investment funds.

**The risk factors above and those set out in the applicable Supplement do not purport to be complete. Nor do they purport to be an entire explanation of the risks involved in an investment in a Segregated Portfolio. A prospective investor should read this Memorandum and the applicable Supplement in their entirety as well as consult with its own legal, tax and financial advisers before deciding to invest in a Segregated Portfolio.**

## **SECTION IV - POTENTIAL CONFLICTS OF INTEREST**

### **4.1 Generally**

The Directors, Investment Manager, the Administrator, any Prime Broker and any broker or custodian appointed by the Fund, may act for, or be involved with, other collective investment vehicles that have similar investment objectives to those of the Fund. Capacities in which one or more of them may act for, or be involved with, other collective investment vehicles of that type include: as distributor, promoter, manager, investment manager, investment adviser, registrar, transfer agent, administrator, trustee, custodian, broker, director and placing agent. Similarly, one or more of them may provide discretionary fund management or ancillary administration, custodian or brokerage services to investors with similar investment objectives to those of the Fund. Consequently, any of them may, in the course of their business, have potential conflicts of interests with the Fund. If a potential conflict arises, so far as practicable, each will have regard to its obligation to act in the best interests of the Shareholders, having regard to its obligations to other clients, when undertaking investments. Further, each will endeavour to resolve any conflicts fairly.

### **4.2 The Investment Manager**

The Investment Manager appointed on behalf of a Segregated Portfolio typically engages in the business of discretionary management and advising client investors, including other investment vehicles, in the purchase and sale of securities and financial instruments. During the period it is responsible for managing the account of a Segregated Portfolio, it may also be advising other accounts. In doing so it may use the same or different information and trading strategies that it obtains, produces or utilises in the performance of services for the Fund.

The Investment Manager may have conflicts of interest in rendering advice because its compensation for managing other accounts exceeds its compensation for managing the account of the Fund, thus providing an incentive to prefer the other accounts. Moreover, if the Investment Manager makes trading decisions for other accounts at or about the same time it makes trading decisions for the account of the Fund, the Fund may be competing with those other accounts for the same or similar positions. The Investment Manager will endeavour to allocate all investment opportunities on a fair and equitable basis between the Fund and those other accounts.

The Fund and each Segregated Portfolio has been established at the request of its Investment Manager. Accordingly the selection of the Investment Manager and the terms of its appointment, including the fees and compensation payable under the relevant Investment Management Agreement, are not the result of arms-length negotiations.

### **4.3 Firm-Related Investments**

From time to time the Investment Manager on behalf of a Segregated Portfolio may acquire investments (i) that the Investment Manager and/or an affiliate originated or structured, (ii) from the related issuer of which the Investment Manager or an affiliate, as applicable, received compensation, (iii) in which the Investment Manager, its affiliates, or its personnel have a pecuniary interest, or (iv) otherwise involving the participation of the Investment Manager or an affiliate.

#### **4.4 Interests of certain Directors**

Glenn Coxon and potentially other Directors may be employees of, or otherwise interested in, the Investment Manager, and may have conflicts of interest in this regard. In general, the duties of the Directors to the Fund may compete with or be different from the interests of its service providers, and only the Directors may terminate the services of any service provider. Furthermore, the Directors may also serve as directors of other investment entities and, to the extent that the interests of the Fund and such other investment entities are inconsistent, such Directors may have a conflict of interest.

#### **4.5 Duties of the Directors**

At all times so far as practicable the Directors will have regard to their obligations to act in the best interests of the Fund and its Shareholders, and will seek to ensure that any conflict of interest is resolved fairly and in the interests of the Fund and its Shareholders.

#### **4.6 Dealings with service providers and their affiliates**

The Fund is not prevented from entering into transactions with any Prime Broker, any custodian, the Administrator, or any of their affiliates so long as those transactions are carried out as if they were made on commercial terms negotiated at arm's length.

#### **4.7 Conflicts between different Segregated Portfolios**

Different Segregated Portfolios may compete with each other for the same or similar investment opportunities. The Fund will endeavour to allocate all investment opportunities on a fair and equitable basis between different Segregated Portfolios. However, the allocation of investment opportunities between different Segregated Portfolios is at the Fund's sole discretion.

## SECTION V - MANAGEMENT AND ADMINISTRATION

### 5.1 Board of Directors

#### *Delegations by the Directors*

The Directors are responsible for the overall management and control of the Fund in accordance with its memorandum and articles of association. However, the Directors are not responsible for the day-to-day operations and administration of the Fund, nor are they responsible in their capacity as Directors for making or approving any investment decisions. The investment responsibilities relating to each Segregated Portfolio have been delegated to the Investment Manager under the Management Agreement whilst the day-to-day administrative functions for the Fund and each Segregated Portfolio have been delegated to the Administrator under the Administration Agreement. In each case, the delegation has been made in accordance with the Directors' powers of delegation under the Articles. The Directors will periodically review the performance of the Investment Manager and the Administrator.

#### *Composition of the board*

The Fund's board of directors comprises Glenn Coxon and Mark Fagan. No fees are payable to Glenn Coxon. HighWater Limited ("HighWater") is paid a customary fee for the provision of Mark Fagan as a director of the Fund in accordance with the director services agreement between the Fund and HighWater.

Biographical information for each Director appears below:

#### **Glenn Coxon**

Glenn began his investment management career in 1997 and has managed private client and family office wealth ever since. He was a member of the Asset Allocation, Fund Selection and Alternatives committees with Collins Stewart before moving to Switzerland as Managing Director of the Swiss operation in 2008. Glenn founded Harver Capital SA in 2015.

#### **Mark Fagan**

Mark Fagan joined HighWater in June 2011. HighWater was established in January 2007 and is currently licensed by the Cayman Islands Monetary Authority to carry on the business of company management. HighWater's core business is the provision of independent directors and related services to the alternative investment industry.

Prior to joining HighWater, Mark spent a year at RBC Dominion Securities as an Investment Advisor and the preceding 5 years at Butterfield Bank as a Portfolio Manager and Performance Analyst. Mark also worked for 5 years as a manager in Fund Accounting at both HSBC Financial Services and Butterfield Fund Services in the Cayman Islands. Originally from South Africa where he qualified as a Chartered Accountant with Coopers and Lybrand (now PWC), Mark has over 25 years' experience in the financial services industry, working in London and South Africa before relocating to the Cayman Islands.

Mark holds Bachelor of Commerce and Bachelor of Accounting degrees from the University of the Witwatersrand, and is a member of the South African Institute of Chartered Accountants. He is a holder of the Chartered Financial Analyst ("CFA") Charter and has obtained the Certificate in Investment Performance Measurement ("CIPM"). He is Past President of

the CFA Society of the Cayman Islands and is a member of the Committee of Hearts for the Cayman chapter of Hedge Funds Care.

For the purpose of this Memorandum, the address of Glenn Coxon is the address of the Fund and the address of Mark Fagan is c/o Highwater, 802 West Bay Road, 1st Floor, Grand Pavilion Commercial Centre, P.O. Box 30599, Grand Cayman, KY1-1203, Cayman Islands.

#### *Provisions of the Articles affecting the Directors*

The Articles do not stipulate a retirement age for the Directors nor do they provide for retirement of the Directors by rotation. There is no shareholding qualification for the Directors.

The Directors are empowered to exercise all of the borrowing powers of the Fund.

Subject to one condition, under the Articles a Director may enter into any contract or arrangement with the Fund without:

- that contract or arrangement being liable to be declared void; or
- that Director being liable to account to the Fund for any profit realised by that contract or arrangement due to his or her holding of that office or as a consequence of the Director's fiduciary relationship with the Fund.

The condition is that the Director must disclose the nature of his or her interest at the earliest opportunity. Furthermore, under the Articles, a Director may hold any other office or place of profit with the Fund (other than that of auditor) in conjunction with his or her office of Director on terms as to tenure of office and otherwise as the Directors determine.

Each Director reserves the right to directly or indirectly invest in the Fund.

By virtue of its Articles, the Fund releases its Directors and officers from, and indemnifies them against, certain legal liabilities and expenses so long as, in connection with the matter that gives rise to a particular claim, they had not engaged in gross negligence or wilful default in the performance of their duties.

The Articles provide that the Fund may purchase and maintain insurance for the benefit of any person who is or was a Director.

The Directors may, with the consent of a service provider, amend the remuneration that the Fund pays to that service provider (and any other term of its service agreement) on behalf of a Segregated Portfolio. This may be necessary from time to time to keep the remuneration that the Fund pays to its service providers in line with prevailing market rates.

Questions arising at a meeting of the Directors shall generally be decided by a majority of votes of the Directors. Where the Fund has appointed an independent director which is not affiliated with the Investment Manager and is domiciled outside of Switzerland (**Independent Director**), in the case of equality of votes the Independent Director shall be entitled to a casting vote in addition to any other vote he may have.

## **5.2 Investment Manager**

### *Background*

The Fund on behalf of such Segregated Portfolio has entered into an Investment Management Agreement with the Investment Manager. The Investment Manager acts as investment manager for each Segregated Portfolio and, in that capacity, it is responsible for overseeing the investment of the assets of each Segregated Portfolio and the distribution of the Participating Shares, subject to the overall control of the Directors.

The Investment Manager is a company with limited liability duly organised and validly existing under the laws of Switzerland and regulated by SO-FIT. It is not required to be separately licensed in the Cayman Islands to provide its services to the Fund.

The Investment Manager's registered office is located at Rue de Mont Blanc 4, Geneva, 1201 Switzerland. The Investment Manager is responsible for the investment decisions of all of the Segregated Portfolios of the Fund, unless otherwise specified in the applicable Supplement.

The Investment Manager's key personnel who are responsible for implementation of each Segregated Portfolio's investment objectives and policies are Glenn Coxon and Joshua Oldham. The biography of Glenn Coxon is set out in the section titled "*Board of Directors*" and the biography of Joshua Oldham is set out below:

Joshua joined Harver Capital in 2016 after completing a Masters in Mathematical Finance at York University. He manages client portfolios and provides analytical support to the businesses. Joshua is a CFA charter holder and candidate in the CMT (Chartered Market Technician) program.

For the purpose of this Memorandum, the address of the principal of the Investment Manager is at the offices of the Investment Manager, set forth in the Directory.

#### *Fees and expenses*

For the services it renders to a Segregated Portfolio, the Investment Manager may receive a Management Fee and a Performance Fee, as set forth in the Supplement for such Segregated Portfolio.

#### *Investment Management Agreement*

Pursuant to each Investment Management Agreement, the Investment Manager serves as Investment Manager to each Segregated Portfolio and, in that capacity, has full discretion and authority, without obtaining the prior approval of the Fund, to invest or re-invest the assets of the Segregated Portfolio as agent and attorney-in-fact in accordance with the investment objective and strategies of the Segregated Portfolio set forth in the Supplement for that Segregated Portfolio.

Each Investment Management Agreement is for an indefinite term. It may be terminated by either party giving 90 days' notice in writing to the other. In certain circumstances it may be terminated immediately.

Each Investment Management Agreement provides that in the absence of gross negligence, wilful default or fraud, the Investment Manager shall not be liable for any loss, liability, cost, expense or damage arising out of the performance of its obligations and duties under the Management Agreement. The Management Agreement provides further that the Segregated Portfolio shall indemnify the Investment Manager and each of its directors, officers and



employees for any loss suffered by any of them in connection with the Management Agreement unless such loss is due to any gross negligence, wilful default or fraud by the Investment Manager or the breach of any of its obligations under the Management Agreement. Such indemnity has been granted on a limited recourse basis such that any indemnification claim will be limited to the assets of the Segregated Portfolio.

Each Investment Management Agreement is governed by the laws of the Cayman Islands.

### **5.3 Administrator**

Pursuant to an administration agreement (the “Administration Agreement”) entered into between the Fund, the Investment Manager and Apex Fund Services (Malta) Limited, the latter has been appointed as the administrator, registrar and transfer agent of the Fund.

The Administrator is responsible under the overall supervision of the Investment Manager and the Board for, inter alia, the general administration of the Fund, which includes keeping the register of Shareholders, the proper book-keeping of the Fund, arranging for the issue and redemption of Shares, and calculating the Net Asset Value.

The Administrator is a private limited liability company registered and incorporated in Malta with company registration number C 42646 and having its registered office at Quad Central, Q3 Level 9, Triq L-Esportaturi, Zone 1, Central Business District, Birkirkara CBD 1040, Malta. Apex forms part of the Apex Group of fund administrators. The Administrator is regulated by the MFSA and is recognised to provide fund administration services by the MFSA in terms of the Act. The Administrator is entitled to be indemnified by the Fund and/or the Investment Manager against all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever (other than those resulting from the fraud, gross negligence or wilful default on the part of the Administrator) which may be imposed on, incurred by or asserted against the Administrator in performing its obligations or duties.

The Administrator shall be entitled, without verification, further enquiry or liability on the Administrator’s part, to rely on pricing information in relation to specified investments held by the Fund which is provided by price sources stipulated in the Administration Agreement or, in the absence of any such stipulated price sources, any price sources on which the Administrator may choose to rely. Without prejudice to the generality of the foregoing, the Administrator shall not be responsible or liable to any person for the valuation or pricing of any assets or liabilities of the Fund (save as provided in the Administration Agreement) or for any inaccuracy, error or delay in pricing information supplied to the Administrator.

In the absence of readily available independent pricing sources, the Administrator may rely solely upon any valuation or pricing information (including, without limitation, fair value pricing information) about any such assets or liabilities of the Fund which is provided to it by: (i) the Fund, (ii) the Investment Manager; and/or (iii) any value, third party valuation agent, intermediary or other third party which in each such case is appointed or authorised by the Fund and/or the Investment Manager to provide valuations or pricing information of the assets or liabilities of the Fund to the Administrator. The Administrator shall not be liable for any loss suffered by the Fund, and/or third parties by reason of any incorrect or inaccurate valuation of

the underlying assets and/or error in the price provided with respect to the value of the underlying assets.

Furthermore, the Administrator shall not be responsible for the selection, oversight or monitoring of any external agent or valuer appointed by the Fund and shall not be liable for any losses incurred by any investor and/or third parties due to any act or omission of such external agent or valuer.

The Administrator in no way acts as guarantor or offeror of the Shares or any underlying investment. The Administrator is a service provider to the Fund and has no responsibility or authority to make investment decisions, or render investment advice, with respect to the assets of the Fund. The Administrator is not responsible for, and accepts no responsibility or liability for any losses suffered by the Fund and/or the Investment Manager or any investors in the Fund as a result of any failure by the Investment Manager to adhere to the investment objective, policy, investment restrictions, borrowing restrictions or operating guidelines.

The Administrator shall not be liable or otherwise responsible for any loss suffered by any person by reason of: (i) any act or omission of any person prior to the commencement date of the Administration Agreement; (ii) any defect, error, inaccuracy, breakdown or delay in any product or service provided to the Administrator by any third party service provider; and (iii) any inaccuracy, error or delay in information provided to the Administrator by or for the Fund.

The Administrator shall not otherwise be liable for any loss to the Fund and/or the Investment Manager or any other person unless direct loss is sustained as a result of its fraud, gross negligence or willful default.

Under the terms of the Administration Agreement, the Administrator is able to delegate certain of its functions and duties to the Administrator's affiliates.

The appointment of the Administrator may be terminated without cause by not less than ninety (90) business days' notice in writing.

The Administrator is not responsible for the preparation or issue of this document other than with respect to the description above in respect of the Administrator. The Administration Agreement is regulated by the laws of Malta and subject to the jurisdiction of the Maltese Arbitration Court.

The Administration Agreement is regulated by the Laws of Malta and in the event of any controversy, disagreement, dispute or claim which may arise out of or in connection with the Administration Agreement, the matter shall be settled by arbitration in Malta, in accordance with the provisions on domestic arbitration of the Malta Arbitration Act and the Arbitration Rules of the Malta Arbitration Centre.

The Administrator is not responsible for the preparation or issue of this Offering Memorandum other than with respect to the description above in respect of the Administrator.

The Administrator's contact details are:

Apex Fund Services (Malta) Limited

Quad Central, Q3 Level 9,  
Triq L-Esportaturi, Zone 1,  
Central Business District,  
Birkirkara CBD 1040  
Malta  
Tel: +356 2792 2220  
E-mail(s): [info@apexfunds.com.mt](mailto:info@apexfunds.com.mt)  
Website: [www.theapexgroup.com](http://www.theapexgroup.com)

#### **5.4 Brokerage and custody**

The Fund for the account of a Segregated Portfolio may retain one or more custodians or brokers to act as prime broker or custodian, or both, on behalf of such Segregated Portfolio. The Prime Broker and custodian selected for a Segregated Portfolio is set forth in the Supplement(s) applicable to such Segregated Portfolio.

##### *Choice of other brokers or dealers and scope of services received*

In addition to the foregoing, the Investment Manager is authorised to appoint other brokers or dealers to be used for each securities transaction for each Segregated Portfolio.

The services provided by a broker may include the provision of custody, margin financing, clearing and settlement in accordance with the terms of the relevant brokerage agreement entered into between the Fund, for and on behalf of a Segregated Portfolio, and each broker. The Fund, for and on behalf of a Segregated Portfolio, may have multiple accounts with each broker, at any one time.

The Investment Manager will generally attempt to obtain the lowest net price and best execution available, consistent with the relevant Segregated Portfolio's investment objectives and good practice. While the Investment Manager will always seek reasonable, competitive commission rates, the Fund, for and on behalf of the relevant Segregated Portfolio, will not necessarily pay the lowest commission or spread available.

In placing orders, the Investment Manager's policy is to obtain the best price and execution for its transactions. If best price and execution may be obtained from more than one dealer, the Investment Manager may consider other factors, including by way of illustration only: the broker's expertise in one or more market segments; the broker's reliability for prompt, accurate confirmations and on-time delivery of securities; the brokers financial condition and responsibility.

The Investment Manager may also consider the research and other information and services provided by the broker and purchase and sell securities through that broker even though the Segregated Portfolio may not necessarily, in any particular instance, be the direct or indirect beneficiary of the research services provided. Research and related services furnished or paid for by brokers may include the following:

- written information and analyses concerning specific securities, companies or sectors;
- market, financial and economic studies and forecasts;

- financial and trade publications;
- statistical and pricing services;
- discussions with research personnel and consultants; and
- hardware, software, databases and other technological, technical and telecommunication services (including wireless services), lines and equipment utilised in the investment management process (including updates, modifications, improvements, product testing, maintenance, offsite or onsite backup, repairs and replacements).

Such research services obtained by the use of commissions arising from the Fund's portfolio transactions for and on behalf of the relevant Segregated Portfolios may be used by the Investment Manager in its other investment activities. Conversely, the Fund, for and on behalf of the relevant Segregated Portfolios, may also benefit from research services obtained by the use of commissions arising from other clients and accounts under the management of the Investment Manager.

The foregoing benefits may be available for use by the Investment Manager in connection with transactions in which the Fund, for and on behalf of the relevant Segregated Portfolio, will not participate. The availability of these benefits may influence the Investment Manager to select one broker rather than another to perform services for the Fund, for and on behalf of a Segregated Portfolio. Nevertheless, the Investment Manager will attempt to assure either that the fees and costs for services provided to the Fund, for and on behalf of the relevant Segregated Portfolio, by brokers offering these benefits are reasonable in relation to the fees and costs charged by other equally capable brokers not offering such services or that the Fund, for and on behalf of the relevant Segregated Portfolio, also will benefit from the services.

The Fund, for and on behalf of the relevant Segregated Portfolios, reserves the right, in its sole discretion, to add and/or remove custodians, prime brokers and/or other brokers as well as to change custodial and/or brokerage arrangements without further notice to Shareholders. The Fund, in consultation with the Investment Manager, may retain a custodian to act as primary custodian for a Segregated Segregated Portfolio and a broker to act as Prime Broker or one or more custodians or brokers (whether acting as a prime broker or not) to act on behalf of each Segregated Portfolio.

#### *Commissions etc*

All other services obtained by the use of commissions arising from a Segregated Portfolio's investment transactions will be limited to services that would otherwise be a Segregated Portfolio expense (including research-related testing, travel, meals and lodging expenses).

Additionally, from time to time, the Fund on behalf of a Segregated Portfolio may request and receive cash rebates when there is a soft dollar commission credit built up at an executing broker.

In selecting brokers and negotiating commission rates, the Investment Manager will take into account the financial stability and reputation of brokerage firms and the brokerage and research services provided by those brokers, even though the Fund on behalf of a Segregated

Portfolio may not, in any particular instance, be the direct or indirect beneficiary of the research services provided. The Investment Manager may also consider the referral of investors, consistent with best execution.

#### *Independent trading firms*

The Investment Manager may also hire separate independent trading firms in order to obtain better price or execution or both. Those trading firms will be paid through additional commissions to be borne by the Segregated Portfolio.

### **5.5 Distributors**

Participating Shares are sold directly by the Fund, for and on behalf of the relevant Segregated Portfolio, or on its behalf by the Investment Manager or by certain dealers to be appointed by the Fund from time-to-time, always with the approval of the Investment Manager, on a best-efforts basis, provided, however, that any dealer or any third parties interested in selling the Participating Shares must be qualified to make such sales in the jurisdictions where Participating Shares are eligible to be offered. The relevant dealer or third party is responsible for making appropriate transparency disclosures and disclosures with respect to retrocession fees in accordance with applicable laws and regulations. By agreeing to invest in the Fund, Shareholders agree that the Fund shall bear no responsibility or liability to any Shareholder for any resultant loss or consequence of whatsoever nature caused by the failure of such delarer or third party for doing so.

## SECTION VI – FEES AND EXPENSES

### 6.1 Fees payable to the Investment Manager

#### *Management Fee*

The rate, calculation, accrual and payment terms of any Management Fee applicable to each Class of Participating Shares, if any, shall be set out in the applicable Supplement. The terms and payment of the Management Fee may differ from one Class to another.

#### *Performance Fee*

The rate, calculation, accrual and payment terms of any Performance Fee applicable to each Class of Participating Shares, if any, shall be set out in the applicable Supplement. The terms and payment of the Performance Fee may differ from one Class to another.

#### *General*

The Investment Manager may waive or adjust the Management Fee or Performance Fee with regard to certain Shareholders or in respect of certain assets, either generally or in any particular case, including but not limited to Shareholders that are directors, officers, employees, Affiliates or connected persons of the Investment Manager or are strategic investors. Any adjustment of the Management Fee or Performance Fee may be effected by capitalising an amount equal to the amount of that adjustment or rebate and applying that amount to pay up further Participating Shares of the relevant Class issued to that Shareholder. In such circumstances, if the Fund, on behalf of a Segregated Portfolio, enters into any arrangement or Side Letter with an investor pursuant to which the Fund, on behalf of the relevant Segregated Portfolio, agrees that such investor shall pay a reduced Management Fee and/or Performance Fee (**Reduced Rate**), the Fund may charge that investor the Management Fee and/or Performance Fee at the rate specified in the relevant Supplement (**Standard Rate**) and, on a quarterly basis and based on the Net Asset Value per Share prevailing on the first Business Day of the relevant quarter, issue additional fully paid up Participating Shares to that investor in an amount equal to the value of the excess charged to that investor over what should have been charged to that investor if the Management Fee and/or Performance Fee, as applicable, was charged at the Reduced Rate instead of the Standard Rate.

### 6.2 Fees payable to the Administrator

The Administrator will receive a fee out of the assets of the relevant Segregated Portfolio as agreed under the Administration Agreement. The Administrator will also be entitled to various transaction and processing fees and to be reimbursed for all out of pocket expenses properly incurred by it in the performance of its duties. The fees charged by the Administrator will not exceed normal commercial rates (and are calculated principally by reference to the Net Asset Value of the Fund and/or the Segregated Portfolios).

### 6.3 Fees payable to brokers

Any broker will receive such fees as may be agreed between the Fund on behalf of the Segregated Portfolio and the relevant broker from time to time. The fees charged by any broker for brokerage and clearing services will not exceed normal commercial rates. Generally brokers are compensated through interest on credit balances, margin borrowings, stock loans and brokerage commissions.

The Fund may consent to the transfer and reuse of the Fund's assets on customary terms under any service agreement with any prime broker, subject to regulatory limitations imposed upon such prime broker.

#### **6.4 Fees payable to the Bank and Custodian**

Any custodian will receive such fees as may be agreed between the Fund on behalf of the relevant Segregated Portfolio and the custodian from time to time. The fees charged by the custodian for custody services will not exceed normal commercial rates and will be based on a combination of transaction charges, custody fees, over-draft interest costs and out of pocket expenses.

#### **6.5 Fees payable to the Directors**

Glenn Coxon has waived his entitlement to Directors' fees until further notice. HighWater is paid a customary fee for the provision of Mark Fagan as a director of the Fund in accordance with the director services agreement between the Fund and HighWater. The Directors may be paid all travelling, hotel and other expenses properly incurred by them in attending and returning from meetings of the Directors or any committee of the Directors or general meetings of the Fund or in connection with the business of the Fund.

#### **6.6 Legal counsel fees**

Legal counsel have received fees calculated on a combination of a fixed fee and time spent basis in connection with the formation and launch of the Fund and each Segregated Portfolio and may continue to receive fees on such basis in connection with ongoing legal and regulatory advice.

#### **6.7 Expenses**

##### *Preliminary Expenses*

The preliminary expenses of, and incidental to, the establishment of the Fund (including expenses relating to establishment of the Fund, negotiation and preparation of the contracts that it enters into for the account of each Segregated Portfolio, costs of printing this Memorandum and the fees and expenses of its professional advisors) will be amortized by the Fund for a period of up to five years and in each year allocated ratably to the Segregated Portfolio(s) in existence at the end of each such calendar year.

Additionally, each Segregated Portfolio will be responsible for paying the preliminary expenses of, and incidental to, the initial offering of Participating Shares of such Segregated Portfolio (including a pro rata share of the expenses relating to the establishment of the Fund, set forth above, the negotiation and preparation of the contracts to which it is a party, the costs of printing the Supplement and the fees and expenses of its professional advisors). Each Segregated Portfolio's preliminary expenses will be amortised on a straight-line basis over the first year of the Segregated Portfolio's operations.

In respect of the amortisation policies set forth above, while the Directors consider that such an accounting policy is appropriate, that policy may conflict with international financial reporting

standards (**IFRS**), and therefore may lead to qualifications in the Fund's audited financial statements.

### *Operating expenses*

The Investment Manager renders its services to the Fund at its own expense. It is responsible for its overhead expenses including the following: (i) office rent; (ii) furniture and fixtures; (iii) stationery; (iv) secretarial/internal administrative services; (v) salaries; (vi) entertainment expenses; and (vii) employee insurance and payroll taxes.

Each Segregated Portfolio will bear all expenses related to its investment program, including the following: (i) brokerage commissions; (ii) other expenses related to buying and selling securities; (iii) costs of due diligence (including travel) regardless of whether a particular transaction is consummated; (iv) the costs of attending Shareholder meetings; (v) research expenses; and (vi) costs related to monitoring investments.

Each Segregated Portfolio will also bear expenses incurred in connection with its operations including the following: (i) fees and expenses of advisors and consultants; (ii) Management and Performance Fees (if any); (iii) fees and expenses of any custodians, escrow or transfer agents and other investment-related service providers; (iv) indemnification expenses and the cost of insurance against potential indemnification liabilities; (v) legal, administrative, accounting, tax, audit and insurance expenses; (vi) expenses of preparing and distributing reports, financial statements and notices to Shareholders; (vii) litigation or other extraordinary expenses; and (viii) its *pro rata* share of the costs of periodically updating the Memorandum and general costs of the Fund that cannot be allocated to a specific Segregated Portfolio.



## **SECTION VII - RIGHTS OF SHAREHOLDERS; DESCRIPTION OF THE FUND'S SHARES**

### **7.1 General**

All Shareholders are entitled to the benefit of, are bound by and are deemed to have notice of, the Fund's memorandum and articles of association.

Under those documents, the liability of the Shareholders is limited to the amount, if any, unpaid on their shares. As the Participating Shares may only be issued if they are fully paid, the holders of Participating Shares will not be liable for any debt, obligation or default of the Fund beyond their interests in the Fund.

The Fund's objects are set out in clause 3 of its memorandum of association. Those objects are unrestricted.

From time to time, the Fund may increase its authorised share capital so that at all times a substantial number of Participating Shares is available for issue. This may be done by ordinary resolution of the Management Shares.

The Articles have been drafted in broad and flexible terms to allow the Directors to determine, in their discretion, a number of issues, including the flexibility to re-organise the Fund into a master-feeder structure, if they consider it advantageous to do so, and the authority to determine, in their discretion, a number of issues including the period of notice to be given for redemptions, and whether or not to charge subscription or redemption fees generally or in any particular case. The Directors have already exercised a number of these discretions in approving the offering of the Participating Shares on the terms set out in this Memorandum.

This Memorandum and the applicable Supplement also contain certain offering terms such as the investment objective and strategies of the relevant Segregated Portfolio, the fees to be charged by the Investment Manager to the Segregated Portfolio and other material economic and commercial terms upon which each subscriber has relied in making its decision to invest in the relevant Segregated Portfolio. Each subscriber by investing in a Segregated Portfolio agrees that the Segregated Portfolio may vary these terms as described in the Section below entitled "Variation of offering terms."

### **7.2 Segregated Portfolios**

The Directors by resolution may establish a separate Segregated Portfolio with its own distinct name or designation for one or more Classes of Participating Shares and the following provisions shall apply thereto:

- the proceeds from the allotment and issue of each such Class of Participating Shares shall be applied in the books of the Fund to the relevant Segregated Portfolio and the assets, profits, gains, income and liabilities, losses and expenses attributable thereto shall be applied in the books of the Fund to such Segregated Portfolio and assets required to satisfy any redemption of Participating Shares of any such Class or paid as dividends, shall be accounted for out of the relevant Segregated Portfolio.
- subject to the consent of the Fund's auditors, where any subsequent event takes place that may affect the previous allocation of assets or liabilities to a Segregated Portfolio,

the Directors may make such adjustment to the allocation as they deem appropriate to ensure any gain or loss of the Fund and all liabilities and expenses are attributable to the Segregated Portfolios properly and fairly.

- where any asset is derived from another asset (whether cash or otherwise) such derivative asset shall be applied in the books of the Fund to the same Segregated Portfolio as the asset from which it was derived. On each revaluation of an asset, the increase or diminution in value shall be applied to the relevant Segregated Portfolio.
- the assets of each Segregated Portfolio shall be kept separate and separately identifiable from assets attributable to other Segregated Portfolios and from the Fund's general assets.
- where any costs or expenses or any liabilities incurred by the Fund are specifically attributable to a particular Segregated Portfolio, they shall be borne only by such Segregated Portfolio, and where they are not specifically attributable to a Segregated Portfolio, such costs, expenses, or liabilities shall be allocated among the Segregated Portfolios, except as otherwise determined by the Directors.

### **7.3 Share Capital**

The Fund's authorised share capital is US \$50,000 which is made up of:

- 1,000 Management Shares; and
- 4,900,000 Participating Shares.

Subject to the Articles, the unissued Participating Shares of the Fund are under the control of the Directors. The Directors in respect of a Segregated Portfolio may issue, allot, dispose of or grant options over those unissued shares to any persons, on any terms and in any manner they think fit. No Shareholder has any pre-emptive right to purchase the Participating Shares.

### **7.4 Management Shares**

1,000 Management Shares have been issued. They are fully paid up and held by the Investment Manager.

The Management Shares are not transferable without the prior written consent of the Directors.

The Management Shares have the entire voting power of the Fund save for in respect of those issues requiring the approval of the holders of Participating Shares (see the Section below entitled "Modification of Class Rights"). However, they do not entitle the holder of the Management Shares to participate in the Fund's profits and losses and they are not redeemable. On the winding up of the Fund, the holders of the Management Shares are only entitled to receive their paid-up capital of \$1.00 per Management Share.

As an exempted company, the Fund is not required to hold scheduled annual general meetings of Shareholders. General meetings of the holders of Management Shares may be called by the Directors and will be called at the request of any holder of Management Share. All meetings of the holders of Management Shares will be held in the Cayman Islands, unless the Directors determine to hold them elsewhere. Those meetings require five days' prior notice which may

be given by hand, mail, fax or email, or alternatively, where the recipient has agreed, by posting the notice on a secure nominated website.

Unless the Companies Act requires a special resolution, all decisions of the holders of Management Shares will be made by an ordinary resolution on condition that a quorum of the holders of one-third of those shares is present in person or by proxy. Any matter may also be adopted by resolution in writing of all the holders of Management Shares.

## **7.5 Participating Shares**

### *Rights of holders of Participating Shares*

The holders of Participating Shares have no right to receive notice of, attend or vote at, general meetings of the Fund, nor do they have voting rights save for in respect of those issues requiring the approval of the holders of Participating Shares (see the Section below entitled "Modification of Class Rights").

However, the Participating Shares are entitled to receive, to the exclusion of the holders of the Management Shares, any dividends that may be declared by the Fund. Also, on the winding up of the Fund, they will receive, by way of distribution, the full amount of the assets of the Fund other than the paid-up capital of \$1.00 per Management Share.

The Participating Shares have no conversion or pre-emptive rights. When duly issued, all Participating Shares will be fully paid and non-assessable.

### *Classes of Participating Shares*

In relation to each Segregated Portfolio, the Directors by resolution may issue one or more Classes of Participating Shares without notice to, or the consent of, the Shareholders. They may determine the terms and conditions applicable to a Class in their absolute discretion determine and may differentiate between Classes on various bases, including (but not limited to), as to (i) the operational currency of denomination of each Class, (ii) the level of fees payable in respect of each Class; (iii) the redemption or information rights applicable to each Class; and (iv) the portfolio of underlying assets in which they participate. Details of the Classes being offered in respect of a Segregated Portfolio are set forth in the applicable Supplement.

Unless otherwise established, the Participating Shares of the same Class and sub-class have equal dividend, distribution and liquidation rights and privileges with each other.

Additionally, the Fund may, for administrative convenience, issue sub-classes of Participating Shares to effect the foregoing, and in this Memorandum, unless the context requires otherwise, references in this Memorandum to the term "Class" shall include any sub-class or sub-classes derived from that Class.

### *Series Methodology*

In respect of Classes of Participating Shares that pay a Performance Fee, the Directors may resolve, and cause to be specified in the applicable Supplement, to issue such Participating Shares in Series equitably to reflect the differing Performance Fees attributable to each Series (that result from the differing issue dates throughout the Performance Fee Period). If

Participating Shares of a Class are issued in Series, generally a new Series of the relevant Class of Participating Shares will be issued on each Subscription Day during the period in which Performance Fees are calculated in respect of such Class.

Immediately after the close of business on the last day in each Performance Fee Period, all Participating Shares of each Class issued in Series, other than (1) the oldest Series of Participating Shares of that Class which have been charged a Performance Fee in respect of the immediately preceding Performance Fee Period and (2) any Series of Participating Shares of that Class in respect of which no Performance Fee has been charged for the immediately preceding Performance Fee Period, shall be converted into the oldest Series of Participating Shares of that Class that have been charged a Performance Fee in respect of the immediately preceding Performance Fee Period. Notwithstanding the foregoing, the Directors may, in their discretion, determine to exclude any Series from the aforesaid provisions and/or having excluded any such Series make such Series again subject to the aforesaid provisions.

Additionally, in such circumstances where the Investment Manager, in its absolute discretion, waives, reduces or rebates in whole or in part, and in relation to a particular Shareholder or generally, the Management Fee or the Performance Fee, or both, for administrative convenience, the Directors may also authorise the issuance of Participating Shares in a separate Series or the conversion of Participating Shares of any Series into a further separate Series in relation to which a different Management Fee or Performance Fee schedule applies.

Notwithstanding the Series conversion provisions set forth in the immediately preceding paragraphs, it is anticipated that where a waiver, fee reduction or rebate is in effect with respect to a Series, such Series will not be converted into other Series of the same Class unless such other Series are subject to the same terms with respect to Management Fees and Performance Fees and the Directors have not otherwise excluded such Series from the above conversion provisions.

The Participating Shares of the same Series have equal dividend, distribution and liquidation rights and privileges with each other.

## **7.6 Records**

The Fund shall, on behalf of each Segregated Portfolio, establish in its books for that Segregated Portfolio a separate record with its own distinct designation for each Class, sub-class, and Series of Participating Shares referable to such Segregated Portfolio. The proceeds from the allotment and issue of each Class, sub-class, and Series of Participating Shares shall be applied in the books of the Fund for that Segregated Portfolio to the record established for that Class, sub-class, and Series of Participating Shares.

## **7.7 Modification of Class rights**

Whether or not the Fund is being wound up, the rights attaching to, any Class of Participating Shares may only be modified:

- with the consent in writing of the holders of two-thirds of the issued shares of that Class; or

- with the sanction of a resolution passed by the holders of two-thirds of the issued shares of that Class at a separate meeting of the holders of the shares of that Class.

## **7.8 Variation of offering terms**

Subject to applicable law and without the approval of any holders of Participating Shares, the Fund may amend this Memorandum or any Supplement to vary the offering terms applicable to any Participating Shares (as distinct from modifying Class rights attaching to those Participating Shares, as discussed above) in any of the following ways:

- by making any change that the Directors consider, in their sole discretion, will not adversely affect the Shareholders in any material respect; or
- by making a change that is necessary or desirable to satisfy any requirements, conditions or guidelines contained in any opinion, directive, order, statute, ruling or regulation of any applicable regulator, court of competent jurisdiction, government or government entity (including any tax authority). However, that change must be made in a manner that minimises, to the extent practicable as determined by the Directors in their sole discretion, any adverse effect on the Shareholders; or
- by making any change that the Directors consider, in their sole discretion, is likely to adversely affect the Shareholders in a material respect (including amendments to the trading program, fees charged to the Fund by service providers and the liquidity terms of the shares). However, that amendment does not become effective until after the affected Shareholders have been given prior written notice of the change and have had the opportunity, following receipt of that notice, to request the redemption of their shares so affected. If they request that those shares be redeemed, the Fund must do so.

Furthermore, the Fund may amend this Memorandum or any Supplement to vary the offering terms applicable to the Fund generally or any Segregated Portfolio in particular with the consent of the Shareholders owning a majority by value of all outstanding Participating Shares attributable to the Fund or the Segregated Portfolio, as applicable, at the time of the amendment provided that such amendment does not discriminate amongst Shareholders of the Fund or the Segregated Portfolio, as applicable. A meeting so convened will generally follow the provisions of the Articles relating to general meetings amended as necessary by the Directors, as they may, in their absolute discretion, determine, notwithstanding that the articles of association will not govern such meetings. If the Fund seeks such approval from Shareholders, then following the giving of notice of the proposed amendment, the Fund shall request a response for or against the proposed amendment. The Fund shall deem a lack of response from a Shareholder to constitute the consent of such Shareholder to the amendment.

## **7.9 Side Letter arrangements**

Despite the foregoing, the Fund (if required, with the consent of the Investment Manager) may enter into a written agreement with an existing or prospective investor in respect of Participating Shares of a certain Class, also referred to as a Side Letter, that provides for offering terms that vary from those applicable to other Shareholders of the same Class. The ways in which the offering terms may vary include the following: (i) the waiver, reduction or rebate of fees or allocations payable in respect of those shares; (ii) the provision of additional

information or reports; (iii) more favourable transfer rights; and (iv) more favourable liquidity rights, including additional permitted dates for redemptions and the waiver or reduction of notice periods, or proceeds payment periods and different redemption terms. In those circumstances, the Directors may issue shares of the same Class to that Shareholder or may issue a separate Class (or sub-class) of shares to that Shareholder.

#### **7.10 Amendment to the Articles, winding up and termination, transfer to another jurisdiction**

At any time, the Fund may amend its Articles or resolve that it be wound up or transferred to another jurisdiction by the holders of the Management Shares passing a special resolution to that effect.

Futhermore, the Directors may resolve to wind up and terminate the affairs of a Segregated Portfolio or to wind up and terminate the Fund in accordance with the Companies Act and the Articles.

The Articles provide that the Fund's business shall continue for so long as the Fund holds assets, irrespective of whether the Directors have determined that the Fund shall not acquire any further Investments. Accordingly, the Investments of the Fund may be managed for the sole purpose of realising all investments in anticipation of the termination of the business of the Fund (the **Realisation**). Unless the Directors consider it is in the interests of the Fund that it be placed into liquidation under the Companies Act, the Realisation shall be managed by the Directors, together with, if the Directors so determine, the Investment Manager. If the Directors determine that the Investment Manager is to manage the Realisation, the appointment of the Investment Manager will continue on the terms of the Investment Management Agreement then in force unless the Directors determine otherwise.

## SECTION VIII - SUBSCRIPTION, REDEMPTION AND TRANSFER OF SHARES

### 8.1 Subscription for shares

#### *Offering of shares*

The Fund is offering its Participating Shares in the Segregated Portfolios privately to a limited number of Eligible Investors. The purchase of Participating Shares is not open to the general public. The description of an Eligible Investor appears in Appendix I.

The minimum initial and subsequent investment for the Participating Shares of each Class is as set forth in the applicable Supplement relating to the relevant Segregated Portfolio. The Directors may, in their absolute discretion, fix some other amount as the minimum subscription payable by a particular Shareholder or group of Shareholders; provided that as long as the Fund is a regulated mutual fund in the Cayman Islands the minimum initial subscription in the Fund may not be lower than the applicable minimum statutory amount per investor, currently US\$100,000.

#### *Offer price, sales charges*

Participating Shares will be offered on each Subscription Day at a Subscription Price per Participating Share as set forth in the applicable Supplement.

Except as is set forth in the applicable Supplement, subscriptions for Participating Shares will not be subject to any Subscription Fee. If a Subscription Fee is applicable, that charge may be payable to the Investment Manager or to the distributor through which the subscription of Participating Shares is made. Subscription amounts will be invested net of that charge.

#### *Payment*

Payment for Participating Shares must be made in cash by electronic transfer and not cheques, net of bank charges, and is due in cleared funds in the currency noted in the applicable Supplement. Payment must be sent to the Fund's bank account maintained in respect of the applicable Segregated Portfolio, details of which are noted on the Subscription Agreement.

However, the Fund may, but is not obligated to, in respect of any Segregated Portfolio, accept subscriptions in kind if the applicable Supplement so specifies.

No subscriptions in kind will be accepted unless the Directors are satisfied of the following:

- that the investments to be transferred are valued in accordance with the valuation provisions set out in the Fund's articles and summarised in this Memorandum;
- that the investments in the opinion of the Investment Manager are aligned with the investment objectives and strategies of the Segregated Portfolio as set forth in the applicable Supplement; and
- that the terms of that transfer do not materially prejudice the remaining Shareholders.

If subscription monies are received in any currency other than the currency of the share class being subscribed to, such subscription monies will be converted into the currency of that share

class and this will be arranged at the risk and expense of the applicant. See the Executive Summary section entitled "*Operational Currency and Hedging*".

Any bank charges in respect of electronic transfers will be deducted from subscriptions and only the net amount will be invested in Participating Shares.

#### *Prevention of Money Laundering*

To ensure compliance with applicable statutory requirements relating to anti-money laundering and anti-terrorism initiatives, the Fund, or the Administrator (which may include a delegate of the Administrator) on behalf of the Fund, will require such information and documentation as it considers necessary to verify the identity, address and/or source of funds of all prospective investors. Depending on the circumstances of each application and the anti-money laundering policies and procedures of the Administrator, a detailed verification might not always be required.

As mentioned above, the Fund or the Administrator reserves the right to request such evidence as is necessary to verify the identity, address and source of funds of a prospective investor or otherwise required pursuant to applicable laws and regulations of the Cayman Islands. The Fund or the Administrator also reserves the right to request such verification evidence in respect of a transferee of Participating Shares. In the event of delay or failure by the prospective investor or transferee to produce any evidence required for verification purposes, the Fund, or the Administrator on its behalf, may refuse to accept the application or (as the case may be) to register the relevant transfer, and (in the case of a subscription of Participating Shares) any funds received will be returned without interest to the account from which such funds were originally debited.

If any person resident in the Cayman Islands knows or suspects or has reasonable grounds for knowing or suspecting that another person is engaged in criminal conduct or is involved with terrorism or terrorist property and the information for that knowledge or suspicion came to their attention in the course of business in the regulated sector, or other trade, profession, business or employment, the person will be required to report such knowledge or suspicion to (i) the Financial Reporting Authority of the Cayman Islands (**FRA**) or a nominated officer (appointed in accordance with the Proceeds of Crime Act), if the disclosure relates to criminal conduct or money laundering, or (ii) the FRA or a police constable or a nominated officer, pursuant to the Terrorism Act (2018 Revision), if the disclosure relates to involvement with terrorism or terrorist financing and property. Such a report shall not be treated as a breach of confidence or of any restriction upon the disclosure of information imposed by any enactment or otherwise.

By subscribing for Participating Shares, subscribers consent to the disclosure by the Fund, the Investment Manager, the Administrator and their delegates, agents and affiliates, of any information about them to regulators and others upon request in connection with money laundering and similar matters both in the Cayman Islands and in other jurisdictions.

Each subscriber for Participating Shares will be required to make such representations as may be required by the Fund in connection with anti-money laundering programmes, including, without limitation, representations that such subscriber is not a prohibited country, territory, individual or entity listed on the United States Department of Treasury's Office of Foreign Assets Control (**OFAC**) website and the United Kingdom, United Nations and European Union



sanctions lists extended to the Cayman Islands by virtue of Orders in Council passed by the United Kingdom government (**Sanctions Lists**), that it is not directly or indirectly affiliated with any country, territory, individual or entity named on any Sanctions List and that the subscription monies are not directly or indirectly derived from activities that may contravene Cayman Islands, United States federal or state, or international, laws and regulations, including anti-money laundering laws and regulations.

None of the Fund, the Investment Manager, the Administrator or their respective delegates, agents and affiliates will be liable for any loss suffered by a subscriber arising as a result of a refusal of, or a delay in processing, an application for Participating Shares if such information and documentation as has been requested by the Fund, or the Administrator on behalf of the Fund, has not been provided by the subscriber in a timely manner.

In accordance with the Anti-Money Laundering Regulations of the Cayman Islands and guidance issued by the Cayman Islands Monetary Authority, the Fund is required to appoint and has appointed natural persons to serve as its Anti-Money Laundering Compliance Officer, Money Laundering Reporting Officer and Deputy Money Laundering Reporting Officer (AML Officers). To obtain further information in respect of the AML Officers, please contact the Directors at the Fund's registered office.

#### *Procedure for the purchase of Participating Shares*

Applications are subject to the terms of this Memorandum, the applicable Supplement, the Articles and the Subscription Agreement.

Only Eligible Investors may subscribe for Participating Shares. Further, Participating Shares purchased for those under 18 years of age must be registered in the name of the parent or legal guardian.

Any person desiring to subscribe for Participating Shares is requested to execute one copy of the Subscription Agreement, offering in the Subscription Agreement to purchase a specified amount of Shares or Subscription Amount, and send an executed copy of such document by email as described in the Subscription Agreement.

Participating Shares will not be issued until all relevant due diligence documents have been received by the Administrator.

Any application may be rejected or scaled down in the sole discretion of the Directors. If applications are scaled down or rejected, subscription monies received by the Fund will be returned to the account from which the monies were initially remitted, without interest and net of any bank transfer charges.

Each prospective investor will be required to acknowledge in its Subscription Agreement that any of the Fund, the Administrator and/or the Investment Manager or their affiliates may disclose to each other, to any other service provider to the Fund or to any regulatory body in any applicable jurisdiction, copies of the prospective investor's Subscription Agreement and any information concerning the prospective investor provided by the prospective investor to the Fund, the Administrator and/or the Investment Manager or to any of their affiliates, including details of that prospective investor's Participating Shares in the Fund, historical and pending transactions in the Participating Shares and values thereof, and any such disclosure shall not

be treated as a breach of any restriction upon the disclosure imposed on such person by law or otherwise.

Completed subscription materials must be received by the Administrator, and cleared funds must be in the Fund's account, in each case within the timeframes set out in the applicable Supplement.

#### *Form of shareholding*

The Administrator shall, on behalf of the Fund, acknowledge all subscriptions by way of trade confirmation upon approval of a subscription by the Fund. Should a prospective investor not receive a trade confirmation, it is the prospective investor's responsibility to contact the Administrator to ascertain the status of its subscription as it cannot assume its successful subscription until it receives a trade confirmation. If the subscription is not accepted, payment will be returned without deduction or interest and net of any bank transfer charges.

Participating Shares are issued in registered form and no certificate will be sent unless otherwise requested in writing. Generally, a Shareholder may only elect to receive a certificate representing its Participating Shares if it demonstrates to the Fund that it is legally required to hold certificated shares or the Fund otherwise approves of such issuance. Any share certificates issued by the Fund shall be in the usual form prepared by the Administrator.

Participating Shares will be issued to four decimal places. Any smaller fraction of a Participating Share that would otherwise arise will be rounded down, with the relevant subscription monies being retained for the benefit of the Fund.

No bearer shares will be issued.

#### *Special Investments and Special Investment Shares*

Because certain of a Segregated Portfolio's investments may be in illiquid or restricted investments (such as equities of non-listed companies), the Investment Manager, in its sole discretion, may designate an investment as a Special Investment. Where the Investment Manager intend to utilise this with respect to a particular Segregated Portfolio, this will generally be disclosed in the applicable Supplement. The Directors may issue a new Class of Participating Shares to represent the Segregated Portfolio's investment in Special Investments if the Directors determine that such shares are necessary in order to not impose a significant liquidity burden on the Segregated Portfolio. Unless otherwise amended pursuant to the applicable Supplement, the following terms shall apply to Special Investments and Special Investment Shares.

In general, at the time a Special Investment is made or an existing investment is designated as a Special Investment, a portion of the applicable Class of Participating Shares held by a Shareholder shall be converted to a separate Class of Special Investment Shares that will correspond pro rata to the Shareholder's interest in the Special Investment. Shareholders will only participate in Special Investments made by the Segregated Portfolio after the Shareholder's initial purchase of Participating Shares. Special Investments generally will be valued at the lesser of cost or estimated Fair Value for purposes of determining the Net Asset Value of Special Investment Shares issued in connection with the Special Investments, provided that for book purposes, such Special Investments will be valued at their estimated

Fair Values. For purposes of calculating the Management Fee, Special Investments will be valued at their initial cost, and the sale or disposition of securities or instruments in return for securities or instruments acquired in connection with a recapitalization of the issuer of a Special Investment will not be treated as a realization that requires an adjustment to the initial cost of a Special Investment. For the purposes of calculating the Performance Fee, the appreciation in Net Asset Value shall take into account, as applicable, gains and losses realized or deemed realized with respect to Special Investments allocated during such Performance Fee Period (and after reducing such amount by the amount of the Management Fee debited and a pro rata proportion of any administrative costs incurred in connection with any Special Investments and/or Special Investment Shares).

The proportion of the applicable Class of Participating Shares that may be converted may not exceed the Special Investment Threshold for such Class.

Special Investment Shares are not redeemable at the election of the Shareholder and do not carry voting rights. A Shareholder will continue to participate in such Special Investments until the investment is sold or liquidated, even if such Shareholder no longer holds the applicable Class of Participating Shares (which is originally converted).

Upon a realisation of a particular Special Investment or a determination by the Investment Manager that such Special Investment shall no longer be maintained as a Special Investment, all (or a relevant portion in the event of a partial realisation) of a Shareholder's Special Investment Shares attributable to such Special Investment will be redeemed by the Fund at the current fair market value and in the case of a Shareholder who still holds the applicable Class of Shares (which was originally converted), the proceeds will be applied to purchase for the account of such Shareholder Participating Shares of the applicable Class of Participating Shares (which was originally converted). An investor who no longer holds Participating Shares of the applicable Class (which was originally converted) may be paid out the proceeds of the sale of the Special Investments less any fees and expenses attributed to such Special Investments or may be issued Participating Shares of the Class and Series originally converted and redeem such Participating Shares compulsorily at the next available Redemption Day for such Class and Series, in order to account for any Performance Fees applicable to such Special Investment on an aggregated basis.

The Articles have been drafted in broad and flexible terms to allow the Directors to determine a number of issues in relation to Special Investment Shares, including the manner of conversion of Participating Shares to Special Investment Shares and vice versa, the treatment of expenses and valuations of Special Investments.

Without limiting the foregoing, as regards expenses related to the management of a Special Investment, the Fund at the time Participating Shares are exchanged for Special Investment Shares may include in the calculation of the Net Asset Value of the applicable Class of Special Investment Shares to be issued in connection with a Special Investment an accrual for expenses expected to be incurred on or in relation to such Special Investment in an amount determined by the Investment Manager in its sole discretion (such accrued expenses, the **Accrued Expenses**). Investment and investment-related expenses relating to a Special Investment generally will be charged to the Shareholders participating therein.

In addition to the foregoing, if, after giving effect to a redemption, a Shareholder would own Special Investment Shares of a Class, but no longer own any Participating Shares, the Fund

may reserve or holdback (the **Expense Reserve**), from the redemption proceeds payable with respect to such redemption, such amount as the Fund following consultation with the Investment Manager deems sufficient to cover such Shareholder's pro rata share of the expenses expected to be payable over the life of the Special Investment attributable to such Class of Special Investment Shares to the extent not already included in any Accrued Expenses. Such expenses may include (but are not limited to) any remaining capital contributions required to be made by the Fund in respect of the applicable Special Investment pursuant to capital commitments. To the extent the amount of Expense Reserve does not cover the pro rata share of expenses that have been payable in any year during the life of the Special Investment, the Fund may send an annual statement to the redeeming Shareholder providing for the payment of the shortfall. The shortfall will be due within 15 days of receiving such notice. If the full amount of the shortfall due and owing is not paid, the Fund may, in its sole discretion, reduce the amount of any subsequent redemption proceeds paid with respect to such redemption of such Class of Special Investment Shares by an amount equal to the unpaid shortfall, together with interest at a broker's call rate, as the Fund deems appropriate.

Any unused portion of the Accrued Expenses will be paid to the Shareholders at final realisation of such Special Investments, or applied to purchasing Participating Shares as determined by the Directors. Any unused portion of the Expense Reserve will be paid to the redeeming Shareholder at final realisation of such Special Investment.

## **8.2 Redemption of Participating Shares**

### ***General***

Participating Shares may be redeemed on any Redemption Day at the Redemption Price as set forth in the applicable Supplement.

Redemption requests should be made using the Fund's Form of Request for Redemption of Shares or Redemption Amount (Redemption Form) available from the Administrator and should be sent via e-mail as described in the Redemption Form.

The Administrator will confirm to the investor if a redemption request has been received in good order. Investors failing to receive such confirmation from the Administrator on the day the redemption request has been submitted should contact the Administrator to confirm the status of their redemption request by e-mail communication to the addresses set forth above.

Although redemption requests shall be sent by e-mail, investors should be aware of the risks associated with sending documents in this manner. Neither the Fund nor Administrator will be responsible for any mis-delivery or non-receipt of any redemption request.

The completed Redemption Request must be actually received by the Administrator no later than such number of days before the Redemption Day on which the redemption is to occur as is set forth in the applicable Supplement. If it is received after that date it will be held over and dealt with on the next Redemption Day. The Directors may provide for a redemption notice period of less than such days in a particular case or generally if they determine that, under the circumstances, to waive that requirement will not have an adverse effect on the applicable Segregated Portfolio. In no event will redemption requests be accepted for processing as of a particular Redemption Day if the Redemption Form is received by the Administrator after 5:00 pm (Central European Time) one business day before the Redemption Day.

Once given, a Redemption Request may not be revoked by the Shareholder unless determination of the Net Asset Value is suspended by the Directors in the circumstances set out below or the Directors otherwise agree.

If set forth in the applicable Supplement, a partial redemption of Participating Shares shall not be accepted if it is in respect of Participating Shares of an aggregate Net Asset Value per Share of less than the minimum amount set forth in the Supplement.

Furthermore, if set forth in the applicable Supplement, if a Redemption Request is received that would, if satisfied, result in the Shareholder retaining Participating Shares with an aggregate Net Asset Value per Share of less than the Minimum Holding, the Directors may treat such Redemption Request as a request for a partial redemption only up to the Minimum Holding or may redeem the Shareholder's entire holding of Participating Shares.

#### *Limitations on redemptions*

If disclosed in the applicable Supplement, the Directors may in their discretion, prescribe an initial period or periods from the date of issue of Shares of a particular Class during which the redemption of Shares of such Class is not permitted or is only permitted in certain circumstances.

The Articles give the Directors the power to "gate" redemptions. The Directors in respect of a Segregated Portfolio shall indicate in the Supplement for such Segregated Portfolio whether or not they intend to exercise such power in respect of such Segregated Portfolio. If a gate applies to a Segregated Portfolio, when outstanding redemption requests in respect of such Segregated Portfolio for any Redemption Day total in aggregate more than a certain percentage of the Net Asset Value of such Segregated Portfolio, the Directors will be entitled to refuse to redeem such number of Participating Shares on that Redemption Day in excess of that percentage of the Net Asset Value of such Segregated Portfolio, such limitation to be applied, pro rata to all Shareholders of the Segregated Portfolio that request redemption of their Participating Shares of the Segregated Portfolio on such Redemption Day (the "gate"). The partial amounts of redemption requests that remain unsatisfied due to imposition of the gate, in addition to any additional redemption requests received after the gate is imposed, shall be carried forward to the next Redemption Day (subject to the same limitation which shall continue to be applied pro rata to all outstanding redemption requests).

Additionally, the Fund, or the Administrator on its behalf, may refuse to make a redemption payment or distribution to a Shareholder if:

- a Director or the Administrator suspects or is advised that the payment of any redemption or distribution moneys to that Shareholder may result in a breach or violation of an applicable anti-money laundering or other law or regulation by any person in any relevant jurisdiction; or
- that refusal is considered necessary or appropriate to ensure the compliance by the Fund, its Directors or the Administrator with any of those laws or regulations in any relevant jurisdiction.

#### *Redemption proceeds*

Upon redemption, Shareholders will be paid the Redemption Price. The Redemption Price is calculated in accordance with the Articles and is based on the Net Asset Value per Share on the applicable Valuation Day.

The Redemption Price will be paid in the currency noted in the applicable Supplement by electronic transfer at the request and expense of the redeeming Shareholder.

The Redemption Price will be paid in accordance with the terms of the applicable Supplement.

*Limitations on redemption proceeds*

Notwithstanding any other provision of this Memorandum, the following limitations will apply to the payment of redemption proceeds if disclosed in the applicable Supplement:

If on any Redemption Day, assets of the Fund are invested in investments which the Fund is unable to realise, or if realised would be at a value determined by the Directors to be a discount to their true value or the Fund is unable (or it is not practicable) to distribute any such investment to the redeeming Shareholder, then, in the discretion of the Directors, in consultation with the Investment Manager, payment to the Shareholder of the portion of his requested redemption may be delayed until such time as such investment may be realised or may be realised at a value which is not, in the determination of the Directors, a discounted value or the Fund is able to distribute such investment to the Shareholder and the amount otherwise due to the Shareholder will be increased or decreased to reflect the performance of such investment through the date on which such investment is realised by the Fund or to reflect the increase or decrease in the value of the investment through the date on which it is distributed to the Shareholder or otherwise disposed of by the Fund.

Furthermore, the Fund aims to pay all redemption proceeds in cash. However, under circumstances of low liquidity or adverse market conditions, the Directors may, with the approval of the relevant Shareholder, choose to satisfy redemptions by transferring (i) investments (which may include short positions, as well as long positions; and any related hedging positions) selected by the Directors (following consultation with the Investment Manager), or (ii) partly cash and partly investments (which may include short positions, as well as long positions; and any related hedging positions) selected by the Directors (following consultation with the Investment Manager). In-kind distributions may be made directly to the redeeming Shareholder or, alternatively:

- may comprise interests in special purpose vehicles established by the Fund for the purpose of liquidating the securities which are being transferred (either outright or by a participation interest) by the Fund; or
- may be distributed into a liquidating trust or account and sold for the benefit of such redeeming Shareholder,

in either such case (i) payment to such Shareholder of that portion of his redemption attributable to such securities will be delayed until such time as such securities can be liquidated and (ii) the amount otherwise due to such Shareholder will be increased or decreased to reflect the performance of such securities through the date on which the liquidation of such securities is effected, and any applicable fees and expenses.

As provided in the Articles, the Fund may retain part of the Redemption Price payable to a Shareholder as a reserve to fund liabilities. If the Fund later determines that the reserve (or portion of it) is in excess of the amount required, it will return to that Shareholder, without interest, the relevant proportion of that excess.

#### *Compulsory redemption*

A Shareholder holding Participating Shares must notify the Fund and the Administrator immediately if it ceases to be an Eligible Investor. If that happens, at the next Redemption Day after that notification, the Fund may redeem that Shareholder's Participating Shares at the Net Asset Value per Share. Without limitation to the previous sentence, the Fund may redeem any shares that are or become owned, directly or indirectly, by or for the benefit of a person who is not an Eligible Investor.

Further, if disclosed in the applicable Supplement, the Fund may, on giving notice in writing to a Shareholder holding Participating Shares, redeem all or any shares of that Shareholder on a day appointed by the Directors for that purpose. It may do so with or without cause but the Redemption Day must not be less than such number of days after the date of that notice as is specified in the applicable Supplement.

#### ***Determining Net Asset Value***

##### *NAV Calculation Policy*

This Section "Determining Net Asset Value" includes a summary of the NAV Calculation Policy of the Administrator, which has been adopted by the Fund for the purposes of complying with CIMA's Rule regarding the "Calculation of Asset Values – Regulated Mutual Funds." A copy of the NAV Calculation Policy is available upon Shareholder request to the Fund and any material changes to the NAV Calculation Policy described herein will be reflected in updates or supplements to this Memorandum as soon as reasonably practicable following such changes.

##### *Calculation of Net Asset Value and Net Asset Value per Share*

The Net Asset Value and the Net Asset Value per Share of each Class and each Series within that Class will be calculated on each Valuation Day. Valuation Days arise no less often than once per calendar quarter.

The Directors have delegated responsibility for valuation of the Fund's assets and the calculation of the Net Asset Value and the Net Asset Value per Share of each Class and Series to the Administrator. Notwithstanding such delegation, the Directors have ultimate responsibility for oversight of the valuation process and shall review and approve the NAV Calculation Policy at least annually.

For the purposes of determining the Net Asset Value of a Class and each Series within that Class, a separate record with its own distinct designation will be established in the books of the Fund in respect of each Segregated Portfolio, each Class within that Segregated Portfolio, and each Series within that Class. An amount equal to the proceeds of issue of each Participating Share will be credited to the record for the relevant Class and Series. Any increase or decrease in the Net Asset Value (disregarding for these purposes any increase in

the Net Asset Value due to new subscriptions, any decreases in the Net Asset Value due to redemptions or the payment of dividends and any designated adjustments (as described below)) will be allocated to each record based on the respective percentage of the Net Asset Value represented by each record as at the immediately preceding Valuation Day. There will then be allocated to the record of each Class and Series the designated adjustments being those assets and liabilities set forth below that the Directors determine relate solely to that Class and Series.

Each Series of each Class will typically have a different Net Asset Value per Share. Any Management Fees and Performance Fee calculated in respect of a Series will be deducted from the Net Asset Value of that Series. Fees and expenses that relate to a particular Series will be charged against that Series when calculating its Net Asset Value. Other fees and expenses will be allocated pro rata between the Series in accordance with their respective Net Asset Values or by such other method as the Directors consider equitable.

The Net Asset Value per Share on any Valuation Day will be calculated by dividing the Net Asset Value of the relevant Class or Series by the number of Participating Shares of such Class or Series in issue as at the close of business on that Valuation Day, the resulting amount being rounded to four decimal places.

### **Purpose and Publication**

Shareholders receive statements of the Net Asset Value of their Shares from the Administrator. Such reports will generally be published promptly following completion of the calculation of Net Asset Value. The methodology employed for the communication of reports to Shareholders shall ensure that such communication is, effectively, directly as between Administrator and Shareholders (i.e. neither the Investment Manager nor the Fund shall have any opportunity to modify such reports).

The Net Asset Value per Share is used, *inter alia*, to calculate redemption prices, fees and incentive allocations all as set forth in this Memorandum and each Supplement. Any material changes to this NAV Calculation Policy will be reflected in updates or supplements to the Memorandum or Supplement, as applicable, as soon as reasonable practicable following such changes.

### **Valuation of Assets**

Unless the Directors consider some other basis of valuation is more appropriate, each Segregated Portfolio's assets will be valued based on accrual accounting using IFRS (apart from amortisation of organisational costs) as a guideline and otherwise in accordance with the NAV Calculation Policy, as summarised below.

#### *Assets*

For the purpose of any valuation, the relevant Segregated Portfolio's assets include, without limitation:

- all cash on hand or on deposit, including any accrued interest;
- all bills and demand notes and accounts receivable (including the proceeds of investments and other assets sold but not delivered);



- all Investments and other assets owned by, or contracted on behalf of, the Segregated Portfolio;
- all dividends and distributions payable in stock, cash or other property receivable by the Segregated Portfolio. However, the Fund and/or the Administrator may make adjustments with respect to fluctuations in the market value of investments caused by trading ex-dividend or ex-rights or by similar practices;
- all interest accrued on any interest-bearing instruments owned by the Segregated Portfolio, except to the extent that interest is already included or reflected in the valuation of those instruments; and
- all other assets of every kind and nature, including prepaid expenses (although goodwill is deemed to have no value).

### *Liabilities*

For the purpose of any valuation, the relevant Segregated Portfolio's liabilities include, without limitation:

- all loans, bills and accounts payable;
- the fees and expenses of the Investment Manager, the Administrator, and other service providers to the Segregated Portfolio including accrued but unpaid fees and expenses;
- gross acquisition cost of investments and other property contracted to be purchased by the Segregated Portfolio;
- amortization for organizational costs;
- an allowance for the Segregated Portfolio's estimated annual audit and legal fees;
- accrued interest expenses and commitment fees on loans, repurchase agreements fees, and debit balances;
- withholding taxes, transfer taxes and other governmental charges and duties;
- any reserve determined to be required for contingencies;
- any other liabilities or expenses to be borne by the Segregated Portfolio;
- the par value of the Participating Shares; and
- all other liabilities, including unknown or unfixed contingencies and such reserves the Directors, acting reasonably, consider advisable.

### *Valuation principles*

In valuing the relevant Segregated Portfolio's investments, the following principles apply:

- any security that is listed or quoted on any securities exchange or similar electronic system and regularly traded thereon will be valued at its last traded price on the Valuation Day or, if no trades occurred on such day, at the closing bid price if held long and at the closing offer price if sold short, on the relevant Valuation Day. Where prices are available on more than one exchange or system for a particular security the price will be the last traded price or closing bid or offer price, as the case may be, on the exchange that constitutes the main market for such security;
- any security which is not listed or quoted on any securities exchange or similar electronic system or if, being so listed or quoted, is not regularly traded thereon or in respect of which no prices as described above are available will be valued at its fair market value on the relevant Valuation Day or the mean between the representative "bid" and the representative "asked" prices on the date of determination, or if no such prices were quoted on such date, on the most immediate prior date on which such prices were quoted;
- investments, other than securities, that are dealt in or traded through a clearing firm or an exchange or through a financial institution will be valued on the Valuation Day by reference to the most recent official settlement price quoted by that clearing house, exchange or financial institution. If there is no such price, then the average will be taken between the lowest offer price and the highest bid price on the Valuation Day on any market on which such investments are or can be dealt in or traded, provided that where such investments are dealt in or traded on more than one market, the Directors may determine which market shall prevail;
- investments, other than securities, including over-the-counter derivative contracts, that are not dealt in or traded through a clearing firm or an exchange or through a financial institution will be valued by reference to the valuation obtained from an independent pricing source, but where no such valuation is available for a particular investment, the investment will be valued by comparing the latest available valuation provided by the relevant counterparty against the valuation provided by such other counterparties as the Investment Manager deems appropriate. In the event that the valuations provided respectively by the relevant counterparty and the other counterparties differ to an extent that the Investment Manager considers to be material, the investment shall be valued on the basis of the average of all of the valuations but otherwise will be valued on the basis of the valuation provided by the relevant counterparty;
- investments in other investment funds or vehicles will be valued at the prices provided by the administrators of such entities. Where definitive prices are not available on the applicable Valuation Day, the last definitive or estimated available prices, provided by the administrators of such entities, may be used and no adjustment shall be made, notwithstanding any subsequent adjustment to the definitive or estimated valuation provided in respect of the underlying investment fund or vehicle;
- deposits will be valued at their cost plus accrued interest;
- any value (whether of a security or cash) otherwise than in base currency of the Fund will be converted into the base currency at the rate (whether official or otherwise) that

the Fund deems appropriate to the circumstances having regard, inter alia, to any premium or discount that it considers may be relevant and to costs of exchange.

The Fund values its securities by giving priority to unadjusted market prices (i.e. the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal or most advantageous market on the Valuation Day that is directly observable and in a market accessible by the Fund), and for any securities for which there is no market price (**hard-to-value securities**), priority shall be given to valuation inputs that are directly observable (i.e. those derived from market data, including publicly available information about events and transactions or reflective of assumptions that market participants would use) with the lowest priority being given to inputs that are unobservable (i.e. where market data is not available regarding the assumptions that market participants would use). In valuing hard-to-value securities, all information shall be taken into account which is reasonably available on the applicable Valuation Day that would be considered by a relevant market participant, but without the need to undertake exhaustive efforts to obtain such information.

Notwithstanding the foregoing, for certain hard-to-value securities, including illiquid assets within any Segregated Portfolio, the Investment Manager, with the approval of the Administrator, will appoint a reputable third-party appraiser (**Appraiser**) to value such hard-to-value securities at least annually and the most recent valuation provided by the Appraiser shall be used on any Valuation Day for the purposes of calculating the Net Asset Value. The Administrator shall use reasonable endeavours to verify any pricing information supplied by the Appraiser. However, in certain circumstances it may not be possible or practicable for the Administrator to verify such information and, in such circumstances, the Administrator shall not be liable for any loss suffered by the Fund by reason of any error in calculation of the Net Asset Value resulting from any inaccuracy in the information provided by the Appraiser. The role of the Investment Manager in appointing the Appraiser to value hard-to-value securities will not constitute a management override power, but instead form part of the NAV Calculation Policy in respect to valuing hard-to-value securities. The Investment Manager will have no power to override any valuations provided by the Appraiser.

In connection with the determination of the value of the assets of the Fund, the Administrator may consult with and is entitled to rely upon the advice of the Investment Manager, the Fund's brokers, custodians or other advisers and in calculating the Net Asset Value, the Administrator is entitled to rely on the advice of the Investment Manager, the Fund's brokers, custodians or other advisers. Such approach will be ratified by the Board.

To the extent required, the involvement of the Investment Manager in valuing hard-to-value securities is an integral part of the NAV Calculation Policy as there are circumstances in which the Investment Manager is party to information regarding the Fund's assets that is not generally available or because there is no publicly available information upon which the Administrator may rely. This is particularly the case with hard-to-value securities in respect to which subjective assumptions may be key to mark to model valuation. In such cases, the Investment Manager will supply the Administrator with all documentation generated in, or relied upon, in connection with valuing any hard-to-value securities. In no event and under no circumstances will the Directors, the Administrator or the Investment Manager incur any individual liability or responsibility for any determination made, advice given or other action taken or omitted by them in good faith with respect to the determination of the value of the Fund's assets or the Net Asset Value per Share, as the case may be.

The Administrator will apply all methodologies associated with the calculation of Net Asset Value on a consistent basis and take steps that are reasonable and proportionate to the risk of material error or bias to verify the facts on which the prices are determined and the appropriateness of the provided price to the extent reasonably possible. Notwithstanding the foregoing, the Directors, following consultation with the Investment Manager, may permit any other method of valuation to be used if they consider that such method of valuation better reflects Fair Value generally or in particular markets or market conditions. However, such deviations from the NAV Calculation Policy require a satisfactory reason and, where such deviations have a material effect on the Net Asset Value Per Share, must immediately be disclosed to Shareholders and agreed with the Directors in advance of the determination or production of the Net Asset Value per Share.

Prospective investors should be aware that situations involving uncertainties as to the valuation of the Fund's assets could have an adverse effect on Net Asset Value, and could result in greater payments of Management Fees and Performance Fees to the Investment Manager, if judgments made by the Administrator should prove incorrect. Absent bad faith or manifest error, the determination of Net Asset Value by the Administrator will be conclusive and binding on all investors. The Net Asset Values may be adjusted under certain circumstances (such as to correct an error resulting from an incorrect calculation or quotation).

The Fund may establish reserves for future, contingent, unknown, or unfixed debts, liabilities, or obligations of the Fund (including legal fees and indemnification expenses), as the Directors may deem advisable or appropriate. The amount of any such reserve will be determined by the Directors in their sole discretion, is not required to be made in accordance with IFRS, and will be conclusive and binding on all Shareholders and former Shareholders.

The annual accounts of the Fund will be drawn up in accordance with, and the NAV Calculation Policy shall be based upon, IFRS. However, the above valuation policies may not necessarily comply with IFRS. For example, under IFRS, investments should be valued at Fair Value, with bid and offer pricing being considered representative of Fair Value for long and short listed investments respectively. Under the valuation basis described above, listed investments are expected to be valued at the last traded price instead of bid and offer pricing. To the extent that the valuation basis NAV Calculation Policy deviates from IFRS, the Directors may make necessary adjustments in the annual financial statements in order to comply with IFRS. If relevant a reconciliation note may be included in the annual financial statements to reconcile values shown in the annual accounts determined under IFRS to those arrived at by applying the valuation policies described above NAV Calculation Policy.

Subject to the discretions set out above, the Directors have delegated to the Administrator the calculation of the Net Asset Value and the Net Asset Value per Share of each Class.

To the extent the Net Asset Value (or any part thereof) is calculated other than by the Administrator then, notwithstanding that such valuation may have been conducted in accordance with valuation policies of the Fund then in effect, CIMA may require the Fund to have such valuation verified by an auditor or other independent third party.

### 8.3 Temporary suspension of dealings

At any time, the Directors may declare that the issue or redemption of shares of any Class is temporarily suspended. Also, in either case, they may (but need not) declare that the determination of the Net Asset Value per Share of that Class is simultaneously suspended.

Further, at any time, the Directors may declare that the determination of the Net Asset Value per Share of any Class is temporarily suspended. Also, they may (but need not) declare that the redemption of shares of that Class is simultaneously suspended.

The Fund's Directors may declare any of these suspensions in such circumstances as they think fit. These circumstances include, but are not limited to, any of the following:

- a stock exchange on which a substantial part of the Fund's investments is traded is closed (apart from ordinary holidays) or dealings on that stock exchange are restricted or suspended;
- disposal of a substantial part of the Fund's investments is not reasonably practicable and may seriously prejudice the Shareholders;
- it is not reasonably practicable for the Fund to determine fairly the value of its net assets;
- none of the outstanding Redemption Requests is able to be lawfully satisfied by the Fund in the operational currency of the Class of Shares being redeemed; or
- there is a breakdown in the means of communication normally used to determine the prices of a substantial part of the Fund's investments.

Any suspension takes effect at the earlier of:

- the time the Directors specify in their declaration; and
- the close of business on the business day immediately following the day the Directors declare the suspension.

The suspension continues until the Directors declare that it is ended.

As soon as practicable after declaring a suspension, the Directors will cause notice to be given to the holders of Participating Shares of the affected Class of the terms of that declaration. Similarly, when the period of suspension ends, they will cause further notice of that fact to be given to those holders.

While a suspension referred to above may be temporary, the circumstances giving rise to the decision to suspend may continue for a prolonged period of time such that the Directors, in consultation with the Investment Manager, consider that it is appropriate that the suspension be declared permanent and the investments of the Fund be managed for the sole purpose of realising all investments in anticipation of the termination of the business of the Fund (**Realisation**).

The Articles provide that the Fund's business shall continue for so long as the Fund holds assets, irrespective of whether the Directors, in their discretion, have determined that the Fund shall not acquire any further investments. Accordingly, unless the Directors consider it is in the best interests of the Fund that it be placed into liquidation under the Companies Act, the Realisation shall be managed by the Directors, together with, if the Directors so determine, the Investment Manager. If the Directors determine that the Investment Manager is to manage the Realisation, the Investment Manager will be engaged on the terms of the Management Agreement then in force unless the Directors, in their discretion, determine otherwise.

#### **8.4 Transfer of Participating Shares**

Participating Shares may only be transferred by a Shareholder with the prior written approval of the board of Directors. Furthermore, transfers of Participating Shares may only be conducted in accordance with the anti-money laundering policies and procedures of the Fund and/or the Administrator. A transferee must complete a Subscription Agreement and will be subject to the same requirements for Eligible Investors. The transferor and transferee will be the responsible for paying any taxes, duties, imposts or levies payable on or in consequence of a transfer of Participating Shares.

All transfers are subject to the provisions of the Articles and this Memorandum. In particular, a transferee must be an Eligible Investor.

#### **8.5 Conversion of Participating Shares**

The Directors may authorise a holder of one Class of Participating Shares to convert some or all of those shares to Participating Shares of another Class. The Fund will only make such a conversion after it receives from the relevant Shareholder instructions in writing in the manner approved by the Fund. Participating Shares may not be converted without the prior written consent of the Directors, which they may withhold without giving any reason. If conversion is approved, it will take place on any business day on which the Net Asset Value of all Classes involved is calculated. The Fund will treat a share conversion as the redemption of the relevant Participating Shares of one Class followed by the subscription for Participating Shares of another Class. However, it will be a condition of any conversion that the relevant Shareholder pays all expenses and liabilities then due (including Management Fees). No redemption fees or subscription fees will be charged on a conversion.

Participating Shares of one Class may be converted for Participating Shares of another Class within the same Segregated Portfolio or in another Segregated Portfolio on the basis of the Net Asset Value per Share of each relevant Class at the time of the conversion. The minimum value that may be converted will be equivalent to the highest minimum initial or subsequent investment, as the case may be, of the Classes involved in the conversion, subject to the discretion of the Directors to accept lesser amounts. If the conversion of some of the Participating Shares results in a residual amount in the original Class lower than the minimum investment required for that Class, the Directors may, but are not obligated to, treat the request for conversion as a request to convert all of the Participating Shares in that Class that are held by the relevant Shareholder.

#### **8.6 New Issue securities**

The Fund may, from time to time, purchase New Issue securities. A New Issue is an initial public offering of an equity security which is subject to the provisions of Rule 5130 and 5131 of the Rules of the United States Financial Industry Regulatory Authority (**FINRA**), as amended, extended, consolidated, substituted or re-enacted from time to time, and includes any initial public offering of an equity security as defined in Section 3(a)(11) of the United States Securities Exchange Act 1934, as amended. Under the Rules of FINRA, members of FINRA may not sell such securities to an account beneficially owned by broker/dealers, employees, owners and affiliates of broker/dealers, certain other classes of persons including portfolio managers and certain family members of those persons (each such person, a **Restricted Person**). Additionally, members of FINRA may not allocate New Issue securities to executive officers and/or directors, and materially supported persons thereof, of certain public or private companies (each such person, a **Restricted Investor**) that have an investment banking relationship with such FINRA member or where such FINRA member expects to establish an investment banking relationship with such company.

Subscribers for, and transferees of, Participating Shares will be required to provide such representations, warranties or documentation as the Fund may require to determine whether they are Restricted Persons and/or Restricted Investors.

To enable the Fund to participate in New Issues, the Directors may establish one or more classes of shares that will not participate in any investments in New Issue securities (**Restricted Shares**). The same investment objective, strategies and restrictions will be applied to each Class save that profits and losses in respect of New Issues will not be allocated to Restricted Shares. In such event the Fund may compel the exchange of Participating Shares held by Restricted Persons and Restricted Investors for Restricted Shares of the corresponding new Class. Each Class of Restricted Shares will have the same rights and obligations as the corresponding Class of non-Restricted Shares and references in this Memorandum to a particular Class include the corresponding Class of Restricted Shares.

## SECTION IX - FINANCIAL INFORMATION AND REPORTS

### 9.1 Fiscal year

The Fund's fiscal year will end on 31 December of each year, starting 31 December 2022.

### 9.2 Fiscal periods

Because Participating Shares may be issued and redeemed, and dividends declared on them, during the course of a fiscal year, the Articles provide for fiscal periods that are portions of a fiscal year to enable net profits and net losses to be allocated to each Class and Sub-Class.

For example, a new fiscal period will commence on:

- the day immediately after the date a redemption of Participating Shares occurs; or
- the date that any Participating Shares are issued; or
- the day immediately after the date fixed by the Directors for determining the record of ownership of Participating Shares of a Class or Sub-class in connection with the payment of dividends.

When that happens, the prior fiscal period will end on the day immediately before the first day of the new fiscal period.

### 9.3 Financial statements

Unless the Directors in their discretion determine otherwise, the Fund's financial statements will be prepared using IFRS as a guideline. Despite this, because the Directors believe it is more equitable, organisational expenses will be amortised over five years from the date the Fund commences operations, rather than expensing the entire amount during the first year of operations as required by IFRS. As a result, the Fund's financial statements may contain qualifications reflecting that treatment.

The books and records of the Fund will be audited at the end of each fiscal year by auditors selected by the Directors. The Fund's first audit will be for the period beginning when the Fund's operations commenced and ending on 31 December 2022.

### 9.4 Auditors

Cohen & Co., the auditors for the Fund, have consented in writing to their appointment as auditors of the Fund. They have also consented to being referred to as such in this Memorandum.

Cohen & Co.'s fees are calculated on a combination of a fixed fee and time spent basis in connection with the preparation of audited account for each Segregated Portfolio.

### 9.5 Reports to Shareholders

Each fiscal year, audited financial statements of the Fund will be made available to holders of Participating Shares within 180 days of the end of that fiscal year (or as soon as practicable



thereafter), provided that the Directors have the discretion to provide only the portion thereof relating to the relevant Segregated Portfolio if the Directors determine it appropriate to do so. The financial statements will include a statement of profit or loss for that fiscal year as well as a statement of the unaudited status of the Shareholder's holdings in the Fund at that time.

The Fund may also provide each Shareholder with more frequent information as set forth in the Supplement for the relevant Segregated Portfolio in which that Shareholder holds Participating Shares.

## SECTION X - TAXATION

### 10.1 General

What follows is a general discussion of some of the anticipated Cayman Islands tax consequences to the Fund arising from its operation. The statements as to the Cayman Islands taxation are based on advice from Ogier, Grand Cayman, Cayman Islands.

The summary that follows is considered by Ogier to be a correct interpretation of existing laws, regulations promulgated under those laws, published administrative findings and judicial decisions applied at the date of this Memorandum. However, neither Ogier nor the Fund represents that those laws, regulations, rulings or decisions, or their application or interpretation, will not change in the future, possibly with retroactive effect.

Furthermore, in view of the number of different jurisdictions where local laws may apply to holders of Participating Shares, the discussion that follows does not address all the tax consequences, including income tax consequences, to potential investors of purchasing, holding, redeeming or disposing of Participating Shares.

Prospective investors are urged to consult their own tax advisors to determine the possible tax consequences, including income tax consequences, to them under the laws of any of the following jurisdictions: jurisdictions of which they are citizens, residents or domiciliaries; jurisdictions in which they conduct business; and jurisdictions in which they purchase, hold, redeem or dispose of Participating Shares.

The following discussion does not constitute tax advice.

### 10.2 Cayman Islands

#### *At Fund level*

The Fund is not subject to any income, withholding or capital gains taxes in the Cayman Islands.

The Fund is registered as an exempted company, limited by shares, under Cayman Islands law. As such, it has applied for, and obtained, an undertaking from the Financial Secretary of the Cayman Islands that, for a period of twenty years from the date of the undertaking:

- no law subsequently enacted in the Cayman Islands that imposes any tax to be levied on profits, income, gains or appreciations will apply to the Fund or its operations; and
- in addition, that no tax to be levied on profits, income, gains or appreciations or that is in the nature of estate duty or inheritance tax will be payable by the Fund:
  - on or in respect of the Participating Shares, debentures or other obligations of the Fund; or
  - by way of the withholding in whole or in part of any relevant payment as defined in section 6(3) of the Tax Concessions Act (2018 Revision).

#### *At the Shareholder level*

Shareholders holding Participating Shares are not be subject to any income, withholding or capital gains taxes in the Cayman Islands with respect to their Participating Shares and dividends received on those shares, nor are they be subject to any estate or inheritance taxes in the Cayman Islands.

### **10.3 The Cayman Islands and Reporting Requirements**

By investing (or continuing to invest) in the Fund, investors shall be deemed to acknowledge that: (i) the Fund (or its agent) may be required to disclose to the Cayman Islands Tax Information Authority (**Cayman TIA**) certain confidential information in relation to the investor, including, but not limited to, the investor's name, address, tax identification number (if any), social security number (if any) and certain information relating to the investor's investment; (ii) the Cayman TIA may be required to automatically exchange information as outlined above with the United States Internal Revenue Service (the **IRS**), the United Kingdom HM Revenue & Customs (**HMRC**) and other fiscal authorities (**Competent Authorities**) of CRS Participating Jurisdictions (as defined below); (iii) the Fund (or its agent) may be required to disclose to the IRS, HMRC and other Competent Authorities certain confidential information when registering with such authorities and if such authorities contact the Fund (or its agent directly) with further enquiries; (iv) the Fund may require the investor to provide additional information and/or documentation which the Fund may be required to disclose to the Cayman TIA; (v) in the event an investor does not provide the requested information and/or documentation and/or has not itself complied with the applicable requirements, whether or not that actually leads to compliance failures by the Fund, or a risk of the Fund's or its investors' being subject to withholding tax under the relevant legislative or inter- governmental regime, the Fund reserves the right to take any action and/or pursue all remedies at its disposal, including, without limitation, compulsory redemption or withdrawal of the investor concerned; and (vi) no investor affected by any such action or remedy shall have any claim against the Fund (or its agent) for any form of damages or liability as a result of actions taken or remedies pursued by or on behalf of the Fund in order to comply with any of the US IGA, the CRS Regulations or any future IGAs (each as defined below), or agreements, laws or regulations entered into or implemented by the Cayman Islands for the purpose of ensuring and/or enhancing international tax transparency.

#### *US FATCA*

The Foreign Account Tax Compliance Act (**FATCA**) provisions of the Hiring Incentives to Restore Employment Act (**HIRE Act**) provide that the Fund must disclose the name, address and taxpayer identification number of certain United States persons that own, directly or indirectly, an interest in the Fund, as well as certain other information relating to any such interest, pursuant to the terms of the intergovernmental agreement between the United States and the Cayman Islands and implementing legislation and regulations which have been adopted by the Cayman Islands. If the Fund fails to comply with these requirements, then a 30% withholding tax will be imposed on payments to the Fund of United States source income and proceeds from the sale of property that could give rise to United States source interest or dividends. Although the Fund will attempt to satisfy the obligations imposed on it to avoid the imposition of this withholding tax, no assurance can be given that the Fund will be able to satisfy these obligations. In this regard, the Fund may require investors to provide any documentation or other information regarding the investors and its beneficial owners that the Fund determines is necessary or desirable for the Fund to avoid the withholding tax and otherwise comply with FATCA. If the Fund becomes subject to a withholding tax as a result

of FATCA, the value of Participating Shares held by all Shareholders may be materially affected, although the Fund generally expects to charge the amounts to relevant investors, as applicable.

The Cayman Islands has signed a Model 1(b) (non-reciprocal) inter-governmental agreement with the United States (**US IGA**) to give effect to FATCA. The terms of the US IGA have been brought into law in the Cayman Islands by the enactment of the Tax Information Exchange (Amendment) Act 2014 and the related regulations. The Cayman Islands Tax Information Exchange Act, as revised, the related regulations and the guidance notes are referred to collectively as the Cayman FATCA Rules. So long as the Fund complies with the Cayman FATCA Rules, it will be treated as satisfying the due diligence and reporting requirements of FATCA and accordingly will be treated as a participating foreign financial institution (**Participating FFI**) for the purposes of FATCA. As such, the Fund will be "deemed compliant" with the requirements of FATCA, will not be subject to withholding tax, and will not be required to close recalcitrant accounts.

The US IGA categorises "Financial Institutions" (FIs) as either "Reporting FIs" or "Non-Reporting FIs". By default, all FIs will be Reporting FIs, unless they qualify as Non-Reporting FIs. The categories of Non-Reporting FIs are specified in Annex II to the US IGA. A Reporting FI is (i) not required to enter an "FFI agreement" with the Service, (ii) required to register with the Service to obtain a Global Intermediary Identification Number, (iii) required to conduct due diligence on its investors to identify whether accounts are held directly or indirectly by "Specified US Persons", and (iv) required to report information on such Specified US Persons to the Cayman TIA. The Cayman TIA will exchange the information reported to it with the Service annually on an automatic basis.

Under the Cayman FATCA Rules, FATCA withholding tax will not be imposed on payments made to the Fund, or on payments made by the Fund to an account holder, except to the extent the Fund, its investors or any other account holder fails to comply with its obligations under the Cayman FATCA Rules. If subject to, or required to, withhold, such FATCA withholding tax will generally be at the rate of 30% of the relevant payment.

It is possible that further inter-governmental agreements similar to the US IGA may be entered into with other third countries by the Cayman Islands Government to introduce similar regimes for reporting to such third countries' fiscal authorities.

#### *OECD Multilateral Competent Authority Agreement*

Over 100 countries have signed the OECD Multilateral Competent Authority Agreement and Common Reporting Standard (**CRS**) for the implementation of the automatic exchange of tax information, based on the OECD's Multilateral Convention on Mutual Administrative Assistance in Tax Matters. The CRS is similar in form and substance to the US IGA and applies in respect of each "participating jurisdiction" (as identified in a list published by the Cayman TIA) (CRS Participating Jurisdictions). On 16 October 2015, the Cayman Islands passed into law the Tax Information Authority (International Tax Compliance) (Common Reporting Standard) Regulations, 2015 (CRS Regulations). As a result of this, Cayman Islands financial institutions, including the Fund, now have substantially expanded international tax compliance and reporting obligations.

#### **10.4 HM Revenue & Customs "reporting fund" status**

The Directors may apply to HMRC in the United Kingdom for "reporting fund" status for any class of Participating Shares of any Segregated Portfolio.

#### **10.5 Other jurisdictions**

Dividends, interest and other income received by the Fund from sources within certain countries may be subject to withholding taxes imposed by those countries.

The Fund may also be subject to capital gains taxes or other taxes in some of the countries where it purchases and sells securities or otherwise conducts business.

It is impossible to predict in advance the rate of tax that the Fund will pay since the amount of the Fund's assets to be invested in various countries is uncertain.

## **SECTION XI - GENERAL**

### **11.1 Directors' report**

At the date of this Memorandum, the Fund has not, nor since its incorporation has it, commenced operations, declared any dividends or made up any accounts. The Fund does not have, nor since its incorporation has it had, any employees, nor is it expected to have any in the future.

Since its incorporation, the Fund has not been, nor is it currently, engaged in any litigation or arbitration. Also, so far as the Directors are aware, no litigation or claim is pending or threatened against the Fund.

### **11.2 Material Contracts**

The Fund has entered into the following contracts:

- separate Management Agreements with the Investment Manager in respect of each Segregated Portfolio under which the Investment Manager is appointed to provide certain investment management services to such Segregated Portfolio; and
- an Administration Agreement with the Administrator under which the Administrator is appointed as administrator of each Segregated Portfolio and the Fund.

These contracts are summarised in the Section IV headed "Management and Administration". They are, or may be, material.

### **11.3 Documents available for inspection**

The following documents are available for inspection during the Fund's normal business hours, on weekdays (Saturdays, Sundays and public holidays excluded) at the registered office:

- the Fund's memorandum and articles of association;
- the Companies Act and the Mutual Funds Act of the Cayman Islands;
- the Material Contracts referred to above (only in so far as such Material Contracts relate to the Segregated Portfolio in which the investor is invested); and
- the most recent interim financial statements and audited financial statements of the Fund.

Copies of these documents may be obtained free of charge.

Details of the price at which a subscription was accepted may be obtained by the relevant Shareholder from the Administrator

Details of the redemption price applicable to any Shares may be obtained by the relevant redeemed Shareholder from the Administrator

#### **11.4 Applicable provisions of the Companies Act**

The Fund was incorporated as an exempted company with limited liability under the Companies Act (Revised) of the Cayman Islands and is registered as a segregated portfolio company. A Cayman Islands exempted company:

- is a company that conducts its business mainly outside the Cayman Islands;
- is prohibited from trading in the Cayman Islands with any person, firm or corporation except in furtherance of the business of the exempted company carried on outside the Cayman Islands (and for this purpose can effect and conclude contracts in the Cayman Islands and exercise in the Cayman Islands all of its powers necessary for the carrying on of its business outside the Cayman Islands);
- does not have to hold an annual general meeting;
- does not have to make its register of members open to inspection by shareholders of that company;
- may register by way of continuation in another jurisdiction and be deregistered in the Cayman Islands; and
- may register or deregister as a segregated portfolio company.

##### *Inspection of Books and Records*

Holders of Shares have no general right under the Companies Act to inspect or obtain copies of the Fund's register of members or the Fund's corporate records.

##### *General Meetings*

As a Cayman Islands exempted company, the Fund is not obligated by the Companies Act to call shareholders' annual general meetings.

##### *Register of Members*

Under the Companies Act, the Fund must keep a register of members and there should be entered therein the names and addresses of the Fund's Shareholders, a statement of the Shares held by each Shareholder, and of the amount paid or agreed to be considered as paid, on the Shares of each Shareholder; the date on which the name of any person was entered on the register as a Shareholder; and the date on which any person ceased to be a Shareholder. Under the Companies Act, the register of members of the Fund is prima facie evidence of the matters set out therein (that is, the register of members will raise a presumption of fact on the matters referred to above unless rebutted) and a Shareholder registered in the register of members is deemed as a matter of the Companies Act to have legal title to the Shares as set against its name in the register of members.

##### *Dissolution; Winding Up*

Under the Companies Act and the Articles, the Fund may be wound up by a special resolution of the Fund's voting shareholders, or if the winding up is initiated by the Fund's board of directors, by either a special resolution of the Fund's voting shareholders or, if the Fund is unable to pay its debts as they fall due, by an ordinary resolution of the Fund's voting shareholders. In addition, a company may be wound up by an order of the courts of the

Cayman Islands. The court has authority to order winding up in a number of specified circumstances including where it is, in the opinion of the court, just and equitable to do so.



## APPENDIX I

### Eligible Investors

From time to time, the Directors may amend the criteria for determining who is an Eligible Investor for the purpose of an investment in the Fund. Initially, all subscribers are “Eligible Investors” except the following:

- (i) any subscriber whose acquisition of Participating Shares would cause a breach of the law or requirements of any country or governmental authority, including anti-money laundering regulations or conventions;
- (ii) any subscriber acting directly or indirectly on behalf of terrorists or terrorist organisations, including those persons or entities that are included on, or directly or indirectly affiliated with any country, territory, individual or entity named on, the List of Specially Designated Nationals and Blocked Persons maintained by the US Treasury Department’s Office of Foreign Asset Control<sup>1</sup> (**OFAC**) or the sanctions lists adopted by the United Nations, the United Kingdom and the European Union to such extent such sanctions are extended by the UK Government to its Overseas Territories, as such lists may be amended from time to time;
- (iii) any subscriber who acts, directly or indirectly, for (a) a senior foreign political figure, any member of a senior foreign political figure’s immediate family or any close associate of a senior foreign political figure<sup>2</sup>; or (b) a politically exposed person, a family member of a politically exposed person or a close associate of a politically exposed person<sup>3</sup> unless the Fund, after being specifically notified by the subscriber in writing that it is such a person, conducts further due diligence, and determines that the investment is permitted;
- (iv) any subscriber or any entity acting as trustee, agent, representative or nominee for a subscriber that is a foreign shell bank<sup>4</sup>;
- (v) any subscriber who makes representations in a Subscription Agreement that are not true when given or have ceased to be true;
- (vi) any subscriber whose circumstances are such that, in the opinion of the Directors, its continued ownership of Participating Shares would cause an undue risk of adverse tax or other consequences to the Fund or another Shareholder. Those circumstances include those that affect that subscriber directly or indirectly, whether taken alone or in

<sup>1</sup> The OFAC list may be accessed on the web at <http://www.treas.gov/ofac>.

<sup>2</sup> Senior foreign political figure means a senior official in the executive, legislative, administrative, military or judicial branches of a foreign government (whether elected or not), a senior official of a major foreign political party or a senior executive of a foreign government-owned corporation. In addition a senior foreign political figure includes any corporation, business or other entity that has been formed by, or for the benefit of, a senior foreign political figure. The immediate family of a senior foreign political figure typically includes the political figure’s parents, siblings, spouse, children and in-laws. A close associate of a senior foreign political figure is a person who is widely and publicly known internationally to maintain an unusually close relationship with the senior foreign political figure, and includes a person who is in a position to conduct substantial domestic and international financial transactions on behalf of the senior foreign political figure.

<sup>3</sup> A “politically exposed person” includes: (a) a person who is or has been entrusted with prominent public functions by a foreign country, for example a Head of State or of government, senior politician, senior government, judicial or military official, senior executive of a state owned corporation, and important political party official; (b) a person who is or has been entrusted domestically with prominent public functions, for example a Head of State or of government, senior politician, senior government, judicial or military official, senior executive of a state owned corporation, and important political party official; and (c) a person who is or has been entrusted with a prominent function by an international organization like a member of senior management, such as a director, a deputy director and a member of the board or equivalent functions. A family member of a politically exposed person includes the politically exposed person’s parents, siblings, spouse and children. A close associate of a politically exposed person means any natural person who is known to hold the ownership or control of a legal instrument or person jointly with a politically exposed person, or who maintains some other kind of close business or personal relationship with a politically exposed person, or who holds the ownership or control of a legal instrument or person which is known to have been established to the benefit of a politically exposed person.

<sup>4</sup> Foreign shell bank means a foreign bank without a physical presence in any country, but does not include a regulated affiliate.

conjunction with another person or persons, connected or not, or any other circumstance that appears to the Directors to be relevant;

- (vii) any subscriber, or any subscriber that is an entity acting as trustee, agent, representative or nominee for a person, who is a “United States person” (within the meaning of Regulation S of the United States Securities Act of 1933, as amended). The subscriber must notify the Fund immediately if the subscriber becomes a United States person or becomes aware that any person for whom the subscriber holds shares as trustee, agent, representative or nominee has become a United States person.

All persons who do not come into any of the above categories are “Eligible Investors”. All persons who do come within any of those categories are known collectively as “Prohibited Persons”.