

PROSPECTUS

FEBRUARY 2013

ARECA SICAV SIF

Société d'Investissement à Capital Variable - Fonds d'investissement spécialisé

Containing the following Sub-funds

VALUE DISCOVERY

LIQUID CORE

THE SUBSCRIPTION OF SHARES ISSUED BY THE FUND IS STATUTORILY RESTRICTED UNDER LUXEMBOURG LAW TO WELL-INFORMED INVESTORS. BY ACCEPTING DELIVERY OF THIS PROSPECTUS, INVESTORS REPRESENT AND WARRANT TO THE FUND THAT THEY (I) QUALIFY AS WELL-INFORMED INVESTORS, (II) HAVE THE CAPACITY TO UNDERSTAND AND ASSESS THE SUITABILITY AND APPROPRIATENESS OF THE TERMS AND CONDITIONS OF THE PROSPECTUS AND (III) SHALL MAKE A FULLY INFORMED INVESTMENT DECISION SUITABLE TO THEIR FINANCIAL CAPACITY.

VISA 2013/89609-6042-0-PC

L'apposition du visa ne peut en aucun cas servir
d'argument de publicité

Luxembourg, le 2013-02-15

Commission de Surveillance du Secteur Financier



ARECA SICAV SIF

Société d'Investissement à Capital Variable - Fonds d'Investissements Spécialisé

Registered office: 20, Boulevard Emmanuel Servais, L – 2535 Luxembourg Luxembourg

RCS N° B 142.707

OFFER FOR SHARES

Areca SICAV SIF (the "**Fund**") is registered under the list of specialized investment funds pursuant to the Luxembourg law of 13th February 2007 (the "**SIF Law**") relating to specialized investment funds.

However, such registration does not require any Luxembourg authority to approve or disapprove either the adequacy or accuracy of this prospectus or the portfolio securities held by the Fund. Any representation to the contrary is unauthorised and unlawful.

IMPORTANT INFORMATION

Shares in the Fund are offered on the basis of the information and representations contained in this Prospectus or the documents specified herein and no other information or representation relating thereto is authorised. Neither the delivery of this Prospectus nor the offer, issue or sale of shares in the Fund shall under any circumstances constitute a representation that the information given in this Prospectus is correct as at any time subsequent to the date hereof.

The shares of the Fund have not been registered under the United States Securities Act of 1933 and may not be offered or sold directly or indirectly in the United States of America (including its territories and possessions), to U.S. Persons, as defined in Regulation S ("**U.S. persons**").

The distribution of this document in other jurisdictions may also be restricted; persons into whose possession this document comes are required to inform themselves about and to observe any such restrictions. This document does not constitute a solicitation by anyone in any jurisdiction in which such solicitation is not authorised or to any person to whom it is unlawful to make such solicitation.

The information contained in this Prospectus is supplemented by the financial statements and further information contained in the latest annual report of the Fund, copies of which may be requested free of charge at the registered office of the Fund.

The Board of Directors of the Fund has taken all reasonable care to ensure that the facts stated herein are true and accurate in all material respects and that there are no material facts the omission of which makes misleading any statement herein, whether of fact or opinion. The Board of Directors accepts responsibility accordingly.

INFORMATION FOR FOREIGN INVESTORS

Singapore

The offer or invitation of the Shares which is the subject of this Prospectus, does not relate to a collective investment scheme which is authorised under section 286 of the Securities and Futures Act, Chapter 289 of Singapore (the "**SFA**") or recognised under section 287 of the SFA. The Fund is not authorised or recognised by the Monetary Authority of Singapore (the "**MAS**") and the Shares are not allowed to be offered to the retail public. This Prospectus and any other document or material issued in connection with the offer or sale is not a prospectus as defined in

the SFA. Accordingly, statutory liability under the SFA in relation to the content of prospectuses would not apply. You should consider carefully whether the investment is suitable for you.

This Prospectus has not been registered as a prospectus with the MAS. Accordingly, this Prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Shares may not be circulated or distributed, nor may the Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 304 of the SFA, (ii) to a relevant person pursuant to Section 305(1), or any person pursuant to Section 305(2) of the SFA, and in accordance with the conditions specified in Section 305, of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Shares are subscribed or purchased under Section 305 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Shares pursuant to an offer made under Section 305 except:

- (1) to an institutional investor or to a relevant person defined in Section 305(5) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 305A(3)(i)(B) of the SFA;
- (2) where no consideration is or will be given for the transfer;
- (3) where the transfer is by operation of law; or
- (4) as specified in Section 305A(5) of the SFA.

INVESTORS SHOULD NOTE THAT SUB-FUNDS REFERRED TO IN THIS PROSPECTUS OTHER THAN THE SUB-FUND LISTED IN ANNEX I ARE NOT AVAILABLE TO SINGAPORE INVESTORS AND ANY REFERENCE TO SUCH OTHER SUB-FUNDS IS NOT AND SHOULD NOT BE CONSTRUED AS AN OFFER OF THE SHARES OF SUCH OTHER SUB-FUNDS IN SINGAPORE

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PART I. GENERAL FUND INFORMATION

ARTICLE 1. INFORMATION ON THE FUND

1.1 Principal agents fund

Areca SICAV SIF (Société d'investissement à capital variable - fonds d'investissement spécialisé), a fund of funds registered under the list of undertakings for collective investment pursuant to the Luxembourg law of 13th February 2007 relating to specialized investment funds, which offers investors a choice between several sub-funds (each a "**Sub-Fund**" together the "**Sub-Funds**").

As of the date of this Prospectus, the Fund has two Sub-Funds: SICAV SIF- Value Discovery and SICAV SIF- Liquid Core, with several classes of shares as described in the respective Annex.

As far as Shareholders are concerned, each Sub-Fund shall be considered as a separate legal entity. The investor is only entitled to the assets and income of the Sub-Fund into which he has invested and pro-rata to his investment. The assets of a specific Sub-Fund are solely accountable for the liabilities, commitments and obligations of that Sub-Fund.

Where the context so requires a reference to the Fund is deemed to include a reference to a Sub Fund or vice-versa.

Registered Office	20, Boulevard Emmanuel Servais L-2535 Luxembourg
Board of Directors	Mr Ernesto PRADO COTA ; Mr Marcel Van Laetem ; Mr Peter Spinnler .
Administrative Coordinator	Areca Services SA 12, rue Guillaume Schneider L-2522 Luxembourg
Investment Adviser	Ayaltis AG Lavaterstrasse 101, Zürich, Switzerland
Custodian Bank	Banque Privée Edmond de Rothschild Europe 20, Boulevard Emmanuel Servais L-2535 Luxembourg
Administrative, Domiciliary, Registrar and Transfer Agent	Banque Privée Edmond de Rothschild Europe 20, Boulevard Emmanuel Servais L-2535 Luxembourg
Auditors	Ernst and Young 7 Parc d'Activité Syrdall L-5365 Munsbach
Legal Advisor to the Fund	NautaDutilh Avocats Luxembourg 2, rue Jean Bertholet L-1233 Luxembourg

1.2 Summary and defined terms

Administrative Agent	Banque Privée Edmond de Rothschild Europe
Articles	The articles of association of the Company
AUD	means the currency abbreviation for the Australian dollar, the currency for the Commonwealth of Australia
Auditor	has the meaning ascribed to it in Article 9.7 of the General Part
Board	has the meaning ascribed to it in Article 9.1 of the General Fund Information
Business Day	means a day on which banks are generally open for business in Luxembourg
CHF	means the currency abbreviation for the Swiss Franc, the currency for Switzerland
Class or Classes	means Class or Classes of Shares of the Fund or Sub-Fund
Company	means ARECA SICAV SIF SA
CSSF	means the Luxembourg supervisory authority for the financial sector, the Commission de Surveillance du Secteur Financier (or the CSSF), or any successor authority from time to time
Custodian	has the meaning ascribed to it in Article 9.5 of the General Part
Custodian Bank and Services Agreement	means the custodian bank and services agreement entered into between the Fund and the Custodian
Director	has the meaning ascribed to it in Article 9.1 of the General Part
Dividends	has the meaning ascribed to it in Article 11 of the General Part and relevant Sub-Funds
Eligible Investor(s)	<p>means any investor, as defined by Article 2 of the SIF Law as follows:</p> <p>(a) Within the meaning of the SIF Law, a well- informed investor shall be an institutional investor, a professional investor or any other investor who meets the following conditions:</p> <p>(i) he has confirmed in writing that he adheres to the status of well-informed investor,</p> <p>(ii) and;</p> <ul style="list-style-type: none"> - he invests a minimum of 125,000 EUR or its equivalent in USD or CHF in Areca SICAV SIF, or, - he has been the subject of an assessment made by a credit institution within the meaning of

Directive 2006/48/EC, by an investment firm within the meaning of Directive 2004/39/EC or by a management company within the meaning of Directive 2001/107/EC certifying his expertise, his experience and his knowledge in adequately appraising an investment in Areca SICAV SIF.

(b) The conditions set forth above are not applicable to the directors and other persons able to invest in Class O as defined in the relevant Annex.

EU	means the European Union
EUR, Euro or €	mean the lawful currency of the member states of the European Union that have adopted the single currency in accordance with the Treaty establishing the European Community as amended from time to time
FIS or SIF	means a specialised investment fund ("fonds d'investissement spécialisé") governed by the SIF Law
Financial Year	means the 12 months starting on 1 July of each calendar year and ending on 30 June of the following calendar year
Fund	means ARECA SICAV FIS, an umbrella fund established in Luxembourg governed by the SIF Law
General Part	means Part I General Information of the private placement memorandum that sets out the general terms and conditions applicable to all Sub-Funds of the Fund, unless otherwise provided in any of the Sub-Fund Particulars
Hedge Funds	has the meaning and characteristics ascribed to it in Article 4 of the General Part
Institutional Investors	means investors who qualify as institutional investors according to Luxembourg Law
Investment Adviser	has the meaning ascribed to it in Article 9.4 of the General Part
Investment Advisory Agreement	means any investment advisory agreement in respect of one or several Sub-Fund between the Fund and the Investment Advisor
Investors	means a Well-Informed Investor as defined in article 2 of the SIF Law, acting through its managing body or a legal representative, who has signed a Subscription Agreement for the purpose of subscribing to Shares or who has acquired any Shares from another Shareholder, and where the context requires, shall include such Well-Informed Investor as a Shareholder of the Fund
Listing	means any listing of the Shares of the Sub-Funds on the Luxembourg Stock Exchange
Luxembourg	means the Grand Duchy of Luxembourg

Luxembourg Company Law	means the Luxembourg law of 10 August 1915 concerning commercial companies, as amended
Luxembourg Law	means the applicable laws and regulations of Luxembourg
Memorial	means the Memorial C, Recueil des Sociétés et Associations, the Luxembourg official gazette
Minimum Subscription	means, in relation to each Class in each Sub-Fund, the amount which is stipulated in the relevant Sub-Funds Particulars as the minimum aggregate subscription monies which a Shareholder or subscriber must pay when subscribing for a particular Class in a Sub-Fund in which the Shareholder or subscriber does not hold that particular Class prior to such subscription
Net Asset Value per Share or NAV	means the net asset value of the Fund, each Class and each Share as determined in accordance with Article 13 of the General Part
OECD	means the Organisation for Economic Co-operation and Development
Performance Fee	means the performance fee payable to the Administrative Coordinator out of the assets of the Sub-Funds as further described in the Sub-Funds Particulars
Prospectus	means this confidential private placement memorandum, as amended or supplemented from time to time
Professional Investors	means Investors who qualify as professional clients within the meaning of Annex II of the EU Directive 2004/39 on markets in financial instrument, as amended
Redemption Price	means the NAV per Share computed on the relevant Valuation Day minus any redemption fee specified in the relevant Annex
Shareholder	means the registered holder of a Share
S.A.	means a Luxembourg public limited liability company (“société anonyme”)
SIF Law	means the Luxembourg law of 13 February 2007 relating to SIF (as defined below), as may be amended from time to time
Sub Manager	means the investment manager of an Underlying UCI
Subscription Agreement	means an agreement entered into between any Investor and the Company by which: <ul style="list-style-type: none"> - The Investor commits himself to subscribe for shares of the Sub-fund(s) and Class(es) as specified in the subscription agreement for a certain maximum amount, which amount will be payable to the relevant Sub-fund(s) and Class(es) in whole or in part against the issue of Shares and

	<ul style="list-style-type: none"> - The Company commits itself to issue fully paid Shares of the relevant Class(es) in the relevant Sub- fund(s) to the relevant Investor to the extent that such Investor's commitment is called up and paid;
Subscription Charge	has the meaning ascribed to it in Article 12.1 of the General Part
Subscription Price	means the Net Asset Value per share computed on the relevant Valuation Day
Sustainability Advisory Agreement	means any sustainability advisory agreement in respect of one or several Compartments between the Fund and the Sustainability Advisor
UCI	means an undertaking for collective investment
UCITS	means an undertaking for collective investment in transferable securities, authorised in accordance with Directive 85/611/EEC, as amended
Underlying funds or UCI(s)	has the meaning ascribed to it in Article 7.3 of the General Part
USD	means the currency abbreviation for the United States Dollar, the currency for the United States of America
Valuation Day	means each Business Day as determined for each Sub-Fund in the relevant Annex;
Well-Informed Investors	means any well-informed investors within the meaning of article 2 of the SIF Law. There exist three categories of well-informed investors, Institutional Investors, Professional Investors and Experienced Investors. For the avoidance of doubt, the directors and the other persons involved in the management of the Fund are regarded as Well-Informed Investors for the purpose of article 2 of the SIF Law
YEN	means the currency abbreviation for the Japanese Yen, the currency for Japan

ARTICLE 2. THE FUND

Areca SICAV SIF was incorporated in Luxembourg on 27 October 2008 and registered under the number RCS B 142.707. The Fund qualifies as an open-ended *société d'investissement à capital variable* – specialised investment fund (a "SICAV – SIF") under the SIF Law.

The Articles are on file with the *Registre de Commerce et des Sociétés* of Luxembourg where they are available for inspection and where copies thereof may be obtained. Copies may also be obtained at the registered office of the Fund.

The Fund offers investors, within the same investment vehicle, a choice between several sub-funds, which are managed separately and which are distinguished mainly by their specific investment policy and/or by the currency in which they are denominated. The specifications of each Sub-Fund are described in the Annexes of this Prospectus. The Board of Directors of the

Fund may, at any time, decide the creation of further Sub-Funds or share classes within such Sub-Funds and in such case, this Prospectus will be updated by adding corresponding Annexes.

At the date of this Prospectus, there exist two Sub-Funds: Areca SICAV SIF – Value Discovery and Areca SICAV SIF – Liquid Core. The Sub-Funds contain several classes of shares as detailed in the corresponding Annex.

The Articles may be amended from time to time by a general meeting of Shareholders, subject to the quorum and majority requirements provided by the Luxembourg Company Law. Any amendment thereto shall be published in the Mémorial, and, if necessary, in the official publications specified for the respective countries in which the Shares are sold. Such amendments become legally binding on all Shareholders, following their approval by the general meeting of Shareholders.

Any amendments affecting the rights of the Shareholders of any Sub-fund or Class vis-à-vis those of any other Sub-fund or Class shall be subject further to the said quorum and majority requirements in respect of each relevant Sub-fund or Class.

ARTICLE 3. INVESTMENT OBJECTIVES OF THE FUND

The primary objective of the Fund is to achieve long-term, risk adjusted capital appreciation by investing its assets in a diversified portfolio of UCIs using non-conventional or alternative asset management strategies.

Whilst using their best endeavours to attain the Fund's objectives, the Directors cannot guarantee the extent to which the investment objectives will be achieved or that one will achieve any return on one's investment.

An investment in the Fund is speculative and includes the possibility of a significant or complete loss of principal. Investors should not consider an investment in the Fund to be a complete investment program. See "Risk Factors."

ARTICLE 4. INVESTMENT POLICY OF THE FUND

The Company operates as a fund of funds, investing its assets in a portfolio of UCIs, which are generically known as Hedge Funds, primarily managed by independent investment managers worldwide having the possibility of using the complete range of alternative asset management strategies available. The range of specific strategy biases to be applied by the Underlying funds is clarified further within each sub-fund's specific annex below. It is the investment strategy of the Fund to reinvest any gains realized on prior investments, rather than making distributions to its Shareholders.

4.1 Rationale for alternative asset management

Conventional funds are said to be long only since they generally benefit only from a rise in the prices of the underlying assets, and only very exceptionally from a decline. Hedge Funds differ from conventional funds in terms not only of the number of financial instruments they can use, but also of the various management strategies applied. What the various alternative management strategies have in common is the fact that their returns are achieved primarily due to the experience and aptitude of the manager and not to an increase in the value of the securities held. Because of that, returns are in principle not correlated with market trends. The manager of a Hedge Fund often has greater latitude in terms of authorized investments than the manager of a conventional fund, which is why an appropriate process of selecting and monitoring the managers of those funds has to be developed.

The main characteristics of conventional funds and Hedge Funds may be summarized as follows:

Conventional funds	Hedge funds
<ul style="list-style-type: none"> • In principle, invest in financial instruments which are listed on a stock exchange or another regulated market, e.g. equities, bonds and money-market instruments. 	<ul style="list-style-type: none"> • No restrictions as to the types of financial instruments used, whether liquid or illiquid.
<ul style="list-style-type: none"> • No short sales 	<ul style="list-style-type: none"> • Short sales allowed
<ul style="list-style-type: none"> • No leverage 	<ul style="list-style-type: none"> • Leverage allowed either by borrowing or by using derivative instruments
<ul style="list-style-type: none"> • Performance often compared with a benchmark 	<ul style="list-style-type: none"> • Seek absolute returns, i.e. independent of a benchmark.
<ul style="list-style-type: none"> • Performance highly dependent on market trends 	<ul style="list-style-type: none"> • Low correlation with conventional markets.
<ul style="list-style-type: none"> • Derivative instruments used for hedging purposes 	<ul style="list-style-type: none"> • Derivative instruments used for hedging purposes and for investment.
<ul style="list-style-type: none"> • No performance fee 	<ul style="list-style-type: none"> • Managers' compensation is often a fee, which depends on the funds' performances.

Because of these characteristics and the risks involved as described in Article 6 below, an investment in Hedge Funds is exposed to greater and/or additional risk.

4.2 Advantages and disadvantages of a fund of funds structure

- (a) The main advantages of a fund of funds relative to direct investments in Hedge Funds may be summarised as follows:
 - (i) The specific risks associated with alternative investments, particularly the risks related to an individual manager or a specific investment strategy, are limited through greater risk diversification.
 - (ii) Investors benefit from the expertise of a team of managers specialized in selecting investment strategies and selecting and monitoring the managers of the Hedge funds in which the Company invests.
 - (iii) Investors also benefit from the possibility of having greater and easier access to the market of Hedge Funds, in particular to those which are closed for subscriptions or which limit access by setting a very high minimum investment, with the result that an extremely diversified portfolio can be built.
- (b) The main disadvantages are as follows:
 - (i) Each Underlying fund has its own fees and charges, which shall be in addition to those of the Company.

- (ii) The dilution of specific risks achieved by greater diversification of investments implies some dilution of the positive performances achieved by the best-performing Hedge-fund managers.

ARTICLE 5. INVESTMENT RESTRICTIONS

The Fund is obliged to spread the investment risks in accordance with specific rules applicable to specialised investment funds in the Grand Duchy of Luxembourg.

The Fund may in principle not invest more than 30% of its assets or of its commitments to subscribe in securities of the same nature issued by the same issuer.

5.1 This restriction does not apply to:

- (a) Investment in securities issued or guaranteed by an OECD member state or its regional and local authority or by a European union, regional or global supranational institutions and bodies;
- (b) Investment in target UCI which are subject to risk-spreading requirements at least comparable to those applicable to a SIF. For the purpose of the application of this restriction, every sub-fund of the target umbrella UCI is to be considered as a separate issuer provided that the principle of segregation liability among the various sub-funds vis-à-vis third parties is ensured.

The Fund may temporarily place all or part of its assets in investments for cash management purposes pending investments of initial or subsequent subscription moneys in accordance with the investment restrictions applicable to specialised investment funds or in order to make distributions to Shareholders or to meet its operational expenses.

The Fund may take any measures whatsoever to carry out any operation which it may deem useful in the accomplishment and development of its purpose to the full extent permitted by the Law of 13 February 2007 and the CSSF Circular 07/309.

5.2 The Fund must comply with the following rules:

- (a) The Fund's portfolio will be invested in a manner to ensure adequate liquidity is available to meet redemption requests. It will mainly invest in UCIs that calculate and publish a net asset value on a monthly basis. The Fund will not invest in UCIs that do not calculate and publish a net asset value at least quarterly.
- (b) The Fund may not invest more than 30% of the Net Asset Value of each Sub-Fund in securities of the same kind issued by a single issuer or UCI.
- (c) Each Sub-Fund may not invest more than 30% of its Net Asset Value in UCIs the investment policy of which is the investment in other collective investment undertakings (each a "Fund of Hedge Fund"), provided that the investment in such Fund of Hedge Funds presents a specific nature compared to the investment policy of the Sub-Fund in particular as regards geographical diversification or sectorial specialization.
- (d) The foregoing paragraph shall not apply to feeder funds. Feeder funds are UCIs that invest substantially all their assets (except cash) in one other collective investment undertaking (Master Fund). In relation to a Master-Feeder structure, the 30% limit referred to in "5.2.(b)" doesn't apply at the level of the feeder fund but shall apply at the level of the Master Fund if investments by the Sub-Fund in the Master Fund can only be made through one or more feeder funds.

- (e) In principle, each Sub-Fund of the Company may not acquire, at the time of the investment, more than 30% of the securities issued by an Underlying fund (shares, units, etc). However, under exceptional circumstances a Sub-Fund of the Company may acquire, at the time of the investment, more than 30% of the securities issued by an Underlying fund. These are, in particular, as follows: (i) the Underlying fund has been recently created, (ii) the size of the assets of the Underlying fund are still small at the time of the investment made by the Company, but the Fund believes that they should increase in a sensible manner in a short/medium timeframe, (iii) the Underlying fund pursues a specialized investment strategy within the alternative asset management industry, (iv) the Underlying fund is concentrated in specific market segments or geographical areas, (v) the investment in the Underlying funds is only available via managed accounts.
- (f) The Fund may borrow up to 100% of its net assets for bridge short-term liabilities including satisfaction of FX margin deposits, redemptions requests and/or to investment purposes. The Fund may also use derivative instruments in order to achieve the same economic effect as direct borrowing, within the 100% limit. In such cases, the derivative instruments to be used will have a first class financial institution as counterparty.
- (g) The Fund may not carry out uncovered sales of securities, provided however that the UCI, in which the Fund shall invest, may carry out such short sales;
- (h) The Company may not invest in commodities or other physical items such as works of art or antiques, although some of the Underlying funds selected may be obliged, in certain exceptional circumstances and for a limited period of time, to take delivery or to hold commodities or other physical items above mentioned, whilst using the techniques of trading in such items.
- (i) The Fund may not invest in real estate, although some of the Underlying funds may on an ancillary basis invest in such assets.
- (j) The Fund may issue warrants or other rights to subscribe for shares in such Sub-Fund. The Board may from time to time impose further investment restrictions as shall be compatible with or in the interest of the Shareholders, in order to comply with the laws and regulations of the countries where the shares of the Fund are distributed. The Annex relating to a specific Sub-Fund may contain further investment restrictions or derogate to the restrictions contained in the main part of the Prospectus.

The restrictions set forth above shall only be applicable at the time where the relevant investment is made. If the restrictions are exceeded as a result of any events other than the making of investments, the situation shall be reconsidered taking due account of the actual investment environment and the interest of the Shareholders.

ARTICLE 6. RISK FACTORS

6.1 General risks

Prospective investors should be aware that an investment in the Fund involves a high degree of risk, including the risk of loss of the entire amount invested.

Sub-managers may invest in and actively trade instruments with significant risk characteristics, including risks arising from the volatility of securities, financial futures, derivatives, currency and interest rate markets, the leverage factors associated with trading in such markets and instruments, and the potential exposure to loss resulting from counterparty defaults. There can be no assurance that a Sub-Fund's investment program will be successful or that the investment

objective of a Sub-Fund will be achieved. Shares in the Fund may fluctuate in price and value, and the value of the shares may decline below the amount originally invested.

Despite a strict Due Diligence Process (see below) procedure used to select and monitor the individual funds in which the assets of the Fund are invested, there can be no assurance that the past performance information will be indicative of how such investments will perform (either in terms of profitability or correlation) in the future. Upon redemption of shares or the liquidation of the Fund, investors may receive less than the amount invested.

The Fund intends to invest in UCIs which pursue a speculative investment policy. These UCIs will generally fall in the category commonly known as "Hedge Funds" or "alternative investments". Some investments may also be made in UCIs which trade in commodities futures and options, currencies and currency contracts or financial instruments. Thus, such UCI use specific investment and trading techniques such as investments in options, use of futures or short sales of securities. The Fund will seek to achieve risk diversification by selecting UCIs managed by different Sub-managers with different investment styles or investing in different areas.

6.2 Lack of regulatory supervision

The Fund is permitted to invest in UCIs established in jurisdictions where no or less supervision is exercised on such UCIs by regulators. Although the Fund will ensure that in any such event other safeguards are provided for the protection of the interest of the Shareholders, such protection may be less efficient than if a supervision by a regulator was exercised. Further the efficiency of any supervision or of other safeguards may be affected by a lack of precision of investment and risk diversification guidelines applicable to, and the flexibility of the investment policies pursued by, such UCIs.

However, in order to minimize these risks, a Due Diligence procedure has been put in place setting out various criteria for the selection of UCIs (see below "Due Diligence Process").

6.3 Lack of publicly available information regarding UCIS

The securities in which the UCIs invest may be offered on a private placement basis, and unlike more regulated mutual funds registered for distribution to the public, are subject to limited regulatory, disclosure and reporting requirements. Accordingly, only a relatively small amount of publicly available information about UCIs, their holdings and performance, may be available.

6.4 Illiquidity of the UCIS

Although the Board of Directors(s) will seek to select UCIs which offer the opportunity to have their shares or units redeemed within a reasonable time frame, there is no assurance that the liquidity of the investments of such UCIs will always be sufficient to meet redemption requests as, and when made. Any lack of liquidity may affect the liquidity of the shares of the Fund and the value of its investments.

For such reasons the treatment of redemption requests may be postponed in exceptional circumstances including if a lack of liquidity may result in difficulties to determine the Net Asset Value of the shares of the Fund and consequently a suspension of issues and redemptions.

6.5 Incentive fee

Due to the specialist nature of the UCIs in which the Fund invests, many, if not most of such UCIs, may pay performance fees. Under these arrangements the Sub-managers will benefit from the appreciation, including any unrealized appreciation, if the value of the assets under their

management increases, but they may not similarly be penalized for realized losses or decreases in the value of such assets. Further, because several, if not all Sub-managers may be paid in performance fees, it is possible that in a given year such fees will be paid whereas the total net asset value per share of the Fund decreases.

6.6 Fee structure

The Fund incurs the costs of its management and the fees paid to the Administrator Coordinator, the Custodian and other service providers as well as a pro-rata portion of the fees paid by the UCIs in which the Sub-Funds invests to their Sub-manager or other service providers.

As a result the operating expenses of the Fund may constitute a higher percentage of the net asset value than could be found in other investment schemes. Further, some of the strategies employed at the level of the UCIs require frequent changes in trading positions and consequent portfolio turnover. This may involve brokerage commission expenses that could exceed significantly those of other investment schemes of comparable size.

Potential investors should be aware that the fees payable to the Administrative Coordinator are in addition to the fees paid by the investee UCIs to the Sub-manager and that consequently there may be a duplication of fees. There may also be a duplication of subscription and/or redemption fees.

However, in any event, there will be no duplication of fees, should the Fund invest in UCIs advised by Ayaltis AG and its affiliates. Accordingly, the Fund shall not incur any fee or expense payable to such UCIs. Alternatively, investments in these UCIs will be deducted from the Fund's net assets for the purpose of calculating the Advisory fee. Any investment of the Fund in UCIs managed by Ayaltis AG and its affiliates will be into Class O thereof.

No management fees, neither performance fee will be paid on Class O shares.

In addition, the investment by any Sub-Fund in Funds of Hedge Funds could result in the existence of a triple layer of fees (fees to be charged at the level of (i) the relevant Sub-Fund, (ii) the target Funds of Hedge Funds and (iii) the underlying Hedge Funds thereof). For Shareholders of such Sub-Fund, the accumulation of these costs could cause significantly higher costs and expenses than the costs and expenses that would have been charged to the Sub-Fund if the latter had invested directly.

However, in any event, there will be no triplication of fees at the level of the Sub-Fund should the Sub-Fund invest into Funds of Hedge Funds managed by Ayaltis AG or any of its affiliates.

6.7 Leverage

The Sub-Funds may borrow for investment purposes from well-established institutions as specialists in this type of transactions. The Sub-Funds may borrow up to 200% of their net assets (at the date of this Prospectus, the Fund has two sub-funds with a permitted leverage of 100% each, further sub-fund may be created with higher, up to 200%, Leverage capabilities; please refer to the relevant Annex for each Sub-Fund). Such borrowing facilities will magnify increases or decreases in the Sub-Funds' Net Asset Value. No assurance may be given that secured or unsecured debt financing will be available on terms that the relevant Board of Directors considers acceptable.

In addition, certain UCIs in which the Sub-Funds invests, operate with substantial degrees of leverage and are not limited in the extent to which they either may borrow or engage in margin transactions. The positions maintained by such UCIs may in aggregate value be in excess of the net asset value of the Fund. This leverage presents the potential for a higher rate of total return but also increases the volatility of the Fund, including the risk of a total loss of the amount

invested. Borrowings generate interest costs, which may be higher than the income and capital gains produced by the assets of the Fund.

6.8 Short sales

The UCIs in which the Fund invests may engage in short selling of securities, which may expose the portion of the UCIs assets committed to such activities to unlimited risk due the lack of an upper limit on the price to which a security may rise. However, to the extent that the Sub-Funds participates in short selling activities through a UCI, the Fund's losses will be limited to the amount invested in the particular UCI.

6.9 Absence of custodian banks

Some of the UCIs to which the assets of the Fund are allocated have a broker as a custodian instead of a bank. In certain cases these brokers may not have the same capacities, size and credit rating as a bank. In addition, contrary to custodian banks in regulated environments, these brokers will perform only safekeeping functions with no statutory supervisory obligations.

6.10 Conflicts of interests

Conflicts of interests may arise between the Fund and the persons or entities involved as advisers in the management of the Fund and/or the Sub-managers of the UCIs in which the Fund invests. The Sub-managers normally manage assets of other clients that make investments similar to those made on behalf of the undertakings in which the Fund invests. Such clients could thus compete for the same trades or investments and whilst available investments or opportunities for each client are generally allocated in a manner believed to be equitable to each, some of those allocation procedures may adversely affect the price paid or received for investments or the size of positions obtained or disposed.

Generally there may be conflicts of interests between the best interests of the Fund and an interest of the Investment Adviser and its affiliates and the Directors to generate fees, commissions and other revenues. In the event that such a conflict of interests arises, the Directors of the Fund will endeavour to ensure that it is resolved in the best interests of the Fund.

In addition, the Directors will use their best endeavours to ensure that all agreements and transactions entered into by the Fund will be negotiated at arm's length.

Furthermore, some Sub-managers have an equity stake in their own fund. Conflicts of interest can therefore not be ruled out at the level of the UCIs.

6.11 Nature of the investments of the Fund

Although the Investment Adviser seeks to monitor investments and trading activities of the UCIs to which the Fund has allocated assets, investment decisions are normally made independently at the level of such UCI and it is possible that some Sub-managers will take positions in the same security or in issues of the same industry or country or in the same currency or commodity at the same time. Consequently, the possibility also exists that one UCI purchases an instrument at about the same time as another UCI decides to sell it. There is no guarantee that the selection of the Sub-managers will actually result in a diversification of investment styles and that the positions taken by the Underlying UCIs will always be consistent.

6.12 Fraud, legal structure, default and regulatory risks

Some of the investments undertaken by the UCIs may include structured transactions to capture inefficiencies embedded within the capital structures of companies, structured or simple assets. The investments require the diligent analysis by the UCI manager of the concerned strategy prior to investment. It remains however that it is virtually impossible to remove every last shred of risk deriving from outright fraud, regulatory change, plain default or regulatory change. The portfolio will therefore entail some of those risks, common even in normal market traded securities. The Investment Adviser will seek to diversify those risks on a broadly diversified portfolio basis. There is therefore no guarantee that the forenamed risks will be completely avoided. These risks may lead to partial loss of principal on investments.

ACCORDINGLY, INVESTMENT IN THE SHARES OF THE FUND IS ONLY APPROPRIATE FOR INVESTORS WHO ARE WILLING TO ACCEPT THE RISKS AND REWARDS STEMMING FROM SUCH AN APPROACH.

ARTICLE 7. DUE DILIGENCE PROCESS

The Fund will invest the assets of the relevant Sub-Fund in a limited number of UCIs. The selection process will be based on qualitative and quantitative criteria. The Board of Directors will control the investments on a regular basis and will adjust the investments on the Investment Adviser's recommendation, if necessary. It will continually monitor the chosen UCIs and, at the same time, investigate on new investment opportunities.

The evaluation and selection of UCIs and Sub-managers will be made by using several criteria, including, but not limited to, (i) an assessment of the potential return expected from a contemplated investment; past performance of both the UCI and the Sub-manager; the strategy used; the particular geographic markets or economic sectors in which the investments will be made, (ii) an estimate of degree of risk and volatility likely to be experienced with the investment over time, (iii) the liquidity of the investment, including the marketability of the UCI's underlying securities, (iv) an assessment of how each investment strategy and geographic focus will be affected by probable economic scenarios, (v) an estimate of the degree of correlation of the performance of the particular UCI with other investments of the Fund, (vi) an evaluation of the cost of using a specific Sub-manager including fees and transaction costs, and (vii) an assessment of the Sub-manager's characteristics, including integrity, past history, dedication, ability to react to a changing environment, expertise, managerial capabilities, relationships and overall talents.

The Investment Adviser will regularly evaluate selection criteria and maintain contact with a number of Sub-managers evaluating potential candidates for future utilization. Additionally, the Investment Adviser will continually monitor regulatory, economic and securities market developments and gauge the impact on existing asset deployment of the Fund, enacting changes as appropriate.

7.1 Sub-manager evaluations

When evaluating a Sub-manager, the Investment Adviser will seek to determine the capability and integrity of the Sub-manager as well as the investment suitability and performance potential of such Sub-manager's investment strategy and style. This Due Diligence analysis will focus primarily on the Sub-manager's strategy, experience, risk-management process, quality of reporting, competitive positioning, diversification benefits relative to other managers, and organisational structure. The analysis of the Sub-manager's style and strategy will seek to determine, by applying both qualitative and quantitative techniques, any systematic or persistent bases that might bear on the Sub-manager's investment suitability. The Investment Adviser believes that a thorough Due Diligence effort is required to minimize the investment risks of, and increase diversification for, the Fund.

7.2 Risk management and investment monitoring

The Investment Adviser will seek to actively monitor the Sub-managers and the UCIs to which the Sub-Funds' assets have been allocated, as well as the markets in which those Sub-managers and UCIs participate, in order to determine (i) whether each Sub-manager remains suitable for the Sub-Fund concerned; (ii) how current market conditions reconcile with the Fund's strategy and objective; and (iii) whether any changes to a Sub-manager's investment strategy or organisational structure have occurred that would lead the Board of Directors to alter its initial asset allocation.

7.3 Underlying UCIs

The UCIs in which the Fund's asset may be invested will include corporations, limited partnerships, trusts, pooled investments vehicles in contractual form and other legal entities organised or formed under the laws of any jurisdiction. In evaluating any UCI, whether in closed-ended or open-ended form, two considerations important to the Investment Adviser will be the ability to redeem, transfer or otherwise dispose of an interest in such UCI, as well as the ability to determine the value of such UCI's interests at intervals, which are consistent with the liquidity features of the Sub-Funds concerned. The Board of Directors will not make any investment, which exposes a Sub-Fund to liability beyond its investment. The securities and instruments in which these UCIs may be permitted to invest will include, but are not limited to, equity and fixed income securities of any description, high yield debt securities, futures and options contracts, over-the-counter contracts on currencies, securities and financial instruments, swaps, loan participations, real estate interests, mortgage-backed securities, emerging market debt instruments, and privately placed securities and traditional and base industrial commodities through trading in the spot, forward, futures, options and swap markets. The Sub-managers may use leverage to invest in these securities and instruments or use derivative instruments in seeking to reduce certain risks or enhance returns (see the section entitled "Risk Factors" above).

ARTICLE 8. SPECIAL INVESTMENTS

From time to time the Board of Directors may determine, in order to protect the best interests of the Shareholders of any Sub-Fund, that certain assets or securities should be held separately until the resolution of a special event or circumstance (each a "Special Investment") in a separate series of Funds (the "S Funds"). Each Special Investment will be represented by a series of S Funds until its liquidation or the determination of the Board of Directors, in its discretion, that such investment need not be treated as a Special Investment anymore, such determination being a "deemed realization" of such Special Investment (each a "Realization"). All expenses incurred in relation to the Special Investment will be allocated to and borne by the separate series of S Funds established for that purpose.

Shares in S Funds are allocated only to those Shareholders that hold Shares at the time the Special Investment occurs in the proportion to their current holding in the relevant Sub-Fund. Such allocation will be effected by exchanging that amount of shares corresponding to the value per share of a Special Investment into shares of the S Fund. Shares exchanged for a series of S Funds will be treated as if redeemed from the original Sub-Fund as of the date of exchange.

Unless the Board of Directors determines otherwise, subsequently admitted Shareholders in the relevant Sub-Fund will not be able to participate in a previously made Special Investment or any investment that the Board of Directors determines is a follow-up investment in the same Special Investment.

Investment expenses relating specifically to S Funds will be charged only against such S Funds. Shares in S Funds entitle the holder thereof to participate on a pro rata basis in the Special Investment in respect of which such S Fund has been created and to the same voting rights as any other Shares issued by Fund.

Shares in S Funds are not redeemable in principle by a shareholder and must be held until the Special Investment in respect of which they have been issued is realized. However, if a shareholder wishes to redeem, the board of directors may consider to grant in its sole discretion the right to redeem, albeit at a discount to be determined by the specifics of the Special Investment characteristics. Special Investments will be maintained at market value as determined in accordance with the valuation policies of the Fund for its other assets until Realization.

Upon Realization of a Special Investment, the relevant S Fund will be closed.

Upon Realization, the Shareholders who in the meantime have redeemed or switched their position in their original Sub-Fund will automatically be deemed as having requested the redemption of their holding in the relevant S Fund.

For other Shareholders, the proceeds will be automatically reinvested, as of the first Valuation Day following such Realization, on a pro rata basis, in the relevant Sub-Fund in which they had originally subscribed.

The attention of investors is drawn to the fact that each S Fund will contain one Special Investment and thus such S Fund will not be diversified in accordance with the risk diversification provisions of this prospectus. Such lack of risk diversification of an S Fund is justified by the fact that each Special Investment represents an asset that is segregated from the original Sub-fund in order to ensure equal treatment of existing and redeeming Shareholders in the original Sub-Fund.

ARTICLE 9. MANAGEMENT OF THE FUND

9.1 The Board of Directors

The Board of Directors is responsible for:

- the overall supervision of the management and administration of the Fund;
- the supervision of the Investment Adviser and of the Principal Agents;
- the monitoring of the performance and overall operations of the Fund;

As of the date of this Prospectus, the Fund's Board of Directors consists of the following members:

- **Ernesto Prado Cota:** Mr. Ernesto Prado worked at Salomon Brothers in New York and London in the Fixed Income derivatives group, covering the Arbitrage Group, hedge funds and Wall Street's proprietary desks. In 1998 he restructured Salomon's LTCM portfolio in extremely volatile conditions. After the spin-off of Salomon's Arbitrage Group he moved to the Structured Credit Trading team where he traded structured credit derivatives. He was responsible for Equity- Linked book in the fixed income trading floor, trading correlation and convertible arbitrage. Prior to Salomon he worked in the program trading group of Fidelity Investments in Boston. He started his financial career in the 80's at Serfin Securities, the third largest broker in Latin America in New York where he became director in 1995. Ernesto obtained an MBA from the Stern School of Business in New York, a BS in

Applied Mathematics and Numerical computing from New York University and a DEUG A in Mathematics from the University d'Aix-Marseille.

- **Dr. Peter Spinnler:** Dr. Peter Spinnler has a solid experience in the fund business. Before becoming a director of the board of Areca SICAV-SIF, he worked 24 years for Julius Baer Bank and Julius Baer Holding Company in Switzerland, where he built the European fund business for Julius Baer. Additionally, he was a member of the Management Committee of the Julius Baer Group. Dr. Peter Spinnler acts as independent director of a number of financial and commercial organisations and founded the Directors' Office in 2003, the leading practice of independent directors in Luxembourg. He is actively participating in the public discussion and representing the fund industry in Switzerland and Europe and has been a member of the Board of Directors of the Swiss Fund Association and chaired the "Distribution Expert Group" of EFAMA. Dr. Peter Spinnler holds a PhD in law from the University of Zürich.

- **Mr Marcel Van Laetem:** Mr Marcel Van Laetem was born in 1952, is living in Luxembourg and has the Belgian nationality. He has a brought and long experience in all areas of the financial world, commercial banking and Wealth Management. Since 2008 he is Director of a single Family Office. In this function, he is managing the financial assets of the family, consisting of various asset classes. The Family Office has created also its own 'Fund of Fund' portfolio with high performances and results. On top, he is leading the 'private equity' department owned by the Family Office. As a matter of fact, he is very common with reporting, cash flows, investment analysis, Due Diligences and similar financial areas. International tax matters and estate planning for the family is handled in cooperation with external experts. Mr Van Laetem participated in the realisation of a Leveraged Management Buy Out, followed by an introduction of the company to the Belgian stock exchange. During his career Mr Van Laetem occupied different positions as CFO and Financial Manager in national and international companies being responsible for, next to the reporting and budgeting cycles, for commercial credits and credit lines, leasing, foreign exchange in the most important currencies. Mr Van Laetem has been responsible for Risk Management in operational companies with average exposure where risk prevention was a very important item for him. He is respected for his positive and constructive attitude and he is dedicated to his professional career.

9.2 The Administrative Coordinator

The Administrative Coordinator, Areca Services SA is an affiliate of Ayaltis AG. It was established in Luxembourg on 26 November 2008 and with registered office at 12, rue Guillaume Schneider, L-2522 Luxembourg.

The Administrative Coordinator shall provide advice to the Board of Directors as regards to the administration of the Fund on a daily basis. It shall not provide any investment advice to the Fund nor will it have any asset management activity or be in charge of monitoring the same. The Administrative Coordinator is only in charge of the daily management in connection with administrative duties.

The Administrative Coordinator will provide the Fund with a continuous analysis and presentation of recommended project to the Board of Directors on administrative matters only.

The Administrative Coordinator shall remunerate the various entities involved in the management of the fund like the Investment Adviser and all other intermediaries active in the placement of the Fund's shares out of the fees that it receives from the Fund.

9.3 The Investment Adviser

The Investment Adviser, Ayaltis AG previously Areca Investment Management AG, was established on October 15th 2008 in Zürich Switzerland.

The Investment Adviser shall provide advice to the Board of Directors in relation to the day-to-day assets management of the Fund and each of its Sub-Funds. The Investment Adviser has no discretionary powers over the management of the Fund or any of its Sub-Fund's portfolios, but shall strictly adhere to the guidelines issued by the Board of Directors. In particular, the Investment Adviser shall, when providing its advice, ensure that:

- (i) investment restrictions of the Fund are at all times complied with;
- (ii) cash is reinvested according to the guidelines provided by the Board of Directors.

In addition, the Investment Adviser shall assist the Board of Directors as regards the evaluation and monitoring of the structural risk at the UCIs managers' level.

9.4 The Custodian

The Fund has engaged Banque Privée Edmond De Rothschild Europe to act as Custodian Bank of the Fund pursuant to a Custodian Agreement between the Fund and the Custodian Bank (the "**Custodian Agreement**").

Banque Privée Edmond De Rothschild forms a part of LCF Rothschild Group and is a subsidiary of the Geneva-based Banque Privée Edmond De Rothschild S.A., the main shareholder.

Banque Privée Edmond De Rothschild, Luxembourg Branch, was the first Swiss bank to establish a presence in Luxembourg in 1969. Initially, Banque Privée Edmond De Rothschild was launched to receive the fiduciary deposits from its headquarters in Geneva. In the mid-eighties, the bank developed its private banking activities and at the end of that decade, the custody and administration of mutual funds.

Banque Privée Edmond De Rothschild Luxembourg was incorporated on February 19, 1982 as a non-banking financial institution by registered deed under the name of La Compagnie Privée de Finance S.A. The Shareholders in an extraordinary held on October 24, 1988, decided to modify the purpose of the company into that of a credit institution and to change its name to Banque Edmond De Rothschild Luxembourg. From this date the company was registered with the Ministry of Finance as a credit institution operating in the Grand Duchy of Luxembourg. On June 20, 1989 the company's name was changed to Banque de Gestion Edmond De Rothschild Luxembourg.

Until May 31, 1999 the Banque Edmond De Rothschild Group was operated in Luxembourg through two banks, i.e. a branch and a subsidiary of Banque Privée Edmond De Rothschild S.A. Geneva. On June 1, 1999 the Group merged the activities of Banque Privée Edmond De Rothschild S.A., Luxembourg Branch, and Banque de Gestion Edmond De Rothschild Luxembourg into one entity named Banque Privée Edmond De Rothschild Luxembourg.

9.5 The Administrative, Registrar, Transfer, Domiciliary Agent and Paying Agent.

The Fund has engaged Banque Privée Edmond De Rothschild Europe to act as the administrator of the Fund (the “Administrator”) pursuant to an administrative services agreement between the Fund and the Administrator (the “Administration Agreement”).

Banque Privée Edmond De Rothschild Europe is present in Luxembourg since 1969, has been in the fund administration business for over 25 years and has acquired extensive experience in administering third party investment funds with a leading position in alternative funds. Under the Administration Agreement, the Administrator will primarily: (a) determine the Net Asset Value of the Fund, each Sub-Fund, each Class and per Share; (b) maintain the books of account and financial and corporate records of the Fund; (c) control the dissemination of the Net Asset Value of the Fund and per Share; (d) maintain the register of Shareholders; (e) process the subscription for and redemption of the Shares; (f) provide other accounting, clerical and administrative services; (g) communicate with Shareholders, the Investment Manager, the Investment Advisor, the Custodian, the Auditors and other service providers; (h) assist the Fund in relation to the verification of the status of well-informed investor.

The remuneration of the Administrator is specified in the Administration Agreement.

For the purpose of determining the value of the Fund's assets, the Administrator may rely upon information received from various pricing sources (including surveyors, auditors, other fund administrators). In the absence of gross negligence, the Administrator shall not be responsible for checking the accuracy of the valuations provided by such pricing sources.

The Administrator will not provide any investment advisory or management services to the Fund and therefore will not be in any way responsible for the performance of the Fund.

The Fund agrees that it will indemnify and hold harmless the Administrator and its directors and officers, from any and all, cost liability and expense, resulting, directly or indirectly, from the fact that the Administrator has acted under the administration and/or registrar and transfer agreement as agent except in the instance of actual fraud, misconduct or gross negligence on the part of the Administrator or any of its employees.

The Administration Agreement has been made for an unlimited period unless terminated by either party giving the other at least 90 (ninety) days’ notice in writing.

9.6 The Auditor

Ernst and Young with registered office at 7 Parc d’Activité Syrdall L-5365 Munsbach has been appointed as Auditor of the Fund. The Fund has instructed the Auditor to perform an annual audit of the Fund’s financial statements.

ARTICLE 10. THE SHARES

The shares issued by the Fund are issued in registered form. They are freely transferable, subject to the board’s restrictions as detailed in the articles of association and entitled to participate equally in the profits and liquidation proceeds attributable to each Sub-Fund concerned. The shares, which are of no par value and which must be fully paid upon issue, carry no preferential or pre-emptive rights and each share is entitled to one vote at all meetings of Shareholders.

Different classes of shares may be issued within each Sub-Fund as set out in the relevant Annex.

The Fund may restrict or prevent the ownership of shares by any person, firm or corporation, if such holding results in a breach of applicable laws and regulations, whether Luxembourg or foreign, or if it may be detrimental to the Fund. More specifically, the Fund may restrict the

ownership of shares by any resident of, citizen of, or any corporation or partnership created or organised in, the United States of America or its territories ("U.S. Person") and where it appears to the Fund that any person who is precluded from holding shares either alone or in conjunction with any other person is a beneficial owner of shares, the Fund may compulsorily purchase or redeem all the shares so owned.

ARTICLE 11. THE DIVIDENDS

Unless otherwise stated in the relevant Annex, the Board of Directors has the option, in any given accounting year, to propose to the Shareholders of any Sub-Fund or Class the payment of a dividend out of all or part of that Sub-Fund's or Class' net income or capital gains, if the Board of Directors thinks it appropriate to make such a proposal. The Board of Directors may only propose the payment of a dividend out of the realized profits.

ARTICLE 12. ISSUE AND REDEMPTIONS OF SHARES

12.1 Issue of shares

Shares in the Fund may only be subscribed by Eligible Investors as defined in section "Summary and Defined Terms".

Shares in the Fund are issued in registered form. Registered Shareholders will receive a confirmation of their shareholding. Upon the express request of the investors, share certificates may be issued in registered form. Fractions of shares may be issued up to four decimal places.

The Fund may impose a minimum subscription and minimum holding requirement for each registered shareholder in the different Sub-Funds and/or the different classes of shares within each Sub-Fund as set out in the relevant Annex. This amount shall be determined by reference to the Subscription Price paid in respect of the shares held. The Fund may also impose subsequent minimum subscription requirements. The Board of Directors may decide to waive the minimum subscription, minimum holding and subsequent minimum subscription amounts.

The Fund shall not give effect to any transfer of shares in its register as a consequence of which an investor would not meet the minimum holding requirement referred to in the relevant Annex. The Fund will require from each registered shareholder acting on behalf of other investors that any assignment of rights to the shares of the Fund be made in compliance with applicable securities laws in the jurisdictions where such assignment is made and that in unregulated jurisdictions such assignment be made in compliance with the minimum holding requirement. The issue price of new shares shall correspond to the prevailing Net Asset Value per share of the relevant class (the "Subscription Price").

A Subscription Charge not exceeding 5% of the Subscription Price may be added to compensate financial intermediaries and other entities, which assist in the placement of shares.

The Board of Directors of the Fund has adopted a policy of controlling the growth of each Sub-Fund and may therefore from time to time restrict or suspend the offering of new shares of any Sub-Fund. This policy would be without effect on the redemptions of the shares.

The Fund may satisfy any subscription for shares in kind, in which case a report from the Fund's auditors on the value of any assets accepted by way of in kind subscription will be obtained, in accordance with the requirements of the Luxembourg Company Law, the costs of which are to be borne by the investor.

The Fund reserves the right to reject in whole or in part any subscription application. In addition, the Board of Directors reserves the right to suspend the issue and sale of shares at any time and without notice.

No shares of any Sub-Fund and/or class will be issued by the Fund during any period when the calculation of the Net Asset Value per share of such Sub-Fund and/or class is suspended (see below).

For applications for shares of any Sub-Fund, see the specific terms and conditions in the relevant Annex applicable to each of them.

12.2 Redemption of Shares

(a) Redemption procedure

The Shareholders shall have the right, on such dates as determined in the relevant Annex for each Sub-Fund, to present their shares for redemption to the Fund. If, as a result of a redemption request, the value of any holding decreases below the minimum set out in the relevant Annex, then such request may be treated as a request for redemption of the entire holding.

A redemption fee payable to the relevant Sub-Fund or Class of up to 2% of the Net Asset Value of the shares redeemed may be charged or waived in whole or in part at the discretion of the Board of Directors, as specified in the relevant Annex, provided however that, in respect of all redemption requests for a same Class of a Sub-Fund dealt with as of the same Valuation Day, the same redemption fee (if any) be applied.

In exceptional circumstances the Board of Directors may request that a shareholder accepts "redemption in kind", i.e. receives a portfolio of stock from the relevant class of equivalent value to the appropriate cash redemption payment. In such circumstances the relevant shareholder must specifically accept the redemption in kind. He may always request a cash redemption payment in the reference currency of the class. Where the relevant shareholder agrees to accept redemption in kind he will, as far as possible, receive a representative selection of the class' holdings pro rata to the number of shares redeemed and the Board of Directors will make sure that the remaining Shareholders do not suffer any loss there from. The value of the redemption in kind will be certified by the auditors of the Fund in accordance with the requirements of Luxembourg law, the cost of which shall be borne by the shareholder.

If redemption requests for more than 10% of the Net Asset Value of a Sub-fund are received, then the Fund shall have the right to limit redemptions so they do not exceed this threshold amount of 10%. Redemptions shall be limited with respect to all Shareholders seeking to redeem shares as of a same day so that each such shareholder shall have the same percentage of its redemption request honoured; the balance of such redemption requests shall be processed by the Fund on the next day on which redemption requests are accepted, subject to the same limitation. On such day, such requests for redemption will be complied with in priority to subsequent requests.

(b) Payment procedure

Payment for shares redeemed will be effected in principle before the forty fifth calendar days after the publication of the Net Asset Value for the relevant Valuation Day (as defined hereafter), provided that the share certificates, if any, and the transfer documents have been received by the Company.

(c) Withdraw and suspension of redemption

Shareholders may withdraw at any time their requests for redemption in the event of a suspension of the valuation of the assets of the Fund in the circumstances described below, under "Valuation of the Shares". The Fund may suspend the investors' right to require the Fund to redeem their shares during any period when the determination of the Net Asset Value of the shares of the Sub-Fund and/or class is suspended as provided under "Valuation of the Shares" below.

In the event of a suspension of redemptions, a withdrawal of redemption requests will be effective only if written notification is received by the Administrative Agent before the termination of the period of suspension. If the request is not so withdrawn the redemption will be made on the Valuation Day (as defined for each Sub-Fund) next following the end of the suspension.

12.3 Conversion of shares

To the extent described in and permitted by the Annex of each Sub-Fund, and subject to any suspension of the determination of the Net Asset Values concerned (see "Valuation of the Shares"), Shareholders have the right to convert all or part of their shares of any class of a Sub-Fund into shares of another existing class of that or another Sub-Fund as further described in the respective Annex of the Sub-Fund. However, the right to convert shares is subject to compliance with any conditions (including any minimum holdings) applicable to the class into which conversion is to be effected. Therefore, if, as a result of a conversion, the value of a shareholder's holding in the new class would be less than the minimum, the Board of Directors may decide not to accept the request for conversion of the shares. In addition, if, as a result of a conversion, the value of a shareholder's holding in the original class would become less than the relevant minimum holding, the shareholder may be deemed (if the Board of Directors so decides) to have requested the conversion of all of his shares.

The number of shares issued upon conversion will be based upon the respective Net Asset Values of the two classes concerned on the common Valuation Day on which the conversion request is accepted. If there is no common Valuation Day for any two classes, the conversion will be made on the basis of the Net Asset Value calculated on the next following Valuation Day of each of the two classes concerned.

The Board of Directors may apply a conversion charge not exceeding 1% of the Net Asset Value of the shares to be converted, to be applied for the benefit of the classes or Sub-Funds between which conversion is effected as appropriate to cover the costs of transactions arising from the conversion. The same conversion charge will be applied in respect of all conversions of a class or Sub-Fund effected on the same common Valuation Day.

If certificates were issued for the shares of the original class, new certificate(s) shall be issued (if at all) only upon receipt by the Fund's Administrative Agent of such former certificates.

12.4 Anti-money laundering procedures

Pursuant to the law of 19th February, 1973, as amended, the law of 5th April, 1993 as amended, the law of 12th November 2004 as amended, the relevant circulars of the Luxembourg supervisory authority (especially the CSSF Circular 05/188) and Council Directive 91/308/EEC, professional obligations have been outlined to prevent the use of funds for money laundering and terrorism financing purposes. As a result of such provisions, the Administrative Agent must identify the subscriber unless the subscription order has been submitted by another recognized professional of the financial sector subject to an obligation of identification equivalent to that required by Luxembourg law.

Anti-money laundering measures in force in the Grand Duchy of Luxembourg require subscribers for shares to declare to the Fund their identity or the identity of any intended beneficial owners of the shares (if they are not the subscriber e.g. where the subscriber is a corporate entity or acts as trustee or nominee). The Administrative Agent is required to establish controls to determine the identity of subscribers (and any persons on whose behalf they are acting). Therefore, subscriptions will only be accepted by the Fund if the purchase application is accompanied by a copy of:

- (a) Individual subscriber: Proof of the identity of the subscriber (or of the intended beneficial owner(s) of shares if the subscriber is acting on behalf of another person), duly certified as true by an appropriately authorised officer in that person's country of residence (e.g. notary, police officer, ambassador or consul).
- (b) Corporate subscriber: A copy of the constitutional documents of the Corporation (e.g. memorandum and articles of association) and an extract from the applicable commercial register. The representatives and (where ownership of shares issued by the Corporation is not sufficiently spread among the public) the shareholders of the Corporation must comply with the disclosure requirements set out at (1) above. Names and addresses of directors and shareholders should be listed on a separate sheet (if it is believed that ownership of the shares is sufficiently widely spread among the public for the purposes of the applicable anti-money laundering procedures, evidence that this is the case should be supplied).

The Administrative Agent reserves the right to request further documents in order to be satisfied as to the identity of any particular subscriber.

Depending on the circumstances of each application, these procedures might be waived where:

- (i) the applicant makes the payment either by telegraphic transfer or cheque from an account held in the applicant's name at an authorised professional of the financial sector established in a country that has introduced provisions that are equivalent to those in Luxembourg, in connection with the prevention of money laundering;
- (ii) the application is made through an authorised professional of the financial sector established in a country member of the Financial Action Task Force ("FATF").

These exceptions will only apply if the financial institution or intermediary referred to above is situated within a country recognised as having sufficient anti-money laundering regulations. In the case of (a) above, the applicant should ensure that its remitting bank includes the applicant's full name and account number, in any instruction, to avoid delays.

It is generally accepted that Professionals of the Financial Sector resident in a country, which has ratified the conclusions of the FATF are deemed to have procedures equivalent to that required by Luxembourg law.

In case of an incomplete application form, the Administrative Agent has the right to refuse to accept the application for subscription.

ARTICLE 13. VALUATION OF THE SHARES

The Net Asset Value of the shares of each class of each Sub-Fund is determined in its reference currency. It shall be determined as of each Valuation Day (as defined for each Sub-Fund), and normally made public within 22 Business Days after such Valuation Day by dividing the net assets attributable to each class of each Sub-Fund by the number of shares of such class of a Sub-Fund then outstanding. The net assets of each Sub-Fund are made up of the value of the assets attributable to such class within each Sub-Fund less the total liabilities attributable to such class calculated at such time as the Board of Directors shall have set for such purpose.

The assets and liabilities of the Fund shall be allocated in such a manner so that the issue price received upon issue of shares connected with a specific class of a Sub-Fund shall be attributed to that class. All assets and liabilities of the class as well as income and expenses, which are related to a specific class shall be attributed to that class. Assets or liabilities, which cannot be attributed to any Sub-Fund or class shall be allocated to all the Sub-Funds and/or classes pro rata to the respective Net Asset Value of the Sub-Funds or classes. The proportion of the total net

assets attributable to each class shall be reduced as applicable by the amount of any distribution to Shareholders and by any expenses paid.

In determining the value of the assets of the Fund shares or units in open-ended Underlying funds will be valued at the actual net asset value for such shares or units as of the relevant Valuation Day, or if no such actual net asset value is available they shall be valued at the estimated net asset value as of such Valuation Day, or if no such estimated net asset value is available they shall be valued at the last available actual or estimated net asset value which is calculated prior to such Valuation Day whichever is the closer to such Valuation Day, provided that if events have occurred which may have resulted in a material change in the net asset value of such shares or units since the date on which such actual or estimated net asset value was calculated, the value of such shares or units may be adjusted in order to reflect, in the reasonable opinion of the Directors, such change.

In respect of shares or units held by the Fund, for which issues and redemptions are restricted and a secondary market trading is effected between dealers who, as main market makers, offer prices in response to market conditions, the Directors may decide to value such shares or units in line with the realisation prices so established.

If events have occurred which may have resulted in a material change of the net asset value of such shares or units in other UCIs since the day on which the latest net asset value was calculated, the value of such shares or units may be adjusted in order to reflect, in the reasonable opinion of the Directors, such change of value.

The Administrative Agent and the Board of Directors may rely solely on the valuations provided by UCIs with respect to the investment such UCIs have made. Valuations provided by UCIs may be subject to adjustments made by such UCIs subsequent to the determination of the net asset value of a Sub-Fund. Such adjustments, whether increasing or decreasing the net asset value of a Sub-Fund, will not affect the amount of the redemption proceeds received by redeeming Shareholders. As a result, to the extent that such subsequently adjusted valuations from UCIs adversely affect the net asset value of a Sub-Fund, the remaining outstanding shares of such Sub-Fund will be adversely affected by redemptions. Conversely, any increases in the net asset value of a Sub-Fund resulting from such subsequently adjusted valuations will be entirely for the benefit of the remaining outstanding shares of such Sub-Fund.

The calculation of the Net Asset Value may be based upon an estimate of the net asset value of one or more UCIs as calculated by the relevant UCIs or their agents. Estimated net asset values will only be used if the Administrative Agent has sufficient assurance that the valuation method used by the relevant UCI or its agents for the calculation of such net assets values is in line with the official valuation method of the UCI. The Fund and its Administrative Agent will endeavour all reasonable efforts to correctly assess the value of all portfolio securities based on the information made available to them, and such valuations will be binding upon the Fund and its Shareholders in the absence of manifest error. Neither the Fund nor its Administrative Agent have any control over the valuation methods and accounting rules adopted by the UCIs in which a Sub-Fund may invest and no assurance can be given that such methods and rules will at all times allow the Fund to correctly assess the value of its assets and investments.

Year-end net asset value calculations are audited by the Fund's independent auditors and may be revised as a result of such audit. As discussed above, such revisions may result from adjustments in valuations provided by UCIs. In no event shall the Board of Directors, the Custodian, the Administration Agent incur any individual liability or responsibility for any determination made or other action taken or omitted by them in the absence of negligence, wilful misfeasance or bad faith.

Securities held by the Fund (including shares or units in closed-end UCI) which are quoted or dealt in on a stock exchange will be valued at their latest available publicised stock exchange closing price and where appropriate the bid market price on the stock exchange which is

normally the principal market for such security and each security dealt in on any other organised market will be valued in a manner as near as possible to that for quoted securities. The same valuation principle shall apply to money market instruments having a maturity of more than three months.

The value of a security denominated in a currency other than the reference currency of the relevant Sub-Fund is determined in its national currency and converted into the relevant currency at the foreign exchange rate in effect at 5 p.m. CET as of the relevant Valuation Day (as defined for each Sub-Fund).

The value of securities not quoted or dealt in on a stock exchange or another organised market and of securities which are so quoted or dealt in but in respect of which no price quotation is available or the price quoted is not representative of the securities' fair market value, shall be determined prudently and in good faith on the basis of their reasonably foreseeable sale prices. All other assets will be valued at their respective fair values as determined in good faith by the Directors in accordance with generally accepted valuation principles and procedures. The Directors expect to primarily use fair value pricing methodology for securities held in respect of Class S Shares.

Money market instruments with a maturity of less than three months and cash will be valued at face value to which shall be added interest accrued.

The Company may temporarily suspend the determination of the net asset value per share of any particular Sub-Fund and the issue and redemption of its shares from its Shareholders as well as the conversion from and to shares of each Sub-Fund:

- (a) during any period when any of the principal stock exchanges or other markets on which a substantial portion of the investments of the Company attributable to such Sub-Fund from time to time are quoted or dealt in is closed otherwise than for ordinary holidays, or during which dealings therein are restricted or suspended;
- (b) during the existence of any state of affairs which constitutes an emergency in the opinion of the board of directors as a result of which disposal or valuation of assets owned by the Company attributable to such Sub-Fund would be impracticable;
- (c) during any breakdown in the means of communication or computation normally employed in determining the price or value of any of the investments of such Sub-Fund or the current price or value on any stock exchange or other market in respect of the assets attributable to such Sub-Fund;
- (d) during any period when the Company is unable to repatriate funds for the purpose of making payments on the redemption of shares of such Sub-Fund or during which any transfer of funds involved in the realisation or acquisition of investments or payments due on redemption of shares cannot, in the opinion of the board of directors, be effected at normal rates of exchange;
- (e) when for any other reason the prices of any investments owned by the Company attributable to such Sub-Fund cannot promptly or accurately be ascertained;
- (f) upon the publication of a notice convening a general meeting of Shareholders for the purpose of resolving the winding-up of the Company;
- (g) during any period when the market of a currency in which a substantial portion of the assets of the Company is denominated is closed otherwise than for ordinary holidays, or during which dealings therein are suspended or restricted;

- (h) during any period when political, economical, military, monetary or fiscal circumstances which are beyond the control and responsibility of the Company prevent the Company from disposing of the assets, or determining the net asset value of the Company in a normal and reasonable manner;
- (i) during any period when the calculation of the net asset value per unit or share of a substantial part of the undertakings for collective investment the Company is investing in, is suspended and this suspension has a material impact on the net asset value of such Sub-Fund.
- (j) Any period when the net asset value of one or more UCI, in which the Fund will have invested and the units or the shares of which constitute a significant part of the assets of the fund, cannot be determined accurately so as to reflect their fair market value as at the Valuation Day (as defined for each Sub-Fund).

The issue, redemption and conversion of shares in the Sub-Fund(s) concerned will also be suspended during any such period where the Net Asset Value is not determined.

Any such suspension shall be publicised in the d'Wort if in the opinion of the Board of Directors of the Fund it is likely to exceed 5 days and shall be notified to investors requesting issue or redemption of shares by the Fund at the time of the filing of the relevant application.

ARTICLE 14. FEES AND EXPENSES

The Fund shall bear its setting-up expenses, including the costs of drawing up and printing the Prospectus, notary public fees, the filing costs with administrative and stock exchange authorities, the costs of printing the certificate and any other costs pertaining to the setting up and launching of the Fund.

These expenses, estimated at EUR 35,000.- will be borne by the Sub-Funds created at the launch of the Fund. These expenses may, at the discretion of the Directors, be amortised on a straight line basis over 5 years from the date on which the Fund commenced business. The Directors may, in their absolute discretion, shorten the period over which such costs and expenses are amortised.

The expenses incurred by the Fund in relation to the launch of additional Sub-Funds will be borne by, and payable out of the assets of, those Sub-Funds and will be amortised on a straight line basis over 5 years from the launching date.

The Custodian and the Domiciliary, Administrative, Registrar and Transfer Agent are entitled to receive, out of the assets of the Fund, fees and commissions in accordance with usual practice in Luxembourg. The Administrative Coordinator is entitled to the fees and commissions specified for each Sub-Fund and/or class within each Sub-Fund in the relevant Annex. The Administrative Coordinator is responsible for remunerating the Investment Adviser and the Distributors out of the fees it receives from the Fund for each Sub-Fund and/or class. The amounts charged are shown in the Fund's financial reports.

The Fund bears all costs and expenses directly incurred in the operations including the following:

- all operational costs, including fees payable to accountants, any paying agent and permanent representatives in places of registration;
- all costs and expenses associated with other agents employed by the Fund, including fees for legal and auditing services, promotional, printing, reporting and publishing expenses, including the cost of advertising or preparing and printing of prospectuses, explanatory memoranda or registration statements, taxes or governmental charges;

- all costs for the listing of the shares of the Fund on any stock exchange or regulated market and all other operating expenses, including the cost of buying and selling assets, interest, bank charges and brokerage, postage, telephone and telex.

All expenses are accrued in the price of the shares.

The members of the Board of Directors shall be entitled to receive out of the assets of the Sub-Funds, a remuneration calculated in accordance with customary market practice in Luxembourg, an insurance coverage and a reimbursement of their reasonable out-of-pocket expenses in the context of the execution of their duties and pertaining reasonable travelling costs.

It should be noted that the investment policy of the Fund is to invest in UCIs and will result in a duplication of certain costs that will be charged both to the Underlying UCI by its service providers, as well as to the Fund by the service providers of the Fund. Such costs will include, but are not limited to, formation expenses, custodian, domiciliary, management fees, audit expenses and other associated costs.

When a Sub-Fund invests in the shares/units of another UCI that is managed, directly or by delegation, by Ayaltis AG or by any other affiliated company, that other UCI may not charge subscription, conversion, or redemption or management fees on account of the a Fund's investment in the shares/units of such other UCIs.

Costs and expenses, which cannot be allotted to one specific Sub-Fund or class will be charged to the different Sub-Funds or classes proportionally to their respective net assets.

ARTICLE 15. TAXATION

15.1 The Fund

The Fund is not liable to any Luxembourg tax on profits or income.

The Fund is liable in Luxembourg to a tax at a rate of 0.01% per annum of the Net Asset Value of each Sub-Fund such tax being payable quarterly on the basis of the value of the net assets of the Fund at the end of the relevant calendar quarter.

No stamp duty or other tax is payable in Luxembourg on the issue or redemption of shares except for a capital duty of 1,250 EUR paid by the Fund on its incorporation.

No Luxembourg tax is payable on the realised capital gains or unrealised capital appreciation of the assets of the Fund.

Dividends and interest received by the Fund on its investments may be subject to irrecoverable withholding taxes at source.

15.2 Shareholders

(a) Luxembourg

Under current legislation Shareholders are not subject to any capital gains, income, withholding, estate, inheritance or other taxes in Luxembourg (except for (i) those domiciled, resident or having a permanent establishment in Luxembourg or (ii) non-residents of Luxembourg who hold 10% or more of the share capital of the Fund and who dispose of all or part of their holdings within 6 months from the date of acquisition or (iii) in some limited cases, some former residents of Luxembourg, who hold 10% or more of the share capital of the Fund).

(b) General

Prospective investors should note that levels and bases of taxation may change and should ascertain from their professional advisers the potential consequences to them of acquiring, holding, redeeming, transferring, selling or switching any of the Fund's Shares or receiving dividends there from under the relevant laws of each jurisdiction to which they are subject, including the tax consequences and any foreign exchange control requirements. These consequences will vary with the law and practice of a shareholder's country of citizenship, residence, domicile or incorporation and personal circumstances.

The foregoing statement on taxation is given on the basis of the Fund's understanding of the present legislation and practice in force at the date of this document and is subject to change.

ARTICLE 16. LIQUIDATION OF THE FUND

The Fund is incorporated for an indefinite duration. It may be dissolved by decision of an extraordinary general meeting of Shareholders of the Fund. Such meetings must be convened if the value of the net assets of the Fund falls below the respective levels of two thirds or one quarter of the minimum capital prescribed by Luxembourg law. At such meetings convened at such circumstances decisions to dissolve the Fund will be taken in accordance with the requirements of the SIF Law or of the law of 17 December 2010 on collective investment undertakings.

Should the Fund be liquidated, its liquidation will be carried out in accordance with the provisions of the SIF Law or the Luxembourg law of 17 December 2010 relating to collective investment undertakings which specifies the steps to be taken to enable Shareholders to participate in the liquidation distribution(s) and in this connection provides for deposit in escrow at the Caisse des Consignations of any amounts which have not been claimed by Shareholders at the close of liquidation. Amounts not claimed from escrow within the prescription period are liable to be forfeited in accordance with the provisions of Luxembourg law.

ARTICLE 17. DISSOLUTION AND AMALGAMATION OF SUB-FUNDS

A Sub-Fund or class may be dissolved by compulsory redemption of shares of the Sub-Fund or class concerned, upon:

- (a) a decision of the Board of Directors of the Fund if the net assets of the Sub-Fund or class concerned have decreased below USD 5 million or the equivalent in another currency, or
- (b) the decision of a meeting of holders of shares of the relevant Sub-Fund or class. There shall be no quorum requirement and decisions may be taken by a simple majority of the shares of the Sub-Fund or class concerned.

In such event the Shareholders concerned will be advised and the Net Asset Value of the shares of the relevant Sub-Fund or class shall be paid on the date of the compulsory redemption. The relevant meeting may also decide that assets attributable to the Sub-Fund or class concerned will be distributed on a pro-rata basis to the holders of shares of the relevant Sub-Fund or class which have expressed the wish to receive such assets in kind.

A meeting of holders of shares of a Sub-Fund or class may decide to amalgamate such Sub-Fund or class with another existing Sub-Fund or class or to contribute the assets (and liabilities) of the Sub-Fund or class to another undertaking for collective investment against issue of shares of such undertaking for collective investments to be distributed to the holders of shares of such Sub-Fund or class. The decision shall be published upon the initiative of the Fund. The publication shall contain information about the new Sub-Fund or class or the relevant undertaking for collective investments and shall be made a month prior to the amalgamation in

order to provide a possibility for the holders of such shares to require redemption, without payment of any redemption fee, prior to the implementation of the transaction. For class meetings which decide on the amalgamation of different Sub-Funds within the Fund or of different classes within one or more Sub-Funds, or the contribution of assets and liabilities of a Sub-Fund or class to another undertaking for collective investment, there shall be no quorum requirement and decisions may be taken by a simple majority of the shares of the Sub-Funds or the class concerned. In case of an amalgamation with an unincorporated mutual fund (fonds commun de placement) or a foreign collective investment undertaking, decisions of the class meeting of the Sub-Funds or class concerned shall be binding only for holders of shares that have voted in favour of such amalgamation.

If following a compulsory redemption of all shares of one or more Sub-Funds or classes payment of the redemption proceeds cannot be made to a former shareholder during a period of six months, then the amount in question shall be deposited with the Caisse de Consignations for the benefit of the person(s) entitled thereto until the expiry of the period of limitation.

ARTICLE 18. MEETINGS AND REPORTS

The annual general meeting of Shareholders of the Fund will be held at the registered office of the Fund in Luxembourg on the third Tuesday of November in each year at 3:30 p.m. or if any such day is not a bank business day in Luxembourg on the next following bank business day. Notices of all general meetings will be published in the Mémorial to the extent required by Luxembourg law and in such other newspapers as the Board of Directors shall determine and will be sent to the Shareholders by mail at least eight days prior to the meeting at their addresses in the register of Shareholders. Such notices will include the agenda and specify the time and place of the meeting, the conditions of admission and will refer to the requirements of Luxembourg law with regard to the necessary quorum and majorities required for the meeting. The requirements as to attendance, quorum and majorities at all general meetings will be those laid down in Articles 67, 67-1 and 68 of the Law of 10th August, 1915 (as amended) of the Grand-Duchy of Luxembourg and in the Articles. The same provisions shall apply to the Sub-Fund and/or class meetings.

Matters regarding the Sub-Funds or classes, such as the vote on the payment of a dividend on a particular Sub-Fund or class, may be decided by a vote of the meeting of Shareholders of the Sub-Fund or class concerned. Any change in the Articles of Incorporation affecting the rights of Shareholders of a Sub-Fund or class must be approved by a resolution of both the general meeting of the Fund and the Shareholders of the Sub-Fund or class concerned.

Audited annual reports will be mailed free of charge to each shareholder at his registered address and will be made available at the registered office of the Fund.

Audited annual reports will indicate the composition of the assets of the Underlying UCIs managed or advised by Ayaltis AG or any of its affiliate (each an "Affiliated UCI").

The accounting year of the Fund terminates on 30th June in each year and for the first time the 30th June 2009.

The reference currency of the Fund is the USD. The aforesaid reports will comprise consolidated accounts of the Fund expressed in USD as well as individual information on each Sub-Fund expressed in the reference currency of each Sub-Fund. Unless indicated otherwise in the relevant Annex, the reference currency of the Sub-Funds is the USD.

ARTICLE 19. MATERIAL DOCUMENTS

The following contracts, not being contracts entered into in the ordinary course of business, have been entered into and are or may be material:

- (a) An Investment Advisory Agreement dated as 19 November 2008 between the Fund and the Investment Adviser pursuant to which the latter was appointed adviser of the Fund. This Agreement is for an undetermined period and may be terminated by either party by giving not less than six months' written notice to the other.
- (b) A Custodian Agreement dated as 28 August 2009 between the Fund and Banque Privée Edmond De Rothschild Europe pursuant to which the latter was appointed custodian of the assets of the Fund and administrative, domiciliary and corporate agent, and registrar and transfer agent to provide administrative services. This Agreement may be terminated by either party by giving not less than 90 days' written notice to the other.
- (c) An Administrative Coordinator Agreement dated as of 19 November 2008 between the Fund and Areca Services SA (Luxembourg) pursuant to which the latter was appointed as Administrative Coordinator. The Agreement is for an undetermined period and may be terminated by either party upon six months' written notice.

Any such contract may be amended by mutual consent of the parties thereto, the decision on behalf of the Fund being made by its Board of Directors.

Copies of the material contracts referred to above are available for inspection at the registered office of the Fund in Luxembourg. Copies of the Articles of Incorporation of the Fund, of the current Prospectus and of the latest financial reports may be obtained, free of charge, on request at the Fund's registered office.

Where the Fund invests into Affiliated UCIs, the articles of incorporation, prospectus and latest financial reports of the latter will be available, free of charge, on request at the Fund's registered office.

PART II. SUB-FUNDS PARTICULARS

ANNEX I – ARECA SICAV SIF – VALUE DISCOVERY

Article 1. CLASSES OF SHARES WITHIN THE SUB-FUND

The Value Discovery Sub-Fund issues shares within eight (14) classes:

Share Class⁽¹⁾	Minimum subscription and holding⁽²⁾	Minimum subsequent subscription⁽³⁾	Coordination Fee⁽⁴⁾	Performance Fee⁽⁵⁾
A (USD)	200,000	15,000	1.50% p.a.	10% p.a.
A (EUR)	125,000	10,000	1.50% p.a.	10% p.a.
A (CHF)	200,000	15,000	1.50% p.a.	10% p.a.
A (AUD)	equivalent in AUD to 125,000 EUR	equivalent in AUD to 10'000 EUR	1.50% p.a.	10% p.a.
A (YEN)	equivalent in YEN to 125,000 EUR	equivalent in Yen to 10'000 EUR	1.50% p.a.	10% p.a.
B (USD)	800,000	15,000	0.75% p.a.	10% p.a.
B (EUR)	500,000	10,000	0.75% p.a.	10% p.a.
B (CHF)	800,000	15,000	0.75% p.a.	10% p.a.
B (AUD)	equivalent in AUD to 500,000 EUR	equivalent in AUD to 10'000 EUR	0.75% p.a.	10% p.a.
B (YEN)	equivalent in YEN to 500,000 EUR	equivalent in Yen to 10'000 EUR	0.75% p.a.	10% p.a.
C (USD)	20'000'000	15,000	0.75% p.a.	5% p.a.
C (EUR)	12'500'000	10,000	0.75% p.a.	5% p.a.
C (CHF)	20'000'000	15,000	0.75% p.a.	5% p.a.

O (USD)	200'000	15'000	0% p.a.	0% p.a.
O (EUR)	125'000	10'000	0% p.a.	0% p.a.
O (CHF)	200'000	15'000	0% p.a.	0% p.a.

⁽¹⁾ Class A, Class B and Class C shares shall be available to all Investors in accordance with the provisions of the Prospectus and this Annex.

Class O shares may only be subscribed by investment funds managed or advised by Ayaltis AG. Ayaltis AG itself, its employees and any other affiliated entity may also subscribe for Class O Shares.

The Board in its sole discretion may also allow another person or entity to invest in other share Classes or to issue new share classes at its sole discretion.

^{(2)/(3)} Subject to compliance with the SIF Law, the Board of Directors may decide to waive the minimum subscription, minimum holding and subsequent minimum subscription amounts.

⁽⁴⁾ Class A shares: The Sub-Fund pays to the Administrative Coordinator, on a monthly basis, a coordination fee of 1.50% per annum based on the average gross assets during the relevant month for Class A shares.

Class B shares: The Sub-Fund pays to the Administrative Coordinator, on a monthly basis, a coordination fee of 0.75% per annum based on the average gross assets during the relevant month for Class B shares.

Class C shares: The Sub-Fund pays to the Administrative Coordinator, on a monthly basis, a coordination fee of 0.75% per annum based on the average gross assets during the relevant month for Class C shares.

Class O shares: The Sub-Fund pays no coordination fee to the Administrative Coordinator for Class O shares.

⁽⁵⁾ Class A shares: The Sub-Fund pays to the Administrative Coordinator a performance fee at a rate of 10% per annum of the Net New Profits (as defined below), payable at the end of each calendar quarter and accrued on each Valuation Day.

Class B shares: The Sub-Fund pays to the Administrative Coordinator a performance fee at a rate of 10% per annum of the Net New Profits (as defined below), payable at the end of each calendar quarter and accrued on each Valuation Day.

Class C shares: The Sub-Fund pays to the Administrative Coordinator a performance fee at a rate of 5% per annum of the Net New Profits (as defined below), payable at the end of each calendar quarter and accrued on each Valuation Day.

Class O shares: The Sub-Fund pays to the Administrative Coordinator no performance fee for Class O shares.

"Net New Profits" means the increase in the Net Asset Value of the Class A, B, C, O shares as at the final Valuation Day of the relevant quarter when compared with the Net Asset Value of the relevant class as at the final Valuation Day of the last quarter in respect of which a

performance fee was payable to the Administrative Coordinator determined after adjustment to reflect the subscription for and redemption of shares in the relevant class and after the deduction of fees and expenses accrued but not paid (with the exception of accrued performance fees). As Net New Profits are determined by reference to the last Valuation Day of the last quarter in respect of which a performance fee was payable to the Administrative Coordinator, no performance fee will be accrued or payable until all prior losses attributable to the relevant class have been recouped in full ("high watermark" system).

The reference currency for each class is as indicated in the name of the relevant class. The reference currency for the Sub-Fund is the US Dollar.

In order to protect Shareholders of classes not denominated in US Dollars from the impact of currency movements, the relevant currencies will be continuously hedged back to the underlying currency of the Investment. The costs, risks and profits of share-class currency hedging will be borne by the respective share classes. However, in order to avoid that the Net Asset Value of the share classes diverge due to such hedging, and to ensure, insofar as possible, a consistent rate of return among share classes regardless of their currency, the Board of Directors may, at its entire discretion, allocate any gains or losses incurred through such hedging as well as the costs of such hedging among all the share classes, irrespective of whether such gains or losses are directly in relation to the relevant share classes.

Article 2. INVESTMENT OBJECTIVES AND POLICY OF THE SUB-FUND

The investment objective of the Sub-Fund is to maximize long-term returns to Shareholders by investing its net assets in a diversified portfolio of UCIs pursuing related hedge fund strategies. The Sub-Fund will allocate its assets to various UCIs managed by Sub-managers employing all strategies available in the alternative space but with an opportunistic bias focussed on deep value identification. Deep value may be found in either niche, specialised and under-researched markets during all market cycles or in very well developed markets after either periods of sustained crisis or euphoric disregard for relative value. The fund will therefore attempt to capture the value embedded within all markets in direct relation to the above-mentioned cycle. These strategies will more often than not entail a strong fixed income component which is better geared to provide covenant protection for the principal invested value. It is also through these fixed income structures and strategies that value can be released earlier in the cycle immediately after a strong market crisis.

Some of the strategies to be deployed include but are not limited to opportunities in structured assets (Mortgages, Asset Backed Securities, etc), Whole loans, Bank Loans and Corporate debt.

The fund will have a mandate to capture in all undervalued opportunities in all markets over time. The Sub-Fund may allocate its assets on a global basis, investing in all world markets. The Sub-Fund may invest with Sub-managers employing global strategies as well as country specialists.

To the extent the Sub-Fund's assets are not invested in UCIs, and during periods in which the Board of Directors believes that economic, financial or political conditions make it advisable, or opportunities for capital appreciation are limited or for defensive purposes, the Sub-Fund may invest in short-term debt securities, hold cash or short instruments likely to benefit in a flight to quality scenario. In addition, the Sub-Fund may place all or part of its assets in temporary investments for cash management purposes pending investments of initial or subsequent subscription monies in accordance with the Sub-Fund's investment objective, or in order to meet its operational expenses.

The Sub-Fund may borrow cash from banks and financial institutions up to 100% of its net assets for bridge short-term liabilities including satisfaction of FX margin deposits, redemptions requests and/or for investment purposes.

INVESTORS SHOULD BE AWARE THAT THE BORROWINGS FOR INVESTMENT PURPOSES MAY RESULT IN HIGHER RETURNS, BUT MAY ALSO RESULT IN HIGHER LOSSES.

The Directors of the Fund intend to invest the assets of Fund in a variety of UCIs pursuing alternative strategies including some or all of the above.

All UCIs will have one or more of the following characteristics:

- (a) search for absolute performance;
- (b) use of a broad range of investment strategies which may include, among others, fixed income securities, futures, options and swaps, leverage, futures, options, swaps and debt securities;
- (c) involvement of the management with commitment of its own capital;
- (d) performance based incentive fees; and
- (e) a proven track record.

The UCIs to be selected will be open-ended or closed-ended. There will be a constant monitoring of the results of such UCIs and investment companies and the techniques used by the Sub-managers.

The Sub-Fund may seek from time to time to hedge all or a portion of its currency risks or investments through the use of derivative instruments within the limits set forth in the investment restrictions contained in the main part of this Prospectus.

The Sub-Fund may invest in UCIs established in jurisdictions where no supervision is exercised on such UCIs by regulators or where supervision is less than that, which would be exercised in Luxembourg. Investors should carefully read the information contained in the main part of the Prospectus, under Section VI Risk Factors.

Article 3. ISSUE AND REDEMPTION OF SHARES

3.1 Application for Shares

Shares are priced as of the last calendar day of each month (a "**Valuation Day**").

Shares in each class are issued on each Valuation Day, at the relevant Net Asset Value (the "**Subscription Price**") calculated as of such Valuation Day.

Applications must be received by the Administrative Agent and cleared funds must be received by the Custodian by 5:00 p.m. CET (the "**Application Cut-Off Time**"), at the latest 5 Business Days prior to the relevant Valuation Day or as otherwise accepted by the Company at its sole discretion (if such application has effectively been issued by the investor before the Valuation Day). Any application received after such time may be only considered for the next Valuation Day. Fractions of shares may be issued up to four decimal places.

3.2 Redemption of Shares

All the Shares are redeemable quarterly on the Valuation Day falling at the end of a calendar quarter at the relevant Net Asset Value calculated as of such Valuation Day less the applicable redemption fee, if any.

A redemption fee of 2% will be applied to all redemptions that occur within 6 months of the issue of the Shares and a redemption fee of 1% will be applied to all redemptions that occur during the period from 7 to 12 months of the issue of the shares.

A written redemption request is to be received by the Administrative Agent no later than 5:00 p.m. CET (the "**Redemption Cut-Off Time**") on the Business Day falling at least 45 calendar days before the relevant Valuation Day or as otherwise accepted by the Company at its sole discretion (if such written redemption request has effectively been issued by the investor before the Valuation Day). Any redemption requests received after such time, may be only considered for the next Valuation Day.

The proceeds of redemption will normally be paid in the currency of denomination of the Sub-Fund concerned within 10 Business Days after the calculation of the Net Asset Value of the shares (and in any case prior to the release of the next following Net Asset Value). Such calculation will normally be made within 22 Business Days after the applicable Valuation Day.

3.3 Conversion of Shares

Shareholders have the right to convert all or part of their Shares of any class into shares of another existing class any time to the next Valuation Day. Any such request must be received 5 Business Day prior to the relevant Valuation Day.

Shareholders have the right to convert all or part of their Shares of a Sub-Fund into another Sub-Fund by applying the same rules as for the issuance and redemption of Shares.

ANNEX II – ARECA SICAV SIF – LIQUID CORE

Article 1. CLASSES OF SHARES WITHIN THE SUB-FUND

The Liquid Core Sub-Fund issues shares within six (6) classes:

Share Class⁽¹⁾	Minimum subscription and holding⁽²⁾	Minimum subsequent subscription⁽³⁾	Coordination Fee⁽⁴⁾	Performance Fee⁽⁵⁾
A (USD)	200,000	15,000	1.75% p.a.	7.5% p.a.
A (EUR)	125,000	10,000	1.75% p.a.	7.5% p.a.
A (CHF)	200,000	15,000	1.75% p.a.	7.5% p.a.
B (USD)	800,000	15,000	0.75% p.a.	7.5% p.a.
B (EUR)	500,000	10,000	0.75% p.a.	7.5% p.a.
B (CHF)	800,000	15,000	0.75% p.a.	7.5% p.a.
O (USD)	200'000	15'000	0% p.a.	0% p.a.
O (EUR)	125'000	10'000	0% p.a.	0% p.a.
O (CHF)	200'000	15'000	0% p.a.	0% p.a.

⁽¹⁾ Class A and Class B shares shall be available to all Investors in accordance with the provisions of the Prospectus and this Annex.

Class O shares may only be subscribed by investment funds managed or advised by Ayaltis AG. Ayaltis AG itself, its employees and any other affiliated entity may also subscribe for Class O Shares.

The Board in its sole discretion may also allow another person or entity to invest in other share Classes or to issue new share classes

^{(2)/(3)} Subject to compliance with the SIF Law, the Board of Directors may decide to waive the minimum subscription, minimum holding and subsequent minimum subscription amounts.

⁽⁴⁾ Class A shares: The Sub-Fund pays to the Administrative Coordinator, on a monthly basis, a coordination fee of 1.75% per annum based on the average gross assets during the relevant month for Class A shares.

Class B shares: The Sub-Fund pays to the Administrative Coordinator, on a monthly basis, a coordination fee of 0.75% per annum based on the average gross assets during the relevant month for Class B shares.

Class O shares: The Sub-Fund pays no coordination fee to the Administrative Coordinator for Class O shares.

⁽⁵⁾ Class A shares: The Sub-Fund pays to the Administrative Coordinator a performance fee at a rate of 7.5% per annum of the Net New Profits (as defined below), payable at the end of each calendar quarter and accrued on each Valuation Day.

Class B shares: The Sub-Fund pays to the Administrative Coordinator a performance fee at a rate of 7.5% per annum of the Net New Profits (as defined below), payable at the end of each calendar quarter and accrued on each Valuation Day.

Class O shares: The Sub-Fund pays to the Administrative Coordinator no performance fee for Class O shares.

"Net New Profits" means the increase in the Net Asset Value of the Class A and B shares as at the final Valuation Day of the relevant quarter when compared with the Net Asset Value of the relevant class as at the final Valuation Day of the last quarter in respect of which a performance fee was payable to the Administrative Coordinator determined after adjustment to reflect the subscription for and redemption of shares in the relevant class and after the deduction of fees and expenses accrued but not paid (with the exception of accrued performance fees). As Net New Profits are determined by reference to the last Valuation Day of the last quarter in respect of which a performance fee was payable to the Administrative Coordinator, no performance fee will be accrued or payable until all prior losses attributable to the relevant class have been recouped in full ("high watermark" system).

The reference currency for each class is as indicated in the name of the relevant class. The reference currency for the Sub-Fund is the US Dollar.

In order to protect Shareholders of classes not denominated in US Dollars from the impact of currency movements, the relevant currencies will be continuously hedged back to the underlying currency of the Investment. The costs, risks and profits of share-class currency hedging will be borne by the respective share classes. However, in order to avoid that the Net Asset Value of the share classes diverge due to such hedging, and to ensure, insofar as possible, a consistent rate of return among share classes regardless of their currency, the Board of Directors may, at its entire discretion, allocate any gains or losses incurred through such hedging as well as the costs of such hedging among all the share classes, irrespective of whether such gains or losses are directly in relation to the relevant share classes.

Article 2. INVESTMENT OBJECTIVES AND POLICY OF THE SUB-FUND

The investment objective of the Sub-Fund is to maximize long-term returns to Shareholders by investing its net assets in a diversified portfolio of UCIs pursuing related hedge fund strategies. The Sub-Fund will allocate its assets to various UCIs managed by Sub-managers employing all strategies available in the alternative space.

The fund will have a mandate to capture in all undervalued opportunities in all markets over time. The Sub-Fund may allocate its assets on a global basis, investing in all world markets. The Sub-Fund may invest with Sub-managers employing global strategies as well as country specialists.

To the extent the Sub-Fund's assets are not invested in UCIs, and during periods in which the Board of Directors believes that economic, financial or political conditions make it advisable, or

opportunities for capital appreciation are limited or for defensive purposes, the Sub-Fund may invest in short-term debt securities, hold cash or short instruments likely to benefit in a flight to quality scenario. In addition, the Sub-Fund may place all or part of its assets in temporary investments for cash management purposes pending investments of initial or subsequent subscription monies in accordance with the Sub-Fund's investment objective, or in order to meet its operational expenses.

The Sub-Fund may borrow cash from banks and financial institutions up to 100% of its net assets for bridge short-term liabilities including satisfaction of redemptions requests and/or for investment purposes.

INVESTORS SHOULD BE AWARE THAT THE BORROWINGS FOR INVESTMENT PURPOSES MAY RESULT IN HIGHER RETURNS, BUT MAY ALSO RESULT IN HIGHER LOSSES.

The Directors of the Fund intend to invest the assets of Fund in a variety of UCIs pursuing alternative strategies including some or all of the above.

All UCIs will have one or more of the following characteristics:

- (a) search for absolute performance;
- (b) use of a broad range of investment strategies which may include, among others, fixed income securities, futures, options and swaps, leverage, futures, options, swaps and debt securities;
- (c) involvement of the management with commitment of its own capital;
- (d) performance based incentive fees; and
- (e) a proven track record.

The UCIs to be selected will be open-ended or closed-ended. There will be a constant monitoring of the results of such UCIs and investment companies and the techniques used by the Sub-managers.

The Sub-Fund may seek from time to time to hedge all or a portion of its currency risks or investments through the use of derivative instruments within the limits set forth in the investment restrictions contained in the main part of this Prospectus.

The Sub-Fund may invest in UCIs established in jurisdictions where no supervision is exercised on such UCIs by regulators or where supervision is less than that which would be exercised in Luxembourg. Investors should carefully read the information contained in the main part of the Prospectus, under Section VI Risk Factors.

Article 3. ISSUE, REDEMPTION AND CONVERSION OF SHARES

3.1 Application for Shares

Shares are priced as of the last calendar day of each month (a "Valuation Day").

Shares in each class are issued on each Valuation Day, at the relevant Net Asset Value (the "Subscription Price") calculated as of such Valuation Day.

Applications must be received by the Administrative Agent and cleared funds must be received by the Custodian by 5:00 p.m. CET (the "**Application Cut-Off Time**"), at the latest 5 Business Days prior to the relevant Valuation Day or as otherwise accepted by the Company at its sole discretion (if such application has effectively been issued by the investor before the Valuation Day). Any application received after such time may be only considered for the next Valuation Day. Fractions of shares may be issued up to four decimal places.

3.2 Redemption of Shares

All the Shares are redeemable monthly on the Valuation Day falling at the end of a calendar month at the relevant Net Asset Value calculated as of such Valuation Day less the applicable redemption fee, if any.

A written redemption request is to be received by the Administrative Agent no later than 5:00 p.m. CET (the "**Redemption Cut-Off Time**") on the Business Day falling at least 5 calendar days before the relevant Valuation Day or as otherwise accepted by the Company at its sole discretion (if such written redemption request has effectively been issued by the investor before the Valuation Day). Any redemption requests received after such time, may be only considered for the next Valuation Day.

The proceeds of redemption will normally be paid in the currency of denomination of the Sub-Fund concerned within 10 Business Days after the calculation of the Net Asset Value of the shares (and in any case prior to the release of the next following Net Asset Value). Such calculation will normally be made within 22 Business Days after the applicable Valuation Day.

3.3 Conversion of Shares

Shareholders have the right to convert all or part of their Shares of any class into shares of another existing class any time to the next Valuation Day. Any such request must be received 5 Business Day prior to the relevant Valuation Day.

Shareholders have the right to convert all or part of their Shares of a Sub-Fund into another Sub-Fund by applying the same rules as for the issuance and redemption of Shares.