

PROSPECTUS

VERNO RUSSIA FUND LIMITED

(a company incorporated with limited liability under the laws of the Cayman Islands under registration number 232195)

VERNO INVESTMENT MANAGEMENT LIMITED
(INVESTMENT MANAGER)

VERNO ADVISERS AG
(INVESTMENT ADVISER)

1 March 2012

IMPORTANT INFORMATION

The Directors, whose names appear on page viii, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information. The Directors accept responsibility accordingly.

Reliance on Prospectus

The Shares are offered solely on the basis of the information and representations contained in this Prospectus and any further information given or representations made by any person may not be relied upon as having been authorised by the Fund or the Directors. Neither the delivery of this Prospectus nor the allotment or issue of Shares shall under any circumstances create any implication that there has been no change in the affairs of the Fund since the date hereof. Management Shares are not being offered for subscription pursuant to this Prospectus but are available for subscription at any time by investors who are able to satisfy the eligibility criteria set out under “Rights of the Shares, Designated Investment Shares and Management Shares” under “General and Statutory Information”.

Registration in the Cayman Islands

Each of the Fund and the Master Fund is registered as a regulated mutual fund with the Cayman Islands Monetary Authority under Section 4(3) of the Mutual Funds Law (2009 Revision) of the Cayman Islands. However, no Cayman Islands authority has commented upon the contents of this Prospectus or the merits of an investment in the Shares. Moreover the investment activities of the Fund and the Master Fund will not be regulated or otherwise overseen by the Cayman Islands Government.

Structure

The Fund is organised as a feeder fund and all or substantially all of the Fund's assets (to the extent not retained in cash) are invested in the ordinary shares of the Master Fund, an exempted company incorporated with limited liability in the Cayman Islands. In addition, Verno Russia Fund LP has been established to invest its assets in the ordinary shares of the Master Fund. Further feeder funds may also be created to invest in the Master Fund in the future. It is not expected that any direct investments will be made in the Master Fund other than by such feeder funds.

Restrictions on Distribution

Australia: This Prospectus is not a prospectus or product disclosure statement under the Corporations Act 2001 (Cth) (Corporations Act) and does not constitute a recommendation to acquire, an invitation to apply for, an offer to apply for or buy, an offer to arrange the issue or sale of, or an offer for issue or sale of, any securities in Australia. The Fund has not authorised nor taken any action to prepare or lodge with the Australian Securities & Investments Commission an Australian law compliant prospectus. Accordingly, this Prospectus may not be issued or distributed in Australia and Shares may not be offered, issued, sold or distributed in Australia by the Investment Manager, or any other person, under this Prospectus other than by way of or pursuant to an offer or invitation that does not need disclosure to investors under Part 6D.2 or Part 7.9 of the Corporations Act or otherwise. This Prospectus does not constitute or involve a recommendation to acquire, an offer or invitation for issue or sale, an offer or invitation to arrange the issue or sale, or an issue or sale, of interests to a “retail client” (as defined in section 761G of the Corporations Act and applicable).

Austria: Neither this Prospectus nor any other document in connection with the Shares is a prospectus according to the Austrian Investment Funds Act (*Investmentfondsgesetz, InvFG*), the

Austrian Capital Markets Act (*Kapitalmarktgesetz, KMG*) or the Austrian Stock Exchange Act (*Börsegesetz, BörseG*) and has therefore not been drawn up, audited, approved, passported and/or published in accordance with the aforesaid acts. Neither the Fund nor the Investment Manager is under the supervision of the Austrian Financial Market Authority or any other Austrian supervision authority. Prospective purchasers of Shares should note that the Shares have not been and will not be offered in the Republic of Austria in the course of an offer to the public within the meaning of section 24 of the Austrian Investment Funds Act or section 33 of the Austrian Investment Funds Act or sec 1 para 1 no 1 of the Austrian Capital Markets Act but under circumstances which will not be considered as an offer to the public under any of the aforesaid acts. Therefore, the provisions of the Austrian Investment Funds Act and the provisions of the Austrian Capital Markets Act relating to registration requirements and to prospectus requirements do not apply and the Shares have thus neither been registered for public distribution in Austria with the Austrian Financial Market Authority (*Finanzmarktaufsichtsbehörde*) nor been the subject matter of a prospectus compliant with the Austrian Investment Funds Act or the Austrian Capital Markets Act. This Prospectus is confidential and is being provided only to a limited number of recipients who have been individually selected in advance by certain criteria and are targeted in Austria exclusively by means of a private placement. This Prospectus is provided solely for the information of such recipients and must not be reproduced, published, distributed or made available to any other person (including the press and any other media), in whole or in part, for any purpose and no steps may be taken that would constitute a public offer of the Shares under either the Austrian Investment Funds Act or the Austrian Capital Markets Act (whether presently or in the future).

Bahrain: The Prospectus has not been approved by the Central Bank of Bahrain which takes no responsibility for its contents. No offer to the public to purchase the Shares will be made in the Kingdom of Bahrain and this Prospectus is intended to be read by the addressee only and must not be passed to, issued to, or shown to the public generally.

Belgium: The offering of Shares has not been and will not be notified to the Belgian Banking, Finance and Insurance Commission (*Commissie Voor Het Bank, Financie-en Assurantiewezen/ Commission Bancaire, Financière et des Assurances*) nor has this Prospectus been, nor will it be, approved by the Belgian Banking, Finance and Insurance Commission. The Shares may be offered in Belgium only to a maximum of 99 investors or to investors investing a minimum of €250,000 or to professional or institutional investors, in reliance on Article 5 of the Law of 20 July 2004. This Prospectus may be distributed in Belgium only to such investors for their personal use and exclusively for the purposes of this offering of Shares. Accordingly, this Prospectus may not be used for any other purpose nor passed on to any other investor in Belgium.

British Virgin Islands: The Fund is not registered or recognised in the British Virgin Islands and as such the Shares may not be offered to individuals in the British Virgin Islands. However, the Shares may be offered to British Virgin Islands Business Companies and/or persons who are not members of the public from outside the British Virgin Islands. A British Virgin Islands Business Company is a company formed under or otherwise governed by the British Virgin Islands Business Companies Act, 2004 (British Virgin Islands).

Cayman Islands: No offer or invitation may be made to the public in the Cayman Islands to subscribe for the Shares.

Chile: Neither the issuer nor the Shares have been registered with the *Superintendencia de Valores y Seguros* pursuant to law no. 18.045, the *Ley de Mercado de Valores*, and regulations thereunder. This Prospectus does not constitute an offer of, or an invitation to subscribe for or purchase, the Shares in the Republic of Chile, other than to individually identified buyers pursuant to a private offering within the meaning of Article 4 of the *Ley de Mercado de Valores* (an offer that is not addressed to the public at large or to a certain sector or specific group of the public).

China: This Prospectus does not constitute a public offer of the Fund, whether by sale or subscription, in the People's Republic of China (the "PRC"). The Fund is not being offered or sold

directly or indirectly in the PRC to or for the benefit of, legal or natural persons of the PRC. Further, no legal or natural persons of the PRC may directly or indirectly purchase any of the Fund or any beneficial interest therein without obtaining all prior PRC's governmental approvals that are required, whether statutorily or otherwise. Persons who come into possession of this document are required by the issuer and its representatives to observe these restrictions.

Denmark: The Fund has not obtained an approval for marketing in Denmark by the Danish Financial Supervisory Authority pursuant to the Danish Act on Investment Associations and Special-Purpose Associations as well as other Collective Investment Schemes etc. (Consolidated Act No. 904 of 5 July 2010) (the "Act") and the Executive Order on Marketing Carried out by Foreign Investment Undertakings in Denmark (Executive Order No. 505 of 12 May 2010) (the "Executive Order") issued by the Danish Financial Supervisory Authority. The Shares of the Fund have not been offered or sold and may not be offered, sold or delivered, directly or indirectly, to investors in Denmark. This implies, inter alia, that the Shares in the Fund may not be offered or marketed to potential investors in Denmark unless an approval from the Danish Financial Supervisory Authority in accordance with Section 16(1) of the Act has been obtained.

Dubai International Financial Centre: This Prospectus relates to a fund which is not subject to any form of regulation or approval by the Dubai Financial Services Authority ("DFSA"). The DFSA has no responsibility for reviewing or verifying any Prospectus or other documents in connection with this Fund. Accordingly, the DFSA has not approved this Prospectus or any other associated documents nor taken any steps to verify the information set out in this Prospectus, and has no responsibility for it. The Shares to which this Prospectus relates may be illiquid and/or subject to restrictions on their resale. The Shares will not be offered to retail investors. Prospective purchasers should conduct their own due diligence on the Shares. If you do not understand the contents of this document you should consult an authorised financial adviser.

Egypt: The securities described in this Prospectus have not been, and are not being, publicly offered, sold, promoted or advertised in Egypt. Further, this document does not constitute a public offer of securities in Egypt and is not intended to be a public offer.

Finland: This Prospectus does not constitute an offer to the public in Finland. The Shares cannot be offered or sold in Finland by means of any document to any persons other than "Professional Investors" as defined by the Finnish Mutual Funds Act (*Sijoitusrahastolaki* 29.1.1999/48), as amended. No action has been taken to authorise an offering of Shares to the public in Finland and the distribution of this Prospectus is not authorised by the Financial Supervision Authority in Finland. This Prospectus is strictly for private use by its recipient and may not be passed on to third parties or otherwise publicly distributed. Subscriptions will not be accepted from any persons other than the person to whom this Prospectus has been delivered by the Fund, the Investment Manager or their respective representatives. This Prospectus may not include all the information that is required to be included in a prospectus in connection with an offering to the public.

France: The Shares may not be offered directly or indirectly in the Republic of France and neither this Prospectus, which has not been submitted to the *Autorité des marchés financiers*, nor any offering material or information contained therein relating to the Fund, may be supplied in connection with any offer of the Shares in the Republic of France.

Germany: Each purchaser of Shares acknowledges that the Fund is not and will not be registered for public distribution in Germany. Accordingly, no offer of the Shares may be made to the public in Germany except pursuant to any of the exemptions set out in section 2 paragraph 11 of the German Investment Act including but not limited to if the Shares are distributed exclusively to credit institutions and financial services providers as defined in the German Banking Act, private or public insurance companies, investment companies and their investment managers as well as pension funds and their administrators.

Hong Kong: The contents of this Prospectus have not been reviewed by any regulatory authority in Hong Kong. You are advised to exercise caution in relation to the offer. If you are in any doubt about any of the contents of this Prospectus, you should obtain independent professional advice.

Ireland: The distribution of this Prospectus and the offering or purchase of Shares is restricted to the individual to whom this Prospectus is addressed. Accordingly, it may not be reproduced in whole or in part, nor may its contents be distributed in writing or orally to any third party and it may be read solely by the person to whom it is addressed and his/her professional advisers. This Prospectus may not be distributed and the Shares will not be offered or sold otherwise than in conformity with the provisions of the European Communities (Markets in Financial Instruments) Regulations 2007 (as amended). Shares in the Fund will not in any event be publicly marketed in Ireland except in accordance with the requirements of the Central Bank of Ireland.

Isle of Man: The Fund is not subject to any form of regulation or approval in the Isle of Man. This Prospectus has not been registered or approved for distribution in the Isle of Man and may only be distributed in or into the Isle of Man by a person permitted under Isle of Man law to do so and in accordance with the Isle of Man Collective Investment Schemes Act 2008 and regulations made thereunder. Shareholders in the Fund are not protected by any statutory compensation scheme.

Italy: The Shares may not be offered, sold or delivered and this Prospectus, or any circular, advertisement or other document or offering material relating to the Shares, may not be published, distributed or made available in the Republic of Italy unless: (i) the Shares have been previously registered with the Bank of Italy and, as appropriate, with the Italian Securities and Exchange Commission (Consob); and (ii) the offering, sale or delivery of the Shares and publication or distribution of the Prospectus or of any other document or offering material is made in accordance with relevant Italian laws and regulations.

Japan: The Shares have not been and will not be registered pursuant to Article 4, Paragraph 1 of the Financial Instruments and Exchange Law of Japan (Law no. 25 of 1948, as amended) and, accordingly, none of the Shares nor any interest therein may be offered or sold, directly or indirectly, in Japan or to, or for the benefit, of any Japanese person or to others for re-offering or resale, directly or indirectly, in Japan or to any Japanese person except under circumstances which will result in compliance with all applicable laws, regulations and guidelines promulgated by the relevant Japanese governmental and regulatory authorities and in effect at the relevant time. For this purpose, a “Japanese person” means any person resident in Japan, including any corporation or other entity organised under the laws of Japan.

Jersey: This Prospectus relates to a private placement and does not constitute an offer to the public in Jersey to subscribe for the Shares offered hereby. No regulatory approval has been sought to the offer in Jersey and it must be distinctly understood that the Jersey Financial Services Commission does not accept any responsibility for the financial soundness of or any representations made in connection with the Fund. The offer of Shares is personal to the person to whom this Prospectus is being delivered by or on behalf of the Fund, and a subscription for the Shares will only be accepted from such person. This Prospectus may not be reproduced or used for any other purpose.

Jordan: The main purpose of preparing this Prospectus is to provide all the information that helps the investors to make the appropriate decision in respect of investment in the offered Shares. The Fund shall bear the full responsibility regarding the information included in this Prospectus and it emphasises that there is no other information the omission of which leads to rendering the information misleading. Every investor should carefully scrutinise and examine thoroughly this Prospectus in order to decide whether it is appropriate to invest in these Shares, taking into consideration all the stated facts according to his own situation. The Jordan Securities Commission shall bear no responsibility for the failure to include in the Prospectus any necessary and important information or data for including therein false or inaccurate information or data, but this shall be the responsibility of the party that prepares the Prospectus.

Korea: Neither the Fund nor the Investment Manager is making any representation with respect to the eligibility of any recipients of this Prospectus to acquire the Shares therein under the laws of Korea, including but without limitation the Foreign Exchange Transaction Act and Regulations thereunder. The Shares may only be offered to Qualified Professional Investors, as such term is defined under the Financial Investment Services and Capital Markets Act, and none of the Shares may be offered, sold or delivered, or offered or sold to any person for re-offering or resale, directly or indirectly, in Korea or to any resident of Korea except pursuant to applicable laws and regulations of Korea.

Kuwait: This Prospectus is not for general circulation to the public in Kuwait nor will the Shares be sold to the public in Kuwait.

Netherlands: This Prospectus is not addressed to or intended for any individual or legal entity in the Netherlands except (a) individuals or legal entities who qualify as qualified investors (as defined by article 2 paragraph 1(e) of the Prospectus Directive (2003/71/EC), as amended or (b) other persons to whom, or in circumstances where, an exemption or exception to the offering of interests in collective investment schemes (*beleggingsinstellingen*) applies pursuant to the Act on Financial Supervision (*Wet op het financieel toezicht*), and the rules and regulations promulgated pursuant thereto, as amended. Distribution of this Prospectus does not trigger a licence requirement for the Fund in the Netherlands and consequently no supervision will be exercised over the Fund by the Netherlands Authority for the Financial Markets (*Autoriteit Financiële Markten*).

Oman: The information contained in this Prospectus neither constitutes a public offer of securities in the Sultanate of Oman as contemplated by the Commercial Companies Law of Oman (Royal Decree 4/74) or the Capital Market Law of Oman (Royal Decree 80/98), nor does it constitute an offer to sell, or the solicitation of any offer to buy Non-Omani securities in the Sultanate of Oman as contemplated by Article 6 of the Executive Regulations to the Capital Market Law (issued in Ministerial Decision No.4/2001). Additionally, this Prospectus is not intended to lead to the conclusion of any contract of whatsoever nature within the territory of the Sultanate of Oman.

Panama: The distribution of this Prospectus and the offering of Shares may be restricted in certain jurisdictions. The above information is for general guidance only, and it is the responsibility of any person or persons in possession of this Prospectus and wishing to make application for Shares to inform themselves of, and to observe, all applicable laws and regulations of any relevant jurisdiction. Prospective applicants for Shares should inform themselves as to legal requirements also applying and any applicable exchange control regulations and applicable taxes in the countries of their respective citizenship, residence or domicile. This Prospectus does not constitute an offer or solicitation to any person in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it would be unlawful to make such offer or solicitation.

Qatar: The Shares are only being offered to a limited number of investors who are willing and able to conduct an independent investigation of the risks involved in an investment in such Shares. The Prospectus does not constitute an offer to the public and is for the use only of the named addressee and should not be given or shown to any other person (other than employees, agents or consultants in connection with the addressee's consideration thereof). No transaction will be concluded in your jurisdiction and any inquiries regarding the Shares should be made to the Investment Manager.

Russia: The Shares have not been authorised to be offered to the public in the Russian Federation. This Prospectus has neither been approved nor registered by the Federal Financial Markets Service of the Russian Federation and does not constitute or form part of any offer or invitation to the public in the Russian Federation to subscribe for or purchase Shares and should not be construed as such. This Prospectus may not be distributed to the public in the Russian Federation.

Saudi Arabia: The Shares may only be offered and sold in the Kingdom of Saudi Arabia in accordance with Article 4 of the Investment Funds Regulations issued on December 24, 2006 (the “Regulations”). Article 4(b)(4) of the Regulations states that, if investment fund units are offered to no more than 200 offerees in the Kingdom of Saudi Arabia and the minimum amount payable per offeree is not less than Saudi Riyals 1 million or an equivalent amount in another currency, such offer of investment fund units shall be deemed a private placement for purposes of the Regulations. Investors are informed that Article 4(g) of the Regulations places restrictions on secondary market activity with respect to the Shares.

Singapore: This Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. 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 pursuant to Section 304 of the Securities and Futures Act, Chapter 289 of Singapore (the “SFA”) or (ii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Spain: The Fund has not been authorised by or registered with the Spanish Securities Market Commission as a foreign collective investment scheme in accordance with section 15.2 of Law 35/2003 of 4 November 2003 on Collective Investment Schemes. Accordingly, the Shares may not be offered or sold in Spain by means of any marketing activities as defined in section 2 of Law 35/2003, as amended by Law 25/2005, of 24 November 2005.

Sweden: This Prospectus has not been approved by or registered with the Swedish Financial Supervisory Authority (*Finansinspektionen*) pursuant to the Swedish Financial Instruments Trading Act (*lagen 1991:980 om handel med finansiella instrument*). Accordingly, the Shares may only be offered in Sweden in circumstances that will not result in a requirement to prepare a prospectus pursuant to the Swedish Financial Instruments Trading Act. The Fund is not an Investment Fund (*fondföretag*) for the purpose of the Swedish Investment Funds Act (*lag (2004:46) om investeringsfonder*) and has therefore not been, nor will it be, approved or registered by the Swedish Financial Supervisory Authority pursuant to the Swedish Investment Funds Act.

Switzerland: The Fund has not been approved by the Swiss Financial Market Supervisory Authority (“FINMA”) as a foreign collective investment scheme pursuant to Article 120 of the Swiss Collective Investment Schemes Act of 23 June 2006 (the “CISA”). Accordingly, the Shares may not be offered to the public in or from Switzerland and neither this Prospectus nor any other offering materials relating to the Shares may be made available through a public offering in or from Switzerland. The Shares may only be offered and this Prospectus may only be distributed in or from Switzerland to “Qualified Investors” (as defined in the CISA and its implementing ordinance).

United Arab Emirates: FOR UNITED ARAB EMIRATES RESIDENTS ONLY. This Prospectus, and the information contained herein, does not constitute, and is not intended to constitute, a public offer of securities in the United Arab Emirates (the “UAE”) and accordingly should not be construed as such. The Shares are only being offered to a limited number of sophisticated investors in the UAE who (a) are willing and able to conduct an independent investigation of the risks involved in an investment in such Shares, and (b) upon their specific request. The Shares have not been approved by or licensed or registered with the UAE Central Bank, the Securities and Commodities Authority or any other relevant licensing authorities or governmental agencies in the UAE. This Prospectus is for the use of the named addressee only and should not be given or shown to any other person (other than employees, agents or consultants in connection with the addressee’s consideration thereof). No transaction will be concluded in the UAE and any enquiries regarding the Shares should be made to the Investment Manager.

United Kingdom: The Fund is an unrecognised collective investment scheme for the purposes of the Financial Services and Markets Act 2000 of the United Kingdom (the “Act”). The promotion of the Fund and the distribution of this Prospectus in the United Kingdom is accordingly restricted by law.

This Prospectus is being issued in the United Kingdom by the Fund to, and/or is directed at, persons to or at whom it may lawfully be issued or directed under the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 including persons who are authorised under the Act (“authorised persons”), certain persons having professional experience in matters relating to investments, high net worth companies, high net worth unincorporated associations or partnerships, trustees of high value trusts and persons who qualify as certified sophisticated investors. The Shares are only available to such persons in the United Kingdom and this Prospectus must not be relied or acted upon by any other persons in the United Kingdom. In order to qualify as a certified sophisticated investor a person must a) have a certificate in writing or other legible form signed by an authorised person to the effect that he is sufficiently knowledgeable to understand the risks associated with a particular type of investment and b) have signed, within the last 12 months, a statement in a prescribed form declaring, amongst other things, that he qualifies as a sophisticated investor in relation to such investments.

This Prospectus is exempt from the general restriction in Section 21 of the Act on the communication of invitations or inducements to engage in investment activity on the grounds that it is being issued to and/or directed at only the types of person referred to above. The content of this Prospectus has not been approved by an authorised person and such approval is, save where this Prospectus is directed at or issued to the types of person referred to above, required by Section 21 of the Act.

Acquiring Shares may expose an investor to a significant risk of losing all of the amount invested. The Fund is a limited liability company and any person who acquires Shares will not thereby be exposed to any significant risk of incurring additional liability. Any person who is in any doubt about investing in the Fund should consult an authorised person specialising in advising on such investments.

United States: The Shares have not been and will not be registered under the United States Securities Act of 1933, as amended (the “1933 Act”) or the securities laws of any of the states of the United States, nor is such registration contemplated. The Shares may not be offered, sold or delivered directly or indirectly in the United States or to or for the account or benefit of any “US Person” except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the 1933 Act and any applicable state laws.

The Shares are being offered outside the United States pursuant to the exemption from registration under Regulation S under the 1933 Act and inside the United States to US Persons in reliance on Regulation D promulgated under the 1933 Act and Section 4(2) thereof.

There is no public market for the Shares and no such market is expected to develop in the future. The Shares offered hereby are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under the 1933 Act and applicable state securities laws pursuant to registration or exemption therefrom.

The Fund has not been and will not be registered under the United States Investment Company Act of 1940, as amended (the “1940 Act”) pursuant to the provisions of Section 3(c)(7) of the 1940 Act, which excludes from the definition of “investment company” a privately offered fund that is organised outside the US and whose US Person security holders consists exclusively of “qualified purchasers”, as defined in Section 2(a)(51) of the 1940 Act.

The Fund may arrange or permit the private placement in the United States of a portion of the Shares under the exemption provided by Section 4(2) of the 1933 Act and Regulation D

promulgated thereunder to US Persons that are “accredited investors” (as defined in Rule 501(a) of Regulation D under the 1933 Act) and “qualified purchasers” (as defined in Section 2(a)(51) of the 1940 Act), under restrictions and other circumstances designed to preclude a distribution that would otherwise require registration of the Shares under the 1933 Act, cause the Fund to become subject to the registration requirements of the 1940 Act, oblige the Fund or the Investment Manager to comply with requirements under the United States Commodity Exchange Act (the “CEA”), or cause the assets of the Fund to be “plan assets” for the purposes of the United States Employee Retirement Income Security Act of 1974, as amended (“ERISA”), including presentation by such investors, prior to the delivery to them of Shares, of subscription documentation containing specified representations and agreements.

The Fund will not accept any subscriptions from investors that are employee benefit plans subject to Title I of ERISA, certain tax qualified plans subject to Section 4975 of the United States Internal Revenue Code of 1986, as amended, or other entities deemed to hold assets of such plans (together, “Benefit Plans”) if after such subscription the Shares of any Class held by Benefit Plans would be 25 per cent or more of the total outstanding Shares of that Class. If the Shares of any Class held by Benefit Plans were to exceed this 25 per cent limit, the Fund’s assets might be considered “plan assets” under ERISA, which could result in adverse consequences to the Fund, the Investment Manager and the fiduciaries of the Benefit Plans.

Generally: The distribution of this Prospectus and the offering of Shares may be restricted in certain jurisdictions. The above information is for general guidance only, and it is the responsibility of any person or persons in possession of this Prospectus and wishing to make application for Shares to inform themselves of, and to observe, all applicable laws and regulations of any relevant jurisdiction. Prospective applicants for Shares should inform themselves as to legal requirements also applying and any applicable exchange control regulations and applicable taxes in the countries of their respective citizenship, residence or domicile.

This Prospectus does not constitute an offer or solicitation to any person in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it would be unlawful to make such offer or solicitation.

This Prospectus has been prepared solely for the information of the person to whom it has been delivered by or on behalf of the Fund, and should not be reproduced or used for any other purpose.

Risk Factors

Investment in the Fund carries substantial risk. There can be no assurance that the Fund’s or the Master Fund’s investment objective will be achieved and investment results may vary substantially over time. Investment in the Fund is not intended to be a complete investment programme for any investor. Prospective investors should carefully consider whether an investment in Shares is suitable for them in light of their circumstances and financial resources (see further under “Risk Factors”).

If you are in any doubt about the contents of this document you should consult your financial adviser, accountant or other professional adviser.

DIRECTORY

VERNO RUSSIA FUND LIMITED

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Grand Cayman KY1-1104
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* Where indicated by an asterisk, the relevant entity, person or address serves the same functions in respect of, and applies to, the Master Fund.

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DEFINITIONS

“Administrator”	Deutsche International Corporate Services (Ireland) Limited;
“Application Form”	application form for subscription for Shares to be completed by all investors other than US Persons;
“Articles”	the Articles of Association of the Fund and/or the Master Fund, as the context requires;
“Business Day”	any day on which banks are open for business in Ireland, Russia, the United Kingdom, the United States and/or such other place or places as the Directors may from time to time determine;
“Calculation Period”	a calculation period as defined on page 31;
“Class”	a class of ordinary shares in the Fund;
“Class Account”	a class account as defined on page 29;
“Class A Shares”	ordinary non-voting shares in the Fund of par value US\$0.01 issued as Class A Shares and issued in series;
“Class B Shares”	ordinary non-voting shares in the Fund of par value US\$0.01 issued as Class B Shares;
“Conversion Series”	as defined on page 20;
“Designated Investments”	as defined on page 22;
“Designated Investment Shares”	as defined on page 22;
“Directors”	the members of the board of directors of the Fund and/or the Master Fund, as the context requires, for the time being and any duly constituted committee thereof and any successors to such members as may be appointed from time to time;
“Distributor”	Verno Investment Management Limited;
“Equalisation Credit”	an equalisation credit as defined on page 33;
“Former Soviet Union”	as defined on page 4;
“Founder Shares”	voting founder shares of par value US\$1.00 in the Fund;
“FSA”	the Financial Services Authority of the United Kingdom;
“Fund”	Verno Russia Fund Limited;
“Hurdle Rate”	as defined on page 34;
“Ineligible Applicant”	an ineligible applicant as described on page 21;

“Investment Adviser”	Verno Advisers AG;
“Investment Manager”	Verno Investment Management Limited;
“Investment Management Fee”	the investment management fee payable by the Fund to the Investment Manager;
“Management Shares”	ordinary non-voting shares in the Fund of par value US\$0.01 issued as Management Shares;
“Master Designated Investment Shares”	as defined on page 24;
“Master Fund”	Verno Russia Master Fund Limited;
“Middle/Back Office Service Provider”	Point Nine Financial Technologies Limited;
“Minimum Holding”	US\$10,000,000 in the case of Class A Shares and US\$100,000 in the case of Class B Shares or, in the case of Class A Shares, such lesser amount as the Directors may generally or in any particular case determine provided that such amount is not less than US\$100,000;
“Net Asset Value”	the net asset value of the Fund, a Class Account, or the Master Fund, as the case may be, determined in accordance with the Articles;
“Net Asset Value per Share”	the Net Asset Value of the relevant Class Account divided by the number of Shares of the relevant Class in issue or deemed to be in issue;
“Non-United States Person”	(a) a natural person who is not a resident of the United States, (b) a partnership, corporation or other entity, other than an entity organised principally for passive investment, organised under the laws of a non-US jurisdiction and which has its principal place of business in a non-US jurisdiction, (c) an estate or trust, the income of which is not subject to United States income tax regardless of source, (d) an entity organised principally for passive investment such as a pool, investment company or other similar entity, provided that units of participation in the entity held by persons who do not qualify as Non-United States Persons or otherwise as qualified eligible persons represent in the aggregate less than 10 per cent of the beneficial interest in the entity and that such entity was not formed principally for the purpose of facilitating investment by persons which do not qualify as Non-United States Persons in a commodity pool with respect to which the commodity pool operator is exempt from certain requirements of Part 4 of the CFTC’s regulations by virtue of its participants being Non-United States Persons, and (e) a pension plan for employees, officers or principals of an entity organised and with its principal place of business outside the United States;

“Partnership”	Verno Russia Fund LP;
“Performance Fee”	the performance fee payable by the Fund to the Investment Manager;
“Prime Broker and Custodian”	Citigroup Global Markets Limited, the prime broker and custodian to the Master Fund;
“Redemption Day”	the first Business Day of each calendar month and/or such other day or days as the Directors may from time to time determine;
“Redemption Price”	the price per Share at which Shares are redeemed, calculated in the manner described on page 25;
“Russia”	the Russian Federation;
“Shareholder”	a person recorded as a holder of Shares in the Fund’s register of shareholders;
“Shares”	Class A Shares and/or Class B Shares;
“Sub-Adviser”	Verno Investment Research Limited;
“Subscription Day”	the first Business Day of each month and/or such other day or days as the Directors may from time to time determine;
“Subscription Price”	in respect of Class A Shares, US\$1,000 per Share for each new series of Shares or such other price as the Directors may determine in respect of each series and, in respect of Class B Shares, the price per Share at which Shares of that Class are issued, calculated in the manner described on page 20;
“Threshold Net Asset Value per Share”	as defined on page 34;
“United States” or “US”	the United States of America (including the states and District of Columbia) and any of its territories, possessions and other areas subject to its jurisdiction;
“US Person”	a person other than a Non-United States Person;
“US Persons Application Form”	application form for subscription for Shares to be completed by US Persons;
“Valuation Day”	the Business Day immediately preceding a Subscription Day or a Redemption Day, as the case may be, and/or such other day or days as the Directors may from time to time determine; and
“Verno Group”	Verno Group Limited and its subsidiaries, including the Investment Manager.

In this Prospectus, all references to “US Dollars” and “US\$” are to the currency of the United States and all references to “Rouble” are to the currency of Russia.

PRINCIPAL FEATURES

The following is a summary of the principal features of the Fund and the Master Fund and should be read in conjunction with the full text of this Prospectus.

Structure

The Fund is an exempted company incorporated with limited liability in the Cayman Islands on 16 October 2009 as an open-ended investment company and, as such, has power to issue and redeem Shares at the relevant Subscription Price and the relevant Redemption Price respectively. No application has been made for the Shares to be listed on any stock exchange.

The Fund is organised as a feeder fund and all or substantially all of the assets of the Fund (to the extent not retained in cash) are invested in the ordinary shares of the Master Fund. In addition, Verno Russia Fund LP has been established to invest its assets in the ordinary shares of the Master Fund. Further feeder funds may also be created to invest in the Master Fund in the future. It is not expected that any direct investments will be made in the Master Fund other than by such feeder funds.

Base Currency

The base currency of the Fund and the Master Fund is the US Dollar and Shares will be issued and redeemed in US Dollars.

Investment Objective

The Fund invests all or substantially all of its assets (to the extent not retained in cash) in the ordinary shares of the Master Fund.

The Master Fund aims to achieve long-term capital gains with a view to capital preservation. The Master Fund attempts to achieve its investment objective through a combination of fundamental stock selection, hedging and trading.

There can be no assurance that the Master Fund will achieve its investment objective.

Investment Strategy

The Master Fund primarily invests in the countries of the Former Soviet Union. It may invest in publicly traded listed equities, equity-related securities and derivative instruments including, but not limited to, warrants, options, index products and other derivative instruments. It is currently expected that such equities, securities or investments relate to companies which either generate at least a third of their revenues from, or have a majority of their assets located in, the countries of the Former Soviet Union. The Master Fund may also invest in publicly traded debt securities issued by the governments of the countries of the Former Soviet Union and by companies incorporated or operating within such jurisdictions.

For the purposes of this Prospectus, the “Former Soviet Union” or “FSU” shall mean the republics of the Soviet Union prior to its break-up in 1991, which comprised the following: Russia, Ukraine, Belorussia, Lithuania, Latvia, Estonia, Moldavia, Georgia, Armenia, Azerbaijan, Uzbekistan, Kazakhstan, Turkmenistan, Tajikistan and Kyrgyzstan.

Investments outside the countries of the Former Soviet Union may be made by the Investment Manager but will be subject to the Directors’ approval, unless they are made for hedging or cash management purposes.

The Master Fund currently invests in the more liquid market segments of the countries of the Former Soviet Union such as international depositary receipts or more liquid domestically-traded

equities and derivatives thereof. The Investment Manager currently focuses on opportunities in Russia. Exposure to other countries of the Former Soviet Union is expected to increase as those markets develop.

Investment Manager, Investment Adviser and Sub-Adviser

Verno Investment Management Limited has been appointed as Investment Manager of the Fund and the Master Fund, Verno Advisers AG has been appointed as the Investment Adviser to the Investment Manager and Verno Investment Research Limited has been appointed as the Sub-Adviser to the Investment Adviser. The Investment Manager, the Investment Adviser, the Sub-Adviser, other entities in the Verno Group and/or their respective directors, officers, employees, related entities and connected persons may subscribe, directly or indirectly, for Shares and/or Management Shares.

Prime Broker and Custodian

Citigroup Global Markets Limited has been appointed as Prime Broker and Custodian to the Master Fund.

Offer

Up to 24,999,000 Shares are available for issue as Class A Shares or Class B Shares. Class A Shares are issued in series. Management Shares are not being offered for subscription pursuant to this Prospectus but are available for subscription at any time by investors who are able to satisfy the relevant eligibility criteria.

Subscriptions

Class A Shares are available for subscription at the relevant Subscription Price on each Subscription Day. A new series of Class A Shares will be issued on each Subscription Day on which Class A Shares are issued. The Subscription Price for each new series of Class A Shares will be US\$1,000 per Share, or such other price as the Directors may determine.

Class B Shares will be available for subscription at the relevant Subscription Price on each Subscription Day. The Subscription Price for Class B Shares will be equal to the Net Asset Value per Share of the Class B Shares as at the Valuation Day immediately preceding the Subscription Day on which the application is effective. A subscriber for Class B Shares may also be required to pay an additional amount as an Equalisation Credit.

Non-cash subscriptions may be accepted at the discretion of the Directors.

The Directors are authorised from time to time to close the Fund or any Class of Shares to new subscriptions on such basis and on such terms as the Directors may in their absolute discretion determine.

Minimum Investment

The minimum initial investment per subscriber is US\$10,000,000 in the case of Class A Shares and US\$100,000 in the case of Class B Shares or, in the case of Class A Shares, such lesser amount as the Directors may generally or in any particular case determine, provided that such amount is not less than US\$100,000. The minimum amount of additional subscriptions per investor is US\$500,000 in the case of Class A Shares and US\$50,000 in the case of Class B Shares, or in each case such lesser amount as the Directors may generally or in any particular case determine.

Initial Fee

An initial fee of up to 5 per cent of the Subscription Price may be payable by applicants for Shares at the discretion of the Directors. Such initial fee may, subject to applicable law, be paid to intermediaries or the Distributor as determined by the Fund from time to time. The Directors may waive the payment of the initial fee in whole or in part at their discretion.

Restrictions on Sale and Transfer

Shares may only be offered, sold or transferred to investors who are not Ineligible Applicants as described under “Subscriptions” below.

Redemptions

Shares are redeemable at the option of the Shareholder on any Redemption Day upon prior notice to the Administrator of at least 45 calendar days, in the case of Class A Shares, or at least 30 calendar days, in the case of Class B Shares, or in each case such lesser period as the Directors may generally or in any particular case determine. Shares will be redeemed at the relevant Redemption Price. A Shareholder redeeming Class B Shares may receive additional redemption proceeds if an Equalisation Credit paid at the time of subscription has not been fully applied.

A request for a partial redemption of Shares may be refused, or the holding redeemed in its entirety, if, as a result of such partial redemption, the Net Asset Value of the Shares retained by the Shareholder would be less than the relevant Minimum Holding.

A redemption fee of 5 per cent of the redemption proceeds will be payable on Shares redeemed within twelve months of issue or acquisition if acquired in the secondary market. No redemption fee will be payable on Shares held by the redeeming Shareholder for more than twelve months. However, Class A Shares which are redeemed between 12 and 24 months following issue will forfeit any entitlement to payment from the Class A Shares Performance Fee Suspense Account, as more particularly described under “Fees and Expenses” section below. The redemption proceeds will be reduced by the amount of the redemption fee and the net amount paid to the redeeming Shareholder. The Directors may waive the payment of a redemption fee, in whole or in part, at their discretion. The redemption fee will be retained by the Fund.

Exchanges

Subject to compliance with the relevant Minimum Holding requirement, holders of Shares of one Class are entitled to exchange all or any of their Shares of that Class for Shares of the other Class on any Redemption Day. A Share exchange will be effected by way of a redemption of Shares of one Class and a simultaneous subscription (at the most recent Subscription Price) for Shares of the other Class. An amount equal to the costs incurred (if any) as a result of such exchange will be deducted from the redemption proceeds of the Class of Shares which is being exchanged.

Fees and Expenses

The Investment Manager receives from the Fund an Investment Management Fee equal to 1/12 of 1.75 per cent per month of the Net Asset Value of the Class A Shares and 1/12 of 2 per cent per month of the Net Asset Value of the Class B Shares (in each case before deduction of that month's Investment Management Fee and before deduction for any accrued Performance Fees) as at the last Valuation Day in each month, payable monthly in arrears.

The Investment Manager is also entitled to receive a Performance Fee from the Fund calculated on a Share-by-Share basis in respect of each calendar year (a “Calculation Period”). The Performance Fee is deemed to accrue on a monthly basis as at each Valuation Day. For each

Calculation Period, if the Threshold Net Asset Value per Share is met or exceeded, then the Performance Fee in respect of each such Share will be equal to 20 per cent of the appreciation in the Net Asset Value per Share of the relevant Class or series during that Calculation Period above the Threshold Net Asset Value per Share. The Performance Fee in respect of each Calculation Period is calculated by reference to the Net Asset Value per Share of the relevant Class or series before deduction for any accrued Performance Fees.

The Investment Management Fee and Performance Fee, if any, payable in respect of Designated Investment Shares will be as agreed between the Investment Manager and the Fund, as set out on page 31.

The Investment Manager is responsible for paying the fees and expenses of the Investment Adviser. The Investment Adviser is responsible for paying the fees and expenses of the Sub-Adviser.

The Master Fund pays the fees and expenses of the Administrator, the Middle/Back Office Service Provider and of the Prime Broker and Custodian. The Fund and/or the Master Fund bear all other ongoing operating costs and expenses.

Dividend Policy

It is not envisaged that any income or gains will be distributed by the Fund or the Master Fund by way of dividend to holders of Shares. This does not preclude the Directors from declaring a dividend at any time in the future if they consider it appropriate to do so. In the event that a dividend is declared and remains unclaimed after a period of six years from the date of declaration, such dividend will be forfeited and will revert to the Fund or the Master Fund, as the case may be. To the extent that a dividend may be declared, it will be paid in compliance with any applicable laws.

Reports and Financial Statements

Annual financial statements of the Fund and Master Fund are made up to 31 December in each year, although the first audited financial statements covered the period from the date of the Fund's incorporation until 31 December 2010. An annual report and the audited financial statements of the Fund and the Master Fund will be sent to Shareholders as soon as practicable and in any event within six months of the financial year end.

Taxation

On the basis of current Cayman Islands law and practice, neither the Fund nor the Master Fund is liable to taxation in the Cayman Islands.

Prospective applicants for Shares should consult their own advisers as to the particular tax consequences of their proposed investment in the Fund.

INVESTMENT OBJECTIVE, STRATEGY AND PROCESS

Investment Objective

The Fund invests all or substantially all of its assets (to the extent not retained in cash) in the ordinary shares of the Master Fund.

The Master Fund aims to achieve long-term capital gains with a view to capital preservation. The Master Fund attempts to achieve its investment objective through a combination of fundamental stock selection, hedging and trading. There can be no assurance that the Master Fund will achieve its investment objective.

Investment Strategy

The Master Fund primarily invests in the countries of the Former Soviet Union. It may invest in publicly traded listed equities, equity-related securities and derivative instruments including, but not limited to, warrants, options, index products and other derivative instruments. It is currently expected that such equities, securities or investments relate to companies which either generate at least a third of their revenues from, or have a majority of their assets located in, the countries of the Former Soviet Union. The Master Fund may also invest in publicly traded debt securities issued by the governments of the countries of the Former Soviet Union and by companies incorporated or operating within such jurisdictions.

For the purposes of this Prospectus, the “Former Soviet Union” or “FSU” shall mean the republics of the Soviet Union prior to its break-up in 1991, which comprised the following: Russia, Ukraine, Belorussia, Lithuania, Latvia, Estonia, Moldavia, Georgia, Armenia, Azerbaijan, Uzbekistan, Kazakhstan, Turkmenistan, Tajikistan and Kyrgyzstan.

Investments outside the countries of the Former Soviet Union may be made by the Investment Manager but will be subject to the Directors’ approval, unless they are made for hedging or cash management purposes.

The Master Fund currently invests in the more liquid market segments of the countries of the Former Soviet Union such as international depositary receipts or more liquid domestically-traded equities and derivatives thereof. The Investment Manager currently focuses on opportunities in Russia. Exposure to other countries of the Former Soviet Union is expected to increase as those markets develop.

Investment Process

The Investment Manager makes investment decisions based on bottom-up fundamental company research with a top-down risk overlay that determines the amount of exposure and/or hedging. When performing fundamental company research, the Investment Manager constructs the portfolio on the basis of information from various information sources, including but not limited to, proprietary research and an analysis of the financial statements and management projections in context of broader sector and global trends, meetings with management teams, research of industry and specialist sources, sell side research and review of public information and media sources.

The Investment Manager constructs the portfolio on the basis of this analysis, taking into account individual company and sector growth dynamics, valuations and catalysts. The Investment Manager uses a number of parameters when looking at individual portfolio investments including, but not limited to, earnings growth potential within the context of a country and a sector, earnings margins dynamics, cash flow dynamics, competitive position (both domestically and globally), ability to expand in existing markets and to enter new markets, ability of the company management to develop and execute company strategy and to adjust to changing and challenging markets, management changes, merger and acquisition activity, corporate restructuring, privatisations, government-sponsored reforms, analysis of shareholder base,

evaluation of management's expectations on value creation and views of corporate governance and any other developments that may act as catalysts to release the value.

The Investment Manager currently manages a concentrated portfolio with the number of holdings, on average, being approximately between 20 and 40. This is so as to maximise the value from its best ideas and avoid holdings where it does not feel that it has a sufficient conviction. No single issuer is expected to exceed a net long exposure of 20 per cent of the Master Fund's Net Asset Value at purchase or a net short exposure of 15 per cent of the Master Fund's Net Asset Value at sale on a cash basis. However these limits may be exceeded (i) in the case of sovereign debt of any country provided that such debt has been rated as being investment grade by two of the three major rating agencies (Moody's, Standard & Poor's and Fitch) and (ii) in the case of subsidiaries, other vehicles or nominees through which the Master Fund is permitted to invest as described under "General" below.

The overall portfolio exposure is determined based on the Investment Manager's understanding and evaluations of global and country-specific risks. When assessing such risks a number of parameters are typically considered, including global and regional growth dynamics and an understanding of what drives such growth, sector specific risks, global risk appetite as measured by the dynamics of commodity prices, interest rate and foreign exchange volatility, country-specific political news flow and political risks, country-specific policy initiatives and government responses to short-term challenges, the ability of such governments to execute strategic development plans, country-specific macroeconomic factors and the drivers behind such factors.

It is expected that the Master Fund's portfolio will carry significant levels of cash or cash-equivalent instruments or undertake hedging strategies that the Investment Manager deems appropriate to preserve capital in times of increased market volatility and uncertainty.

Hedging

The base currency of the Master Fund is the US Dollar. The Master Fund generally seeks but is not required to hedge the foreign currency exposure of the Master Fund to currencies other than the base currency through the use of spot and forward foreign exchange contracts or other methods of reducing exposure to currency fluctuations. However, the Master Fund may also use hedging techniques in an attempt to enhance returns.

There are no restrictions on hedging by asset class or levels in the portfolio. However no options may be written unless they are covered by an underlying long position in the case of call options or a short position or sufficient cash in the case of put options.

Leverage

The Master Fund may leverage its capital by borrowing, including (but not limited to) by entering into margin lending agreements, and through the use of futures, forward contracts, options and other derivative instruments. The Investment Manager does not currently anticipate that, on a delta-adjusted basis, the maximum net long exposure will exceed 200 per cent of Net Asset Value or that the maximum net short exposure will exceed 100 per cent of Net Asset Value. Any deviations from this policy will require the Directors' consent.

General

The investment opportunities available to the Master Fund may vary considerably over time. Accordingly, the Master Fund may develop and amend its investment strategy and process, the range of instruments in which it invests and its risk management guidelines. Investors will be notified of any material changes thereto.

Although the Master Fund generally makes direct investments, the Master Fund may also invest indirectly through one or more partially or wholly-owned subsidiaries, other vehicles (including, without limitation, other investment funds) or nominees (including, without limitation, natural

persons) where the Directors consider that this would be commercially or tax efficient or provide the only legal or practicable means of access to the relevant asset, instrument or strategy. In particular, the Master Fund will invest a significant proportion of its assets indirectly through other investment funds whose assets are managed by the Investment Manager. No fees or allocations will be payable or made by such investment funds to the Investment Manager or any of its affiliates in respect of the investment of the Master Fund therein.

INVESTMENT MANAGER

The Fund and the Master Fund have each appointed Verno Investment Management Limited as investment manager. The Investment Manager was incorporated as an exempted company in the Cayman Islands on 27 October 2009 and is registered as an excluded person under the Securities Investment Business Law (2011 Revision). The directors of the Investment Manager are Dimitri Kryukov and Karen Clarke.

The Investment Manager is wholly-owned by Verno Group Limited, a limited company incorporated in the Cayman Islands of which 75 per cent is indirectly owned by Dimitri Kryukov, Roland Nash and other employees of entities in the Verno Group, and 25 per cent is indirectly owned by Mubadala Development Company PJSC. The directors of Verno Group Limited are Dimitri Kryukov, Roland Nash, Karen Clarke and Patrick Lynch.

Dimitri Kryukov

Dimitri Kryukov is the Chief Investment Officer and Senior Partner at the Investment Manager. He has been actively involved in the Russian financial markets since their inception in late 1992. He started his professional career as a junior member of the World Bank team, which advised the Russian Government on privatisation of state property. In 1994, Dimitri joined the Moscow office of Credit Suisse First Boston as the first Russia-dedicated Research Analyst. In this capacity, he was responsible for research coverage of the Russian metals and electric utilities sectors and travelled throughout Russia gaining first-hand knowledge of the newly privatised companies. In 1995, Dimitri was part of the team that left Credit Suisse First Boston to establish Renaissance Capital. At Renaissance Capital, Dimitri initially helped build the research department before moving to the trading desk, where he became Head of Equity Trading. Dimitri left Renaissance Capital in early 2001. After spending one year as Head of Proprietary Equity Trading at MDM Bank, Dimitri co-founded Kazimir Partners in 2002, an investment management firm which specialised in Russia and the countries of the Former Soviet Union, from where he left in early 2009. Dimitri is a graduate of the Moscow State Institute for International Relations (MGIMO), majoring in International Economics.

Roland Nash

Roland Nash is the Chief Investment Strategist and Senior Partner at the Investment Manager. His responsibilities include developing the strategy for the Investment Manager's fund platform, together with top-down analysis of the CIS risk environment to advise on the investment portfolio managed by the Investment Manager. He has a team of research analysts working with him to evaluate individual company opportunities for investment across the portfolio of funds. Between 2003 and 2010, Roland was Head of Research for Renaissance Capital, managing a team of 85 across Russia, Kazakhstan, Ukraine, Nigeria, Kenya and South Africa. At the same time, he was also Chief Strategist advising Renaissance Capital's client base on investment opportunities across the CIS and Africa. In every year during that period, Renaissance Capital was voted the best research house on Russia in the annual All-EMEA Institutional Investor survey and the best research house in the All-Russia Institutional Investor survey, regularly winning 8 out of 10 categories. Roland has been voted the number 1 strategist for Russia in every All-Russia Institutional Investor survey since inception in 2005. He has been voted the number 1 strategist for EMEA research in 2008, 2009 and 2010. Between 2006 and 2010, Roland sat on the Executive Committee of Renaissance Capital developing business strategy for the bank. From 2008 to 2010, he was Co-Head of Renaissance Capital's Equity Product Group, responsible for managing sales, trading and research team of 200 in New York, London and across Africa and the CIS. Prior to joining Renaissance Capital, Roland worked for two years as a senior economic expert at the Russian European Centre for Economic Policy (RECEP), where he was involved in advising the Russian government on economic policy. He was also Senior Expert for Russian Economic Trends. He has advised Micro-finance banks in Kyrgyzstan and Kazakhstan. He has worked with the World Bank in Gornyi Altai. He is a founding shareholder of Business New Europe, a magazine specialising in CIS and Eastern Europe. He is a shareholder in Tenger, a privately owned Mongolian financial company investing into banking and insurance. He is a

founding shareholder in KBN Partners, a real estate vehicle owning assets in Georgia. Roland graduated from Balliol College, Oxford University, where he received a BA in Politics, Philosophy, and Economics. He has been working and living in Moscow since 1994.

Karen Clarke

Karen Clarke is the Chief Executive Officer and Compliance Officer of the Investment Manager. Karen has over 27 years' experience in the financial services sector in London, including 14 years in investment management and 17 years focused on emerging markets. She started her career at Arthur Young, in the Financial Services and Oil & Gas Audit division in 1981, where she qualified as a Chartered Accountant. In 1987, she became Vice President of Citicorp Investment Bank Capital Markets division I and in 1992 moved to ING Baring Securities where, as Assistant Director, Business Development and Emerging Markets business manager, she established an equity research office in Moscow in 1993. In 1995 Karen joined F&C Group as a Director, where her roles included COO of F&C Emerging Markets, Head of Group Product Development, Director of Alternative Investments and member of the group risk committee, where her responsibilities included developing and executing a new business plan to launch F&C funds. In 2003 she became CEO and Compliance Officer of Brunswick Asset Management, a role she maintained until 2009 upon joining Kazimir Partners (UK) in 2004, after Kazimir acquired Brunswick. Karen joined the Investment Manager in February 2010. Karen holds a BA Hons University of East Anglia and is a Member of the Institute of Chartered Accountants in England and Wales. Karen is a British citizen.

The Investment Manager was appointed pursuant to an Investment Management Agreement dated 18 December 2009, as amended and restated on 7 June 2011 and 1 March 2012 (the "Investment Management Agreement"). Under the Investment Management Agreement, the Investment Manager has agreed to act as investment manager of the Fund and the Master Fund, subject to the overall control and supervision of the Directors and to manage and invest the portfolio of the Fund and the Master Fund on a discretionary basis in pursuit of the investment objective, strategy and process described in this Prospectus. The Investment Manager shall perform such duties as are customarily performed by an investment manager of an open-ended investment company or as may be agreed from time to time between the parties. The Investment Management Agreement entitles the Investment Manager to delegate any or all of its duties to third parties. Accordingly, the Investment Manager has appointed the Investment Adviser to carry out certain functions.

The Fund has also appointed the Investment Manager as Distributor to solicit subscriptions for Shares and to be responsible for investor relations, with power to appoint sales agents, pursuant to a Distribution Agreement dated 18 December 2009.

The Master Fund has authorised the Investment Manager to disclose information relating to the Master Fund to certain investors in the Fund, subject to such investors agreeing not to disclose such information to any third party and not to use such information other than for a purpose agreed with the Investment Manager.

The Investment Manager (and/or its directors, officers, employees, related entities and connected persons and their respective directors, officers, employees and shareholders) may subscribe, directly or indirectly, for Shares and/or Management Shares.

INVESTMENT ADVISER

Verno Advisers AG was incorporated in Schwyz, Switzerland on 23 November 2009. The directors of the Investment Adviser are Dimitri Kryukov and Rolf Schmid, and Karen Clarke may be appointed as a further director in the future. The Investment Adviser is wholly-owned by Verno Group Limited.

The Investment Adviser has been appointed pursuant to an Investment Advisory Agreement entered into with the Investment Manager (the “Investment Advisory Agreement”). Under the Investment Advisory Agreement, the Investment Adviser carries out certain functions, including advice regarding the selection of investment opportunities for the Master Fund, conduct of investment analysis in respect of the Master Fund’s portfolio (including on the basis of recommendations received from any sub-advisers), undertaking day-to-day discretionary investment management in relation to the assets of the Fund and the Master Fund in accordance with the investment guidelines provided by the Investment Manager and placing orders with brokers and counterparties on behalf and for the benefit of the Fund and the Master Fund, subject to the overall review and control of the Investment Manager and in pursuit of the investment objective, strategy and process described in this Prospectus.

The Investment Advisory Agreement entitles the Investment Adviser to delegate any or all of its duties to third parties. Accordingly, the Investment Adviser has appointed the Sub-Adviser to carry out certain functions.

The Investment Adviser and/or its directors, officers, employees, shareholders, related entities and connected persons and their respective directors, officers, employees and shareholders may subscribe, directly or indirectly, for Shares and/or Management Shares.

SUB-ADVISER

Verno Investment Research Limited was incorporated in Cyprus on 1 July 2010. The directors of the Sub-Adviser are Dimitri Kryukov, Eleni Liatsou and Demetris Michailides. The Sub-Adviser is wholly-owned by the Investment Adviser.

The Sub-Adviser has been appointed pursuant to a Sub-Advisory Agreement with the Investment Adviser (the “Sub-Advisory Agreement”). Under the Sub-Advisory Agreement, the Sub-Adviser carries out certain functions, including the provision of investment recommendations, undertaking consultancy work, providing research and monitoring of relevant corporate news flows, submitting written reports and presentations as well as providing consultancy services to the Investment Adviser.

The Sub-Adviser and/or its directors, officers, employees, shareholders, related entities and connected persons and their respective directors, officers, employees and shareholders may subscribe, directly or indirectly, for Shares and/or Management Shares.

DIRECTORS

Directors' Functions

The Directors are responsible for the overall management and control of the Fund and the Master Fund in accordance with the Articles. The Directors review the operations of the Fund and the Master Fund at regular meetings and it is the current intention of the Directors to continue to meet at least quarterly in the case of each of the Fund and the Master Fund. For this purpose, the Directors receive periodic reports from or on behalf of the Investment Manager detailing the performance of the Master Fund and providing an analysis of its investment portfolio. The Investment Manager will provide such other information as may from time to time be reasonably required by the Directors for the purpose of such meetings.

Directors of the Fund and the Master Fund

Marie-Hélène Bérard

Marie-Hélène Bérard (French national, resident of France) is currently the Chief Executive Officer of MHB SA, an investment consulting company, which specialises in advising western European companies on investing in Central and Eastern Europe, Russia and the countries of the Former Soviet Union, including the Central Asian republics. Ms. Bérard started her career in 1972 at the French Ministry of Finance, where she served in the Budget department as a Deputy Director. During her 15 year tenure, she also served as an advisor to the French Minister of Social Welfare, advisor to French Prime Minister and Special Advisor for Labour Relations and Social Welfare to a further French Prime Minister. In 1990, Ms. Bérard joined the Executive Committee of Crédit Commercial de France where, for ten years, she developed their commercial and investment banking presence in Central and Eastern Europe and the countries of the Former Soviet Union. Ms. Bérard was the chairman of the Ukraine committee of the French Business Confederation, is a Commandeur of the French Order of the Légion d'Honneur, and a member of the Board of Directors for the Chirac Foundation, for which she acts as the treasurer. She also acts as a pro-bono vice president of the Cité Internationale Universitaire de Paris. Ms. Bérard is a graduate of the Ecole Nationale d'Administration, Paris and the Institut d'Etudes Politiques, Paris. She also holds a degree in Law from Paris University.

Vartan Petrovich Dilanyan

Vartan Dilanyan (Russian national, resident of Russia) started his career in the Financial Markets Division of Arthur Andersen's Moscow office in 1993. During his 14 year tenure with Arthur Andersen (and Ernst and Young after the two firms merged in 2002), Mr. Dilanyan held a number of varied roles, including account management in the Financial Markets Division, supervising audit and consulting operations in Central Asia and assisting with the management of the eleven office network of Arthur Andersen in the countries of the Former Soviet Union. In 2002, Mr. Dilanyan was appointed Director of the Financial Markets Division, and then Deputy Head of the Division at which time, he was primarily responsible for operations. In early 2007, he was appointed Head of the Financial Markets Division in relation to the countries of the Former Soviet Union for Ernst and Young, assuming all management responsibilities for over 300 professional staff as well leading audit and consulting services to key clients. In late 2007, upon receipt of approval from the Russian Central Bank, Mr. Dilanyan was appointed President of B.I.N. Bank. B.I.N. Bank has over 3000 employees and a regional network of over 120 branches and offices. Mr. Dilanyan graduated with honours from the Moscow State Institute for International Relations (MGIMO).

Patrick Lynch

Patrick Lynch (Canadian national, resident of Abu Dhabi) is a Senior Principal at Mubadala Capital, a business unit of Mubadala Development Company PJSC. He joined Mubadala in 2008 and is responsible for fund investments. Prior to joining Mubadala, Mr. Lynch was an investment professional at TD Capital. Previously, he was a management consultant with Mercer

Management Consulting, where he provided strategic advice to leading players in the airline and private equity industries. Mr. Lynch also worked at Kroll, in London, with the corporate advisory and restructuring group on a series of restructuring projects, and in New York, on senior management initiatives for the CEO. Mr. Lynch received his MBA from Harvard Business School and his Bachelor of Commerce in Accounting with First-Class Honours from McGill University.

Aidan Karibzhanov

Aidan Karibzhanov (Kazakhstan national, resident of Kazakhstan) started his career in 1993 as a member of the World Bank team that advised the Russian and Kazakh governments on privatisation. In 1994, Mr. Karibzhanov was appointed head of Crédit Commercial de France's representative office in Kazakhstan. In 1995, Mr. Karibzhanov joined Global Kazkommerts Securities, the first investment bank in Kazakhstan and an affiliate of Kazkommertsbank. He became CEO of Global Kazkommerts Securities and managing director of the Kazkommertsbank in 1997. As Head of the investment banking activities of the Kazkommerts group between 1997 and 2001, Mr. Karibzhanov played a key role in several privatisation transactions. Additionally, he coordinated the launch of the ADR/GDR programs for Kazakhtelecom, UK-TMC and Kazkommertsbank. In 2001, Mr. Karibzhanov founded Visor Investment Solutions, an independent investment advisory firm. Today, Visor Holding, the parent company of Visor Investment Solutions, is one of the largest private equity groups in Kazakhstan comprising over \$1.5 billion worth of assets in various sectors, including telecoms, cement, pharmaceuticals, mining, and banking. In 2004 Mr. Karibzhanov was appointed Managing Director for Economics and Finance at KazMunayGas, the national oil company of Kazakhstan, and in 2008 he was appointed Managing Director of Samruk-Kazyna, the sovereign wealth fund of Kazakhstan. Mr. Karibzhanov is currently the Chairman of several national companies, including Kazakhtelecom, State Investment Fund of Kazakhstan, Samruk-Invest and United Chemical Company. Mr. Karibzhanov is also a board member of BTA Bank, Alliance Bank and Samruk Kazyna Mining Company. Mr. Karibzhanov has a Masters degree in International Business from the Moscow State Institute for International Relations (MGIMO).

All the Directors act in a non-executive capacity. For the purposes of this Prospectus, the address of each of the Directors is the registered office of the Fund.

Mubadala Development Company PJSC is a significant strategic investor in the Fund and in Verno Group Limited through its indirectly wholly owned subsidiary, Thirty Seventh Investment Company LLC. Thirty Seventh Investment Company LLC has the right to appoint one Director of the Fund and the Master Fund from time to time. The current director nominated by Mubadala Development Company PJSC is Patrick Lynch.

ADMINISTRATOR

The Fund and the Master Fund have each appointed Deutsche International Corporate Services (Ireland) Limited to act as Administrator to the Fund and the Master Fund pursuant to an administration agreement (the “Administration Agreement”).

The Administrator is a private company, limited by shares, regulated by the Irish Financial Services Regulatory Authority under the Investment Intermediaries Act, 1995 of Ireland. The principal activity of the Administrator is the administration of collective investment schemes. The Administrator is a wholly-owned subsidiary of Deutsche Bank AG, a company incorporated in Germany.

Pursuant to the Administration Agreement the Administrator is responsible for providing administration services to the Fund and the Master Fund, including, but not limited to, the calculation of the Net Asset Value and the Net Asset Value per Share, the Net Asset Value of the Master Fund and the net asset value per ordinary share of the Master Fund, arranging for the payment of expenses, maintaining the register of Shareholders, assisting the Investment Manager in communications with investors, assisting relevant agents in preparing the accounts of the Fund and the Master Fund, processing the issue, exchange and redemption of Shares and acting as registrar and transfer agent of the Fund and the Master Fund. The Administrator is also responsible for calculating the Investment Management Fee and Performance Fee.

Neither the Administrator nor the officers, directors, members, employees or agents of the Administrator are directly involved in the business affairs, organisation, sponsorship or management of the Fund or the Master Fund nor will they be responsible for the preparation or issue of this Prospectus other than in respect of the description of the Administrator and the services it will provide.

The Administrator is not responsible for the monitoring of the investments made by the Investment Manager or the compliance with the investment objective, strategy and process contained in this Prospectus. The Administrator has no decision-making discretion relating to the Fund's or the Master Fund's investments. The Administrator has not been retained to act as an independent valuation agent to the Fund or the Master Fund or in relation to the Master Fund's investments.

The Fund and the Master Fund reserve the right to change the administration arrangements described above by agreement with the Administrator and/or in their discretion to appoint an alternative administrator. Shareholders will be notified in due course of any appointment of an alternative administrator.

MIDDLE/BACK OFFICE SERVICE PROVIDER

The Master Fund and the Investment Manager have each appointed Point Nine Financial Technologies Limited (the “Middle/Back Office Service Provider”) to provide middle/back office services pursuant to a service level agreement (the “Middle/Back Office Agreement”).

Point Nine Financial Technologies Limited is a limited liability company incorporated in England on 2 June 2002. Point Nine Financial Technologies Limited provides middle and back office services to funds and fund managers. Its services include, but are not limited to, financial instrument transaction storing, financial instrument transaction processing and reporting on financial instrument transactions and associated trade portfolios.

Pursuant to the Middle/Back Office Agreement, the Middle/Back Office Service Provider is responsible for providing middle and back office services to the Master Fund and the Investment Manager, including storing of financial instrument transactions and transaction related data, reconciliation of financial instrument transactions with the counterparties of the Master Fund and with the Administrator and production of various reports relating to the financial instruments held by the Master Fund.

Neither the Middle/Back Office Service Provider nor the officers, directors, members, employees or agents of the Middle/Back Office Service Provider are, except as provided in the Middle/Back Office Agreement, either directly or indirectly involved in the business affairs, organisation, sponsorship or management of the Fund or the Master Fund nor will they be responsible for the preparation or issue of this Prospectus other than in respect of the description of the Middle/Back Office Service Provider and the services it will provide.

The Middle/Back Office Service Provider shall not be responsible for the monitoring of the investments made by the Investment Manager or the compliance with the investment objective, strategy and process contained in this Prospectus. The Middle/Back Office Service Provider has no decision-making discretion relating to the Fund’s or the Master Fund’s investments.

The Master Fund and the Investment Manager reserve the right to change the middle/back office service arrangements described above by agreement with the Middle/Back Office Service Provider and/or in their discretion to appoint an additional or alternative middle/back office service provider. Shareholders will be notified in due course of any appointment of any additional or alternative middle/back office service provider.

PRIME BROKER AND CUSTODIAN TO THE MASTER FUND

Citigroup Global Markets Limited ("CGML") acts as a prime broker and custodian to the Master Fund pursuant to the terms and conditions of a Customer Agreement for International Prime Brokerage Services between the Master Fund and CGML dated 24 December 2009 (the "CGML Agreement"). The services which CGML provides under the CGML Agreement include various custodial services, clearance and settlement of securities transactions, lending of securities and margin financing.

Under the terms of the CGML Agreement, subject to CGML's right to utilise the Master Fund's investments, CGML is required to identify, record on its books and hold investments (and collect any dividends and other payments in respect thereto), and other non-cash assets of the Master Fund which are held by it ("Assets") in such a manner that the identity and location of the Assets can be readily determined at any time and identified as the property of a customer of CGML and separate from CGML's own property. Accordingly, such Assets which have not been utilised should be unavailable to the creditors of CGML. Certain Assets may be co-mingled with similar assets of other customers of CGML. Accordingly, the Master Fund may not have the right to specific assets but to their equivalent.

CGML may hold Assets with a sub-custodian, agent, nominee, securities depository or clearing agency (each, a "Custodian") in one or more accounts that is identified as belonging to customers of CGML. CGML will identify on its books and records all Assets held by a Custodian as being held for the Master Fund. CGML has undertaken to exercise reasonable skill, care and diligence in the selection and appointment of any Custodian and, in this respect, will be responsible to the Master Fund for the duration of any custodial agreement for satisfying itself as to the ongoing suitability of such Custodian to provide custodial services to the Master Fund. CGML will maintain an appropriate level of supervision over such Custodian and will make appropriate inquiries periodically to confirm the ongoing suitability of such Custodian to provide custodial services to the Master Fund.

The Master Fund acknowledges that cash received by CGML for credit to the prime brokerage account either from the Master Fund or on the Master Fund's behalf will be Collateral (as such term is defined in the CGML Agreement) for the purpose of securing or otherwise covering the secured liabilities under the CGML Agreement. Cash which has not been utilised by CGML for its own purposes will be held by CGML in accordance with the FSA Rules on client money protection. Where cash received as Collateral has been utilised by CGML for its own purposes, full ownership in such cash will be absolutely transferred to CGML, and all right, title and interest in and to such cash will pass to CGML outright and absolutely for the purposes securing or otherwise covering the secured liabilities. Upon such transfer, any such cash will not be subject to a trust or otherwise insulated in CGML's insolvency. In such event, the Master Fund may not receive back any or all of the money transferred to CGML and will rank as a general creditor of CGML in respect thereof. Further, upon such transfer CGML will become obliged, subject to and in accordance with the provisions of the CGML Agreement to re-transfer to the Master Fund an equivalent amount of cash. CGML's obligation will be reduced to the extent that such cash is applied in accordance with the security and/or close-out arrangements provided in the CGML Agreement.

As continuing security for the obligations of the Master Fund to CGML under and in connection with the CGML Agreement, the Master Fund charges and assigns by way of a first fixed charge (and with full title guarantee) on trust for itself and its Affiliates (in priority to all other security whatsoever, whether fixed or floating) all of the Master Fund's rights, title and interest to the assets specified in the CGML Agreement (the "Charged Assets"). CGML will be entitled to sell, loan or otherwise use Charged Assets which constitute Collateral (as such term is defined in the CGML Agreement) for any purpose up to a limit of 140 per cent of the Master Fund's Reference Indebtedness (as such term is defined in the CGML Agreement) and the Master Fund will have a contractual right against CGML for the return of assets equivalent to the Collateral. Collateral may not, therefore, be recoverable in full or at all in the event of CGML's insolvency.

The CGML Agreement provides that CGML, its Affiliates (as such term is defined in the CGML Agreement) and their respective directors, employees, officers, servants, agents or representatives will not be liable for any loss, liability or cost suffered or incurred by the Master Fund (whether in tort, contract or otherwise) as a result of any act or omission of CGML or any of its Affiliates unless such loss, liability or cost is caused directly by CGML's, its Affiliates' and their respective directors', employees', officers', servants', agents' or representatives' own fraud, negligence, bad faith or wilful default. CGML shall not be responsible for the loss, liability or cost which the Master Fund may suffer or incur arising from the negligence, wilful default or fraud of any third party (including any executing broker, bank, agent, custodian, investment exchange, depository or clearing house, but subject to the obligations concerning the selection and ongoing suitability of such Custodians described above). CGML accepts the same level of responsibility as for its own acts for the acts of its Affiliates and any nominee company controlled by it with respect to any requirement of the FSA Rules relating to custody. Neither CGML nor any third party which acts on its behalf, whether an Affiliate of CGML or not, nor its directors, employees, officers, servants, agents or representatives, will be liable to the Master Fund for consequential loss, liability or cost (including, but not limited to any loss of business, profits or revenues and howsoever the loss, liability or cost is caused and regardless of whether it was foreseeable or not) arising out of their acts or omissions unless the consequential loss, liability or cost is caused by their fraud. The Master Fund may, if it is caused any loss, liability or cost by a third party, instruct CGML to pursue the third party for a remedy on the Master Fund's behalf. In this event, CGML may require the Master Fund to indemnify it fully to its reasonable satisfaction for any loss, liability and cost that it is likely to suffer or incur in pursuing the remedy on the Master Fund's behalf.

The Master Fund has agreed to indemnify CGML, its Affiliates and Delegates (as such term is defined in the CGML Agreement) and their respective directors, employees, officers, servants, agents or representatives (together the "Indemnitees") on a continuing basis against any loss, liability, fees, expenses, charges, claims, actions, damages or cost (including but not limited to any loss of profit, Taxes (as such term is defined in the CGML Agreement) and any reasonably incurred legal expenses) which the Indemnitees may suffer or incur as a result of any act or omission of the Master Fund or any Indemnitees in connection with the provision of services by it under the CGML Agreement except where such loss, liability or expense directly flows from the Indemnitees' own negligence, bad faith, wilful default or fraud all as more fully described in the CGML Agreement.

CGML has no decision-making responsibility relating to the investments of the Master Fund, which decisions remain the responsibility of the Master Fund at all times. The CGML Agreement will remain in full force and effect until notice of termination is served in writing by either party on the other party. Where CGML serves notice of termination, such termination shall take effect 60 Business Days after receipt of such notice by the Master Fund or such shorter period as it takes the Master Fund to find an alternative prime broker. Where the Master Fund serves notice of termination, such termination shall take effect five Business Days' after receipt of such notice by CGML, unless a shorter period is agreed between the parties.

CGML is a service provider to the Master Fund and is not responsible for the preparation of this document or the activities of the Fund and therefore accepts no responsibility for any information contained in this document. CGML will not participate in the investment decision-making process and will not provide any investment advice in relation to the assets of the Master Fund.

The Master Fund reserves the right to change the prime brokerage and custodian arrangements described above by agreement with CGML and/or, in its discretion, by a resolution of the Directors of the Master Fund to appoint additional or alternative prime broker(s) and custodian(s) without prior notice to Shareholders. Shareholders will be notified in due course of any appointment of additional or alternative prime broker(s) and custodian(s).

SUBSCRIPTIONS

Offer

Up to 24,999,000 ordinary shares of par value US\$0.01 in the Fund issued as Class A Shares or Class B Shares are available for issue. Class A Shares will be issued in series.

Management Shares are not being offered for subscription pursuant to this Prospectus but are available for subscription at any time by investors who are able to satisfy the eligibility criteria set out under “Rights of the Shares, Designated Investment Shares and Management Shares” under “General and Statutory Information”.

Subscriptions

Class A Shares are available for subscription at the relevant Subscription Price on each Subscription Day. A new series of Class A Shares will be issued on each Subscription Day on which Class A Shares are issued. The Subscription Price for each new series of Class A Shares will be US\$1,000 per Share, or such other price as the Directors may determine.

Class B Shares will be available for subscription at the relevant Subscription Price on each Subscription Day. The Subscription Price for Class B Shares will be equal to the Net Asset Value per Share of the Class B Shares as at the Valuation Day immediately preceding the Subscription Day on which the application is effective. A subscriber for Class B Shares may also be required to pay an additional amount as an Equalisation Credit.

Non-cash subscriptions may be accepted at the discretion of the Directors.

The Directors are authorised from time to time to close the Fund or any Class of Shares to new subscriptions on such basis and on such terms as the Directors may in their absolute discretion determine.

At the end of each Calculation Period, the Directors may determine that any series of Class A Shares will (after payment of any accrued Investment Management Fees and Performance Fees) be converted into another series of Class A Shares (the “Conversion Series”) by way of redemption of the relevant series of Shares and the issue of Shares of the Conversion Series. Such conversion will be effected on the basis of the respective prevailing Net Asset Value per Share of the Conversion Series and of the series of Shares to be converted. However, such a conversion may only be effected if a Performance Fee is payable in respect of both the series to be converted and the Conversion Series at the end of the relevant Calculation Period.

Initial Fee

An initial fee of up to 5 per cent of the Subscription Price may be payable by applicants for Shares at the discretion of the Directors. Such initial fee may, subject to applicable law, be paid to intermediaries or the Distributor as determined by the Fund from time to time. The Directors may waive the payment of the initial fee in whole or in part at their discretion.

Procedure

Applicants for Shares, including Shareholders wishing to apply for additional Shares, must send their completed Application Form or US Persons Application Form, as appropriate, by mail (with a copy by facsimile) so as to be received by the Administrator by no later than 5.00 p.m. (Dublin time) on the Valuation Day preceding the relevant Subscription Day and so that cleared funds are received by the Administrator no later than 5.00 pm (Dublin time) on the same day, failing either of which the application will, subject to the discretion of the Directors, be held over to the following Subscription Day and Shares will then be issued at the relevant Subscription Price on that Subscription Day.

Fractions of Shares will, if necessary, be issued up to four decimal places. Interest on subscription monies will accrue to the Fund.

Applicants should contact the Administrator to receive information in relation to non-cash subscriptions.

The Fund reserves the right to reject any application in whole or part at its absolute discretion, in which event the amount paid on application or the balance thereof (as the case may be) or the relevant documentation (in the case of a non-cash subscription) will be returned (without interest) as soon as practicable in US Dollars, at the risk and cost of the applicant.

The Administrator will issue a written confirmation to successful applicants confirming acceptance of their application. Subject to the discretion of the Directors to determine otherwise, once completed applications have been received by the Administrator, they are irrevocable.

Applications for Shares will not be dealt with and Shares will not be issued until receipt of notification that an applicant's funds have been cleared in the full amount of the subscription or until completion of all transfer formalities in the case of non-cash subscriptions. Subject thereto, Shares are deemed to be issued on the relevant Subscription Day.

Any investments to be transferred for the purpose of any non-cash subscription will be attributed values by the Fund in accordance with the principles set out under "Net Asset Value" below not exceeding those which would be attributed to such investments had they been held by the Master Fund. The costs of transfer and/or receipt of non-cash investments (including, without limitation, any stamp or other transfer taxes) may be paid by the Fund and/or the Master Fund at the discretion of the Directors.

Subscription monies will be at risk in the Fund from the relevant Subscription Day.

Minimum Investment

The minimum initial investment per subscriber is US\$10,000,000 in the case of Class A Shares and US\$100,000 in the case of Class B Shares or, in the case of Class A Shares, such lesser amount as the Directors may generally or in any particular case determine, provided that such amount is not less than US\$100,000. The minimum amount of additional subscriptions per investor is US\$500,000 in the case of Class A Shares and US\$50,000 in the case of Class B Shares, or in each case such lesser amount as the Directors may generally or in any particular case determine.

Ineligible Applicants

The Application Form and the US Persons Application Form require each prospective applicant for Shares to represent and warrant to the Fund that, among other things, it is able to acquire and hold Shares without violating applicable laws.

Shares may not be offered, issued or transferred to any person in circumstances which, in the opinion of the Directors, might result in the Fund incurring any liability to taxation or suffering any other pecuniary disadvantage which the Fund might not otherwise incur or suffer, or would result in the Fund being required to register under any applicable US securities laws.

Shares may generally not be issued or transferred to any US Person, except that the Directors may authorise the issue or transfer of Shares to or for the account of a US Person provided that:

- (a) such US Person certifies that it is an "accredited investor" and a "qualified purchaser", in each case as defined under applicable US federal securities laws;

- (b) such issue or transfer does not result in a violation of the 1933 Act or the securities laws of any of the states of the United States;
- (c) such issue or transfer will not require the Fund to register under the 1940 Act or to file a prospectus with the US Commodity Futures Trading Commission (the “CFTC”) or the US National Futures Association pursuant to regulations under the CEA or require the Investment Manager to register with the CFTC as a commodity pool operator;
- (d) such issue or transfer will not cause any assets of the Fund to be “plan assets” for the purposes of ERISA; and
- (e) such issue or transfer will not result in any adverse regulatory or tax consequences to the Fund or its Shareholders as a whole.

Each applicant for, and transferee of, Shares is required to provide such representations, warranties or documentation as may be required by the Directors to ensure that these requirements are met prior to the issue or the registration of any transfer of Shares. If the transferee is not already a Shareholder, it will be required to complete an Application Form or a US Person Application Form, as appropriate.

Investors must warrant on the Application Form or the US Person Application Form, as the case may be, that they have the knowledge, expertise and experience in financial matters to evaluate the risks of investing in the Fund, are aware of the risks inherent in investing in the assets in which the Master Fund invests and the method by which these assets are held and/or traded, and can bear the loss of their entire investment in the Fund. Any transferee of Shares is required to warrant in like terms before any transfer is registered.

Form of Shares

All the Shares are registered Shares and are only issued in bookstock form, meaning that a Shareholder’s entitlement is evidenced by an entry in the Fund’s register of Shareholders, as maintained by the Administrator, and not by a share certificate.

Suspension

The Directors may declare a suspension of the determination of the Net Asset Value and hence a suspension of the issue of Shares in certain circumstances as described under “General and Statutory Information”. No Shares will be issued during any such period of suspension.

Designated Investment Shares

The Articles authorise the Directors to create in their discretion from time to time a new class or classes of share (“Designated Investment Shares”) formed expressly for the purpose of being attributed to interests in investments or any particular investment declared by the Directors in their discretion at any time, as being or having become, in the opinion of the Directors, investments that are illiquid or otherwise difficult to value or realise or in respect of which it is not possible to determine the fair value or if, in the opinion of the Directors, the realisation of such investments would be prejudicial to Shareholders (“Designated Investments”), such Designated Investment Shares to be redeemable by the Fund only when so determined by the Directors. Pursuant to the Articles, the Directors are entitled to re-arrange assets of the Fund and the Master Fund so that a separate portfolio is created that is represented by the Designated Investment Shares by any means determined by the Directors, and to effect a pro-rata reduction in the number of Shares held by a Shareholder in a Class holding Designated Investments and create for the benefit of such Shareholder a corresponding pro-rata interest in Designated Investment Shares.

Without prejudice to the generality of the foregoing, the Directors may resolve to effect the foregoing by resolving that all Shareholders holding a Class attributed to Designated Investments

be deemed to have issued redemption notices of such proportion of Shares they hold as the Directors may determine as a redemption in specie of the Designated Investments on terms such that such Designated Investments shall be applied in effecting a subscription in specie for Designated Investment Shares thereof without further action required of the Shareholders, on such terms as the Directors may determine. The issue price for the Designated Investment Shares will be and will be deemed to have been paid in full by each subscription in specie. Following the realisation of a Designated Investment or upon a determination by the Directors, in consultation with the Investment Manager, that a Designated Investment should no longer be classified as a Designated Investment, the Directors may resolve to compulsorily redeem relevant Designated Investment Shares or to compulsorily exchange relevant Designated Investment Shares for Shares. Subject to the above, the means, manner and timing of the creation and issue of the Designated Investment Shares and the corresponding redemption of Designated Investment Shares, and effecting the matters referred to in this section shall be in the absolute discretion of the Directors.

The Master Fund will not invest in securities which, at the time of investment, it expects to cause the Fund or the Master Fund, for liquidity reasons or otherwise, to create a Class of Designated Investment Shares or a class of Master Designated Investment Shares, respectively. However, circumstances may subsequently arise that would cause the Directors to create such Shares in respect of such securities.

Anti-Money Laundering

The Proceeds of Crime Law, 2008 of the Cayman Islands may and the Cayman Islands Money Laundering Regulations (2010) as amended and revised from time to time (the "Regulations") will apply to the Fund. In order to comply with the Regulations or equivalent legislation or regulations aimed at the prevention of money laundering, the Fund is required to adopt and maintain anti-money laundering procedures, and may require subscribers to provide evidence to verify their identity and source of funds. Where permitted, and subject to certain conditions, the Fund may also delegate the maintenance of its anti-money laundering procedures (including the acquisition of due diligence information) to a suitable person.

Measures aimed at the prevention of money laundering may require an applicant for Shares to verify his identity and address and/or the source of funds to the Administrator. Depending on the circumstances of each application, verification may not be required where the applicant makes the payment from an account held in the applicant's name at a recognised financial institution, or the application is made through a recognised intermediary. These exceptions will only apply if the financial institution or intermediary referred to above is within a country recognised as having equivalent anti-money laundering regulations.

By way of example an individual will be required to produce a copy of a passport or identification card duly certified by a public authority such as a notary public, the police or the embassy in his country of residence, together with evidence of his address such as a utility bill or bank statement. In the case of corporate applicants this may require production of a certified copy of the Certificate of Incorporation (and any change of name) and of the Memorandum and Articles of Association (or equivalent), and of the names and residential and business addresses of all directors and beneficial owners.

The details given above are by way of example only and the Administrator will request such information and documentation as it considers is necessary to verify the identity and address and/or source of funds of an applicant. In the event of delay or failure by the applicant to produce any information required for verification purposes, the Administrator may refuse to accept the application and the subscription monies relating thereto or may refuse to process a redemption request until proper information has been provided. Investors should note specifically that where redemption proceeds are requested to be remitted to an account which is not in the name of the investor, the Administrator reserves the right to request such information as may be reasonably necessary in order to verify the identity of the investor and the owner of the account to which the

redemption proceeds will be paid. The redemption proceeds will not be paid to a third party account if the investor and/or owner of the account fails to provide such information.

Each applicant for Shares acknowledges that the Administrator shall be held harmless against any loss arising as a result of a failure to process his application for Shares if such information and documentation as has been requested by the Administrator has not been provided by the applicant.

Each applicant for Shares will be required to make such representations as may be required by the Directors in connection with anti-money laundering programmes, including, without limitation, representations that such applicant is not a prohibited country, territory, individual or entity listed on the United States Department of Treasury's Office of Foreign Assets Control ("OFAC") website and that it is not directly or indirectly affiliated with any country, territory, individual or entity named on an OFAC list or prohibited by any OFAC sanctions programmes. Each applicant will also be required to represent that subscription monies are not directly or indirectly derived from activities that may contravene United States federal or state, or international, laws and regulations, including anti-money laundering laws and regulations.

Ordinary shares in the Master Fund

The Fund subscribes for ordinary shares in the Master Fund at such times as the Directors may determine at the net asset value per ordinary share of the Master Fund.

The Directors of the Master Fund may create a new class or classes of share ("Master Designated Investment Shares") formed expressly for the purpose of being attributed to interests in investments or any particular investment declared by the Directors of the Master Fund as being or having become Designated Investments and to effect a pro-rata reduction in the number of ordinary shares in the Master Fund held by a shareholder in a class of ordinary shares in the Master Fund to which Designated Investments are attributable and create for the benefit of such shareholder a corresponding pro-rata interest in such Master Designated Investment Shares.

REDEMPTIONS

Shares are redeemable at the option of the Shareholder on any Redemption Day at the relevant Redemption Price. Shareholders should send a completed redemption request in the form available from the Administrator to be received by the Administrator no later than 5.00 p.m. (Dublin time) on the Business Day falling at least 45 calendar days, in the case of Class A Shares, or 30 calendar days, in the case of Class B Shares, or in each case such lesser period as the Directors may generally or in any particular case determine, before the relevant Redemption Day, failing which the redemption request will be held over until the next following Redemption Day and Shares will be redeemed at the relevant Redemption Price applicable on that Redemption Day.

Redemption requests may be sent by facsimile or email, but redemption proceeds will not be remitted until the Administrator has received the original of the redemption request.

A request for a partial redemption of Shares may be refused, or the holding may be redeemed in its entirety, if, as a result of such partial redemption, the Net Asset Value of the Shares retained by the Shareholder would be less than the relevant Minimum Holding.

A redemption request, once given, is irrevocable save with the consent of the Directors (which may be withheld in their discretion).

Shares will be treated as redeemed on a first in first out ("fifo") basis.

Redemption Price

The Redemption Price in respect of each Share will be equal to the Net Asset Value per Share of the relevant Class or series as at the Valuation Day immediately preceding the relevant Redemption Day. A Shareholder redeeming Class B Shares may also receive additional redemption proceeds if an Equalisation Credit paid at the time of subscription has not been fully applied.

Redemption Fee

A redemption fee of 5 per cent of the redemption proceeds will be payable on Shares redeemed within twelve months of issue or acquisition if acquired in the secondary market. Shares will be treated as redeemed on a first in, first out ("fifo") basis for the purpose of determining whether a redemption fee is payable. No redemption fee will be payable on Shares held by the redeeming Shareholder for more than twelve months. However, Class A Shares which are redeemed between 12 and 24 months following issue will forfeit any entitlement to payment from the Class A Shares Performance Fee Suspense Account as more particularly described in the "Fees and Expenses" section below. The redemption proceeds will be reduced by the amount of the redemption fee and the net amount paid to the redeeming Shareholder. The Directors may waive the payment of a redemption fee, in whole or in part, at their discretion. The redemption fee will be retained by the Fund.

Settlement

Payment of redemption proceeds will be made as soon as practicable after the relevant Redemption Day and normally within 30 calendar days. Payment will be made in US Dollars by direct transfer in accordance with instructions given by the redeeming Shareholder to the Administrator and at the Shareholder's risk and cost. Redemptions may, at the discretion of the Directors and with the consent of the redeeming Shareholder, be effected in specie by the appropriation of assets of the relevant value (which shall conclusively be determined by the Directors in good faith) in satisfaction of the Redemption Price.

If the Directors determine that special circumstances have arisen, which shall include but shall not be limited to default or delay in payments to the Fund by other persons, the Fund shall be entitled

to delay payment of redemption proceeds equal to the proportionate part of the net assets of the Fund represented by such sums that are subject to such default or delay. The Directors may also defer payment of the Redemption Price if raising funds would in the bona fide determination of the Directors be unduly burdensome to the Fund.

Shareholders will be removed from the register of Shareholders prior to or upon the Redemption Price being paid. Insofar as investors remain as Shareholders until such time as the relevant Net Asset Value per Share of the relevant Class has been calculated and the register of Shareholders is updated, investors will be treated as creditors for the Redemption Price, rather than as Shareholders with effect from the relevant Redemption Day, and will rank accordingly in the priority of the Fund's creditors. Furthermore, during this period, an investor will not have rights as a Shareholder, save the right to receive the Redemption Price and any dividend which has been declared in respect of their Shares prior to the relevant Redemption Day and, in particular, will not have the right to receive notice of, attend or vote at any meetings of the Fund.

Suspension

The Directors may declare a suspension of the determination of the Net Asset Value and/or the redemption of Shares in certain circumstances as described under "General and Statutory Information". No Shares will be redeemed during any such period of suspension.

Designated Investment Shares

The Directors have the authority to create Designated Investment Shares as described under "Subscriptions" above. Designated Investment Shares are not redeemable at the option of the Shareholders. Following the realisation of a Designated Investment or upon a determination by the Directors, in consultation with the Investment Manager, that a Designated Investment should no longer be classified as a Designated Investment, the Directors may resolve to compulsorily redeem relevant Designated Investment Shares or to compulsorily exchange relevant Designated Investment Shares for Shares.

Compulsory Redemptions

The Directors have the right to compulsorily redeem all or part of the Shares held by or for the benefit of a Shareholder at any time without giving any reason therefor.

Deferred Redemptions

In the event that redemption requests are received for the redemption of Shares and Management Shares representing in aggregate 20 per cent (or such higher percentage as the Directors may from time to time determine) of the total number of Shares and Management Shares then in issue, the Fund is entitled to reduce the requests rateably and *pro rata* amongst all holders of Shares and Management Shares seeking to redeem Shares and Management Shares on the relevant Redemption Day and to carry out only sufficient redemptions which, in aggregate, amount to 20 per cent (or such higher percentage as the Directors may from time to time determine) of the Shares and Management Shares then in issue. Shares and Management Shares which are not redeemed but which would otherwise have been redeemed will be redeemed on the next Redemption Day (subject to any further deferral if the deferred requests themselves reach 20 per cent (or such higher percentage as the Directors may from time to time determine) of the Shares and Management Shares then in issue). Deferred requests for the redemption of Shares or Management Shares will not have any priority over redemption requests in respect of any other Shares or Management Shares which have been received in respect of that or any previous Redemption Day. Shares and Management Shares will be redeemed at the relevant Redemption Price prevailing on the Redemption Day on which they are redeemed.

In the event that redemption requests for the redemption of Shares and Management Shares are received in relation to a Redemption Day which, if aggregated with redemption and/or withdrawal

requests made in relation to any investors in the Master Fund other than the Fund, would, if all such redemption and withdrawal requests were carried out in full, result in the redemption of 20 per cent (or such higher percentage as the Directors may from time to time determine) of the total number of ordinary shares in the Master Fund then in issue, the redemption requests in relation to the Shares and Management Shares may be deferred rateably and *pro rata* amongst the relevant Shareholders. Such deferrals will be implemented in the same manner as that which applies to deferrals by the Fund as described in the paragraph above.

The Directors currently expect not to exercise their powers to defer redemptions of either Shares or ordinary shares in the Master Fund except to the extent that they consider that existing holders of Shares or ordinary shares in the Master Fund would otherwise be materially prejudiced or that such exercise is necessary to comply with applicable law or regulation and then only if the Directors so resolve.

Anti-Money Laundering

Investors should note that the Directors may refuse to accept a redemption request if it is not accompanied by such additional information as they, or the Administrator on their behalf, may reasonably require. This power may, without limitation to the generality of the foregoing, be exercised where proper information has not been provided for anti-money laundering verification purposes as described under “Subscriptions”.

Ordinary shares in the Master Fund

The Fund will redeem ordinary shares in the Master Fund at such times as the Directors may determine at the net asset value per ordinary share of the Master Fund. Redemptions of ordinary shares in the Master Fund are subject to the powers of its Directors to suspend redemptions and to exchange ordinary shares in the Master Fund for Master Designated Investment Shares in respect of Designated Investments.

EXCHANGES

Except when issues and/or redemptions of Shares and/or the determination of Net Asset Value have been suspended in the circumstances described under “General and Statutory Information”, holders of Shares of a Class are entitled to exchange any or all of their Shares of that Class for Shares of the other Class on any Redemption Day subject to compliance with the relevant Minimum Holding requirement.

A Share exchange will be effected by way of a redemption of Shares of one Class (and thus will result in the payment of any Performance Fee accrued in respect of such Shares) and a simultaneous subscription (at the most recent Subscription Price) for Shares of the other Class and, accordingly, the general provisions and procedures relating to redemptions and subscriptions of Shares will apply, save that no initial fee or redemption fee will be payable. Any additional redemption proceeds to which a holder of Class B Shares is entitled (as a result of any Equalisation Credit paid at the time of the original subscription not having been fully applied) will be applied in subscribing for Shares of the other Class. An amount equal to the costs incurred (if any) as a result of such exchange will be deducted from the redemption proceeds of the Class of Shares which is being exchanged.

Shareholders should send a completed exchange request in the form available from the Administrator to be received by the Administrator no later than 5.00 p.m. (Dublin time) on a Business Day falling at least 45 calendar days, in the case of Class A Shares, or 30 calendar days, in the case of Class B Shares, or in each case such lesser period as the Directors may generally or in any particular case determine, before the relevant Redemption Day, failing which the exchange request will be held over until the next following Redemption Day and Shares will be exchanged at the relevant Redemption Price and Subscription Price applicable on that Redemption Day.

The Directors have the right to compulsorily exchange all or part of the Class A Shares held by or for the benefit of a Shareholder for Class B Shares if such Shareholder does not comply with the relevant Minimum Holding requirement.

For the purposes of determining the redemption fee following an exchange, the Shares issued as a result of the exchange shall be treated as having been issued on the date of issue of the Shares that were redeemed as part of the exchange.

Under Rule 5130 of the Rules of the US Financial Industry Regulatory Authority (“FINRA”), members of the FINRA may not sell “new issue” securities to an account beneficially owned by a broker/dealer, or the employee, owner or affiliate of a broker/dealer, or certain other persons including portfolio managers and certain family members of those persons. “New issue” securities are, with certain exceptions, equity securities which are part of an initial public offering. To enable the Fund to participate in “new issues”, the Fund may create new Classes of Shares that would participate in any investment in new issue securities. In such event the Fund reserves the right to compel the exchange of Class A Shares and/or Class B Shares for Shares of the new Classes.

NET ASSET VALUE

The Net Asset Value of the Fund, the Net Asset Value of each Class and each series of Shares and the Net Asset Value per Share of each Class and each series of Shares, the Net Asset Value of the Master Fund and the net asset value per ordinary share of the Master Fund will be determined by the Administrator as at the close of business on each Valuation Day or at such other times as the Directors may determine (the "Valuation Point"). The Directors have resolved that the Valuation Point with respect to any relevant investment or security will be valued as at the closing time of the appropriate local exchange on the relevant Valuation Day. The Net Asset Value of the Fund and the Master Fund is equal to the value of their respective total assets less their respective total liabilities.

In respect of each Class and each series of Shares, a separate Class account (a "Class Account") has been or will be established in the books of the Fund. An amount equal to the proceeds of issue of each Share will be credited to the relevant Class Account. Any increase or decrease in the Net Asset Value of the portfolio of assets of the Fund attributable to the Shares (disregarding for these purposes any increases in the Net Asset Value due to new subscriptions or decreases due to redemptions or any designated Class adjustments (as defined below)) will be allocated to the relevant Class Account based on the previous relevant Net Asset Value (before accrual for any Performance Fees) of each such Class Account. There will then be allocated to each Class Account the "designated Class Adjustments" being those costs, pre-paid expenses, losses, dividends, profits, gains and income which the Directors determine in their sole discretion relate to a single Class or series of Shares.

Each series of Shares will typically have a different Net Asset Value per Share. Any Investment Management Fees or Performance Fees calculated in respect of a series of Shares will be deducted from the Net Asset Value of that series of Shares. Fees and expenses that relate to a particular series of Shares will be charged against that series when computing its Net Asset Value. Other fees and expenses will be allocated pro rata between the series in accordance with their respective Net Asset Values, or otherwise at the discretion of the Directors.

Assets are valued in accordance with the following principles:

- (A) any security which is listed or quoted on any securities exchange or similar electronic system and regularly traded thereon will be valued at its last traded price as at the Valuation Point on the relevant Valuation Day or, if no trades occurred on such day, at the closing bid price if held long by the Master Fund and at the closing offer price if sold short by the Master Fund as at the Valuation Point on the relevant Valuation Day as adjusted in such manner as the Directors, in their sole discretion, think fit, having regard to the size of the holding, and where prices are available on more than one exchange or system for a particular security the price will be the last traded price or closing bid or offer price, as the case may be, on the exchange which constitutes the main market for such security or the one which the Directors in their sole discretion determine provides the fairest criteria in ascribing a value to such security;
- (B) any security which is not listed or quoted on any securities exchange or similar electronic system or if, being so listed or quoted, is not regularly traded thereon or in respect of which no prices as described above are available, will be valued at its probable realisation value as determined by the Directors in good faith having regard to its cost price, the price at which any recent transaction in the security may have been effected, the size of the holding having regard to the total amount of such security in issue, and such other factors as the Directors in their sole discretion deem relevant in considering a positive or negative adjustment to the valuation;
- (C) investments, other than securities, which are dealt in or traded through a clearing firm or an exchange or through a financial institution will be valued by reference to the most recent official settlement price quoted by that clearing house, exchange or financial institution or the price provided by a third party valuation agent. If there is no such price,

then the average will be taken between the lowest offer price and the highest bid price at the close of business on any market on which such investments are or can be dealt in or traded, provided that where such investments are dealt in or traded on more than one market, the Directors may determine at their discretion which market shall prevail;

- (D) Designated Investments in respect of which Designated Investment Shares have been created generally will be valued at cost until sold or otherwise liquidated unless the Directors determine that a lower valuation is otherwise warranted. For financial reporting purposes, such Designated Investments will be valued at fair value, as determined by the Directors in their sole discretion;
- (E) ordinary shares in the Master Fund held by the Fund will be valued at the net asset value per share determined by the Administrator on the relevant Valuation Day;
- (F) investments, other than securities, including over-the-counter derivative contracts, which are not dealt in or traded through a clearing firm or an exchange or through a financial institution will be valued at their fair value as determined by the Directors;
- (G) deposits will be valued at their cost plus accrued interest; and
- (H) any value (whether of an investment or cash) otherwise than in US Dollars will be converted into US Dollars at the rate (whether official or otherwise) which the Directors in their absolute discretion deem applicable as at the Valuation Point on the relevant Valuation Day, having regard, among other things, to any premium or discount which they consider may be relevant and to costs of exchange.

The Directors may, at their discretion, permit any other method of valuation to be used if they consider that such method of valuation better reflects value generally or in particular markets or market conditions and is in accordance with good accounting practice.

The Directors have delegated to the Administrator the determination of the Net Asset Value of the Fund, the Net Asset Value of each Class and each series of Shares, the Net Asset Value per Share of each Class and each series of Shares, the Net Asset Value of the Master Fund and the net asset value per ordinary share of the Master Fund. If the determination of more than 5 per cent of the Net Asset Value of the Master Fund is undertaken by the Directors, then such fact will be disclosed to Shareholders at the same time as the Net Asset Value is circulated.

The Net Asset Value per Share of each series of Class A Shares and each Class of Class B Shares on any Valuation Day is calculated by dividing the Net Asset Value of the relevant Class Account by the number of Shares of the relevant Class or series in issue or deemed to be in issue as at the close of business on that Valuation Day.

FEES AND EXPENSES

Initial Fee

An initial fee of up to 5 per cent of the Subscription Price may be payable by applicants for Shares at the discretion of the Directors. Such initial fee may, subject to applicable law, be paid to intermediaries or the Distributor as determined by the Fund from time to time. The Directors may waive the payment of the initial fee in whole or in part at their discretion.

Investment Management Fee

The Investment Manager receives from the Fund an Investment Management Fee equal to 1/12 of 1.75 per cent per month of the Net Asset Value of the Class A Shares and 1/12 of 2 per cent per month of the Net Asset Value of the Class B Shares (in each case before deduction of that month's Investment Management Fee and before deduction for any accrued Performance Fees) as at the last Valuation Day in each month, payable monthly in arrears.

Performance Fee

The Investment Manager is also entitled to receive a Performance Fee in respect of each Share which, in respect of Class A Shares as described below, may be payable in two parts, the second such payment being conditional upon subsequent performance of such Class A Share during the following Calculation Period. The Performance Fee is calculated in respect of each period of twelve months ending 31 December in each year (a "Calculation Period") by reference to the Threshold Net Asset Value per Share of the relevant Class (in respect of Class B Shares) or series (in respect of Class A Shares) in respect of the relevant Calculation Period and the Net Asset Value per Share of that Class or series as at the last Valuation Day in that Calculation Period. The Performance Fee is deemed to accrue as at each Valuation Day.

For each Calculation Period, if the Threshold Net Asset Value per Share is met or exceeded, then the Performance Fee in respect of each Share will be equal to 20 per cent of the appreciation in the Net Asset Value per Share of the relevant Class or series (before deduction of any accrued Performance Fee) during that Calculation Period (or part thereof during which the relevant Share was in issue) above the Threshold Net Asset Value per Share in respect of that Calculation Period (or part thereof). The calculation methodology is set out in further detail under "Performance Fee Calculation Methodology" below.

As at each Valuation Day in each Calculation Period, if the Threshold Net Asset Value per Share is met or exceeded, then a Performance Fee per Share (if any) is accrued in respect of the Shares then in issue. The accrued Performance Fee per Share will be equal to 20 per cent of the appreciation during the relevant Calculation Period in the Net Asset Value of the Shares of the relevant Class or series above the Threshold Net Asset Value of the Shares of that Class or series divided by the number of Shares of the relevant Class or series in issue as at the Valuation Day. The Threshold Net Asset Value of the Shares of the relevant Class or series will be calculated by applying the same principles as for the calculation of the Threshold Net Asset Value per Share appropriately modified.

Class A Shares

Immediately after the end of each calendar year (the "First Calculation Period"), an amount representing 50 per cent of the accrued Performance Fee per Class A Share (if any) in respect of Class A Shares for such First Calculation Period will be paid into a deposit account held by a third party bank (the "Class A Shares Performance Fee Suspense Account") to be held until the end of the following calendar year (the "Second Calculation Period") earning interest at normal commercial rates. The remaining part of the accrued Performance Fee per Class A Share (if any) of the Class A Shares is paid at the end of the First Calculation Period as set out further below.

If, at the end of the Second Calculation Period in question, the Threshold Net Asset Value per Share of a series is met or exceeded and therefore a Performance Fee is payable for that period in respect of that series, then the full amount deposited in the Class A Shares Performance Fee Suspense Account in respect of that series, which, for the avoidance of doubt, includes interest as set out above (the "Series Suspense Amount") is due and payable to the Investment Manager.

If, at the end of the Second Calculation Period in question, the Threshold Net Asset Value per Share of a series is not met and therefore no Performance Fee is payable for that period in respect of that series, then, save as described below, the Series Suspense Amount in respect of that series, or a portion of it (as determined below) will be released from the Class A Shares Performance Fee Suspense Account, retained by the Fund and attributed to that series, and the remainder will then be due and payable to the Investment Manager. However, holders of Class A Shares which are redeemed between 12 and 24 months following issue will forfeit any entitlement to payment from the Class A Shares Performance Fee Suspense Account and the relevant amount will then be due and payable to the Investment Manager.

For the purpose only of calculating the proportion of the Series Suspense Amount in respect of any series of Class A Shares to be paid to Class A Shareholders, a determination will be made by taking the difference between the Net Asset Value per Share of the relevant series and the Threshold Net Asset Value per Share of the relevant series at the end of the Second Calculation Period and re-calculating the Performance Fee for the First Calculation Period, as if the performance over the First and Second Calculation Periods combined had been achieved over the First Calculation Period only. If, as a result of such determination, no Performance Fee would have been payable in respect of that series or a Performance Fee would have been payable which is less than the Series Suspense Amount then, in the first case, the full Series Suspense Amount and, in the second case, the over-accrued part of the Performance Fee (up to a maximum of the Series Suspense Amount) will be retained by the Fund and attributed to that series. The remainder, if any, of the Series Suspense Amount will then be due and payable to the Investment Manager. The "over-accrued part of the Performance Fee" of a series for these purposes is the difference between the full Performance Fee that had been calculated for that series of Class A Shares at the end of the First Calculation Period (50 per cent of which was paid into the Class A Shares Performance Fee Suspense Account), which for the avoidance of doubt does not include any accrued interest, and the Performance Fee that would have been payable in respect of that series had the calculation period for the Performance Fee been the period from the start of the First Calculation Period to the end of the Second Calculation Period. The costs of implementation and maintenance of the Class A Shares Performance Fee Suspense Account arrangements described above will be charged to the Class A Shares Performance Fee Suspense Account.

The Performance Fee or that part of such fee as is then payable will normally be payable in arrears within 30 calendar days of the end of each Calculation Period in the case of Class A Shares which remain in issue at the end of the Calculation Period. However, in the case of Class A Shares redeemed (including, without limitation, an exchange of Class A Shares for Designated Investment Shares) during a Calculation Period, the accrued Performance Fee (including, for the avoidance of doubt, any part of any Series Suspense Amount that then becomes payable) in respect of those Class A Shares is calculated as though the date of redemption were the end of a Calculation Period and will be payable within 30 calendar days after the date of redemption or as soon as reasonably practicable thereafter. For the avoidance of doubt, in such circumstances the Hurdle Rate shall be pro-rated by reference to the number of days to the date of redemption. In the event of a partial redemption, whether during or at the end of a Calculation Period, Class A Shares will be treated as redeemed on a first in, first out ("fifo") basis for the purpose of calculating the Performance Fee.

Class B Shares – Payment of Performance Fee

The Performance Fee in respect of Class B Shares will normally be payable to the Investment Manager in arrears within 30 calendar days of the end of each Calculation Period. However, in the case of Class B Shares redeemed (including, without limitation, an exchange of Class B

Shares for Designated Investment Shares) during a Calculation Period, the accrued Performance Fee in respect of those Class B Shares will be payable within 30 calendar days after the date of redemption. In the event of a partial redemption, Class B Shares will be treated as redeemed on a first in, first out ("fif") basis.

Class B Shares – Overview of Methodology

The Performance Fee in respect of the Class B Shares is calculated on a Share-by-Share basis so that each Class B Share is charged a Performance Fee which equates precisely with that Share's performance. This method of calculation is intended to ensure so far as possible that (i) any Performance Fee paid to the Investment Manager is charged only to those Class B Shares which have appreciated in value during the relevant Calculation Period, (ii) all holders of Class B Shares have the same amount per Class B Share at risk in the Fund and (iii) all Class B Shares have the same Net Asset Value per Share.

Class B Shares – Equalisation

In order to achieve these objectives, the Subscription Price at which Class B Shares are issued on any Subscription Day (other than the first Subscription Day in any Calculation Period) is the Net Asset Value per Share before accrual for the Performance Fee (if any). The difference between the Subscription Price of a Class B Share and the Net Asset Value per Share after accrual for the Performance Fee per Share is referred to as an "Equalisation Credit". An adjustment will then be made at the end of each Calculation Period to compensate for the difference between the amount of Performance Fee accrued in respect of a Share at the time of subscription and the Performance Fee payable in respect of that Share at the end of the Calculation Period. This adjustment is described in further detail below.

Class B Shares – Adjustments

Immediately after the end of each Calculation Period, the Performance Fee per Share will be calculated in respect of all Shares subscribed for on each Subscription Day during that Calculation Period, as described under "Performance Fee Calculation Methodology" below.

If the Performance Fee per Share calculated in respect of any Class B Share subscribed for on a Subscription Day is less than the Performance Fee per Share accrued in respect of that Share on the Subscription Day at the end of the Calculation Period, the difference per Share multiplied by the number of Class B Shares subscribed for by the holder of that Share on that Subscription Day will be applied to subscribe for additional Class B Shares to be issued to that Shareholder.

If the Performance Fee per Share calculated in respect of any Class B Share subscribed for on a Subscription Day is greater than the Performance Fee per Share accrued in respect of that Share on the Subscription Day at the end of the Calculation Period, such number of Class B Shares held by the holder of that Share as have an aggregate Net Asset Value equal to the difference per Share multiplied by the number of Class B Shares subscribed for by the holder of that Share will be redeemed by the Fund at par value (the aggregate par value being retained by the Fund) and an amount equal to the aggregate Net Asset Value of the Shares so redeemed will be paid to the Investment Manager as a Performance Fee (a "Performance Fee Redemption").

Performance Fee Calculation Methodology

At the end of each Calculation Period, the Performance Fee per Share will be calculated in respect of all Shares of that Class or series in issue on each Subscription Day during that Calculation Period. The Performance Fee in respect of each Share in any Calculation Period will be equal to 20 per cent of the appreciation in the Net Asset Value per Share of the relevant Class or series (before deduction for any accrued Performance Fees) during that Calculation Period (or part thereof during which the relevant Share was in issue) above the Threshold Net Asset Value per Share of that Class or series in respect of that Calculation Period (or part thereof).

Threshold Net Asset Value per Share

The Threshold Net Asset Value per Share of each Class or series in respect of each Calculation Period will be the Starting Net Asset Value per Share of that Class or series multiplied by the Hurdle Rate. The Starting Net Asset Value per Share of a Class or series will be the greater of the Net Asset Value per Share of that Class or series at the date of issue of that Share and the highest Net Asset Value per Share of that Class or series achieved at the end of any previous Calculation Period (if any) during which such Share was in issue. The Performance Fee in respect of each Calculation Period will be calculated by reference to the Net Asset Value of the Shares of the relevant Class or series before deduction of any accrued Performance Fee.

Hurdle Rate

For each Calculation Period, the Hurdle Rate in respect of a Class A Share will be 100 per cent plus the average percentage yield to maturity of the US Treasury 10-year bond rounded down to the nearest tenth of a percentage determined as at the end of the last calendar quarter of the preceding calendar year and published by Bloomberg and, in respect of a Class B Share, the Hurdle Rate will be 100 per cent (so that in effect there is no Hurdle Rate). In respect of a Class A Share issued otherwise than on the first Business Day of a Calculation Period, the Hurdle Rate in respect of the year in which the Class A Share is issued shall be pro-rated by reference to the number of days in the year during which such Class A Share was in issue. The Directors reserve the right to substitute an equivalent rate in the event that the yield described above ceases to be available or ceases to be a commonly used market benchmark rate.

Fees and Expenses Attributable to Designated Investment Shares

The Investment Management Fee and the Performance Fee, if any, payable in respect of Designated Investment Shares will be as agreed between the Fund and the Investment Manager.

The Investment Management Fee payable in respect of Designated Investment Shares will not be more than $\frac{1}{12}$ of 1.75 per cent per month of the Net Asset Value of each Class of Designated Investment Shares. In the event that payment of the Investment Management Fee in respect of the Designated Investment Shares is deferred, the Directors may agree with the Investment Manager that interest will be payable in respect of any such deferred Investment Management Fee. The percentage rate at which any Performance Fee is payable in respect of Designated Investment Shares will not be more than 20 per cent.

The Directors may determine that the expenses, commitments and contingencies attributable to any Class of Designated Investment Shares (such as ongoing investment related and administration, audit and other costs and expenses) will be paid by the Fund from the cash available to the Shares (excluding, for the avoidance of doubt, the Designated Investment Shares) and allocated to the relevant Class or Classes of Designated Investment Shares. In such event, an amount equal to such expenses, commitments and/or contingencies paid by the Fund in respect of a Class of Designated Investment Shares will be deducted from the proceeds of redemption of the relevant Designated Investment Shares and allocated to the Shares. Such allocation would be recorded in the books of account of the Fund as an inter class loan from the Shares to the relevant Class of Designated Investment Shares. In the event that the proceeds of redemption of the relevant Designated Investment Shares are less than the relevant inter class loan to such Class of Designated Investment Shares, the Net Asset Value of the Shares will decrease by the amount of any shortfall. The Master Fund may allocate the expenses, commitment and contingencies relating to any class of Master Designated Investment Shares in a similar manner.

As an alternative to the allocation of expenses described above, or to be used in conjunction with such an allocation, in order to provide such to meet the anticipated ongoing costs, expenses, commitments and contingencies attributable to Designated Investment Shares, the Fund may compulsorily exchange an additional proportion of the Shares for Designated Investment Shares with such value as is equal to the Directors' estimate of such aggregate costs and expenses.

Alternative methods of allocation and/or payment of the expenses attributable to any Class of Designated Investment Shares may be adopted if deemed appropriate by the Directors.

General

The Investment Manager may from time to time and at its sole discretion and out of its own resources decide to rebate to intermediaries and/or Shareholders part or all of the Investment Management Fee and/or the Performance Fee. Any such rebates may be applied in paying up additional Shares to be issued to the Shareholder, or may (at the discretion of the Investment Manager) be paid in cash.

If the Investment Management Agreement is terminated other than on 31 December in any year, the Performance Fee in respect of the then current Calculation Period will be calculated and paid as though the date of termination were the end of the relevant Calculation Period.

The Investment Manager is responsible for paying the fees and expenses of the Investment Adviser. The Investment Adviser is responsible for paying the fees and expenses of the Sub-Adviser.

Master Fund

No investment management or performance fees are payable by the Master Fund with respect to the Shares.

Administrator

The Administrator receives from the Master Fund a monthly fee, payable in arrears, of up to the following amounts or of up to 1/12 of the following percentages of the Net Asset Value of the Master Fund (as appropriate) as at the relevant Valuation Day: (i) the greater of 0.12 per cent on the first US\$250 million and US\$75,000 per annum, (ii) 0.10 per cent on the next US\$250 million and (iii) 0.08 per cent on the balance above US\$500 million.

The Administrator is also reimbursed by the Master Fund any reasonable out-of-pocket expenses or costs necessarily incurred in the performance of its duties.

Fees payable to the Administrator by the Master Fund may be amended by agreement between the Master Fund and the Administrator including, but not limited to upon the issue of Designated Investment Shares.

Middle/Back Office Service Provider

The Middle/Back Office Service Provider receives from the Master Fund a quarterly fee, payable in advance, of ¼ of either (i) 0.06 per cent of the Net Asset Value of the Master Fund as of the date in respect of which the fee is calculated or (ii) €50,000, whichever is greater. The fees of the Middle/Back Office Service Provider are calculated and payable as of the first calendar day of March, June, September and December in each year.

The fees payable to the Middle/Back Office Service Provider by the Master Fund may be amended by agreement between the Master Fund and the Middle/Back Office Service Provider, including, but not limited to, upon the issue of Designated Investment Shares.

Prime Broker and Custodian

The Prime Broker and Custodian charges the Master Fund fees at normal commercial rates in respect of its prime brokerage and custodian services.

Other Fees and Expenses

The Fund and/or the Master Fund also pay the costs and expenses of (i) all transactions carried out by them or on their behalf and (ii) the administration of the Fund and/or the Master Fund, including (a) the charges and expenses of legal advisers and auditors, (b) brokers' commissions (if any), borrowing charges on securities sold short and any issue or transfer taxes chargeable in connection with any securities transactions, (c) all taxes and corporate fees payable to governments or agencies, (d) Directors' fees (if any) and expenses, (e) interest on borrowings, including borrowings from the Prime Broker and Custodian, (f) communication expenses with respect to investor services and all expenses of meetings of Shareholders and of preparing, printing and distributing financial and other reports, proxy forms, prospectuses and similar documents, (g) the cost of insurance (if any) for the benefit of the Directors, (h) litigation and indemnification expenses and extraordinary expenses not incurred in the ordinary course of business, and (i) all other organisational and operating expenses.

The total costs and expenses of establishing the Fund and the Master Fund are estimated to be approximately US\$215,000 and were paid out of the proceeds of the initial issue of Shares. These costs and expenses are being amortised on a straight line basis over a period of 5 years from 1 January 2010. The Directors may, in their absolute discretion, shorten the period over which such costs and expenses are amortised.

DIVIDEND POLICY

It is not envisaged that any income or gains will be distributed by the Fund or the Master Fund to holders of Shares by way of dividend. This does not preclude the Directors from declaring a dividend at any time in the future if they consider it appropriate to do so. In the event that a dividend is declared and remains unclaimed after a period of six years from the date of declaration, such dividend will be forfeited and will revert to the Fund or the Master Fund, as the case may be. To the extent that a dividend may be declared, it will be paid in compliance with any applicable laws.

REPORTS AND FINANCIAL STATEMENTS

The financial year of each of the Fund and the Master Fund ends on 31 December in each year.

An annual report and audited financial statements for the Fund and the Master Fund in respect of each financial year prepared in accordance with United States generally accepted accounting principles ("US GAAP") will be sent to Shareholders as soon as practicable and in any event within six months of the end of the Fund's and the Master Fund's financial year. The first audited financial statements covered the period from the date of the Fund's and the Master Fund's incorporation until 31 December 2010.

Audited annual financial statements of the Fund and the Master Fund will be provided to Shareholders upon written request to the Administrator and will be made available for inspection at the offices of the Administrator and at the registered office of the Fund.

CONFLICTS OF INTEREST

The Directors, the Investment Manager, the Investment Adviser, the Sub-Adviser, other entities in the Verno Group, the Prime Broker and Custodian and the Administrator and/or their respective affiliates or any person connected with them may from time to time act as director, investment manager, investment advisor, custodian, registrar, broker, administrator, distributor or dealer in relation to, or be otherwise involved in, either investment funds established by parties other than the Fund and the Master Fund which have similar or different objectives to those of the Fund and/or the Master Fund. For example, Patrick Lynch is an employee of Mubadala Development Company PJSC, which indirectly owns 25 per cent of Verno Group Limited and is an indirect strategic investor in the Fund. It is, therefore, possible that any of them may, in the course of such business, have potential conflicts of interest with the Fund and the Master Fund. Each will, at all times, have regard in such event to its obligations to the Fund and the Master Fund and will endeavour to ensure that such conflicts are resolved fairly. In addition, subject to applicable law, any of the foregoing may deal, as principal or agent, with the Fund or the Master Fund, provided that such dealings are carried out as if effected on normal commercial terms negotiated on an arm's length basis. The Investment Manager, the Investment Adviser, the Sub-Adviser, other entities in the Verno Group and any of their affiliates or any person connected with them may invest in, directly or indirectly, or manage or advise other investment funds or accounts which invest in assets which may also be purchased or sold by the Fund or the Master Fund. None of the Investment Manager, the Investment Adviser, the Sub-Adviser, any other entity in the Verno Group or any of their affiliates or any person connected with them is under any obligation to offer investment opportunities of which any of them becomes aware to the Fund or the Master Fund or to account to the Fund or the Master Fund in respect of (or share with the Fund or the Master Fund or inform the Fund or the Master Fund of) any such transaction or any benefit received by any of them from any such transaction.

The foregoing does not purport to be a complete list of all potential conflicts of interest involved in an investment in the Fund.

The Directors will seek to ensure that any conflict of interest of which they are aware is resolved fairly and will oversee any transactions between the Master Fund and any other fund over which the Investment Manager has discretionary management authority.

USE OF DEALING COMMISSIONS

No dealing commission arrangements have been entered into or effected by the Fund, the Master Fund or the Investment Manager. Shareholders will be notified in due course if any such arrangements have been so entered or effected.

RISK FACTORS

The Fund invests all of its assets (to the extent not retained in cash) in the ordinary shares of the Master Fund and accordingly is not diversified.

The nature of the Master Fund's investments involves certain risks and the Master Fund utilises investment techniques (such as leverage, short selling and the use of derivatives) which may carry additional risks. An investment in Shares therefore carries substantial risk and is suitable only for persons which can assume the risk of losing their entire investment. Prospective investors should consider, among others, the following factors before subscribing for Shares:

Accounting for Uncertainty in Income Taxes

ASC 740, "Income Taxes" (in part formerly known as "FIN 48"), provides guidance on the recognition of uncertain tax positions. ASC 740 prescribes the minimum recognition threshold that a tax position is required to meet before being recognised in an entity's financial statements. It also provides guidance on recognition, measurement, classification and interest and penalties with respect to tax positions. A prospective investor should be aware that, among other things, ASC 740 could have a material adverse effect on the periodic calculations of the Net Asset Value of the Master Fund, including reducing the Net Asset Value of the Master Fund to reflect reserves for income taxes that may be payable in respect of prior periods by the Master Fund. This could cause benefits or detriments to certain Shareholders, depending upon the timing of their entry and exit from the Fund.

Amortisation of Organisational Costs

The Fund's and the Master Fund's financial statements will be prepared in accordance with US GAAP. US GAAP does not permit the amortisation of organisational costs. Notwithstanding this, the Fund and the Master Fund are amortising their organisational costs over a period of 5 years and the auditors' report may be qualified in this regard.

Availability of Investment Strategies

The success of the Master Fund's investment activities depends on the Investment Manager's ability to identify overvalued and undervalued investment opportunities and to exploit price discrepancies in the financial markets, as well as to assess the import of news and events that may affect the financial markets. Identification and exploitation of the investment strategies to be pursued by the Master Fund involves a high degree of uncertainty. No assurance can be given that the Investment Manager will be able to locate suitable investment opportunities in which to deploy all of the Master Fund's assets or to exploit discrepancies in the securities and derivatives markets. A reduction in money market liquidity or the pricing inefficiency of the markets in which the Master Fund invests, as well as other market factors, will reduce the scope for the Master Fund's investment strategies.

The Master Fund may be adversely affected by unforeseen events involving such matters as changes in interest rates or the credit status of an issuer, forced redemptions of securities or acquisition proposals, break-up of planned mergers, unexpected changes in relative value, short squeezes, inability to short stock or changes in tax treatment.

Banking and Financing Risks in countries of the FSU

The banking and other financial systems in the countries of the FSU are not as well developed or well regulated as those in Western countries. Delays in transfers by banks persist. Moreover, the banking systems in the region have faced, and may encounter in the future, liquidity crises as well as other problems arising as a result of the under-capitalisation of the banking sector as a whole. Due in part to the fact that deposits are not insured, risks to investors include loss of money on deposit in, or being transferred via, or securities being held in custody with, affected banks which,

in addition to a loss of confidence in the economies of the region due to such crises, may lead to a general decline in share values in the banking sector or the economy as a whole. A banking crisis in one of the jurisdictions in which the Master Fund invests would have a material adverse effect on the Master Fund.

Borrowing

The Master Fund may use borrowings for the purpose of making investments and/or meeting redemptions. The use of borrowing creates special risks and may significantly increase the Fund's or the Master Fund's investment risk. Borrowing creates an opportunity for greater yield and total return but, at the same time, will increase the Fund's and the Master Fund's exposure to capital risk and interest costs. Any investment income and gains earned on investments made through the use of borrowings that are in excess of the interest costs associated therewith may cause the Net Asset Value of the Shares to increase more rapidly than would otherwise be the case. Conversely, where the associated interest costs are greater than such income and gains, the Net Asset Value of the Shares may decrease more rapidly than would otherwise be the case.

Business Risk

There can be no assurance that the Fund or the Master Fund will achieve their investment objective. There is limited operating history by which to evaluate their likely future performance. The investment results of the Fund and the Master Fund will be reliant upon the success of the Investment Manager and there is likewise limited operating history by which to evaluate its likely future performance.

Concentration of Investments

The Fund invests all of its assets (to the extent not retained in cash) in the ordinary shares of the Master Fund and accordingly is not diversified. The Master Fund may at certain times hold relatively few investments. The Master Fund could be subject to significant losses if it holds a large position in a particular investment that declines in value or is otherwise adversely affected, including default of the issuer.

Counterparty Risk

The Fund and the Master Fund are also subject to the risk of the inability of any counterparty (including the Prime Broker and Custodian) to perform with respect to transactions, whether due to insolvency, bankruptcy or other causes.

Cross Class Liabilities

Although the Articles of the Fund require the establishment of separate Class Accounts for each Class and series of Shares and the attribution of assets and liabilities to the relevant Class Account, if the liabilities of a Class or series exceed its assets, creditors of the Fund may have recourse to the assets attributable to the other Classes and/or series.

Currency Exposure

A portion of the Master Fund's assets may be invested in securities denominated in various currencies and in other financial instruments the prices of which are determined with reference to such currencies. The Master Fund will, however, value its investments and other assets in US Dollars. Accordingly, the value of such investments and assets may be affected favourably or unfavourably by fluctuations in exchange rates. The Investment Manager may or may not hedge the foreign currency exposure of the Master Fund to currencies other than the base currency, the US Dollar. Shareholders should therefore not expect that such exposure will be hedged. To the extent unhedged, the value of the Master Fund's net assets will fluctuate with the US Dollar exchange rates as well as with price changes of the Master Fund's investments in the various

local markets and currencies. Forward foreign exchange contracts and options may be utilised to hedge against currency fluctuations. There can be no guarantee that instruments suitable for hedging currency or market shifts will be available at the time when the Master Fund wishes to use them or will be able to be liquidated when the Master Fund wishes to do so. Moreover, in most emerging countries the markets for certain of these hedging instruments are not highly developed and in many emerging countries no such markets currently exist. In addition, the Master Fund may choose not to enter into hedging transactions with respect to some or all of its positions. Currency exchange costs will be incurred when the Master Fund changes investments from one country to another.

Many emerging markets have underdeveloped capital market structures where the risks associated with holding currency are significantly greater than in other, less inflationary markets. Currency exchange rates are highly volatile and subject to severe event risks, as the political situation with regard to the relevant foreign government may itself be volatile. Moreover, if the cash flow of the assets is contingent, it may be difficult to quantify the attendant cross-currency risk, compounding the risk of changes in underlying currencies by the other risks in the portfolio. Correlations between these risks are difficult to quantify and, therefore, difficult to hedge. An inaccurate estimation of the correlation may lead to a faulty hedge and a consequent loss in the portfolio. It should also be noted that, in highly volatile markets, predictions of correlation based on historical data can diverge dramatically from observed market moves.

The Shares are denominated in US Dollars and will be issued and redeemed in that currency. Prospective investors whose assets and liabilities are predominately in other currencies should take into account the potential risk of loss arising from fluctuations in value between the US Dollar and such other currencies.

Debt Securities

The Master Fund may invest in debt securities which may be unrated by a recognised credit-rating agency or below investment grade and which are subject to greater risk of loss of principal and interest than higher-rated debt securities. The Master Fund may invest in debt securities which rank junior to other outstanding securities and obligations of the issuer, all or a significant portion of which may be secured on substantially all of that issuer's assets. The Master Fund may invest in debt securities which are not protected by financial covenants or limitations on additional indebtedness. The Master Fund will therefore be subject to credit, liquidity and interest rate risks. In addition, evaluating credit risk for debt securities involves uncertainty because credit rating agencies throughout the world have different standards, making comparison across countries difficult. Also, the market for credit spreads is often inefficient and illiquid, which can make it difficult to accurately calculate discounting spreads for valuing financial instruments.

Derivatives

The Master Fund utilises both exchange-traded and over-the-counter derivatives, including, but not limited to, futures, forwards, swaps (including credit default swaps), options and contracts for differences, as part of its investment approach. These instruments can be highly volatile and expose investors to a high risk of loss. The low initial margin deposits normally required to establish a position in such instruments permit a high degree of leverage. As a result, depending on the type of instrument, a relatively small movement in the price of a contract may result in a profit or a loss which is high in proportion to the amount of funds actually placed as initial margin and may result in unquantifiable further loss exceeding any margin deposited. In addition, daily limits on price fluctuations and speculative position limits on exchanges may prevent prompt liquidation of positions resulting in potentially greater losses. The pricing relationships between derivatives and the instruments underlying such derivatives may not correlate with historical patterns, potentially resulting in unexpected losses. Further when used for hedging purposes there may be an imperfect correlation between these instruments and the investments or market sectors being hedged. Transactions in over-the-counter contracts may involve additional risk as there is no exchange market on which to close out an open position. It may be impossible to

liquidate an existing position, to assess the value of a position or to assess the exposure to risk. Contractual asymmetries and inefficiencies can also increase risk, such as break clauses, whereby a counterparty can terminate a transaction on the basis of a certain reduction in Net Asset Value, incorrect collateral calls or delays in collateral recovery.

Economic Risks

The ongoing transformation of the countries of the FSU from centrally planned economies towards more market-oriented economies has been marked by periods of instability. By way of example, the 1998 financial crisis in Russia produced a near collapse of the Russian banking system, a sharp increase in the rate of inflation, a dramatic decline in the prices of Russian debt and equity securities and an inability of Russian issuers to raise funds in international capital markets. Although the Russian economy has demonstrated certain improvements in recent years, there is no assurance that recent positive trends will continue or will not abruptly reverse. The Master Fund's investments may be adversely affected by a deterioration of the economy of Russia or other countries of the FSU.

In addition, these economies are vulnerable to market downturns and economic slowdowns elsewhere in the world. As has happened in the past, financial problems or an increase in the perceived risks associated with investing in emerging economies could dampen foreign investment in Russia and other countries of the FSU and adversely affect their economies. A significant part of the Russian economy is based on oil, gas and other extractive industries, making it especially sensitive to the prices of oil, gas and other commodities in world markets.

Effect of Substantial Redemptions

Substantial redemptions by Shareholders within a short period of time could require the Investment Manager to liquidate positions more rapidly than would otherwise be desirable, which could adversely affect the value of the Master Fund's assets. The resulting reduction in the Master Fund's assets could make it more difficult to generate a positive rate of return or to recoup losses due to a reduced equity base.

Emerging Markets

The Master Fund invests in emerging market securities which may lead to additional risks being encountered when compared with investments in developed markets.

Investment in emerging market securities involves a greater degree of risk than an investment in securities of issuers based in developed countries. Among other things, emerging market securities investments may carry the risks of less publicly available information, more volatile markets, less strict securities market regulation, less favourable tax provisions, and a greater likelihood of severe inflation, unstable or not freely convertible currency, war and expropriation of personal property than investments in securities of issuers based in developed countries. In addition, the Master Fund's investment opportunities in certain emerging markets may be restricted by legal limits on foreign investment in local securities.

Emerging markets generally are not as efficient as those in developed countries. In some cases, a market for the security may not exist locally, and transactions will need to be made on a neighbouring exchange. Volume and liquidity levels in emerging markets are lower than in developed countries. When seeking to sell emerging market securities, little or no market may exist for the securities. In addition, issuers based in emerging markets are not generally subject to uniform accounting and financial reporting standards, practices and requirements comparable to those applicable to issuers based in developed countries, thereby potentially increasing the risk of fraud or other deceptive practices. Furthermore, the quality and reliability of official data published by the government or securities exchanges in emerging markets may not accurately reflect the actual circumstances being reported.

Some emerging markets securities may be subject to brokerage or stock transfer taxes levied by governments, which would have the effect of increasing the cost of investment and which may reduce the realised gain or increase the loss on such securities at the time of sale. The issuers of some of these securities, such as banks and other financial institutions, may be subject to less stringent regulations than would be the case for issuers in developed countries and therefore potentially carry greater risk. In addition, settlement of trades in some emerging markets is much slower and subject to a greater risk of failure than in markets in developed countries. Further, custodians are not able to offer the level of service and safe-keeping, settlement and administration of securities that is customary in more developed markets and there is a risk that the Master Fund will not be recognised as the owner of securities held on its behalf by a sub-custodian.

With respect to any emerging market country, there is the possibility of nationalisation, expropriation or confiscatory taxation, imposition of withholding or other taxes on dividends, interest, capital gains or other income, limitations on the removal of funds or other assets of the Master Fund, political changes, government regulation, social instability or diplomatic developments (including war) which could affect adversely the economies of such countries or the value of the Master Fund's investments in those countries. With regard to taxation and related financial matters, the Master Fund may take steps to seek to mitigate any such exposure, which may include the establishment of an investment vehicle or vehicles, through which the relevant emerging market securities will be held. It cannot, however, be guaranteed that any such arrangements will be available or effective in respect of any particular investment.

Foreign investment in emerging markets is often restricted or controlled, to varying degrees. These restrictions or controls may limit the types of interests in securities that can be owned by reference to the nationality or legal status of the owner, qualify the nature of ownership interests that can be acquired, impose rules governing the transfer of securities or limit or preclude foreign investment above certain ownership levels, or in certain sectors. In order to obtain exposure to securities that are subject to these types of controls and restrictions the Master Fund may enter into nominee arrangements with local nominees (including natural persons), banks or other organisations in affected markets, and the Master Fund will be subject to the risk of default, insolvency or fraud by the counterparties to those nominee arrangements. There can be no assurance that any money advanced will be repaid or that the Master Fund will have any recourse in the event of default. Such nominee arrangements may not be enforceable and consequently, the Master Fund will be subject to increased risks in respect of those arrangements in the event of default, insolvency or fraud on the part of the counterparty. Further, the operation of local laws relating to succession and inheritance may also give rise to a risk that the death of a counterparty to a nominee arrangement results in the loss of the Master Fund's interest in the arrangement and underlying securities.

The economies of individual emerging countries may differ favourably or unfavourably from the economy of a developed country in such respects as growth of gross domestic product, rate of inflation, currency depreciation, asset reinvestment, resource self-sufficiency and balance of payments position. Further, the economies of emerging countries generally are heavily dependent upon international trade and, accordingly, have been, and may continue to be adversely affected by trade barriers, exchange controls, managed adjustments in relative currency values and other protectionist measures imposed or negotiated by the countries with which they trade. These economies also have been and may continue to be adversely affected by economic conditions in the countries with which they trade. The economies of certain of these countries may be based, predominantly, on only a few industries and may be vulnerable to changes in trade conditions and may have higher levels of debt or inflation.

Exchange Controls and Repatriation Risks

In certain jurisdictions, including Russia, foreign investment legislation currently guarantees the right of foreign investors to transfer abroad income received on investments (such as profits, dividends and interest payments), subject to adherence to currency and banking regulations regarding the conversion and transfers of funds, and subject to settlement of all applicable taxes

and duties. However, current legislation governing currency regulation and control guarantees the right to transfer interest, dividends and other income on investments, but does not expressly permit the repatriation of capital from the realisation of investments. Although current practice is to recognise the right to repatriation of capital, no assurance may be given that this will continue to be the case. Furthermore, there can be no assurance that future restrictions will not be imposed on converting Rouble earnings into hard currency or on the repatriation of profits. Such restrictions could have a material adverse effect on the economic value of an investment in the Master Fund.

Exchange Of Tax Information

The Cayman Islands has implemented a legal and regulatory regime that the Organisation for Economic Co-operation and Development ("OECD") has recognised as generally complying with internationally agreed standards for transparency and exchange of information for tax purposes. Furthermore, the Cayman Islands is currently treated by the OECD as a jurisdiction that has substantially implemented the internationally agreed tax standard (as developed by the OECD in co-operation with non-OECD countries and endorsed by G20 Finance Ministers and by the United Nations Committee of Experts on International Co-operation in Tax Matters). The implementation of this standard, which requires exchange of information on request in all tax matters for the administration and enforcement of domestic tax law without regard to a domestic tax interest requirement or bank secrecy for tax purposes, has involved the Cayman Islands entering into a number of bilateral tax information exchange agreements, and also the enactment of a unilateral mechanism for the Cayman Islands to provide relevant information on request to certain other specified jurisdictions. Consequently, each Shareholder should be aware that in accordance with such arrangements (as extended or varied from time to time to comply with then current international standards, to the extent adopted by the Cayman Islands or any other relevant jurisdiction), relevant information concerning it and/or its investment in the Fund may be provided to any relevant tax authority.

Financing Arrangements: Availability of Credit

The Master Fund's strategies may include the use of securities margin, futures margin, margined option premiums, repurchase agreements, bank or dealer credit lines or the notional principal amounts of swap transactions. There can be no assurance that the Master Fund will be able to maintain adequate financing arrangements under all market circumstances.

As a general matter, the banks and dealers that may provide financing to the Master Fund can apply essentially discretionary margin, "haircuts", financing and security and collateral valuation policies. Changes by banks and dealers in one or more of these policies, or the imposition of other credit limitations or restrictions, whether due to market circumstances, government, regulatory or judicial action, may result in large margin calls, loss of financing, forced liquidations of positions at disadvantageous prices, termination of swap and repurchase agreements and cross-defaults to agreements with other banks and dealers. Any such adverse effects may be exacerbated in the event that such limitations or restrictions are imposed suddenly and/or by multiple market participants simultaneously. The imposition of any such limitations or restrictions could compel the Master Fund to liquidate all or part of its portfolio at disadvantageous prices, perhaps leading to a complete loss of the Master Fund's equity.

Foreign Currency and Exchange Rate Risks

Substantially all of the Master Fund's assets may be invested in companies whose functional currency is the Rouble or other currencies that are not freely exchangeable and/or in local currency-denominated securities of Russian or other companies domiciled in the countries of the FSU. There is not always a cost-efficient method of hedging Rouble risk and the Investment Manager does not intend to hedge such risk. Consequently, currency exchange rate fluctuations, devaluation of the Rouble or other local currencies and exchange control regulations may adversely affect the performance of such companies and the return realised on the Master Fund's

investments. During the 1990s, the Rouble and other local currencies lost value in relation to the US Dollar, and that trend may continue.

Since 2000, the Rouble has appreciated in real terms against the US Dollar and continued real appreciation of the Rouble against the US Dollar or other foreign currencies could adversely affect the financial condition and results of operations of portfolio companies and the performance of the Master Fund.

Forward Foreign Exchange Contracts

The Master Fund may enter into forward foreign exchange contracts. A forward foreign exchange contract is a contractually binding obligation to purchase or sell a particular currency at a specified date in the future. Forward foreign exchange contracts are not uniform as to the quantity or time at which a currency is to be delivered and are not traded on exchanges. Rather, they are individually negotiated transactions. Forward foreign exchange contracts are effected through a trading system known as the interbank market. It is not a market with a specific location but rather a network of participants electronically linked. Documentation of transactions generally consists of an exchange of telex or facsimile messages. There is no limitation as to daily price movements on this market and in exceptional circumstances there have been periods during which certain banks have refused to quote prices for forward foreign exchange contracts or have quoted prices with an unusually wide spread between the price at which the bank is prepared to buy and that at which it is prepared to sell. Transactions in forward foreign exchange contracts are not regulated by any regulatory authority nor are they guaranteed by an exchange or clearing house. The Master Fund is subject to the risk of the inability or refusal of its counterparties to perform with respect to such contracts. Any such default would eliminate any profit potential and compel the Master Fund to cover its commitments for resale or repurchase, if any, at the then current market price. These events could result in significant losses.

General Risks of Investing in the Countries of the FSU

The Master Fund's assets are generally invested in Russia and, as the Investment Manager may determine, in other countries of the FSU where the market economy is still relatively young. Although the general trend in the region over the past ten years has been towards more open markets and the promotion of private business initiatives, no assurance can be given that the governments of these countries will continue to pursue such policies or that such policies may not be altered significantly, especially in the event of a change in leadership, social or political disruption or unforeseen circumstances affecting economic, political or social life. Accordingly, political instability, economic distress, the difficulties of adjustment from a communist economy to a market economy, social instability, organised crime or other factors beyond the Investment Manager's control could have a material adverse effect on the performance of the Master Fund.

Furthermore, there can be no assurance that the assets of the Master Fund will not be subject to nationalisation, requisition or confiscation, whether legitimate or not, by any authority or body. While there may exist provision for compensation and reimbursement of losses under such circumstances, there can be no assurance that such provision would be effective to restore to the Master Fund the market value or cost of its original investment.

Highly Volatile Markets

The prices of derivative instruments, including options prices, are highly volatile. Price movements of forward contracts and other derivative contracts in which the Master Fund may invest are influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary, and exchange control programs and policies of governments, and national and international political and economic events and policies. In addition, governments from time to time intervene, directly and by regulation, in certain markets. Such intervention is often intended directly to influence prices and may, together with other factors, cause all of such markets to move rapidly in the same direction because of, among other things, interest rate

fluctuations. The Master Fund is also subject to the risk of the failure of any of the exchanges on which its positions trade or of their clearing houses.

Illiquidity

There is currently no active secondary market for the Shares and it is not expected that such a market will develop.

Information, Reporting and Side Arrangements

Subject to applicable law, the Investment Manager, the Investment Adviser, the Sub-Adviser, other entities in the Verno Group, the Fund and the Master Fund may, in their sole discretion, negotiate and enter into agreements (“Side Letters”) with certain Shareholders including, without limitation, those deemed to involve a significant or strategic relationship, that will result in different terms of an investment in the Fund than the terms applicable to other Shareholders. As a result of such Side Letters, certain Shareholders may receive additional or different information, reporting and/or other benefits which other Shareholders will not receive. Such information and reporting may provide the recipient greater insights into the Fund’s and the Master Fund’s activities than is included in standard reports to Shareholders, thereby enhancing the recipient’s ability to make investment decisions with respect to the Fund and with respect to the investment of its own assets. Except as described in this Prospectus or as required by law or regulation, none of the Investment Manager, the Investment Adviser, the Sub-Adviser, any other entity in the Verno Group, the Fund or the Master Fund will be required to notify any or all of the other Shareholders of any such Side Letters or any of the rights and/or terms or provisions thereof, nor will the Investment Manager, the Investment Adviser, the Sub-Adviser, any other entity in the Verno Group, the Fund or the Master Fund be required to offer such additional and/or different rights and/or terms to any or all of the other Shareholders. As a result, Shareholders which have entered into Side Letters may be able to act on additional information (for example, to request redemptions) that other Shareholders do not receive.

Investment and Repatriation Restrictions

Some emerging countries have laws and regulations that preclude direct foreign investment in the securities of local issuers. However, indirect foreign investment in exchange-traded securities of companies in these countries may be permitted through specially authorised investment funds. The Master Fund may invest in these investment funds. If the Master Fund invests in such investment funds, the investors will bear not only the expenses of the Master Fund, but also will indirectly bear similar expenses of the underlying investment funds.

In addition to the foregoing investment restrictions, some emerging countries may require prior governmental approval for certain investments in such countries.

Repatriation of investment income, assets and the proceeds of sales by investors may require governmental registration and/or approval in some emerging countries. The Master Fund could be adversely affected by delays in or a refusal to grant any required governmental registration or approval for such repatriation.

Investment Management Risk

The investment performance of the Fund and the Master Fund is substantially dependent on the services of a small group of senior professionals of the Investment Manager, the Investment Adviser and the Sub-Adviser. In the event of the death, incapacity, departure, insolvency or withdrawal of any one or more of such professionals, the performance of the Fund and the Master Fund may be adversely affected.

Legal and Tax Systems of the countries of the FSU

The legal and tax systems in the countries of the FSU are less predictable than most Western legal systems. Currently, the tax rules and regulations prevailing in the countries of the FSU are, as a general matter, either new or under varying stages of review and revision, and there is considerable uncertainty as to whether new tax laws will be enacted and, if enacted, the scope and content of such laws. Reliance on oral administrative guidance from regulators and procedural inefficiencies hinder legal remedies in many areas, including bankruptcy and the enforcement of creditors' rights. Moreover, companies often experience delays when obtaining governmental licenses and approvals.

There can be no assurance that current taxes will not be increased or that additional sources of revenue or income, or other activities, will not be subject to new taxes, charges or similar fees in the future. Any such increase in taxes, charges or fees payable by the portfolio companies or the Master Fund itself may reduce the returns for Shareholders. In addition, changes to tax treaties (or their interpretation) between Russia, the countries of the FSU and other countries through which the Master Fund pursues its investment objective, or in which it has investment subsidiaries, may have significant adverse effects on the Master Fund's ability to efficiently realise income or capital gains. Consequently, it is possible that the Master Fund may face unfavourable tax treatment in Russia and the other countries of the FSU, resulting in an increase in the taxes payable by the Master Fund or its investment subsidiaries on their investments in securities of issuers established in countries of the FSU. Any such increase in taxes could reduce investment returns to the Shareholders.

Legal Risk

The Master Fund may be subject to a number of unusual risks, including inadequate investor protection, contradictory legislation, incomplete, unclear and changing laws, ignorance or breaches of regulations on the part of other market participants, lack of established or effective avenues for legal redress, lack of standard practices and confidentiality customs characteristic of developed markets and lack of enforcement of existing regulations. Furthermore, it may be difficult to obtain and enforce a judgment in certain of the emerging countries in which assets of the Master Fund are invested. There can be no assurance that this difficulty in protecting and enforcing rights will not have a material adverse effect on the Master Fund and its operations.

Regulatory controls and corporate governance of companies in emerging markets often confer little protection on minority shareholders. Anti-fraud and anti-insider trading legislation is often rudimentary. The concept of fiduciary duty by officers and directors may also be limited when compared to developed markets. In certain instances, management may take significant actions without the consent of shareholders and anti-dilution protection also may be limited.

Liquidity and Market Characteristics

The Master Fund's publicly listed securities may lack sufficient liquidity or be difficult to exit at times when the Master Fund may wish to do so, due to the significant size of the Master Fund's investment in such security in relation to average daily trading volumes or the total free float of such securities. Due to their lack of liquidity, there may be substantial delays in attempting to exit such publicly traded securities and/or it may not be possible to realise their fair value in the event of a sale.

Furthermore, the Master Fund may make investments that are subject to legal or other restrictions on transfer or for which no liquid market exists. The market prices, if any, of such investments tend to be more volatile and it may not be possible to sell such investments when desired or to realise their fair value in the event of a sale. Moreover, securities in which the Master Fund may invest include those that are not listed on a stock exchange or traded in an over-the-counter market. As a result of the absence of a public trading market for these securities, they may be less liquid than publicly traded securities. There may be substantial delays in attempting to sell non-publicly traded securities. Although these securities may be resold in privately negotiated

transactions, the prices realised from these sales could be less than those originally paid and such valuations may not be indicative of what actual fair market value would be in an active, liquid, or established market. Further, companies whose securities are not publicly traded are not subject to the disclosure and other investor protection requirements that would be applicable if their securities were publicly traded.

Market Crisis and Governmental Intervention

The global financial markets are continuing to undergo pervasive and fundamental disruptions which have led to extensive and unprecedented governmental intervention. Such intervention has in certain cases been implemented on an “emergency” basis without much or any notice with the consequence that some market participants’ ability to continue to implement certain strategies or manage the risk of their outstanding positions has been suddenly and/or substantially eliminated. Given the complexities of the global financial markets and the limited time frame within which governments have been able to take action, these interventions have sometimes been unclear in scope and application, resulting in confusion and uncertainty which in itself has been materially detrimental to the efficient functioning of such markets as well as previously successful investment strategies.

It is impossible to predict with certainty what additional interim or permanent governmental restrictions may be imposed on the markets and/or the effect of such restrictions on the Investment Manager’s ability to fulfil the Master Fund’s investment objective. However, the Investment Manager believes that there is a high likelihood of significantly increased regulation of the global financial markets, and that such increased regulation could be materially detrimental to the performance of the Master Fund’s portfolio.

Market Disruptions

The Master Fund may incur major losses in the event of disrupted markets and other extraordinary events which may affect markets in a way that is not consistent with historical pricing relationships. The risk of loss from a disconnect with historical prices is compounded by the fact that in disrupted markets many positions become illiquid, making it difficult or impossible to close out positions against which the markets are moving. The financing available to the Master Fund from its banks, dealers and other counterparties will typically be reduced in disrupted markets. Such a reduction may result in substantial losses to the Master Fund. In 1994, in 1998 and again in the so-called “credit crunch” of 2007-2009 a sudden restriction of credit by the dealer community resulted in forced liquidations and major losses for a number of investment vehicles. The “credit crunch” of 2007-2009 has particularly affected investment vehicles focused on credit-related investments. However, because market disruptions and losses in one sector can cause ripple effects in other sectors, during the “credit crunch” of 2007-2009 many investment vehicles suffered heavy losses even though they were not necessarily heavily invested in credit-related investments. In addition, market disruptions caused by unexpected political, military and terrorist events may from time to time cause dramatic losses for the Master Fund and such events can result in otherwise historically low-risk strategies performing with unprecedented volatility and risk. A financial exchange may from time to time suspend or limit trading. Such a suspension could render it difficult or impossible for the Master Fund to liquidate affected positions and thereby expose it to losses. There is also no assurance that off-exchange markets will remain liquid enough for the Master Fund to close out positions.

Market Liquidity and Leverage

The Master Fund may be adversely affected by a decrease in market liquidity for the instruments in which it invests which may impair the Master Fund’s ability to adjust its positions. The size of the Master Fund’s positions may magnify the effect of a decrease in market liquidity for such instruments. Changes in overall market leverage, deleveraging as a consequence of a decision by the Prime Broker and Custodian, or other counterparties with which the Master Fund enters into repurchase/reverse repurchase agreements or derivative transactions, to reduce the level of

leverage available, or the liquidation by other market participants of the same or similar positions, may also adversely affect the Master Fund's portfolio.

Net Asset Value Considerations

The Net Asset Value per Share is expected to fluctuate over time with the performance of the Master Fund's investments. A Shareholder may not fully recover his initial investment when he chooses to redeem his Shares or upon compulsory redemption if the Net Asset Value per Share at the time of such redemption is less than the Subscription Price paid by such Shareholder.

The Fund and the Master Fund may decide to make US GAAP conforming changes for financial reporting purposes, but use the valuation policies detailed herein for the purpose of calculating the Fund's and the Master Fund's Net Asset Value. In such circumstances, there may be a divergence in the Fund's and the Master Fund's financial year-end Net Asset Value and in the Net Asset Value reported in the Fund's and the Master Fund's financial statements in any year where US GAAP conforming changes are made to the Fund's and the Master Fund's financial statements only for financial reporting purposes.

Political Risk

The countries of the FSU have been undergoing a substantial political transformation from centrally controlled command economies under communist rule to pluralist, market-oriented democracies. A significant number of changes have been undertaken during recent years, but there can be no assurance that the political and economic reforms necessary to complete such a transformation will continue. While recently there has been government stability and policies generally oriented toward the continuation of economic reforms, future changes in governments, major policy shifts or a lack of consensus among the branches of government or between federal and regional authorities in these countries could disrupt or reverse economic and regulatory reforms. Any deterioration of the political or economic climate in the countries of the FSU could have a material adverse effect on the performance of the Master Fund.

Price Fluctuations

It should be remembered that the value of Shares and the income (if any) derived from them can go down as well as up.

Prime Broker and Custodian to the Master Fund

The Master Fund ranks as one of the unsecured creditors of the Prime Broker and Custodian in relation to assets which the Prime Broker and Custodian borrows, lends or otherwise uses for any purpose and, in the event of the insolvency of the Prime Broker and Custodian, the Master Fund might not be able to recover equivalent assets in full, or at all. In addition, cash held with the Prime Broker and Custodian that it does not treat as client money under the FSA's client money rules, will not be segregated from the Prime Broker and Custodian's own cash and will be used by the Prime Broker and Custodian in the course of its business and the Master Fund will therefore rank as an unsecured creditor in relation thereto.

Prime Broker and Custodian Insolvency

The Master Fund is at risk of the Prime Broker and Custodian entering into an insolvency procedure. During such a procedure (which may last many years) the use by the Master Fund of assets held by or on behalf of the Prime Broker and Custodian may be restricted and accordingly (a) the ability of the Investment Manager to fulfil the investment objective may be severely constrained, (b) the Fund may be required to suspend the calculation of the Net Asset Value and as a result subscriptions for and redemptions of Shares, and/or (c) the Net Asset Value may be otherwise affected. During such a procedure, the Master Fund is likely to be an unsecured

creditor in relation to certain assets and accordingly the Master Fund may be unable to recover such assets from the insolvent estate of the Prime Broker and Custodian in full, or at all.

Profit Sharing

In addition to receiving an Investment Management Fee, the Investment Manager may also receive a Performance Fee (which it may share, directly or indirectly, with the Investment Adviser, the Sub-Adviser and other entities in the Verno Group) which will be based on the appreciation in the Net Asset Value per Share of the relevant Class or series and accordingly the Performance Fee will increase with regard to unrealised appreciation, as well as realised gains. Accordingly, a Performance Fee may be paid on unrealised gains which may subsequently never be realised. The Performance Fee may create an incentive for the Investment Manager to make investments for the Master Fund which are riskier than would be the case in the absence of a fee based on the performance of the Master Fund.

Regulatory Risks of Hedge Funds

The regulatory environment for hedge funds is evolving and changes therein may adversely affect the ability of the Master Fund to obtain the leverage it might otherwise obtain or to pursue its investment strategies. In addition, the regulatory or tax environment for derivative and related instruments is evolving and may be subject to modification by government or judicial action which may adversely affect the value of the investments held by the Master Fund. The effect of any future regulatory or tax change on the Fund and the Master Fund is impossible to predict.

In particular, the European Parliament and the Council of the European Union have approved a directive (the "AIFM Directive") on alternative investment fund managers ("AIFM"). It is currently expected that the AIFM Directive will be transposed into the laws of EU Member States no later than mid-2013. As an entity with its registered office outside the EU, the Investment Manager will be affected by the AIFM Directive only to the extent that the Investment Manager conducts relevant management and marketing activities within the EU. Accordingly, the Investment Manager may not be subject to the provisions of the AIFM Directive in its management of the portfolio of the Master Fund and the protections for investors provided by the Directive may therefore not be available to investors in the Fund. Shareholders should note that the provisions of the AIFM Directive will limit the ability of the Fund, as an investment fund not established in the EU which is managed by a non-EU manager, to be marketed to EU professional investors. These may have the consequence of, amongst other things, the Fund not benefitting from economies of scale that might otherwise have been achieved. Whilst the Investment Manager intends to utilise the national private placement rules in EU member states when marketing the Fund for as long as they remain available, the AIFM Directive may in the future provide an option for the Investment Manager to actively market Shares within the EU to professional investors by applying for a passport. This option is not expected to become available before 2015. The ability of the Investment Manager to obtain such a passport will be subject to certain conditions. There is a risk that the Investment Manager may not be able to fulfil the conditions required in order to obtain the relevant passport. In addition, in meeting conditions applicable under the AIFM Directive in order either to rely on the existing national private placement rules or to qualify for the marketing passport, the Fund and/or the Master Fund may be required to incur material additional costs. Such costs would have a negative impact on the net returns achieved for investors.

The Investment Manager is not currently registered under the United States Investment Advisers Act of 1940, as amended (the "Advisers Act"). However, as a consequence of the provisions of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act"), the Investment Manager may be required to become registered under the Advisers Act as an investment adviser. In such event the Investment Manager could become subject to additional regulatory and compliance requirements associated with such legislation. Any such additional requirements, or any different requirements, may be costly and/or burdensome to the Investment Manager and could result in the imposition of restrictions and limitations on the operations of the Fund and/or the Master Fund, and/or the disclosure of information to US regulatory authorities

regarding the operations of the Fund and/or the Master Fund (regardless of whether the Investment Manager is required to be registered as an investment adviser under the Advisers Act).

In addition, securities and futures markets are subject to comprehensive statutes, regulations and margin requirements. Regulators and self-regulatory organisations and exchanges are authorised to take extraordinary actions in the event of market emergencies. The regulation of derivative transactions and funds that engage in such transactions is an evolving area of law and is subject to modification by government and judicial actions. The effect of any future regulatory change on the Fund and the Master Fund could be substantial and adverse including, for example, increased compliance costs, the prohibition of certain types of trading and the inhibition of the Master Fund's ability to pursue its investment approach as described herein.

Securities Market and Share Registration Risks

Securities markets in the countries of the FSU are in the relatively early stages of development and for example, in Russia, the market is regulated by several different authorities that are often in competition with each other (the Federal Financial Markets Service (otherwise known as the "FSFR"), the Ministry of Finance, the Central Bank and the Federal Anti-Monopoly Service (otherwise known as "FAS"). The regulations of these authorities are not always coordinated and may be contradictory. Governmental supervision of the securities markets in the countries of the FSU is considerably less well developed than in many free market economies, and in some cases, is effectively non-existent. As a result, the risk of fraudulent transactions is greater than in more highly regulated markets. No assurance can be given that legislation addressing such risks will be adopted or, if adopted, will be effectively implemented or enforced.

The Master Fund will be subject to the significant risks associated with the early stage of development and relatively small size of the securities markets in the region. There is a limited organised public trading market for securities in Russia and other countries of the FSU, with little liquidity or transparency, resulting in relatively slow and cumbersome execution of transactions. In particular, there may be no approved settlement procedure and trades may be settled by a free delivery of stock with payment of cash in an uncollateralised manner. This may give rise to a credit risk in relation to the counterparty. In general there may be an increased risk of defaults and delays in settlement compared to the markets in more developed economies. Due to local postal and banking systems, no guarantee can be given that all entitlements attaching to securities acquired by the Master Fund, including in relation to dividends, will be realised.

To the extent that secondary markets for securities of companies domiciled in Russia and other countries of the FSU exist, a significant portion of trading is done over-the-counter rather than on stock exchanges. As a result, quoted securities in those jurisdictions may be relatively illiquid and difficult to value. The limited liquidity of the market for the majority of investments made by the Master Fund may be compounded by factors such as inadequate information and insufficient regulation. In addition, established secondary markets may not exist for some of the securities in which the Master Fund will invest. Consequently, reduced secondary market liquidity may make it more difficult for the Master Fund to obtain accurate quotations for the purposes of valuing its portfolio and calculating its Net Asset Value. Reduced secondary market liquidity may also have an adverse effect on market price and the Master Fund's ability to dispose of particular securities necessary to meet its liquidity requirements or in response to specific economic or political events. Further, secondary markets are susceptible to being influenced by large transactions. Consequently, the issue or redemption price of a share may not, on any given business day, truly reflect the value that would be realised at such time had the Master Fund actually acquired or disposed of, as the case may be, the share at such time. Investors should be aware that the price of securities of companies domiciled in Russia and other companies of the FSU held by the Master Fund may go down as well as up and that prospective investors may not realise their initial investment in the Master Fund.

Certain companies in which the Master Fund intends to invest may impose internal restrictions on the sale and transfer of shares to foreign investors either in their internal corporate charters or pursuant to local law. The Master Fund may use subsidiaries owned directly or indirectly or

beneficially by the Master Fund and other co-investors, including the Investment Manager, its principals and affiliates, in order to invest in such companies. Such subsidiaries may be established in Russia, another country of the FSU or elsewhere. Although such subsidiaries will be structured so as to permit an investment under local law, no assurance can be given that the target companies will not treat such investment subsidiaries as foreign entities. The holding restrictions may cause the Master Fund to dispose of certain investments or otherwise forfeit the ownership of such investments, resulting in potential losses to the Shareholders.

Ownership of equity securities of Russian companies is determined by entries in the share register of each company and is evidenced by extracts from the share register. Under Russian law, a transferee of shares has no proprietary rights with respect to the equities until its name appears on the share register of the issuer. Currently, there is no central registration system for ownership of shares in Russia. Share registration is administered by companies themselves or by specialised registrars located throughout Russia. Regulations have been issued by the FSFR regarding the licensing conditions for such registrars and the procedures to be followed by them in performing their functions. In practice, however, these regulations have not been strictly enforced, and registrars generally have relatively low levels of capitalisation and inadequate insurance coverage. Moreover, registrars are not necessarily subject to effective governmental supervision. Transfer of shares is accomplished through the registration of the transfer in the share register. In order to be recognised as the registered owner of a company's shares, the purchaser or his representative must physically travel to the company's registrar and open an account with the registrar. Any foreign person or company acquiring shares in a Russian joint stock company must notify the FSFR of such acquisition on the date of such acquisition as prescribed by Russian securities legislation.

In certain instances, the Master Fund may hold securities of issuers domiciled in Russia and/or other countries of the FSU through investment subsidiaries. In either case, periodic reports will be reviewed in order to confirm the Master Fund's holdings in the underlying securities. The Master Fund will identify counterparty risks associated with the use of nominees and investment subsidiaries and take appropriate measures to limit such risks whenever possible. Financial mismanagement by a nominee or an investment subsidiary or other acts by a nominee or an investment subsidiary which are not in accordance with the instructions of the Master Fund could have a material adverse effect on an investment by the Master Fund.

Although the Master Fund will take steps to minimise these risks, including identifying custodians which meet specified standards, there can be no assurance that the Master Fund will not lose its registration of equity securities through third party fraud, negligence or oversight or that the value of such securities will not be materially adversely affected.

Short Selling

The Master Fund will sell securities short. Short selling involves trading on margin and accordingly can involve greater risk than investments based on a long position. A short sale of a security involves the risk of a theoretically unlimited increase in the market price of the security, which could result in an inability to cover the short position and a theoretically unlimited loss. There can be no guarantee that securities necessary to cover a short position will be available for purchase.

Due to regulatory or legislative action taken by regulators around the world as a result of recent volatility in the global financial markets, taking short positions on certain securities has been restricted. The levels of restriction vary across different jurisdictions and are subject to change in the short to medium term. These restrictions have made it difficult and in some cases impossible for numerous market participants either to continue to implement their investment strategies or to control the risk of their open positions. Accordingly, the Investment Manager may not be in a position to fully express its negative views in relation to certain securities, companies or sectors and the ability of the Investment Manager to fulfil the investment objective of the Master Fund may be constrained. This position will be monitored regularly by the Investment Manager.

Sovereign Debt

The Master Fund may invest directly and indirectly through derivative instruments (including swaps and credit default swap indices) in sovereign debt instruments. The issuers of sovereign debt or the governmental authorities that control the repayment of the debt may be unable or unwilling to repay principal or interest when due, and the Master Fund may have limited recourse in the event of a default. A sovereign debtor's willingness or ability to repay principal and pay interest in a timely manner may be affected by, among other factors, its cash flow situation, the extent of its foreign currency reserves, the availability of sufficient foreign exchange on the date a payment is due, the sovereign debtor's policy toward international lenders and the political constraints to which a sovereign debtor may be subject. Furthermore, such entities may be entitled to claim sovereign immunity from any claims made against them should they default on any of their obligations under such loans. This may hinder, or prevent entirely, the recovery of any loss suffered as a result of such default.

Sovereign Risk

Government interference with international transactions in its currency or the debt obligations of itself or its nationals through various means, including, without limitation, regulation of the local exchange market, restrictions on foreign investment by residents, limits on flows of investment funds from abroad and debt moratoria, may expose the Master Fund, and hence the Fund, to unanticipated losses.

Tax Considerations

The Master Fund may be subject to withholding or other taxes on income and/or gains arising from its investment portfolio, including without limitation taxes imposed by the jurisdiction in which the issuer of securities held by the Master Fund is incorporated, established or resident for tax purposes. Where the Master Fund invests in securities that are not subject to withholding or other taxes at the time of acquisition, there can be no assurance that tax may not be withheld or imposed in the future as a result of any change in applicable laws, treaties, rules or regulations or the interpretation thereof. The Master Fund will not be able to recover such tax and so any change would have an adverse effect on the Net Asset Value of the Shares. Where the Master Fund sells securities short that are subject to withholding tax at the time of sale, the price obtained will reflect the withholding tax liability of the purchaser. In the event that in the future such securities cease to be subject to withholding tax, the benefit thereof will accrue to the purchaser and not to the Master Fund.

Where the Master Fund chooses or is required to pay taxation liabilities and/or account for reserves in respect of taxes that are or may be payable in respect of current or prior periods by the Fund or the Master Fund (whether in accordance with current or future accounting standards), this would have an adverse effect on the Net Asset Value of the Shares. This could cause benefits or detriments to certain Shareholders, depending on the timing of their entry to and exit from the Fund.

The Investment Manager may (but is not obliged to) take tax considerations into account when making investment decisions including, without limitation, determining whether the Master Fund's securities positions should be held through swaps or other derivative instruments or when securities should be sold or otherwise disposed of. The Investment Manager may assume that certain market risk and incur certain expenses in this regard in order to achieve favourable tax treatment of a particular investment.

Dividend and interest payments from, and capital gains in respect of, certain emerging market securities may be subject to local taxes that may or may not be reclaimable. Taxation of dividends and capital gains received by non-residents varies among emerging countries and, in some cases, tax rates are high compared to more developed countries. In addition, emerging countries typically have less well-defined tax laws and procedures. With respect to certain countries, there

is a possibility of confiscatory taxation and imposition of withholding or other taxes on dividends, interest, capital gains or other income.

Transaction Costs

The Master Fund's investment approach may involve a high level of trading and turnover of the Master Fund's investments which may generate substantial transaction costs which will be borne by the Master Fund.

Undervalued/Overvalued Securities

One of the key objectives of the Master Fund is to identify and invest in undervalued and overvalued securities ("misvalued securities"). The identification of investment opportunities in misvalued securities is a difficult task, and there can be no assurance that such opportunities will be successfully recognised. While purchases of undervalued securities and short sales of overvalued securities offer opportunities for above-average capital appreciation, these investments involve a high degree of financial risk and can result in substantial losses. Returns generated from the Master Fund's investments may not adequately compensate for the business and financial risks assumed.

The Master Fund may make certain speculative investments in securities which the Investment Manager or the Investment Adviser believes to be misvalued; however, there can be no assurance that the securities purchased and sold will in fact be misvalued. In addition, the Master Fund may be required to maintain positions in such securities for a substantial period of time before realising their anticipated value. During this period, a portion of the Master Fund's capital may be committed to the securities, thus possibly preventing the Master Fund from investing in other opportunities. In addition, the Master Fund may finance any such purchases with borrowed funds and thus will have to pay interest on such funds during such waiting period.

US Tax-Exempt Investors

Certain prospective investors may be subject to US federal and state laws, rules and regulations which may regulate their participation in the Fund, or their engaging directly, or indirectly through an investment in the Fund, in investment strategies of the types which the Master Fund may utilise from time to time. Each type of such investor may be subject to different laws, rules and regulations and should consult with their own advisors as to the advisability and tax consequences of an investment in the Fund. Investment in the Fund by entities subject to ERISA and other tax-exempt investors requires special consideration. Trustees or administrators of such investors are urged carefully to review the matters discussed in this Prospectus and the US Persons Application Form.

TAXATION

The following is based on the Fund's understanding of certain aspects of the law and practice currently in force in the Cayman Islands. There can be no guarantee that the tax position or proposed tax position at the date of this Prospectus or at the time of an investment will endure indefinitely.

Investors should consult their professional advisers on the possible tax and other consequences of their subscribing for, purchasing, holding, transferring, selling, exchanging or redeeming Shares under the laws of their country of incorporation, establishment, citizenship, residence or domicile.

Cayman Islands

Each of the Fund and the Master Fund has obtained from the Governor-in-Cabinet of the Cayman Islands an undertaking that, in accordance with section 6 of the Tax Concessions Law (2011 Revision), for a period of 20 years from the date of the undertaking (being 27 October 2009) no laws of the Cayman Islands imposing any tax on profits, income, gains or appreciations shall apply to the Fund or the Master Fund and that no tax in the nature of estate duty or inheritance tax shall be payable on the Shares, debentures or other obligations of the Fund or the Master Fund.

Under current Cayman Islands law no tax will be charged in the Cayman Islands on profits or gains of the Fund or the Master Fund and dividends (if any) of the Fund or the Master Fund will be payable to Shareholders resident outside the Cayman Islands without deduction of tax. No stamp duty is levied in the Cayman Islands on the transfer or redemption of Shares in the Fund or the ordinary shares in the Master Fund. An annual registration fee is payable by each of the Fund and the Master Fund in the Cayman Islands which is calculated by reference to the nominal amount of its authorised share capital; at current rates the fee is approximately US\$1,098 per annum for each of the Fund and the Master Fund. In addition, a mutual fund fee, currently approximately US\$3,660, is payable by each of the Fund and the Master Fund on an annual basis.

EU Savings Directive

Under EU Council Directive 2003/48/EC of 3 June 2003 on taxation of savings income in the form of interest payments (the "Directive"), dividends and other distributions of income made by the Fund and payment of the proceeds of sale and/or redemption of Shares, may (depending on the investment portfolio of the Fund and the Master Fund) be subject to the withholding tax and/or information providing regime imposed by the Directive, where payment is made to a Shareholder who is an individual resident in a Member State of the European Union for the purposes of the Directive (or a "residual entity" established in a Member State) by a paying agent resident in another such Member State. A withholding tax regime is being operated for a transitional period by Luxembourg and Austria, although Shareholders can notify their paying agent to provide information about the payments to their national tax authority rather than withhold tax. The rate of withholding tax in those jurisdictions is 35 per cent. Certain dependent and associated territories and "third countries" have, or are proposing to introduce, an equivalent withholding tax and/or information providing regime ("equivalent legislation") in respect of payments made through a paying agent established in such jurisdictions. The Cayman Islands operate an information providing regime whereas certain dependent and associated territories and other "third country" jurisdictions (including Switzerland) operate a withholding tax regime.

Under the terms of the relevant equivalent legislation and/or bilateral agreements entered into, or proposed to be entered into, by the Cayman Islands, the Directive or relevant equivalent legislation applies to a fund established in the Cayman Islands only if, unlike the Fund, it is registered under Section 5 of the Mutual Funds Law (2009 Revision) of the Cayman Islands and so is equivalent to a UCITS. Accordingly, it appears that the Cayman Islands, Ireland, the United

Kingdom and Switzerland do not regard the Directive as applicable to the Fund, so that a paying agent established in those jurisdictions would not have any obligations under the Directive. It is unclear whether other jurisdictions will adopt the same interpretation of the Directive or the Cayman Islands' classification of Cayman Islands mutual funds.

The European Commission has adopted a proposal to amend the Directive, with a view to closing existing loopholes and eliminating tax evasion. These changes broadly relate to the scope of, and mechanisms implemented by, the Directive. If these changes are implemented, the position of Shareholders in relation to the Directive could be different to that set out above.

General

The receipt of dividends (if any) by Shareholders, the redemption, exchange, conversion or transfer of Shares and any distribution on a winding-up of the Fund may result in a tax liability for the Shareholders according to the tax regime applicable in their various countries of residence, citizenship or domicile. Shareholders resident in or citizens of certain countries which have anti-offshore fund legislation may have a current liability to tax on the undistributed income and gains of the Fund or the Master Fund. The Directors, the Fund, the Master Fund and each of the Fund's and the Master Fund's agents shall have no liability in respect of the individual tax affairs of Shareholders.

There is a risk that a government authority asserts that the Fund, the Master Fund or a wholly-owned subsidiary entity of the Master Fund carries on business at or through a permanent establishment in a particular country other than the Cayman Islands, to which all or a portion of the entity's income and profits are attributable and/or is subject to corporate income tax, securities transfer tax and/or value added tax of that country. In the event that any such assertion is successful, the relevant entity may be subject to taxes in that country on all or a portion of its income and/or profits.

GENERAL AND STATUTORY INFORMATION

The information in this section includes a summary of some of the provisions of the Memorandum and Articles of Association of the Fund and material contracts described below and is provided subject to the general provisions of each of such documents.

1. The Fund

The Fund was incorporated with limited liability in the Cayman Islands on 16 October 2009 as an exempted company under the provisions of the Companies Law (2011 Revision) of the Cayman Islands. Its constitution is defined in its Memorandum and Articles of Association. The Fund's objects, as set out in Clause 3 of its Memorandum of Association, are unrestricted and include the carrying on of the business of an investment company.

The Fund is registered as a regulated mutual fund under Section 4(3) of the Cayman Islands Mutual Funds Law (2009 Revision) and complies with the provisions of that law. The fact that it has been registered should not, however, be taken to imply that the Cayman Islands Government accepts any responsibility for overseeing or regulating its investment activities.

2. Share capital

The Fund has an authorised share capital of US\$250,000 divided into 10 voting Founder Shares of US\$1.00 par value each and 24,999,000 ordinary non-voting shares of US\$0.01 par value each which will be issued as Class A Shares and/or Class B Shares.

The Founder Shares are held by the Investment Manager.

The Articles provide that unissued ordinary shares of the Fund are at the disposal of the Directors who may offer, allot, grant options over or otherwise dispose of them to such persons, at such times and for such consideration and upon such terms and conditions as the Directors may determine. All ordinary shares will be issued in registered form only.

Prospective investors should note that there are no provisions under the laws of the Cayman Islands or under the Articles conferring pre-emption rights on the holders of ordinary shares of the Fund or Founder Shares.

No capital of the Fund is under option or agreed conditionally or unconditionally to be put under option.

3. Rights of the Founder Shares

The holders of the Founder Shares have the right to receive notice of, attend at and vote at general meetings of the Fund. The holder of each Founder Share shall, on a poll, have the right to one vote for each such share registered in its name. The holders of Founder Shares shall also have the right in a winding up to repayment of capital but shall confer no other right to participate in the profits or assets of the Fund. The Founder Shares carry no dividend or redemption rights.

The holders of the Founder Shares may, at any time, resolve to relinquish any or all of their rights (including, without limitation, their right to vote on any particular matter) and in that event such right(s) will vest in the Shareholders. Where the holders of the Founder Shares relinquish their right to vote on any particular matter, the right to vote on any such matter shall vest in the Shareholders and any resolution to be passed by the Shareholders shall require a special resolution of the Shareholders.

4. Rights of the Shares, Designated Investment Shares and Management Shares

The Shares and Designated Investment Shares carry an equal right to such dividends and other distributions as the Directors may declare. The holders of Shares and Designated Investment Shares do not have the right to receive notice of, attend at and vote at general meetings of the Fund but may vote at a separate class meeting convened in accordance with the Articles. On a winding-up, the Shares and Designated Investment Shares are entitled, in priority to the Founder Shares, to the return of the capital paid up thereon and, after the return of the capital paid up on the Founder Shares, the surplus assets of the Fund attributable to each Class of Shares and Designated Investment Shares will be distributed among the holders of Shares and Designated Investment Shares of that Class according to the number of such Shares and Designated Investment Shares held by each of them.

Management Shares carry the same rights and are subject to the same obligations as the Shares save that no fees are payable by the Fund to the Investment Manager in respect of the assets attributable to the Management Shares and that Management Shares will not be subject to any initial or redemption fees. Management Shares may only be issued by the Fund to (i) the Directors, (ii) Verno Group Limited, any of its subsidiaries (including the Investment Manager, the Investment Adviser and the Sub-Adviser) or any of their directors or employees, (iv) any person connected with any such person (including, without limitation, a trustee of a trust established by or for such a person), (v) any company, partnership or other person or entity controlled by or which is the controller of any such persons, (vi) any nominee of any of the foregoing or such other person as the Directors may in their absolute discretion determine. The Directors shall determine, in their sole discretion, a person's eligibility to subscribe for Management Shares.

5. Change in share capital

The Fund may increase or reduce its authorised share capital, divide all or any of its share capital into shares of smaller amount or combine all or any of its share capital into shares of larger amount.

For so long as the authorised share capital is divided into different Classes of ordinary shares, the rights attached to any Class may be varied by consent in writing of holders of not less than three quarters of the issued ordinary shares of that Class or with the sanction of a special resolution (a three quarters majority of votes cast) passed at a general meeting of the holders of the shares of that Class and for such purposes the Directors may treat two or more or all Classes of ordinary shares as forming one Class if they consider that all such Classes would be affected in the same way by the proposals under consideration but in any other case shall treat them as separate Classes. Any resolution of the holders of the Founder Shares to conform the Articles to the terms of this Prospectus will not be deemed to vary the rights of any Class of ordinary shares.

6. Transfer of Shares

Subject to the restrictions set out in this section, under "Compulsory redemption" in paragraph 10 below and under "Subscriptions" above, Shares are transferable by written instrument of transfer signed by (or in the case of a transfer by a body corporate, signed on behalf of or sealed by) the transferor and containing the name and address of the transferor and the transferee. The instrument of transfer shall be in such form as the Directors approve.

In the case of the death of any one of joint Shareholders, the survivor(s) will be the only person or persons recognised by the Fund as having any title to the interest of the deceased joint Shareholder in the Shares registered in the names of such joint Shareholders.

Shareholders wishing to transfer Shares must sign the transfer in the exact name or names in which the Shares are registered, indicate any special capacity in which they are signing and supply all other required details. The completed form of transfer, duly stamped if applicable, together with such other evidence as the Directors may reasonably require to show the right of

the transferor to make the transfer, must be sent to the Administrator. The transfer shall take effect upon the registration of the transferee in the register of Shareholders. If the transferee is not already a Shareholder, he will be required to complete an Application Form or a US Persons Application Form, as appropriate.

The Directors may decline to register a transfer of Shares without giving any reason therefor. Designated Investment Shares may only be transferred with the prior written consent of the Directors which may be given or withheld in their discretion.

No transfer may be made which would result in either the transferor or the transferee remaining or being registered (as the case may be) as the holder of Shares valued at less than the relevant Minimum Holding at the time of such intended transfer or if a transfer would cause the assets of the Fund to be treated as “plan assets” for the purposes of ERISA and/or Section 4975 of the Code.

The Directors may suspend the registration of transfers for not more than a total of 30 days in any year.

7. Designated Investment Shares

Pursuant to the Articles, the Directors are entitled to re-arrange assets of the Fund and the Master Fund so that a separate portfolio is created that is represented by the Designated Investment Shares by any means determined by the Directors, and to effect a pro-rata reduction in the number of Shares held by a Shareholder in a Class holding Designated Investments and create for the benefit of such Shareholder a corresponding pro-rata interest in Designated Investment Shares.

Without prejudice to the generality of the foregoing, the Directors may resolve to effect the foregoing by resolving that all Shareholders holding a Class attributed to Designated Investments be deemed to have issued redemption notices of such proportion of Shares they hold as the Directors may determine as a redemption in specie of the Designated Investments on terms such that such Designated Investments shall be applied in effecting a subscription in specie for Designated Investment Shares thereof without further action required of the Shareholders, on such terms as the Directors may determine. The issue price for the Designated Investment Shares will be and will be deemed to have been paid in full by each subscription in specie. Following the realisation of a Designated Investment or upon a determination by the Directors, in consultation with the Investment Manager, that a Designated Investment should no longer be classified as a Designated Investment, the Directors may resolve to compulsorily redeem relevant Designated Investment Shares or to compulsorily exchange relevant Designated Investment Shares for Shares. Subject to the above, the means, manner and timing of the creation and issue of the Designated Investment Shares and the corresponding redemption of Designated Investment Shares, and effecting the matters referred to in this section shall be in the absolute discretion of the Directors.

It is not generally expected that Designated Investment Shares will be created in respect of Designated Investments at the date of their acquisition although circumstances may subsequently arise which would cause the Directors to create such shares in respect of them.

A holder of Designated Investment Shares may vote at a separate class meeting of the relevant class of Designated Investment Shares convened in accordance with the Articles. Designated Investment Shares will not be redeemable at the option of the Shareholder.

8. Suspension of Net Asset Value calculations and of issues, redemptions and exchanges of Shares

The Directors may declare a suspension of (i) the determination on any Valuation Day of the Net Asset Value of the Fund and the Net Asset Value per Share of each Class and series and/or the Net Asset Value of the Master Fund and/or (ii) the redemption of Shares during:

- (A) any period (other than ordinary holiday or customary weekend closings) when any market is closed which is the main market for a significant part of the Fund's or the Master Fund's investments, or when trading thereon is restricted or suspended;
- (B) any period when disposal by the Fund or the Master Fund of investments which constitute a substantial portion of its assets is not practically feasible;
- (C) any period when for any reason the prices of a material portion of the investments of the Fund or the Master Fund cannot be reasonably, promptly or accurately ascertained by the Fund;
- (D) any period when, in the opinion of the Directors, the liquidation of investments of the Fund and the Master Fund to fund redemptions of Shares would result in unreasonable losses to the Fund, the Master Fund and the Shareholders;
- (E) any period when due to conditions of market turmoil or market illiquidity it is not possible, in the opinion of the Directors, to determine the fair value of a material position of the assets of the Fund or the Master Fund;
- (F) any period when remittance of monies which will, or may be, involved in the realisation of, or in the payment for, investments of the Fund or the Master Fund cannot, in the opinion of the Directors, be carried out at normal rates of exchange;
- (G) any period when proceeds of the sale or redemption of the Shares or Management Shares cannot be transmitted to or from the Fund's account or when proceeds of sale or redemption of ordinary shares in the Master Fund cannot be transmitted to or from the Master Fund's account;
- (H) in the case of the Fund, any period during which the issue or redemption of ordinary shares in the Master Fund is temporarily suspended;
- (I) any period after a resolution calling for the liquidation or dissolution of the Fund and the Master Fund have been proposed;
- (J) any period when, in the opinion of the Directors, a material adverse change or disruption has occurred in the financial, banking or capital markets generally, which has or could reasonably be expected to have a material adverse effect on the Fund and the Master Fund; or
- (K) any period if the Directors consider it to be in the best interests of the Fund and the Master Fund.

No Shares or Management Shares will be issued, redeemed or exchanged on any Subscription Day or Redemption Day (as the case may be) when the determination of Net Asset Value is suspended. In such a case, a Shareholder may withdraw its Share application or redemption or exchange request provided that a withdrawal notice is actually received by the Administrator before the suspension is terminated. Unless withdrawn, Share applications and redemption and exchange requests will be acted upon on the first Subscription Day or Redemption Day (as the case may be) after the suspension is lifted at the relevant Subscription Price and/or the relevant

Redemption Price (as the case may be) prevailing on that Subscription Day or Redemption Day (as the case may be).

Notice of the suspension and its termination will be given to all persons who have applied for or requested redemption or exchange of Shares. Where possible, all reasonable steps will be taken to bring any period of suspension to an end as soon as possible.

9. Publication of prices

The Directors may apply to newspapers, periodicals or other pricing information services (e.g. Bloomberg) for publication of the Net Asset Value per Share at their discretion. The most recent Net Asset Value per Share will also be available from the Administrator on request.

10. Compulsory redemption

The Directors have the right to compulsorily redeem all or part of the Shares and/or Designated Investment Shares held by or for the benefit of any Shareholder at any time without giving any reason therefor.

Without limiting the above right, when the Directors become aware that a Shareholder (A) has become an Ineligible Applicant; (B) is holding Shares in breach of any law or regulation or otherwise in circumstances having or which may have adverse regulatory, tax, legal, pecuniary or material administrative disadvantages for the Fund or its Shareholders including, but not limited to, a situation in which investment in the Fund by “Benefit Plan Investors” is significant; or (C) has failed to provide any information or declaration required by the Directors within ten Business Days of being requested to do so, the Directors may either (i) direct such Shareholder to redeem or to transfer the relevant Shares to a person who is qualified or entitled to own or hold such Shares; or (ii) redeem the relevant Shares.

Shareholders are required to notify the Administrator immediately if at any time they become US Persons or hold Shares for the account or benefit of US Persons or are otherwise Ineligible Applicants.

Any person who becomes aware that he is holding Shares in contravention of any of the above provisions and who fails to transfer or redeem his Shares pursuant to the above provisions shall indemnify and hold harmless each of the Directors, the Fund, the Administrator, the Investment Manager, the Investment Adviser and the Shareholders (each an “Indemnified Party”) from any claims, demands, proceedings, liabilities, damages, losses, costs and expenses directly or indirectly suffered or incurred by such Indemnified Party arising out of or in connection with the failure of such person to comply with his obligations pursuant to any of the above provisions.

Shares will also be redeemed by the Fund to give effect to the adjustments as described under “Fees and Expenses” above.

The Articles permit the Directors to redeem Shares where during a period of six years no cheque in respect of any dividend on the Shares has been cashed and no acknowledgement has been received in respect of any confirmation of ownership of the Shares sent to the Shareholder and require the redemption proceeds to be held in a separate interest-bearing account. The Articles also provide that any unclaimed dividends may be forfeited after six years and, on forfeiture, form part of the assets of the Fund.

11. The Master Fund

The Master Fund was incorporated with limited liability in the Cayman Islands on 16 October 2009 as an exempted company under the provisions of the Companies Law (2011 Revision) of the Cayman Islands. The Master Fund is also registered as a regulated mutual fund under Section 4(3) of the Cayman Islands Mutual Funds Law (2009 Revision) and complies with the provisions

of that law. The fact that it has been registered should not, however, be taken to imply that the Cayman Islands Government accepts any responsibility for overseeing or regulating its investment activities.

12. Share capital of the Master Fund

The authorised share capital of the Master Fund is US\$250,000 divided into 25,000,000 ordinary shares of par value US\$0.01 each. The ordinary shares in the Master Fund carry similar rights and are subject to similar provisions as ordinary shares in the Fund. In addition, the exclusive right to vote which attaches to the Founder Shares in the Fund is exercisable by the holders of ordinary shares in the Master Fund.

13. Directors' interests

The interests of the Directors and their interests in companies associated with the management, administration, promotion and marketing of the Fund and the Shares are set out below:

- (A) There are no existing or proposed service agreements between the Fund or the Master Fund and any of the Directors.
- (B) No shareholding qualification for Directors is required under Cayman Islands law. The Directors or companies of which they are officers or employees, including Mubadala Development Company PJSC, may, however, subscribe for Shares and/or, if eligible to do so, Management Shares. Their applications for Shares and/or Management Shares will rank equally with all other applications.
- (C) Save as disclosed herein or as disclosed to the Directors from time to time, no Director has or will have any interest, direct or indirect, in the promotion of or in any assets which are proposed to be acquired, disposed of by or leased to the Fund and no Director has a material interest in any contract or arrangement entered into by the Fund which is unusual in nature or conditions or significant in relation to the business of the Fund, nor has any Director had such an interest since the Fund was incorporated.
- (D) Patrick Lynch is an employee of Mubadala Development Company PJSC, which indirectly owns 25 per cent of Verno Group Limited and is an indirect strategic investor in the Fund.

14. Directors' remuneration

The Articles of the Fund and the Master Fund provide that the remuneration of the Directors in respect of services rendered or to be rendered to the Fund and the Master Fund shall be determined by a resolution of the Directors. Each of the Directors is currently entitled to a fee of US\$12,000 per annum for both the Fund and the Master Fund. The Directors may also be paid all travelling, hotel and other expenses properly incurred by them in attending and returning from meetings of the Directors or any committee of the Directors or general meetings of the Fund or the Master Fund or in connection with the business of the Fund or the Master Fund.

15. Transactions with Directors

- (A) No agreement or transaction between the Fund and one or more of its Directors or any person in which any Director has a financial interest or to whom any Director is related, including as a director of that other person, is void or voidable for that reason only or by reason only that the Director is present at the meeting of Directors or at the meeting of the committee of Directors that approves the agreement or transaction, or that the vote or consent of that Director is counted for that purpose, provided that the material facts of the interest of each relevant Director in the agreement or transaction, and his interest in or relationship to any other party to the agreement or transaction, are disclosed in good faith to or known by the other Directors.

- (B) A Director who has an interest in any particular business to be considered at a meeting of the Directors or Shareholders may be counted for the purpose of determining whether the meeting is duly constituted.

16. Retirement of Directors

There is no provision for the retirement of Directors on their attaining a certain age and the Articles do not provide for retirement of Directors by rotation.

17. Borrowing

The Directors are authorised under the Articles to exercise all powers of the Fund and the Master Fund, as the case may be, to borrow money. The Master Fund will utilise borrowings as part of, and consistent with, its investment strategy.

18. Meetings

As an exempted company under Cayman Islands law, the Fund is not required to hold an annual general shareholders meeting. Such a meeting may, however, be convened at the discretion of the Directors. Other than in relation to class meetings as disclosed in paragraph 5, only the holder of the Founder Shares has the right to attend at any shareholders meeting.

19. Indemnity

The Directors (including all former Directors) and other officers of the Fund shall be indemnified out of the assets of the Fund from and against all actions, proceedings, costs, charges, losses, damages and expenses which they or any of them shall or may incur or sustain by reason of any act done or omitted in or about the execution of their duty provided that such Director or officer acted honestly and in good faith with a view to the best interests of the Fund and had no reasonable cause to believe that his conduct was unlawful, and no such Director or officer shall be answerable for the acts, receipts, neglects or defaults of any other Director or officer for joining in any receipt for the sake of conformity or for the solvency or honesty of any banker or other persons with whom any monies or effects belonging to the Fund may be lodged or deposited for safe custody or for any insufficiency of any security upon which any monies of the Fund may be invested or for any other loss or damage due to any such cause as aforesaid or which may happen in or about the execution of his office provided that such Director acted honestly and in good faith with a view to the best interests of the Fund and had no reasonable cause to believe that his conduct was unlawful. The determination of the Directors shall, in the absence of fraud, be conclusive unless a question of law is involved. The Directors and other officers of the Master Fund are entitled to be indemnified by the Master Fund on the same basis against expenses, losses or liabilities sustained or incurred by them in or about the execution of their duties.

20. Restriction on Auditors' liability

An engagement letter was entered into on 13 January 2011 between the Fund and the Cayman Islands firm of PricewaterhouseCoopers ("PwC"), the Fund's statutory auditors, containing provisions limiting the liability of PwC arising out of or in connection with their engagement as auditors of the Fund. Such liability is limited to €1,000,000, except to the extent finally determined to have resulted from the wilful or intentional neglect or misconduct or fraudulent behaviour of PwC. PwC will not be liable to the Fund, whether a claim be in tort, contract or otherwise for any consequential, indirect, lost profit or similar damages relating to the services provided by it. Further PwC's liability to the Fund in respect of breach of contract or breach of duty or fault or negligence or any other liability whatsoever arising out of or in connection with the engagement is limited to the proportion of the loss or damage suffered by the Fund which is ascribed to PwC by agreement or, failing such agreement, by a Cayman Islands certificate of competent jurisdiction allocating proportionate responsibility to PwC having regard to the contribution to the loss and damage in question of any other person, irrespective of (a) whether the Fund can or does actually

obtain judgement against such other person or obtains satisfaction of any such judgement and (b) the Fund agrees at any time before or after the loss or damage arose to limit the liability of such other person. The engagement letter also contains provisions indemnifying PwC in certain circumstances. An engagement letter in similar terms was entered into between PwC and the Master Fund.

21. Material contracts

The following contracts, not being contracts entered into in the ordinary course of business, have been entered into by the Fund and/or the Master Fund, as the case may be, prior to the date of this Prospectus and are, or may be, material:

- (A) An Investment Management Agreement dated 18 December 2009, as amended and restated on 7 June 2011 and 1 March 2012, between (1) the Fund, (2) the Master Fund and (3) the Investment Manager whereby the Fund and the Master Fund appointed the Investment Manager, subject to the control of and review by the Directors, to act as investment manager of the Fund and the Master Fund and to manage and invest the portfolio of the Fund and the Master Fund in pursuant of the investment objective, strategy and process described herein. The Investment Management Agreement will continue in force until terminated by any party on 90 days' notice in writing to the other parties. It may be terminated forthwith by any party on immediate written notice if another party commits any material breach of its obligations and fails to remedy the breach within (if such breach is capable of remedy) 30 days of receipt of written notice requiring the same, or if any other party is dissolved or otherwise enters into insolvency proceedings. The Investment Manager will not be liable for any loss suffered by the Fund or the Master Fund in connection with the performance or non-performance by it of its obligations and duties under the Investment Management Agreement in the absence of negligence, wilful default or fraud on the part of the Investment Manager. The Fund and the Master Fund have agreed to indemnify the Investment Manager and related parties set out in the Investment Management Agreement against all liabilities incurred by it in the performance of its obligations and duties under the Investment Management Agreement other than liabilities arising out of the negligence, wilful default or fraud on the part of the Investment Manager in the performance or non-performance of its obligations and duties.
- (B) A Distribution Agreement dated 18 December 2009 between (1) the Fund and (2) the Investment Manager whereby the Investment Manager has been appointed by the Fund to promote the sale of the Shares. The Distribution Agreement contains provisions indemnifying and exempting the Investment Manager and related parties set out in the Distribution Agreement from liability for actions and omissions as described in the Distribution Agreement not due to its own wilful default, bad faith or negligence or that of the related parties set out in the Distribution Agreement. It may be terminated by 90 days' notice in writing given by either party to the other party, forthwith by either party on written notice if the other party commits any material breach of its obligations and duties and fails to remedy the breach (if such breach is capable of remedy) within 30 days of receipt of notice requiring the same, and automatically if either party goes into liquidation or otherwise enters into insolvency proceedings.
- (C) An Administration Agreement dated 4 January 2010, as amended and restated on 22 October 2010, between (1) the Fund, (2) the Partnership, (3) the Master Fund and (4) the Administrator whereby the Administrator has been appointed to provide certain administration, accounting, registration, transfer agency and related services to the Fund, the Partnership and the Master Fund. The Administration Agreement may be terminated, among other things, at any time without penalty by either of the parties upon not less than 90 days' written notice, provided, that any party may terminate the Administration Agreement by providing written notice to the other parties if another party commits any material breach of its obligations under the Administration Agreement and fails to remedy such breach (if capable of remedy) within thirty (30) calendar days of the giving of notice

from the non-defaulting party requiring it to do so, and any party may terminate the Administration Agreement immediately without notice or cure period (i) if another party goes into liquidation, bankruptcy, is dissolved, or a receiver is appointed over any of its investments or assets (as applicable), or any similar event occurs, (ii) if any of the Fund, the Partnership, the general partner of the Partnership, the Master Fund (a "Fund Entity") or the Investment Manager violates applicable law or is named as a respondent, or defendant or is otherwise the focus of a regulatory, civil or criminal proceeding, (iii) if the Administrator has reasonable grounds to believe, and has consulted competent outside legal counsel who advises, that a Fund Entity or the Investment Manager is engaging in actions that could expose a Fund Entity, the Administrator or the administrator's affiliates to material liability or significant reputational risk or (iv) the general partner of the Partnership or the Investment Manager (or control person thereof) is no longer serving as the investment manager (or control person) of the Fund's investments (other than in connection with a reorganisation). The Administration Agreement provides that the Administrator shall not be liable to the Fund or the Master Fund for, inter alia, (i) any loss or damage which the Fund or the Master Fund may sustain or suffer due to any act or omission by the Administrator in connection with the performance of administration services (including without limitation, the review, calculation or dissemination of Net Asset Value or any other financial information), unless that act or omission constitutes fraud, negligence or wilful default on the part of the Administrator, and (ii) in the absence of fraud, negligence or wilful default, any special, indirect or punitive, incidental or consequential damages arising from any act or omission of the Administrator, whether or not the possibility if such damage was disclosed to, or could have been reasonably foreseen by, the Administrator. The Fund and the Master Fund have agreed to indemnify and hold harmless the Administrator against all and any claims and demands made, asserted or threatened against the Administrator, judgments, fines, claims, losses, costs, damages, proceedings and expenses (including but not limited to legal fees) as and when the same are incurred arising out of the Administrator's performance of its duties hereunder, otherwise than arising out of the Administrator's fraud, negligence or wilful default. The Administrator shall also be indemnified by the Fund and the Master Fund against any loss, liability, claim or expense resulting from the offer and sale of interests by any person other than an Administrator Person (as defined in the Administration Agreement) in violation of any requirement under applicable securities laws and regulations.

- (D) A Customer Agreement for International Prime Brokerage Services dated 24 December 2009 between (1) the Master Fund and (2) Citigroup Global Markets Limited ("CGML") pursuant to which CGML has agreed to provide prime brokerage and custodian services to the Master Fund. The Customer Agreement for International Prime Brokerage Services will remain in full force and effect until notice of termination is served in writing by either party on the other party. Where CGML serves notice of termination, such termination shall take effect 60 business days after receipt of such notice by the Master Fund or such shorter period as it takes the Master Fund to find an alternative prime broker. Where the Master Fund serves notice of termination, such termination shall take effect five Business Days' after receipt of such notice by CGML, unless a shorter period is agreed between the parties. The Customer Agreement for International Prime Brokerage Services contains provisions limiting the liability of CGML to the Master Fund and under which the Master Fund agrees to indemnify CGML.
- (E) A Middle/Back Office Agreement dated 23 December 2009 between (1) Point Nine Financial Technologies Limited (the "Middle/Back Office Service Provider"), (2) the Investment Manager and (3) the Master Fund (the "Middle/Back Office Agreement") whereby the Middle/Back Office Service Provider was appointed to provide certain middle and back office services to the Investment Manager. The Middle/Back Office Agreement may be terminated by the Investment Manager or the Master Fund or the Middle/Back Office Service Provider with 90 days' prior written notice to the other parties provided that the Middle/Back Office Agreement may be terminated forthwith at any time by notice in writing by any party to the other parties if: (a) any other party commits any material breach

of its obligations under the Middle/Back Office Agreement and fails within 30 days of receipt of written notice from the notifying party requiring it to cease such breach; or (b) any other party is unable to pay its debts or commits any act of bankruptcy or if a receiver is appointed over any of its assets or if some event having similar effect occurs. The Middle/Back Office Service Provider will not be liable for any failure by the Middle/Back Office Service Provider to adequately perform its obligations under the Middle/Back Office Agreement unless such failure resulted from the fraud, negligence or wilful misconduct of the Middle/Back Office Service Provider.

22. Winding up

The Fund may voluntarily commence to wind up and dissolve by a special resolution of the holders of the Founder Shares.

23. Documents available for inspection

Copies of the Memorandum and Articles of Association of the Fund and the latest financial statements of the Fund may be obtained, free of charge, upon request at the registered office of the Fund.

24. Miscellaneous

- (A) The Fund and the Master Fund were each incorporated on 16 October 2009. Since the date of their incorporation, neither the Fund nor the Master Fund has paid or declared a dividend.
- (B) Save as disclosed herein, no commissions are payable and no discounts, brokerages or other special terms have been granted by the Fund in connection with the issue of the Shares.
- (C) Save as disclosed herein, no amount or benefit has been paid or given, or is intended to be paid or given, to any promoter by the Fund.
- (D) No share or loan capital of the Fund or the Master Fund is under option or has been agreed conditionally or unconditionally to be put under option or has been issued or is proposed to be issued for a consideration other than cash.
- (E) Neither the Fund nor the Master Fund is, or has been since its incorporation, engaged in any litigation or arbitration and the Directors are not aware of any litigation or arbitration or claims pending or threatened against the Fund or the Master Fund.
- (F) Neither the Fund nor the Master Fund has established and neither intends to establish a place of business in Great Britain, Russia or Switzerland.
- (G) The Master Fund has no subsidiaries and no employees and the Fund has no subsidiaries (save for its investment in the Master Fund) and has no employees.