

The Directors of the Acantias Offshore Fund Limited (the “**Company**”) whose names appear under the heading “Directory”, accept responsibility for the information contained in this Offering Memorandum. 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 Offering Memorandum is in accordance with the facts and does not omit anything likely to affect the import of such information. The Directors accept responsibility accordingly.

## **ACANTIAS OFFSHORE FUND LIMITED**

(an exempted company incorporated under the laws of the Cayman Islands)

### **OFFERING MEMORANDUM**

in relation to

the offer of up to 4,990,000 non-voting participating shares

#### **Investment Manager**

Ayaltis Cayman Limited

#### **Investment Advisor**

Areca Investment Management AG

**Dated 22 February 2010**

As at the date of this document, the Company has no loan capital (including term loans) outstanding or created but unissued and no outstanding mortgages, charges or other borrowings or indebtedness in the nature of borrowings including bank overdrafts and liabilities under acceptances or acceptance credits, hire purchase or finance lease commitments, guarantees or other contingent liabilities.

## IMPORTANT INFORMATION

The Company is an exempted company incorporated with limited liability in the Cayman Islands.

No person has been authorised to issue any advertisement or to give any information, or to make any representations in connection with the offering, placing, subscription, sale or redemption of the Shares other than those contained in this Offering Memorandum and, if issued, given or made, such advertisement, information or representations must not be relied upon as having been authorised by the Company. Neither the delivery of this Offering Memorandum nor the offer, placement, allotment or issue of any of the Shares (as defined below) shall, in any circumstances, create any implication or constitute a representation that the information given in this Offering Memorandum is correct as of any time subsequent to the date hereof.

The Company is organised as a feeder fund and all of the Company's assets (to the extent not retained in cash) will be invested in shares of the Master Fund, an exempted company incorporated with limited liability in the Cayman Islands. Further feeder funds may 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.

This Offering Memorandum does not constitute, and may not be used for the purposes of, an offer or solicitation to anyone in any jurisdiction in which such offer or solicitation is not authorised, or to any person to whom it is unlawful to make such offer or solicitation. The distribution of this Offering Memorandum and the offering of Shares in certain jurisdictions may be restricted and, accordingly, persons into whose possession this Offering Memorandum come are required to inform themselves about and to observe, such restrictions.

No representations or warranties of any kind are intended or should be inferred with respect to the economic return or the tax consequences of an investment in the Company. No assurance can be given that existing laws will not be changed or interpreted adversely. Prospective investors are not to construe this document as legal or tax advice. Each investor should consult his own counsel and financial advisor for advice concerning the various legal, tax and economic considerations relating to his investment. Each prospective investor is responsible for the fees of his own counsel, accountants and other advisors.

No offering literature or advertising in any form shall constitute the offer of the Shares other than this Offering Memorandum and the documents referred to herein. Any further distribution or reproduction of this document, in whole or in part, or the disclosure of any of its contents, is prohibited. A prospective investor should not subscribe for Shares unless satisfied that he and/or his investment representative has/have asked for and received all information which would enable him or both of them to evaluate the merits and risks of the proposed investment. The Shares are not, and are not expected to be, liquid, except as described in this Offering Memorandum.

Potential subscribers of Shares should inform themselves as to (a) the possible tax consequences, (b) the legal requirements and (c) any foreign exchange restrictions or exchange control requirements which they might encounter under the laws of their country of citizenship, residence or domicile and which might be relevant to the subscription, holding or disposal of such Shares.

The Shares are subject to restrictions on transferability and resale. Investors should be aware that they will be required to bear the financial risks of this investment for an indefinite period of time. All investors in the Company have limited redemption rights and such rights may be suspended under the circumstances described in this Offering Memorandum. Class S Shares are not redeemable.

There are significant risks associated with investment in the Company and in the Shares. Investment in the Company may not be suitable for all investors. There can be no assurance that the Company or the Master Fund will achieve their investment objective. Each prospective investor should carefully review this Offering Memorandum and carefully consider the risks associated with an investment in the Shares before deciding to invest. The attention of prospective investors is drawn to "Risk Factors" and "Conflicts of Interest" of this Offering Memorandum.

Please refer to the Restrictions on Distribution of this Offering Memorandum at the back of this Offering Memorandum.

<b>TABLE OF CONTENTS</b>	<b>PAGE</b>
<b>DIRECTORY</b>	<b>3</b>
<b>DEFINITIONS</b>	<b>4</b>
<b>KEY INFORMATION</b>	<b>7</b>
<b>THE COMPANY</b>	<b>11</b>
<b>SPECIAL INVESTMENTS</b>	<b>14</b>
<b>DIRECTORS, INVESTMENT MANAGER, ADMINISTRATOR AND CUSTODIAN</b>	<b>15</b>
<b>ADMINISTRATION</b>	<b>17</b>
<b>FEES AND EXPENSES</b>	<b>19</b>
<b>CALCULATION OF NET ASSET VALUE AND SUSPENSION OF SUBSCRIPTIONS AND REDEMPTIONS</b>	<b>21</b>
<b>SUBSCRIPTIONS, REDEMPTIONS AND TRANSFERS</b>	<b>24</b>
<b>RISK FACTORS</b>	<b>30</b>
<b>CONFLICTS OF INTEREST</b>	<b>40</b>
<b>COMPANY, MASTER FUND AND SHAREHOLDER TAXATION CONSIDERATIONS</b>	<b>41</b>
<b>CONSTITUTION OF THE COMPANY</b>	<b>42</b>
<b>GENERAL INFORMATION</b>	<b>48</b>

## **DIRECTORY**

### **Directors of the Company and the Master Fund**

Ernesto Prado Cota  
Van Son Nguyen  
Céline Kohler

### **Auditors to the Company**

Ernst & Young Cayman  
69, Forum Lane  
Camana Bay  
Grand Cayman, KY 11106

### **Registered Office of the Company and the Master Fund**

Walkers Corporate Services Limited  
Walker House  
PO Box 908GT  
George Town  
Grand Cayman KY1-9005  
Cayman Islands

### **Auditors to the Master Fund**

Ernst & Young Luxembourg  
7, Parc d'activité Syrdall  
L- 5365 Munsbach

### **Investment Manager to the Company and the Master Fund**

Ayaltis Caymans Ltd  
Walkers Corporate Services Limited  
Walker House  
PO Box 908GT  
George Town  
Grand Cayman KY1-9005  
Cayman Islands

### **Investment Advisor to the Company and the Master Fund**

Areca Investment Management AG  
Lavaterstrasse 101  
8002 Zürich  
Switzerland

### **Legal Advisors to the Company and the Master Fund**

Walkers  
6 Gracechurch Street  
London EC3V 0AT  
United Kingdom

### **Administrator and Custodian to the Company and the Master Fund**

Banque Privée Edmond de Rothschild Europe  
20, Bd Emmanuel Servais  
2535 Luxembourg

## DEFINITIONS

The following definitions apply throughout this document unless the context otherwise requires.

<b>"Administration Agreement"</b>	each administration agreement between the Administrator and the Company, the Master fund and the Administrator;
<b>"Administrator"</b>	Banque Privée Edmond de Rothschild Europe, or any successor administrator appointed by the Master Fund and/or Company from time to time;
<b>"Application Form"</b>	the application form for a subscription of Shares;
<b>"Articles"</b>	the Articles of Association of the Company and/or the Master Fund as the context requires;
<b>"Auditors"</b>	Ernst & Young or any successor auditors appointed from time to time;
<b>"Base Currency"</b>	US Dollars;
<b>"Business Day"</b>	any day (excluding Saturday and Sunday) on which banks in Luxemburg are open for business or as the Directors may from time to time determine;
<b>"CHF Shares"</b>	means the Class A CHF Shares and the Class O CHF Shares;
<b>"CHF" or "Swiss Franc"</b>	means the Swiss Franc, the legal currency of Switzerland;
<b>"Class A CHF Shares"</b>	the Class A redeemable non-voting participating shares of the Company, each with a par value of USD0.01 denominated in Swiss Francs;
<b>"Class A Shares"</b>	together the Class A USD Shares and Class A CHF Shares;
<b>"Class A USD Shares"</b>	the Class A redeemable non-voting participating shares of the Company, each with a par value of US\$0.01 denominated in US Dollars;
<b>"Class O CHF Shares"</b>	the Class O redeemable non-voting participating shares of the Company, each with a par value of USD0.01 denominated in Swiss Francs;
<b>"Class O Shares"</b>	together the Class O USD Shares and the Class O CHF Shares, as defined below;
<b>"Class O USD Shares"</b>	the Class O redeemable non-voting participating shares of the Company, each with a par value of US\$0.01 denominated in US Dollars;
<b>"Class S (A) Shares"</b>	the Class S (A) non-redeemable, non-voting, participating shares of the Company, each with a par value of US\$0.01 that participates in Special Investments;
<b>"Class S (O) Shares"</b>	the Class S (O) non-redeemable, non-voting, participating

	shares of the Company, each with a par value of US\$0.01 that participates in Special Investments;
<b>"Class S Shares"</b>	The Class S (A) Shares and the Class S (0) Shares;
<b>"Company"</b>	Acantias Offshore Fund Limited;
<b>"Custodian"</b>	means Banque Privée Edmond de Rothschild Europe and/or such successor or additional custodians appointed from time to time;
<b>"Dealing Day"</b>	the Last Calendar Day of each calendar quarter (March, June, September, December) or such other or further day or days as may be determined by the Directors in their discretion from time to time;
<b>"Director"</b>	a director of the Company and/or the Master Fund as the context requires;
<b>"Directors"</b>	the board of directors of the Company and/or the Master Fund as the context requires;
<b>"Investment Advisor"</b>	Areca Investment Management AG;
<b>"Investment Management Agreement"</b>	the investment management agreement between the Company, the Master Fund and the Investment Manager;
<b>"Investment Manager"</b>	Ayaltis Cayman Limited;
<b>"Law"</b>	the Companies Law (as amended) of the Cayman Islands;
<b>"Management Fee"</b>	the management fee payable to the Investment Manager calculated as described in the section entitled "Fees and Expenses – Investment Manager's Fees – Management Fee";
<b>"Management Shares"</b>	the voting management shares of the Company;
<b>"Master Fund"</b>	Acantias Master Fund Limited;
<b>"Net Asset Value of the Company" and "Net Asset Value"</b>	the net asset value attributable to the Company and each class or series of Shares calculated in accordance with the Articles and the section entitled "Calculation of Net Asset Value";
<b>"Net Asset Value per Share"</b>	the Net Asset Value of each series of shares of the Company divided by the number of shares in such series then outstanding.
<b>"Performance Fee"</b>	the performance fee payable to the Investment Manager calculated as described in the section entitled "Fees and Expenses – Investment Manager's Fees – Performance Fee";
<b>"Portfolio Fund"</b>	an investment made by the Master Fund in fund vehicles including UCIs;
<b>"Portfolio Manager"</b>	a manager of an underlying investment vehicle or UCI;

<b>"Professional Investor"</b>	as defined under the section entitled "General Information – Definition of "Professional Investor"";
<b>"Redemption Dealing Day"</b>	The Last Calendar Day in each calendar quarter being March, June, September and December or such other or further day or days as may be determined by the Directors in their discretion from time to time;
<b>"Shareholder"</b>	the person who is registered as the holder of Shares in the register of shareholders for the time being of the Company;
<b>"Shares"</b>	the Class A Shares and the Class O Shares and any other classes of redeemable voting participating shares of the Company from time to time designated;
<b>"Special Investments"</b>	means assets or securities acquired by the Master Fund which the Investment Manager determines at the time of acquisition or after the assets are acquired, either lack a readily assessable market value, lack liquidity or should be held until the resolution of a certain event or circumstance;
<b>"UCI"</b>	Undertakings for Collective Investments, i.e. the underlying funds;
<b>"USD Shares"</b>	Means the Class A USD Shares and the Class O USD Shares;
<b>"US Person"</b>	as defined under the section entitled "General Information – Definition of "US Person";
<b>"US\$", "\$" and "US dollar"</b>	the United States dollar, the lawful currency of the United States of America; and
<b>"Valuation Day"</b>	the Last Calendar Day of each calendar quarter, as the case may be, or such other or further day or days as may be determined by the Directors in their discretion from time to time;

## KEY INFORMATION

The following is a summary of certain key information concerning the Company and the offering of the Shares of the Company. It is derived from, and should be read in conjunction with, the full text of this document.

### Structure

Acantias Offshore Fund Limited is an open-ended multi-class exempted company incorporated with limited liability in the Cayman Islands on 21 January 2010 under the Law. There are currently four classes of shares being offered to investors: Class A CHF Shares, Class A USD Shares, Class O CHF Shares and Class O USD Shares. The Class A USD Shares and Class O USD Shares will be denominated in US Dollars and the Class A CHF Shares and Class O CHF Shares will be denominated in Swiss Francs. No application has been made for the listing of any of the Shares on any stock exchange although the Directors reserve the right to seek such a listing in the future in respect of the Shares or any class thereof should this be considered to be in the interests of the shareholders of the relevant Class.

Generally investment in Class O Shares is available only to the Investment Manager, Investment Advisor and their respective directors, members, officers, employees and other connected persons and affiliates as may be determined by the Directors in their discretion.

Class S Shares are non-redeemable non-voting shares issued in connection with a Special Investment as described below.

Save as set out in this Offering Memorandum, the Class A Shares, Class O Shares and Class S Shares rank pari passu in all respects.

The Company is organised as a feeder fund and all the assets of the Company (to the extent not retained in cash) will be invested in the shares of the Master Fund. Further feeder funds may be created in the future (principally for the benefit of US taxable investors) to invest in the Master Fund. It is not expected that any direct investments will be made in the Master Fund other than by such feeder funds and shares of the Master Fund are not being offered for sale in this Offering Memorandum.

### Base Currency

The base currency of the Company and the Master Fund is the USD.

### Investment Objective

The Company will invest all of its assets (to the extent not retained in cash) in shares of the Master Fund. The investment objective of the Master Fund is to maximize long-term returns to shareholders by investing its net assets in a diversified portfolio of UCIs pursuing related hedge fund strategies. The Master Fund will allocate its assets to various UCIs managed by Portfolio Managers employing selected strategies available in the alternative space but with a strategic bias, focused on medium term opportunities presenting strong value appreciation potential as the tide of financing sources recedes and returns. The Master Fund operates as a "fund of funds", investing its assets in a portfolio of collective investment schemes, which are generically known as "hedge funds", primarily managed by independent investment managers worldwide having the possibility of using the complete range of alternative asset management strategies available.

The Master Fund may make investments in securities or other assets, such as bank loans, that are subject to legal or other restrictions on transfer or for which no liquid market exists.

There can be no assurance that the investment objectives will be met.

### Special Investments

From time to time, the Master Fund may hold assets or securities which the Investment Manager determines, at the time of acquisition or after the assets or securities are acquired, either lack a readily assessable market value, lack liquidity or should be held until the resolution of a certain event or circumstance (each, a "**Special Investment**"). Although the expected duration of Special Investments will



vary, the Master Fund will not hold any particular investment as a Special Investment for a period longer than 3 years, subject to extension with the consent of the board of directors of the Master Fund, in its sole discretion. Generally, a shareholder holding Shares will participate in a Special Investment Opportunity.

### **Class S Shares**

Upon the determination of the Investment Manager to designate a Special Investment, a pro rata portion of each series of Shares (based on the Net Asset Value of each such series) will be exchanged for a series of Class S Shares so that such series of Class S Shares will have an initial Net Asset Value equal to the fair value (which may be cost) of such Special Investment.

### **Currency Hedging**

The assets of the Fund attributable to the CHF Shares will normally be hedged so as to minimise the impact of fluctuations between the CHF, the currency in which the CHF Shares are denominated, and the USD (the base currency of the Fund and the Master Fund) on the Net Asset Value of the CHF Shares. The cost and to this hedging will be reflected in the Net Asset Value and performance of those Shares. There can be no assurance that the performance of the CHF Shares will be the same as the USD Shares.

### **Dividends**

The Directors do not anticipate that any dividends or other distributions will be distributed by the Company or the Master Fund.

### **Investment Manager and Investment Advisor**

The Company and the Master Fund have appointed the Investment Manager to provide day-to-day discretionary investment management services to the Company and the Master Fund. The Investment Manager has delegated some of its investment advisory duties to Areca Investment Management AG as Investment Advisor including evaluating and monitoring structural risk of investment assets held in a UCI and evaluating and monitoring each Portfolio Manager.

### **Custodians**

Banque Privée Edmond de Rothschild Europe has been appointed as custodian to provide custodial services to the Company and the Master Fund.

### **Administrator**

The Company and the Master Fund have each appointed Banque Privée Edmond de Rothschild Europe to act as its administrator, registrar and transfer agent, pursuant to an administration agreement between the Company, the Master Fund and the Administrator.

### **Share Subscriptions**

Subscription applications should be received by the Administrator by 5.00 pm Luxembourg time on the Business Day falling 3 Business Days prior to the relevant Dealing Day. Cleared funds in respect of the subscription proceeds must be received by the Administrator by the same time. If the relevant Application Form and/or subscription proceeds is/are not received by this time, the application will be held over until the following Dealing Day and Shares will then be issued at the subscription price as of that following Dealing Day. Notwithstanding the foregoing, late subscriptions may be accepted at the absolute discretion of the Directors or the Investment Manager and the Directors reserve the right to refuse to accept any subscriptions for any reason, including where full anti money laundering supporting documentation has not been provided as more particularly described in the section entitled "Subscriptions, Redemptions and Transfers – Subscription Procedure".

Shares will be issued on each Dealing Day at US\$1000 or CHF 1000, as applicable, per Share.

### **Minimum Subscriptions**

The minimum initial investment amount for Shares is US\$ 500'000 (or the equivalent in CHF) net of fees and bank charges. The minimum additional investment for Shares is US\$100,000 net of fees and bank charges (or its equivalent in CHF). These minimum investment levels may be varied or waived at the

discretion of the Directors either generally or in specific cases provided that the minimum initial and any residual investment shall not be less than US\$100,000 net of fees and bank charges.

### **Redemptions**

Generally, a holder of Shares may request the redemption of all or some of its Shares as of any Redemption Dealing Day, following the 18-month anniversary of the purchase of such Shares; provided, however, that the amount of Shares that have been issued for at least 18 months ("**Eligible Shares**") that may be redeemed by a shareholder will be limited to 50% of the Net Asset Value of such Eligible Shares, determined as of such Redemption Dealing Day (the "**50% Investor Limit**") unless the Board decides otherwise. The portion of a shareholder's redemption request that is not fully satisfied because of the 50% Investor Limit or any other Limit decided by the Board of Directors will be carried forward to the next Redemption Dealing Day unless agreed between the applicable shareholder and the Directors. Any portion of a redemption request that is unsatisfied due to the 50% Investor Limit will remain at risk and subject to the performance of the Company and the terms of redemption. For all redemptions, a holder of Shares must provide the Administrator with 120 days' prior written notice and, such written notice being irrevocable except with the consent of the Board of Directors.

Notwithstanding the foregoing, at any time following the purchase of Class O Shares, holders thereof may request a redemption in-kind of all or some of its Shares as of any Redemption Dealing Day, provided that the redemption proceeds shall be settled in-kind by a distribution of a pro rata portion of the portfolio of the Fund provided that a holder of Class O Shares provides the Administrator with 40 days' prior written notice, such notice being irrevocable except with the consent of the Board of Directors.

**Class S Shares:** Class S Shares are not redeemable by a shareholder. If a portion of a series of Shares has been converted to Class S Shares, then, unless otherwise determined by the Board of Directors, a redeeming shareholder will continue to hold such Class S Shares until the realisation or deemed realisation of the Special Investment attributable to such series of Class S Shares.

### **Series**

Shares will be issued in a different series of a class at each relevant Dealing Day in which shares are issued ("**Series**"). The initial Series will be designated Series One and each subsequently issued Series will be numbered sequentially. For the purpose of Series accounting each Series will constitute a "**Series Account**" to which subscription monies received from the issue of shares of that Series will be allocated, together with investments and income, gains and losses derived therefrom. Company or Master Fund liabilities will generally will be allocated among the applicable Series proportionately and debited to the various Series Accounts. However, liabilities specifically attributable to a particular Series of shares (including Management Fees or Performance Fees that may be payable as to that Series) will be debited to the Series Account for that Series. The Company's Articles permit the Company to consolidate different Series of shares of a class into a single Series at anytime provided that consolidation will have no adverse impact on a shareholder.

### **Management Fee**

The Investment Manager will receive from the Company a Management Fee in respect of the Class A Shares and, in respect to Class S (A) Shares, in an amount equal to 1/4 of 1 per cent per quarter of the Net Asset Value of such Class A Shares.

Any portion of the Management Fee attributable to Class S (A) Shares will be paid from such Class S (A) Shares or each series of Class A Shares from which such Class S (A) Shares were converted.

No Management fee shall be payable with respect to Class O Shares or Class S (O) Shares.

The Investment Manager may pay fees to the Investment Advisor out of the Management Fees and is responsible for the fees payable to the Investment Advisor.

### **Performance Fee**

The Investment Manager is entitled to receive from the Company, a Performance Fee as follows:

The Performance Fee is calculated and payable in respect of each Series of Class A Shares on each calendar quarter (a "**Calculation Period**"). The Performance Fee is accrued on a quarterly basis as at each Valuation Day.

For each Calculation Period, the Performance Fee in respect of each series of Shares will be equal to 10% of the appreciation in the Net Asset Value of each Series of Shares (adjusted for (i) any redemptions and exchanges into Class S Shares and (ii) the issuance of new Shares of an Original Series following the realization or deemed realization of a Special Investment and the subsequent exchange of Class S Shares relating thereto into such Shares of an Original Series, in either case, occurring during such Calculation Period). If a Share is redeemed during that quarter, a performance fee will be paid at the time of redemption.

### **High Water Mark**

The Performance Fee is subject to what is commonly referred to as a "high water mark" pursuant to which such Performance Fee is only payable on new appreciation in the Net Asset Value of each series of Shares and only after all prior net losses attributable to a series (excluding Performance Fees from the calculation of such net losses have been recouped).

No Performance Fee is payable in relation to the Class O Shares.

Performance Fees payable in respect of Class S Shares are set out in the body of the Offering Memorandum.

The Investment Manager may pay fees to the Investment Advisor out of the performance Fee and is responsible for the fees payable to the Investment Advisor.

### **Other Charges and Expenses**

These are detailed under the section entitled "Fees and Expenses" herein.

Company, Master Fund and Shareholder Taxation

The attention of prospective investors is drawn to the section entitled "Company, Master Fund and Shareholder Taxation Considerations" herein.

### **Risk Factors**

There are significant risks associated with investment in the Company and in the Shares. There can be no assurance that the Company and the Master Fund will achieve their investment objective, although efforts will be made to limit and diversify the investment risks that the Master Fund faces consistent with earning an acceptable return. Each prospective investor should seek appropriate independent advice, carefully review this document and consider the risks associated with an investment in the Shares before deciding to invest. The attention of prospective investors is drawn to the sections entitled "Risk Factors" and "Conflicts of Interest" herein.

## **THE COMPANY**

### **Establishment and Incorporation**

The Company and the Master Fund were incorporated with limited liability in the Cayman Islands under the Law as exempted companies.

The Company, which has been established as an open-ended multi-class company, is empowered to issue and redeem Shares divided into different classes.

### **Share Capital**

The authorised share capital of the Company at the date of this document is US\$50,000 divided into 4,990,000 non-voting participating shares with a par value of US\$0.01 each and 100 Management Shares with a par value of US\$1.00 each. The non-voting participating shares may be issued as Class A Shares, Class O Shares or Class S Shares and any further class or classes that may be established in the future

The Class A Shares, Class O Shares and Class S Shares rank *pari passu* in all respects save that (i) the Class O Shares do not bear a Management Fee and Performance Fee and are subject to different redemption rights; and (ii) the Class S Shares are non-redeemable.

Generally, investment in Class O Shares is available only to the Investment Manager, Investment Advisor and their respective directors, members, officers, employees and other connected persons and affiliates as may be determined by the Directors in their discretion.

Class S Shares are not redeemable by a shareholder. Class S Shares have been created to hold illiquid Special Investments. Generally, a shareholder holding Shares will participate in a Special Investment. Upon designation or acquisition of a Special Investment by the Investment Manager the directors at their discretion shall convert a *pro rata* portion of a shareholder's Shares into Class S Shares by a process of redemption and simultaneous re-issue.

The Management Shares are held by the Investment Manager and have been fully paid. The holder of the Management Share is (i) entitled to receive notice of, attend and vote at meetings of the Company, (ii) not entitled to participate in dividends or distributions and does not have a right to a return of capital other than par value, (iii) in the event of a winding-up or dissolution of the Company, whether voluntary or involuntary or for the purposes of a reorganization or otherwise or upon any distribution of capital, entitled, *pari passu* with the holders of the non-voting participating shares, to an amount equal to the capital paid up on such Management Shares but to no other or further amount, and (iv) not subject to redemption or repurchase, whether at the option of the Company or the holder. As the holder of the Management Shares, the Investment Manager exclusively possesses the voting power of the Company for all purposes including the right to pass a special resolution. However, if an amendment to the Articles that may have a material adverse impact on the rights of holders of a class or series of shares of the Company is proposed, the shareholders of that class or series will be required to approve such changes by way of a vote of a two-thirds majority of such shareholders.

### **Investment Objective, Investment Approach, Risk Management, Investment Monitoring and Special Investments**

#### ***Investment Objective***

The Company will invest all of its assets (to the extent not retained in cash) in shares of the Master Fund.

The investment objective of the Master Fund is to maximize long-term returns to shareholders by investing its net assets in a diversified portfolio of UCIs pursuing related hedge fund strategies. The Master Fund will allocate its assets to various UCIs managed by Portfolio Managers employing selected strategies available in the alternative space but with a strategic bias, focussed on medium term opportunities presenting strong value appreciation potential as the tide of financing sources recedes and returns. Such opportunities may be found in either niche, specialized and under-researched market segments during all market cycles or in very liquid markets after periods of deep risk-aversion driven crisis or prior to periods of euphoric disregard for fair relative value. The Master Fund will attempt to capture the value embedded in assets of all markets and seniorities following and through periods of

strong technical versus fundamental valuation dislocation. The investment structure will be initiated from a strongly biased fixed income balance sheet analysis to defend principal and collect income while capturing free or cheap equity optionality through wholesale market re-pricing. This structure is designed to protect capital for investments through the high risk-premia cycle and release value when orderly market activity returns. It is through these structures and strategies that value can be released earlier in the cycle immediately after a strong market crisis.

The Master Fund has a mandate to capture medium-term, undervalued opportunities in all markets as subsequent crises develop in different segments. The Master Fund may allocate its assets on a global basis, investing in all world markets. The Master Fund may invest with Portfolio Managers employing global strategies as well as country specialists.

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

The Master Fund may leverage its capital by borrowing, including (but not limited to) margin lending agreements, and through the use of futures, forward contracts, options and other derivative instruments. The Investment Manager expects generally to limit gross leverage to 100 per cent of the Net Asset Value of the Master Fund other than in exceptional circumstances. The Master Fund will not employ leverage.

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

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

### ***Investment Approach***

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

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

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

### ***Portfolio Manager evaluations***

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

### ***Risk Management and Investment Monitoring***

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

### **UCIS**

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

## **SPECIAL INVESTMENTS**

From time to time, the Master Fund may also hold assets or securities which the Investment Manager determines, at the time of acquisition or after the assets or securities are acquired, either lack a readily assessable market value, lack liquidity or should be held until the resolution of a certain event or circumstance. Although the expected duration of Special Investments will vary, the Master Fund will not hold any particular investment as a Special Investment for a period longer than 3 years, subject to extension with the consent of the board of directors of the Master Fund, in its sole discretion. Generally, a shareholder holding Shares Shares will participate in a Special Investment.

### **Class S Shares**

Upon the determination of the Investment Manager to designate a Special Investment, a pro rata portion of each series of Shares (based on the Net Asset Value of each such series) will be exchanged for a series of Class S Shares of the Fund so that such series of Class S Shares will have an initial Net Asset Value equal to the fair value (which may be cost) of such Special Investment.

If you hold Class A Shares your shares will be converted into Class S (A) Shares.

If you hold Class O Shares your shares will be converted into Class S (O) Shares.

Class S Shares issued in connection with any single Special Investment will generally constitute a separate series of Class S Shares. Shares exchanged for a series of Class S Shares will be treated as if redeemed as of the date of exchange, and a Performance Fee (if applicable) may be made with respect to redeemed or exchanged Shares from which such Class S Shares were exchanged.

## **DIRECTORS, INVESTMENT MANAGER, ADMINISTRATOR AND CUSTODIAN**

### **Directors**

The Directors have overall responsibility for the management and administration of the Company and the Master Fund and for determining the investment objectives, policy and restrictions applicable to the Company and the Master Fund.

The Directors of the Company and the Master Fund are currently as follows:

#### ***Ernesto Prado Cota***

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

#### ***Van Son Nguyen***

Son Nguyen started his financial career in 1999 working in the Portfolio Management for the Swiss Government Pensions Fund Publica assisting in Fund Analysis and Selection. In 2001 Son joined UBS Wealth Management in Geneva where he held various positions in Portfolio Management, Investment Strategy and Investment Advisory for UHNWI. After completion of UBS Private Banking Diploma in 2003, Son left UBS to join funds of hedge funds company Harcourt Geneva to develop their client base in Western Switzerland and Western Europe. Prior to founding Areca Investment Management, Son Nguyen was Senior Marketing Manager at Peak Partners SA. He was in charge for the Business Development and where he decisively contributed to the significant growth in asset under management from well known and sophisticated investors. Son Nguyen graduated from the University of Fribourg with a Master degree in Finance and is CAIA Chartholder.

#### ***Céline Kohler***

Céline is a senior associate admitted to the Luxembourg Bar and the Paris Bar and qualified to practice in the Grand Duchy of Luxembourg and France. She joined the Corporate and Commercial Practice of Wildgen in May 2007 and she developed expertise in large, complex, cross-border transactions, principally for European multi-nationals, in relation to private corporate transactions, including major global reorganizations and project financing. She also advises clients on all issues related to UCITS and other regulated collective investment funds. Her experience includes the structuring of all types of institutional and retail investment vehicles including real estate funds, hedge funds and private equity vehicles. Prior to joining the Wildgen, Céline worked as an attorney in top rank law firms in Paris, France and Geneva, Switzerland, active in International investments and International commercial arbitration and has acted in a wide range of commercial disputes, involving oil and gas and construction contracts as well as telecommunication contracts.

### **Investment Manager**

The day to day discretionary investment management of the Company's and the Master Fund's portfolio will be undertaken by the Investment Manager in accordance with the investment objectives investment approach, risk management and investment monitoring described in this Offering Memorandum, subject to the overall control of the Directors.

The Investment Manager, Ayaltis Cayman Limited, is an exempted limited liability company established in the Cayman Islands on 21 January 2010. The Investment Manager has claimed an exemption from the



Securities Investment Business Law (as amended) of the Cayman Islands to permit it to provide investment management services.

The current principals of the Investment Manager are:

Ernesto Prado Cota

Van Son Nguyen

Please refer to biographies above.

The Investment Manager has delegated some of its investment management duties and responsibilities to the Investment Advisor.

**Investment Advisor**

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

As at the date hereof, the Investment Manager has delegated certain investment advisory functions including evaluating and monitoring the structural risk at the UCIs managers' level to the Investment Advisor. The Investment Advisor has no discretionary powers over the management of the Master Fund's portfolios, and shall strictly adhere to the guidelines issued to it by the Investment Manager.

The Investment Manager and/or Investment Advisor is authorised to disclose information relating to the Master Fund's portfolio to strategic investors in the Master 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. Such investors may also be subject to a side letter in relation to the provision of such additional information.

## **ADMINISTRATION**

The Company and the Master Fund have each appointed the Administrator, Banque Privée Edmond de Rothschild Europe, to act as its administrator, registrar and transfer agent, pursuant to an administration agreement between the Company, the Master Fund and the Administrator.

The Administrator is among the leading banks in Luxembourg for third party fund administration. The Administrator, also benefits from a deserved reputation for Net Asset Value accuracy. Under the Administration Agreement, the Administrator will primarily: (a) determine the Net Asset Value of the Master Fund, the Company, each class, each series and each share; (b) maintain the books of account and financial and corporate records of the Company and the Master Fund; (c) control the dissemination of the Net Asset Value; (d) maintain the register of members; (e) process the subscription for and redemption of the shares; (f) provide other accounting, clerical and administrative services; (g) communicate with shareholders, the Investment Manager, the Investment Advisor, the Custodian, the Auditors and other service providers; (h) assist the Master Fund in relation to the verification of the status of investors.

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

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

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

The Administration Agreement has been made for an unlimited period unless terminated by either party giving the other at least 90 days' prior written notice.

The Company reserves the right to change the administrative arrangements described above by agreement with the Administrator and/or, in its discretion, to appoint additional or alternative administrators.

The Administrator is a service provider to the Company and does not have any responsibility or authority to make investment decisions, nor render investment advice, with respect to the assets of the Company. The Administrator has no responsibility for monitoring compliance by the Company or the Investment Manager with any investment policies or restrictions to which they are subject. The Administrator accepts no responsibility or liability for any losses suffered by the Company as a result of any breach of such policies or restrictions by the Company or the Investment Manager.

### **Custodian**

The Company and the Master Fund have engaged the Custodian, Banque Privée Edmond De Rothschild Europe, to act as the Custodian of the Company and Master Fund pursuant to a Custodian Agreement between the Company, the Master Fund and the Custodian.

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

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

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

of Luxembourg. On June 20, 1989 the company's name was changes to Banque De Gestion Edmond De Rothschild Luxembourg.

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

## FEES AND EXPENSES

### Investment Manager's Fees

#### *Management Fee*

Under the terms of the Investment Management Agreement, the Investment Manager will receive from the Company a Management Fee in respect of the Class A Shares and Class S (A) Shares in an amount equal to 1/4 of 1 per cent per quarter of the Net Asset Value of such Class A Shares or Class S Shares.

Any portion of the Management Fee attributable to Class S (A) Shares will be paid from such Class S (A) Shares or each series of Class A Shares from which such Class S (A) Shares were converted. If upon redemption, a shareholder owns Class S (A) Shares, but will no longer own Class A Shares, the Fund, in consultation with the Investment Manager, may reserve or hold back from the redemption proceeds payable with respect to such redemption such amount as the Investment Manager deems sufficient to cover the Management Fee expected to be payable with respect to such redeeming shareholder's Class S (A) Shares, taking into account the expected period of time the Special Investment attributable to such series of Class S Shares will remain outstanding (the "**Management Fee Reserve**"). Accordingly, the Management Fee for Class S (A) Shares held by a shareholder that has fully redeemed its Class A Shares will be paid from such shareholder's Management Fee Reserve. Upon the realisation or deemed realisation of the Special Investments attributable to such Class S Shares, any unused Management Fee Reserve will be paid to such shareholder, together with interest thereon. To the extent the Management Fee Reserve does not cover Management Fees with respect to the shareholder's Class S (A) Shares, the Investment Manager will send a monthly statement to the holder of the Class S (A) Shares requiring the payment of the shortfall to the Investment Manager. The shortfall amount will be due within 15 days of receiving such notice. If the full amount of the shortfall due and owing is not paid to the Investment Manager, the Board of Directors may, in its sole discretion, reduce the amount of any subsequent redemption proceeds paid with respect to such Class S (A) Shares by an amount equal to the unpaid shortfall, together with interest thereon. The Management Fee Reserve will accrue interest but will not participate in the profits and losses of the Fund.

The Net Asset Value per Share attributable to the relevant class of Shares will be appropriately adjusted for redemptions and without any accrual for the Management Fee and Performance Fee then under calculation. The Management Fee will be calculated and accrued quarterly and paid monthly in arrears.

No Management fee shall be payable with respect to Class O Shares.

No Management Fee shall be payable with respect to Class S (O) Shares

The Investment Manager may pay fees to the Investment Advisor out of the Management Fees and is responsible for the fees payable to the Investment Advisor.

#### *Performance Fee*

The Investment Manager is entitled to receive from the Company, a Performance Fee as follows:

The Performance Fee is calculated and payable in respect of each Series of Class A Shares on each calendar quarter (a "**Calculation Period**"). The Performance Fee is accrued on a quarterly basis as at each Valuation Day.

For each Calculation Period, the Performance Fee in respect of each series of Class A Shares will be equal to 10% of the appreciation in the Net Asset Value of each Series of Class A Shares (adjusted for (i) any redemptions and exchanges into Class S Shares and (ii) the issuance of new Shares of an Original Series following the realization or deemed realization of a Special Investment and the subsequent exchange of Class S Shares relating thereto into such Shares of an Original Series, in either case, occurring during such Calculation Period).

#### *High Water Mark*

The Performance Fee is subject to what is commonly referred to as a "high water mark" pursuant to which such Performance Fee is only payable on new appreciation in the Net Asset Value of each series of

Shares and only after all prior net losses attributable to a series (excluding Performance Fees from the calculation of such net losses), have been recouped.

If Class A Shares are either redeemed or exchanged for Class S Shares at any time other than at the end of a Calculation Period, any Performance Fee in respect of the redeemed or exchanged Class A Shares will be paid to the Investment Manager at the time of such redemption or exchange. If a holder of Class A Shares owns Class S (A) Shares but no longer owns Class A Shares, the Performance Fee, if any, will be made upon the realization or deemed realization of the Special Investment attributable to each series of such shareholder's Class S Shares.

No Performance Fee is payable in relation to the Class O Shares.

The Investment Manager may pay fees to the Investment Advisor out of the performance Fee and is responsible for the fees payable to the Investment Advisor.

No Management Fee or Performance Fee will be payable by the Master Fund.

### **Administrator Fees and Expenses**

For providing the accounting, valuation and administrative services as specified in the Administration Agreement, the Administrator will receive from the Master Fund such fees as may be negotiated from time to time. The Administrator is also entitled to out of pocket expenses which may be incurred on behalf of the Company and the Master Fund including, without limitation, communications, postage, printing, data charges, etc.

### **Custodian**

The Custodian fees are charged at normal commercial rates and expenses are to be reimbursed.

### **Directors' Fees and Expenses**

Fees of up to \$10,000 per annum may be paid by the Master Fund to each Director for acting as such together with out of pocket expenses. No director fees are paid at the level of the Company.

Directors may waive all or part of their fees and may assign their fees to their employers.

### **Legal Fees**

Where appropriate in support of its own expertise, either the Investment Manager or the Investment Advisor will appoint specialist external lawyers on behalf of the Company and the Master Fund. Each of the Company and the Master Fund has appointed Walkers to provide advice in respect of Cayman Law. For providing such services, the lawyers will receive from the Master Fund such fees as may be negotiated from time to time.

### **Preliminary and General Expenses**

The formation and preliminary expenses incurred (including printing and legal fees) in the establishment of the Company and the Master Fund and in connection with the offering and issue of the Shares were approximately US\$100,000 and this cost shall be borne by the Company and the Master Fund and amortised over the first five financial years of the Company.

The Company and/or the Master Fund will bear all fees and expenses relating to their operation (including without limitation Directors' fees, registrar and transfer agent fees and expenses, providing reports to Shareholders and convening and conducting meetings of Shareholders and Directors and all taxes, assessments or other governmental charges levied against the Company and/or the Master Fund, audit, accounting, record-keeping, printing and legal fees and expenses, all costs and expenses associated with any listing of Shares of the Company on any exchange, marketing and qualification for sale of Shares in any jurisdiction in which Shares may be offered). In addition, management, administration, brokerage and other fees relating to the management, purchase and sale of investments will be borne out of the assets of the Company or the Master Fund.

For the avoidance of doubt the Management Fee and the Performance Fee will always be borne by the Company.

## **CALCULATION OF NET ASSET VALUE AND SUSPENSION OF SUBSCRIPTIONS AND REDEMPTIONS**

### **Calculation of Net Asset Value**

Except when the determination of the Net Asset Value has been suspended in the circumstances set out under the section entitled "Calculation of Net Asset Value and Suspension of Subscriptions and Redemptions" herein, the Net Asset Value of the assets of the Company and the Net Asset Value of the assets of the Master Fund will be calculated as at each Valuation Day, or more frequently if requested by the Directors.

The Net Asset Value of each of the Company and the Master Fund is the value of its assets less its liabilities. Assets include the sum of all cash, accrued interest and the value of all investments held. Liabilities include borrowings and amortised expenses, all accrued expenses and any contingencies (including tax) for which reserves are determined to be required.

The Net Asset Value per Share calculated by the Administrator as at the Valuation Day is determined by dividing the Net Asset Value of the relevant class or series as so calculated by the number of Shares of such class or series outstanding. The cost and any benefit of the currency hedging of the foreign currency exposure of the assets attributable to the CHF Shares from the US into the CHF will be allocated solely to the CHF Shares.

In calculating the value of the assets of the Company and the Master Fund:

- (a) listed securities traded on a stock exchange are to be valued generally at the closing price quoted on such exchange or, if not available, at the mean between the exchange quoted bid and asked prices;
- (b) listed exchange traded futures exchange and listed exchange traded options are to be valued at the settlement price;
- (c) the value of forwards, futures, options and any other synthetic instruments held by the Company will be valued at the last available price;
- (d) unlisted securities in respect of which such a valuation is not, in the opinion of the Directors, readily available, will be valued initially at cost and thereafter with any reduction or increase in value as the case may be, in a manner determined by the Directors to reflect the true value thereof; external independent pricing sources will typically be used to the extent possible in order to help determine valuation rather than counterparty prices;
- (e) shares in the Master Fund held by the Company will be valued at the net asset value per share determined by the Administrator on the relevant Valuation Day;
- (f) the value of any cash in hand or on deposit and accounts receivable, prepaid expenses and cash dividends accrued and not yet received shall be deemed to be the full amount thereof, unless it is unlikely to be paid or received in full, in which case the value thereof shall be arrived at after making such discounts as the Directors may consider appropriate to reflect the true value thereof; and
- (g) there will be deducted all liabilities and such provisions and allowances for contingencies (including tax) as the Directors think appropriate and accrued costs and expenses payable.

In calculating the Net Asset Value of the Company and the Master Fund, assets will be valued at the latest available prices, except in the event of a compulsory redemption of shares when they may be valued at the latest available "bid" price for long positions or as the case may be the "offer" price for short positions less any fiscal charges, fees and expenses incurred as a result of such redemption. If the latest available bid price or offer price is not available for a particular security then that security will be valued in a manner determined by the Directors to reflect the true value thereof in consultation with the Investment Manager. For financial statement reporting purposes, the Directors may make certain adjustments to the foregoing valuation principles in order to comply with current or future provisions of International Financial Reporting Standards.

In calculating the value of any security, the Administrator may rely upon such automatic pricing services as it shall reasonably determine or, if so instructed by the Company, it may use information provided by particular pricing services, brokers, market makers or other intermediaries. In such circumstances, the Administrator shall not, in the absence of fraud, negligence or wilful default on its part, be liable for any loss suffered by reason of any error in the calculation of the security resulting from any inaccuracy in the information provided by any such pricing service, broker, market maker or other intermediary.

Notwithstanding any of the foregoing, the Directors may follow some other appropriate method of valuation if they consider that, in the circumstances, such other method of valuation should be adopted to reflect more fairly the value of any investment. The Directors are entitled to exercise their reasonable judgement in determining the value to be attributed to assets and liabilities of the Company and/or the Master Fund and, provided they act bona fide in the interest of the Company as a whole, such valuation is not open to challenge by current or previous shareholders of the Company.

The net asset value of the assets of the Company and the Master Fund will be expressed in US dollars. The value of any assets or liabilities expressed in terms of currencies other than US dollars will be translated into US dollars at prevailing market rates provided to the Investment Manager, the Company and/or the Master Fund by the Administrator using a consistent price source.

None of the Directors, the Company, the Administrator, the Custodian the Investment Manager or the Investment Advisor shall have any liability in the event that any price or valuation, used in good faith in connection with the above procedures proves to be an incorrect or an inaccurate estimate or determination of the price or value of any part of the property of the Company.

The Directors have delegated to the Administrator the determination of the Net Asset Value of the Company and the Master Fund.

### **Suspension of Subscriptions and Redemptions**

The Directors may temporarily suspend the determination of the Net Asset Value of the Company, the Net Asset Value of the Master Fund, the issue and/or redemption of shares, the issue and/or redemption of shares of the Master Fund and/or the payment of redemption proceeds (or any portion thereof) in such circumstances as they may determine in their absolute discretion, including without limitation during any period or part thereof:

- (a) when one or more stock exchanges or markets which provide the basis for valuing a substantial portion of the assets of the Company or the Master Fund are closed other than for, or during, holidays or if dealings therein are restricted or suspended;
- (b) when, as a result of political, economic, military or monetary events or any circumstances outside the control, responsibility and power of the Company or the Master Fund, disposal of the assets of the Company or the Master Fund or the determination of the Net Asset Value of the applicable shares is not reasonably practicable or would be materially prejudicial or detrimental to non-redeeming shareholders' interests or if, in the opinion of the Directors, a fair price cannot be calculated for the Company's or the Master Fund's assets;
- (c) in the case of a breakdown of the means of communication normally used for valuing a significant portion of the assets of the Company or the Master Fund or if, for any reason, the value of any asset of the Company or the Master Fund may not be determined as rapidly and accurately as required;
- (d) if, as a result of exchange restrictions or other restrictions affecting the transfer of funds, transactions on behalf of the Company or the Master Fund are rendered impracticable or if purchases, sales, deposits and withdrawal of any assets cannot be effected at the normal rates of exchange;
- (e) if a resolution calling for the liquidation of the Company or the Master Fund has been adopted;
- (f) when the Directors determine that such suspension is necessary or desirable, to facilitate an orderly winding up of the affairs of the Company or the Master Fund or the closure of a class; or

- (g) in the case of the Company, any period during which the issue and/or redemption of shares of the Master Fund is temporarily suspended.

No shares of the Company or of the Master Fund may be issued (other than those which have already been allotted) nor may shares of the Company or of the Master Fund be redeemed during a period of suspension. In the event of suspension, a Shareholder may withdraw his redemption request provided that such withdrawal is actually received before the termination of the period of suspension. Where the request is not so withdrawn, the day with reference to which the redemption of the shares will be effected will (if later than the day on which the redemption would otherwise have been effected if there had been no suspension) be the applicable Redemption Dealing Day next following the end of the suspension.

Any suspension in the determination of the value of the assets of the Company or of the issue/redemption of shares of the Company will be notified to the holders of the shares tendering shares for redemption immediately and all reasonably practicable steps will be taken to bring any period of suspension to an end as soon as possible.

The Directors reserve the right to withhold payment from persons whose shares have been redeemed prior to such suspension until after the temporary suspension is lifted. Such right will be exercised in circumstances where the Directors believe that to make such payment during the period of suspension would prejudice the interests of existing shareholders.

In addition, the Directors have the right to postpone any Dealing Day, Redemption Dealing Day and/or Valuation Day for up to one Business Day without the requirement to give notice to shareholders when, in the opinion of the Directors, a significant proportion (which is likely to be five per cent or more) of the assets of the Company cannot be valued on an equitable basis and such difficulty is expected by the Directors to be overcome within that period.



## **SUBSCRIPTIONS, REDEMPTIONS AND TRANSFERS**

### **Subscriptions**

#### ***Purchases***

USD Shares will be available for issue at US\$1,000 and CHF Shares will be available for issue at CHF1,000 per Share on each Dealing Day.

The Class A Shares, Class O Shares and Class S Shares rank *pari passu* in all respects save that (i) the Class O Shares do not bear a Management Fee and Performance Fee and are subject to different redemption rights; (ii) Class S (O) Shares do not bear a management fee and (iii) the Class S Shares are non-redeemable.

Subject to the Directors' discretion to determine otherwise, subscription monies should be received in cleared funds by the Administrator by 5.00 pm (Luxembourg time) on the Business Day falling at least 3 Business Days prior to the relevant Dealing Day. Subscription Application Forms are required to be received by the Administrator by the same time. If the relevant Application Form and/or subscription proceeds is/are not received in accordance with this document and the Application Form, the application will be held over until the following Dealing Day and Shares will then be issued at the subscription price on that following Dealing Day. Notwithstanding the foregoing, late subscriptions may be accepted at the absolute discretion of the Directors or the Investment Manager.

Notwithstanding any other provision to the contrary, the Fund and the Master Fund, in the Directors' sole discretion, may, in certain circumstances, accept subscriptions in kind or partially in cash and partially in kind. Such in kind investments may be accepted by the Directors in their absolute discretion provided that:

- (i) for such purpose such investments shall be valued on the same basis as if they comprised investments of the Master Fund; and
- (ii) the acquisition of such investments is consistent with the investment approach of the Master Fund as set out in this Offering Memorandum and must not cause any investment limitation contained in this Offering Memorandum to be breached.

#### ***Minimum Investment***

The minimum initial investment amount for Shares is US\$ 500'000 (or the equivalent in CHF) net of fees and bank charges. The minimum additional investment for Shares is US\$100,000 net of fees and bank charges (or its equivalent in CHF). These minimum investment levels may be varied or waived at the discretion of the Directors either generally or in specific cases provided that the minimum initial and any residual investment shall not be less than US\$100,000 net of fees and bank charges.

#### ***Subscription Procedure***

Applications for Shares should be made by written application using the Application Form at the back of this Offering Memorandum. A short form application form for existing investors for use when making additional subscriptions is set out at the back of the Application Form. No offer for Shares shall arise, or become capable of acceptance, until an Application Form has been received at the designated office of the Administrator. Applicants should subscribe for Shares in accordance with the instructions contained in the Application Form. Application Forms, duly completed, should be sent to the Administrator by facsimile, post or other appropriate form of delivery. If an Application Form is received by fax, the original must follow by post. Further subscriptions for Shares made by existing Shareholders may be made by completion and submission of a short form application form in the form provided at the back of the Application Form or such other form or on such other basis as may be acceptable to the Administrator acting on behalf of the Company.

The Company is under no obligation to consider the allotment and issue of Shares to an applicant unless and until it has received a duly completed Application Form together with any supporting documentation required with regard to anti-money laundering and value in cleared funds by the times and dates referred to above and the Directors reserve the right to refuse to accept any subscriptions where documentation has not been provided. Applications received by the Administrator on behalf of the Company are

irrevocable unless and until rejected by the Company as provided below. Interest earned by the Company in respect of subscription monies received on behalf of the Company will accrue to the Company.

The Directors and the Administrator have discretion to refuse to accept applications for Shares in whole or in part. The Administrator will send to the investor an acknowledgement of his purchase. All Shares are issued in registered form. No share certificate is issued but ownership is evidenced solely by entry on the Company's register of shareholders. Applicants for Shares are required to specify on application a bank account into which the proceeds of any redemption will be paid. Any subsequent alteration of such instructions must be in writing and duly signed by the shareholder. Applicants are allocated a number (a "**Shareholder Account Number**"). This, together with their full name and registered address, is the proof of identity required to implement instructions by fax for holders of Inscribed Shares. The Share register is conclusive evidence as to ownership.

### **Series**

Shares will be issued in a different series of a class at each relevant Dealing Day in which shares are issued ("**Series**"). The initial Series will be designated Series One and each subsequently issued Series will be numbered sequentially. For the purpose of Series accounting each Series will constitute a "Series Account" to which subscription monies received from the issue of shares of that Series will be allocated, together with investments and income, gains and losses derived therefrom. Company or Master Fund liabilities will generally be allocated among the applicable Series proportionately and debited to the various Series. However, liabilities specifically attributable to a particular Series of shares (including Management Fees or Performance Fees that may be payable as to that Series) will be debited to the Series Account for that Series. The Company's Articles permit the Company to consolidate different Series of shares of a class into a single Series at anytime provided that consolidation will have no adverse impact on a shareholder.

### **Eligible Investors**

Each investor must represent and warrant to the Company that, among other things, he is able to acquire Shares without violating applicable laws. The Company will not knowingly offer or sell Shares to any investors to whom such offer or sale would be unlawful.

Measures aimed towards prevention of money laundering will require a subscriber to verify his/her/its identity (or the identity of any beneficial owner on whose behalf the subscriber intends to hold the interests in the Company) to the Administrator. All applicants must complete the form set out in Appendix B to the Application Form. The Administrator may also refuse to process any subscription (whether initial or subsequent) or redemption request until proper information is provided.

If any person in the Cayman Islands involved in the business of the Company has a suspicion or belief that a payment to the Company (by way of subscription or otherwise) is derived from or represents the proceeds of criminal conduct, that person must report such suspicion to the Cayman Islands Reporting Authority pursuant to the Cayman Islands Proceeds of Crime Law, (as amended) and regulations made thereunder.

Investment in the Shares is confined to Professional Investors, broadly sophisticated investors who can provide the representations and warranties contained in the Disclosure Statement in the Application Form.

The Administrator reserves the right to request such documentation as it deems necessary to verify the identity of the applicant and to verify the source of the relevant money. Failure to provide the necessary evidence may result in applications being rejected or in delays in the despatch of documents and for the issue of Shares. Where an application is rejected, subscriber monies will be returned to the account from which it was obtained at the risk of the applicant. The Administrator may also refuse to process a redemption request until proper information has been provided. The Administrator shall be held harmless by a potential subscriber against any loss arising as a result of a failure to process the subscription or redemption if such information as has been requested by the Administrator has not been provided by the applicant. Notwithstanding the foregoing, the Directors reserve the right to refuse to accept any subscriptions where full anti money laundering supporting documentation has not been provided

## Redeeming Shares

### *Redemption Procedure*

Generally, a holder of Shares may request the redemption of all or some of its Shares as of any Redemption Dealing Day, following the 18-month anniversary of the purchase of such Shares; provided, however, that the amount of Shares that have been issued for at least 18 months (“**Eligible Shares**”) that may be redeemed by a shareholder will be limited to 50% of the Net Asset Value of such Eligible Shares, determined as of such Redemption Dealing Day (the “**50% Investor Limit**”) unless the Board decides otherwise. The portion of a shareholder’s redemption request that is not fully satisfied because of the 50% Investor Limit or any other Limit decided by the Board of Directors will be carried forward to the next Redemption Dealing Day unless agreed between the applicable shareholder and the Directors. Any portion of a redemption request that is unsatisfied due to the 50% Investor Limit will remain at risk and subject to the performance of the Company and the terms of redemption. For all redemptions, a holder of Shares must provide the Administrator with 120 days’ prior written notice, such written notice being irrevocable except with the consent of the Board of Directors.

Notwithstanding the foregoing, at any time following the purchase of Class O Shares, holders thereof may request a redemption in-kind of all or some of its Shares as of any Redemption Dealing Day, provided that the redemption proceeds shall be settled in-kind by a distribution of a pro rata portion of the portfolio of the Fund provided that a holder of Class O Shares provides the Administrator with 40 days’ prior written notice, such notice being irrevocable except with the consent of the Board of Directors.

Except in the case of a suspension of calculation of the Net Asset Value the issue and/or redemption of shares as set above in "Suspension of Subscriptions and Redemptions" (when redemptions will be delayed), all redemption requests will, save at the discretion of the Directors, be irrevocable. Subject to the Directors’ discretion to determine otherwise, requests not received 120 days prior to the relevant Redemption Dealing Day will be held over until the following Redemption Dealing Day and Shares will then be redeemed at the price applicable to that following Redemption Dealing Day.

### **Class S Shares**

Upon the determination of the Investment Manager to designate a Special Investment, a pro rata portion of each series of Shares (based on the Net Asset Value of each such series) will be exchanged for a series of Class S Shares so that such series of Class S Shares will have an initial Net Asset Value equal to the fair value (which may be cost) of such Special Investment.

Class S Shares issued in connection with any single Special Investment will generally constitute a separate series of Class S Shares. Shares exchanged for a series of Class S Shares will be treated as if redeemed as of the date of exchange, and a Performance Fee may be made with respect to redeemed or exchanged Shares from which such Class S Shares were exchanged. Each series of Shares from which Shares are exchanged to create such series of Class S Shares are referred to herein as the “**Original Series**.”

Class S Shares are non-voting, participating shares, which entitle the holder thereof to participate on a pro rata basis in the Special Investment in respect of which such series of Class S Shares has been issued. Class S Shares must be held by a shareholder until the Special Investment in respect of which such series of Class S Shares has been issued is realised, or upon the determination of the Investment Manager, with the approval of the Board of Directors, that such investment no longer needs to be treated as a Special Investment (such determination, a “**deemed realization**” of such Special Investment). Upon the realization or deemed realisation of a particular Special Investment, all (or, if only a portion of the Special Investment is realised or deemed realised, a portion pro rated among the holders of the relevant series of Class S Shares) of a shareholder’s Class S Shares attributable to such Special Investment will be exchanged for new Shares of the corresponding Original Series at the prevailing Net Asset Value per Share of the Original Series. The new Shares of the Original Series will have the same aggregate Net Asset Value as the exchanged Class S Shares.

In the event the Master Fund makes an investment which the Investment Manager determines is a follow-up investment to a Special Investment (each, a “**Follow-Up Investment**”), the holders of the relevant series of Class S Shares will generally share proportionately in such Follow-Up Investment; provided,

however, that, in determining the number of further Class S Shares of the relevant series to be issued in exchange for Shares, the Fund will not take into account holders of Class S Shares of that series that no longer hold Shares (i.e., shareholders that have fully redeemed their Shares). In its discretion, the Investment Manager need not designate any investment as a Follow-Up Investment. The Investment Manager may instead designate such investment as a new Special Investment.

Class S Shares are not redeemable by a shareholder. Shares issued subsequent to the designation of a Special Investment will not participate in that Special Investment.

Any portion of the Management Fee attributable to Class S (A) Shares will be paid from such Class S (A) Shares or each series of Class A Shares from which such Class S (A) Shares were converted. If upon redemption, a shareholder owns Class S (A) Shares, but will no longer own Class A Shares, the Fund, in consultation with the Investment Manager, may reserve or hold back from the redemption proceeds payable with respect to such redemption such amount as the Investment Manager deems sufficient to cover the Management Fee expected to be payable with respect to such redeeming shareholder's Class S (A) Shares, taking into account the expected period of time the Special Investment attributable to such series of Class S Shares will remain outstanding (the "**Management Fee Reserve**"). Accordingly, the Management Fee for Class S (A) Shares held by a shareholder that has fully redeemed its Class A Shares will be paid from such shareholder's Management Fee Reserve. Upon the realisation or deemed realisation of the Special Investments attributable to such Class S Shares, any unused Management Fee Reserve will be paid to such shareholder, together with interest thereon. To the extent the Management Fee Reserve does not cover Management Fees with respect to the shareholder's Class S (A) Shares, the Investment Manager will send a monthly statement to the holder of the Class S (A) Shares requiring the payment of the shortfall to the Investment Manager. The shortfall amount will be due within 15 days of receiving such notice. If the full amount of the shortfall due and owing is not paid to the Investment Manager, the Board of Directors may, in its sole discretion, reduce the amount of any subsequent redemption proceeds paid with respect to such Class S (A) Shares by an amount equal to the unpaid shortfall, together with interest thereon. The Management Fee Reserve will accrue interest but will not participate in the profits and losses of the Fund.

### **Redemption Proceeds**

There is normally a single price for the issue and redemption of Shares (i.e. the Net Asset Value per Share). The Directors may in exceptional circumstances adjust the redemption proceeds in the interests of fairness among shareholders.

In certain circumstances (more particularly described under "Fees and Expenses – Investment Manager's Fees") redeemed Shares may be the subject of certain adjustments to the redemption price. In addition, the Company may deduct such sum as it may consider represents the appropriate allowance for duties and charges in relation to the realisation of all the investments held on a Redemption Dealing Day and, if in the opinion of the Directors not to do so would cause an inequity between shareholders, the Net Asset Value may be determined on the basis of bid prices when calculating redemption proceeds. The Net Asset Value so obtained will be divided by the number of Shares of a class in issue and rounded to two decimal places.

Unless the number or value of Shares to be redeemed is specified in a redemption request, it will be deemed to apply to all the Shares held by the Shareholder.

Redemption proceeds may be paid in cash and/or in-kind, or in any combination thereof, as determined by the Board of Directors, in its sole discretion. In the event shares are redeemed in-kind, the Board of Directors will determine the percentage of any distribution to be made in cash and the percentage to be made in-kind. Distributions that are made in-kind will, to the extent practicable, not be disproportionately allocated to any shareholder or shareholders. However, a prior or contemporaneous in-kind distribution to some shareholders will not affect the Company's right to distribute cash to shareholders.

Directors will use the same valuation procedures used in determining the Net Asset Value of the Company to determine the value to be attributed to the relevant securities to be transferred or assigned for an in-kind distribution. Shareholders will be given notice prior to an in-kind distribution.

Distributions that are made in-kind will represent a pro rata portion of the portfolio. In-kind distributions may be comprised of, among other things, (i) participations or other derivative instruments referencing certain assets of the Funds, (ii) interests in special purpose vehicles or trading vehicles (each, a **"Liquidating SPV"**) holding securities, or participations or derivative instruments referencing securities, that are or were held by the Funds, or (iii) participations or other derivatives instruments referencing such Liquidating SPVs. Such participations or derivative instruments may be issued by the Funds or other entities.

Any Liquidating SPV would be responsible for paying its organisational, operating and overhead costs and expenses, including, but not limited to, formation costs, the admission of the members, all operating expenses such as tax preparation fees, governmental fees and entity-level taxes, administrative fees, communications with the members and ongoing legal, accounting, auditing, bookkeeping and other professional fees and expenses, any trading and investment-related costs and expenses (e.g., brokerage commissions, margin interest, custodial fees and clearing and settlement charges), and dissolution costs.

Subject to the 50% Investor Limit, redemptions will be deemed to be effective immediately upon the applicable Redemption Dealing Day. Shares will be redeemed at a per Share price based on the Net Asset Value of the applicable Shares (after allocation of any applicable Performance Fee) on the Valuation Day immediately preceding the applicable Redemption Dealing Day. Payment of redemption proceeds (computed on the basis of unaudited data) generally will be made within 30 Business Days after the applicable Redemption Dealing Day; provided, however, that the Fund reserves the right to retain a Management Fee Reserve (if applicable) and up to five percent (5%) of the redemption proceeds, or such other amount determined by the Board of Directors, in its sole discretion, until a reasonable time after the completion of the Company's annual audit to, among other things, confirm the accuracy of the payment or comply with applicable regulatory requirements or as otherwise provided herein in respect of the Management Fee Reserve. Such balance will accrue interest and will not participate in the profits and losses of the Fund from the Redemption Dealing Day through the date of distribution.

There can be no assurance that cash redemption proceeds will, in all cases, be available within the 30 Business Day period. In circumstances where the Master Fund is unable to liquidate or settle securities positions in an orderly or timely manner in order to pay redemptions or where, among other things, the value of the assets and liabilities of the Company cannot reasonably be determined, the Company may take longer than 30 Business Days to effect payments of redemptions. The Fund may also suspend or modify the treatment of redemption requests.

### **Compulsory Redemptions**

The Directors may, in their absolute discretion, effect the compulsory redemption of Shares for any reason or no reason.

### **Shares in the Master Fund**

The Company may redeem shares in the Master Fund at such times as the Directors may determine at the net asset value per share of the relevant class of shares in the Master Fund.

### **Transfer of Shares**

All transfers of Shares must be effected by written instrument signed by the transferor and containing the name and address of the transferee and the number and class of Shares being transferred, or in such other manner or form and subject to such evidence as the Directors shall consider appropriate. The transfer will take effect on registration of the transferee as holder of the relevant Shares. The transferee will be required to give the warranties contained in the Application Form and received in respect of Shares and must also provide such information as the Administrator deems necessary to verify the identity of the transferee before registration of the transferee as holder of the relevant Shares can take place.

A transfer of Shares shall be treated for the purposes of calculating any Performance Fee payable as a redemption of the Shares transferred by the transferor and a subscription for the Shares by the transferee.

The Directors intend to restrict transfers of Shares to any US Person. Further, the Directors may also be entitled to require the transfer of Shares which are held by any US Person and any person holding Shares where such Shares are owned directly or beneficially by any person who, by virtue of the holding concerned, gives rise to a regulatory, pecuniary, legal, taxation or material administrative disadvantage to the Company or its Shareholders as a whole.

## **RISK FACTORS**

The Fund will invest all of its assets (to the extent not retained in cash) in shares of the Master Fund and will accordingly not be diversified. There are significant risks associated with investment in the Fund and in the Shares. Investment in the Shares may not be suitable for all investors and is intended for investors who can accept the risks associated with such an investment, including a substantial or complete loss of their investment.

Investors should take into account the following factors when considering the risks associated with investment in the Fund and in the Shares:

In this section a reference to the "Fund" shall include the "Master Fund", as the context requires.

### **General Considerations**

The Fund's investment programme is speculative and an investment in the Fund therefore involves an above average degree of risk. There is no guarantee that the investment objectives of the Fund, or its risk monitoring and diversification goals, will be achieved and results may vary substantially over time. Investors should recognise that investing in the Fund involves special considerations not typically associated with investing in other securities and that the asset allocation is not structured as a complete investment programme. The Fund's investment policies carry considerable risks. The Fund's assets are invested into hedge fund strategies and therefore investments in the Fund may not be suitable for all investors.

The value of the investments in which the Fund invests (and therefore the value of the Fund itself) is unlikely to follow the value of other investments. The value of the hedge fund strategies and the value of the Fund itself may fall in rising market conditions.

Where the Fund invests in a Portfolio Fund which is a fund of funds, investors may indirectly bear an additional layer of fees and expenses and there will be less transparency in the investments held by the Fund in such case.

If a Portfolio Manager, or the Investment Manager invests in derivatives at inopportune times or incorrectly judges market conditions, these investments may lower the return of the Portfolio Fund or the Fund or result in a loss.

### **Political Risk**

The value of the Fund's assets may be affected by uncertainties such as international political developments, changes in government policies, taxation, restrictions on foreign investment and currency repatriation, currency fluctuations and other developments in the laws and regulations of the countries to which the Fund is exposed through its investments in the Portfolio Funds.

### **Market Risks**

The investments of the Fund are subject to normal market fluctuations and the risks inherent in investment in equity securities and similar instruments and there can be no assurance that appreciation will occur. The price of shares can go down as well as up and investors may not realise their initial investment.

### **Past Performance Information**

Market conditions and trading approaches are continually changing and the fact that any trading adviser or investment manager happened to be successful in the past may largely be irrelevant to its prospects for future profitability. PAST RESULTS ARE NOT NECESSARILY INDICATIVE OF FUTURE PERFORMANCE AND NO ASSURANCE CAN BE GIVEN THAT PROFITS WILL BE ACHIEVED OR THAT SUBSTANTIAL LOSSES WILL NOT BE INCURRED.

### **Inadequate Return**

There can be no assurance that the returns on the Fund's investment will be commensurate with the risk of investment therein. Investors should not commit money to the Fund unless they have the resources to sustain the loss of their entire investment in the Fund.

## **Currency Hedging**

The assets of the Fund attributable to the CHF Shares will normally be hedged so as to minimise the impact of fluctuations between the CHF, the currency in which the CHF Shares are denominated, and the USD (the base currency of the Fund and the Master Fund) on the Net Asset Value of the CHF Shares. The cost and to this hedging will be reflected in the Net Asset Value and performance of those Shares. There can be no assurance that the performance of the CHF Shares will be the same as the USD Shares.

## **Limitations of Hedging Techniques**

Certain Portfolio Funds in which the Fund invests may employ various hedging techniques to reduce the risk of investment positions. A substantial risk remains, nonetheless, that such techniques will not always be available and when available, will not always be effective in limiting losses. Some of the Portfolio Funds in which the Fund invests may take substantial unhedged positions.

## **Interest Rate Fluctuations**

The prices of securities in which the Fund invests may be sensitive to interest rate fluctuations. Unexpected fluctuations in interest rates could cause the corresponding prices of a Portfolio Fund's long and short portions to move in directions which were not initially anticipated. In addition, interest rate increases generally will increase the costs of borrowing by the Fund and/or the Portfolio Funds in which it invests.

## **Control Positions**

A Portfolio Fund may take control positions in companies. The exercise of control over a company imposes additional risks of liability for environmental damage, product defects, failure to supervise and other types of related liability. If such liabilities were to occur, the Portfolio Fund would be likely to suffer losses in its investments.

## **Concentration of Investments**

Although it will be the policy of the Fund to diversify its investment portfolio by investing in various Portfolio Funds with various strategies, the Portfolio Funds may at certain times hold relatively few investments. The Portfolio Funds, and thus the Fund, could be subject to significant losses if the Portfolio Funds hold a large position in a particular investment that declines in value or is otherwise adversely affected, including by default of the issuer.

## **Illiquidity of Investments**

The main investments of the Fund will be in both listed and unlisted Portfolio Funds explained in more detail under the heading "Investment Objective and Policies". These Portfolio Funds are generally not liquid assets, and in most instances redemptions from the Portfolio Funds can only be made on a quarterly or monthly basis. In some instances, redemption provisions may be annually. It may be possible to accelerate the redemption of underlying investments held by the Fund subject to the payment of an appropriate penalty fee.

## **Use of derivative instruments**

The Fund may use derivative instruments from time to time. Derivative instruments are highly volatile and expose investors to a high risk of loss. The low initial margin deposits normally required to establish such instruments permit a high degree of leverage. As a result, 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 the funds actually placed as initial margin and may result in unquantifiable further losses exceeding any margin deposited. Further, when used for hedging purposes there may be an imperfect correlation between the instruments and the investments being hedged.

## **Dependence on the Investment Manager**

The Fund will rely on the Investment Manager and Investment Advisor in formulating its investment strategies. The bankruptcy or liquidation of the Investment Manager or the discontinuance of the Investment Manager's association with any of the parties or otherwise with the operations of the Fund,



may have an adverse impact on the Net Asset Value. Investors must rely on the judgement of the Investment Manager and Investment Advisor. The Investment Manager and Investment Advisor and their principals and affiliates are not required to devote all their business time to the Fund's business.

### **Valuation of Portfolio Funds**

The method by which the Fund calculates its Net Asset Value contemplates the Administrator valuing its holdings of Portfolio Funds. The Administrator may consult with the Investment Manager and Investment Advisor with respect to the valuations of the Fund's investments but the value of each investment will be fixed solely by the Administrator. In valuing those holdings, the Administrator will need to rely on financial information provided by Portfolio Funds and will not make independent valuation judgments. The valuations may be provided by the portfolio manager or other service provider of the Portfolio Fund to the Fund based on the interim unaudited financial records of the Portfolio Fund, and, therefore, may be subject to adjustment (upward and downward) upon completion of the audit of such Portfolio Fund's financial records.

### **Investment Strategies**

The success of the investment strategies depends upon the ability to understand and evaluate the investment strategies of individual funds and investment managers. Any factor which would make it more difficult to perform such analysis would be detrimental to profitability. As the investment strategies may be modified and altered from time to time, it is possible that the investment strategies used in the future may be different from those presently in use. No assurance can be given that the investment strategies used or to be used will be successful under all or any market conditions.

### **Investment Selection**

When exercising its discretionary investment management powers, the Investment Manager is reliant on information and data made directly available to it by the Portfolio Managers or through other sources. Although the Investment Manager may evaluate such information and data and seek independent corroboration when it considers it appropriate and available, the Investment Manager cannot confirm the completeness, genuineness or accuracy of such information and data.

### **Subscription Monies at Risk prior to Subscription Day**

As the Fund is investing in other investment funds, it will be required to send monies in respect of such investments in advance of the relevant day on which the Fund intends to invest. In order to permit the Fund to do so, prospective investors should note that subscription monies may be sent to the Custodian to make investments on behalf of the Fund prior to the Subscription Day on which Participating Shares are issued to a prospective investor and that money wired to the Fund is at risk in the Fund prior to the relevant Subscription Day. The Fund does not hold any money in escrow for Shareholders.

### **Performance Fee**

Where performance fees are payable by the Fund, these will be based on net realised and unrealised gains as of the end of each Calculation Period. As a result, performance fees may be paid on unrealised gains which may subsequently never be realised as investments may be closed out at a loss or lower gain position in a later period with a consequent reduction in the Net Asset Value on the later Subscription Day. Investors who subscribe for Shares, and/or redeem Shares, at different times will bear different proportionate shares of the performance fees (if any) payable by the Fund to the Investment Manager. Further, payment of performance fees may create an incentive to the Investment Manager to select riskier Portfolio Funds than would be the case in the absence of such a fee arrangement.

### **Fees and Expenses**

Whether or not the investment portfolio of the Fund is profitable, it is required to pay fixed fees and expenses including organisation and offering expenses, administrative and operating expenses and advisory fees.

A Shareholder who meets the eligibility conditions imposed by the Portfolio Managers, including minimum initial investment requirements that may be substantially higher than those imposed by the Fund, could invest directly with the Portfolio Managers or in the Portfolio Funds. By investing in the Portfolio Funds

indirectly through the Fund, a Shareholder bears a proportionate part of the Management Fee and Performance Fee paid by the Fund to the Investment Manager, and other expenses of the Fund, and also indirectly bears a portion of the asset-based fees, performance or incentive allocations and other expenses borne by the Fund as an investor in the Portfolio Funds and thus pays higher aggregate fees than would be the case if they had invested directly.

### **Compensation Arrangements of the Investment Manager and Portfolio Funds**

As described herein, the Investment Manager will receive a Performance Fee from the Fund in respect of the Fund. In addition, the investment managers of many, if not most, of the Portfolio Funds through which the Fund will invest will be compensated through incentive arrangements. Under these arrangements, the Investment Manager and managers of Portfolio Funds may benefit from appreciation, including unrealised appreciation, in the value of the account, but may not be similarly penalised for realised losses or decreases in the value of the account. Such fee arrangements may create an incentive for the Investment Manager and managers of Portfolio Funds to make investments that are unduly risky or speculative. In most cases, however, the Fund anticipates that it will invest in Portfolio Funds where the manager thereof is required to recoup prior losses before any incentive compensation is payable in respect of current gains.

### **Possible Indemnification Obligations**

The Fund has agreed, or may agree to indemnify the Directors, the Investment Manager, the Administrator and the Custodian and banks, brokers and dealers under its Articles and various agreements entered into with such persons against certain liabilities they or their respective directors, officers, affiliates or agents may incur in connection with their relationship with the Fund. These indemnity obligations may or may not be limited with reference to negligence, bad faith, wilful default or fraud.

### **Conflicts of Interest**

Conflicts of interest may exist in the structure and operation of the Fund's business. The attention of investors is specifically drawn to the potential conflict of interest implicit in the method of valuation of over-the-counter option contracts and similar contracts and derivative instruments other than spot and forward contracts where the Administrator relies on the counterparties to such contracts or instruments to provide a price for the relevant contract or instrument. See the section headed "Conflicts of Interest".

### **Regulatory Oversight**

The Portfolio Funds in which the Fund may invest may not be subject to any substantive or effective regulatory oversight and may be established in jurisdictions where there are not established or effective investor protection laws.

Similarly, companies providing administration and accounting services to the Portfolio Fund in which the Fund invests may not be subject to any regulation or to the supervision of any regulatory authority or agency and accordingly may not operate to the same standards as administrators performing such services in more highly regulated jurisdictions.

Portfolio Funds in which the Fund invests may not have independent directors and may be managed and controlled by the promoter, sponsor or manager of the fund or managed account, which may also be the manager to the fund or managed account.

### **Borrowings**

Under the terms of the Offering Memorandum, the Directors are empowered to borrow monies. Such borrowings may increase the risks attached to an investment in Shares.

The Fund may borrow to (i) finance investments pending receipt of subscription monies from investor; (ii) pay redemption proceeds pending redemptions from the Portfolio Funds; (iii) to supplement its assets; or (iv) to leverage the investment portfolio.

If deemed appropriate by its manager, a fund or managed account may borrow money from banks, brokerage firms and other institutions at prevailing interest rates and invest such sums in additional securities. Although gains made with additional monies borrowed will generally cause the value of a fund or managed account's holdings to rise faster than could be the case without borrowings, if investment

results fail to cover the cost of borrowings or if the value of these investments falls, the value of a fund or managed account's holdings would decrease faster than if there had been no borrowings.

### **Leverage and Financing Risk**

A Portfolio Fund may leverage its capital because the Portfolio Fund believes that the use of leverage may enable the Portfolio Fund to achieve a higher rate of return. Accordingly, the Portfolio Fund may pledge its securities in order to borrow additional funds for investment purposes. The Portfolio Fund may also leverage its investment return with options, short sales, swaps, forwards and other derivative instruments. The amount of borrowings which the Portfolio Fund may have outstanding at any time may be substantial in relation to its capital.

While leverage presents opportunities for increasing an Portfolio Fund's total return, it has the effect of potentially increasing losses as well. Accordingly, any event which adversely affects the value of an investment by an Portfolio Fund would be magnified to the extent the Portfolio Fund is leveraged. The cumulative effect of the use of leverage by an Portfolio Fund in a market that moves adversely to the Portfolio Fund's investments could result in a substantial loss to the Portfolio Fund and thus, to the Fund, which would be greater than if the Portfolio Fund were not leveraged.

In general, the anticipated use of short-term margin borrowings results in certain additional risks to a Portfolio Fund. For example, should the securities pledged to brokers to secure the Portfolio Fund's margin accounts decline in value, the Portfolio Fund could be subject to a "margin call," pursuant to which the Portfolio Fund must either deposit additional funds or securities with the broker, or suffer mandatory liquidation of the pledged securities to compensate for the decline in value. In the event of a sudden drop in the value of an Portfolio Fund's assets, the Portfolio Fund might not be able to liquidate assets quickly enough to satisfy their margin requirements.

Portfolio Funds may enter into repurchase and reverse repurchase agreements. When a Portfolio Fund enters into a repurchase agreement, it "sells" securities issued by a government, or agencies thereof, to a broker-dealer or financial institution, and agrees to repurchase such securities for the price paid by the broker-dealer or financial institution, plus interest at a negotiated rate. In a reverse repurchase transaction, the Portfolio Fund "buys" securities issued by a government, or agencies thereof, from a broker-dealer or financial institution, subject to the obligation of the broker-dealer or financial institution to repurchase such securities at the price paid by the Portfolio Fund, plus interest at a negotiated rate. The use of repurchase and reverse repurchase agreements by the Portfolio Fund involves certain risks. For example, if the seller of securities to the Portfolio Fund under a reverse repurchase agreement defaults on its obligation to repurchase the underlying securities, as a result of its bankruptcy or otherwise, the Portfolio Fund will seek to dispose of such securities, which action could involve costs or delays. If the seller becomes insolvent and subject to liquidation or re-organisation under applicable bankruptcy or other laws, the Portfolio Fund's ability to dispose of the underlying securities may be restricted. It is possible, in a bankruptcy or liquidation scenario, that the Portfolio Fund may not be able to substantiate its interest in the underlying securities. Finally, if a seller defaults on its obligation to repurchase securities under a reverse repurchase agreement, the Portfolio Fund may suffer a loss to the extent that it is forced to liquidate its position in the market, and proceeds from the sale of the underlying securities are less than the repurchase price agreed to by the defaulting seller.

The financing used by a Portfolio Fund to leverage its portfolio will be extended by securities brokers and dealers in the marketplace in which the Portfolio Fund invests. While a Portfolio Fund may attempt to negotiate the terms of these financing arrangements with such brokers and dealers, its ability to do so will be limited. Portfolio Funds are therefore subject to changes in the value that the broker-dealer ascribes to a given security or position, the amount of margin required to support such security or position, the borrowing rate to finance such security or position and/or such broker-dealer's willingness to continue to provide any such credit to the Portfolio Funds. Because the Portfolio Funds may have no alternative credit facility which could be used to finance their portfolio in the absence of financing from broker-dealers, they could be forced to liquidate their portfolio on short notice to meet their financing obligations. The forced liquidation of all or a portion of a Portfolio Fund's portfolio at distressed prices could result in significant losses to the Portfolio Fund, and thus, to the Fund.

## **Certain Derivative Investments**

The Portfolio Funds may buy or sell (write) both call options and put options, and when they write options, they may do so on a “covered” or an “uncovered” basis. A call option is “covered” when the writer owns securities of the same class and amount as those to which the call option applies. A put option is covered when the writer has an open short position in securities of the relevant class and amount. The Portfolio Funds’ option transactions may be part of a hedging strategy (i.e., offsetting the risk involved in another securities position) or a form of leverage, in which the Portfolio Funds have the right to benefit from price movements in a large number of securities with a small commitment of capital. These activities involve risks that can be substantial, depending on the circumstances.

In general, the principal risks involved in options trading can be described as follows, without taking into account other positions or transactions the Portfolio Funds may enter into. When a Portfolio Fund buys an option, a decrease (or inadequate increase) in the price of the underlying security in the case of a call, or an increase (or inadequate decrease) in the price of the underlying security in the case of a put, could result in a total loss of the Portfolio Fund’s investment in the option (including commissions). The Portfolio Fund could mitigate those losses by selling short, or buying puts on, the securities as to which it holds call options, or by taking a long position (e.g., by buying the securities or buying calls on them) in securities underlying put options.

When a Portfolio Fund sells (writes) an option, the risk can be substantially greater than when it buys an option. The seller of an uncovered call option bears the risk of an increase in the market price of the underlying security above the exercise price. The risk is theoretically unlimited unless the option is “covered.” If it is covered, the Portfolio Fund would forego the opportunity for profit on the underlying security should the market price of the security rise above the exercise price. If the price of the underlying security were to drop below the exercise price, the premium received on the option (after transaction costs) would provide profit that would reduce or offset any loss the Portfolio Fund might suffer as a result of owning the security.

Swaps and certain options and other custom instruments are subject to the risk of non-performance by the swap counter-party, including risks relating to the creditworthiness of the swap counter-party, market risk, liquidity risk and operations risk.

Swap agreements can be individually tailored and may expose the parties to a range of investments or market factors. Depending on their structure, swap agreements may increase or decrease the Fund’s or the Portfolio Funds’ exposure to strategies, Portfolio Fund investment managers, equity securities, long-term or short-term interest rates, foreign currency values, corporate borrowing rates or other factors.

Depending on how they are used, swap agreements may increase or decrease the overall volatility of the Fund or a Portfolio Funds’ investment. The most significant factor in the performance of swap agreements is the change in the individual equity values, the Portfolio Funds’ net asset values, specific interest rate, currency or other factors that determine the amounts of payments due to and from the counterparties. The Fund or such Portfolio Fund must be prepared to make such payments when called under a swap agreement.

## **Emerging Markets**

The Fund or a Portfolio Fund may invest in assets in emerging markets. Investing in emerging markets involves additional risks and special considerations not typically associated with investing in other more established economies or securities markets. Such risks may include: (i) increased risk of nationalisation or expropriation of assets or confiscatory taxation; (ii) greater social, economic and political uncertainty, including war; (iii) higher dependence on exports and the corresponding importance of international trade; (iv) greater volatility, less liquidity and smaller capitalisation of securities markets whereby the purchase and sale of investments may take longer than on developed markets and transactions may need to be conducted at unfavourable prices; (v) greater volatility in currency exchange rates; (vi) greater risk of inflation; (vii) greater controls on foreign investment and limitations on repatriation of invested capital and on the ability to exchange local currencies for US Dollars; (viii) increased likelihood of governmental decisions to cease support of economic reform programmes or to impose centrally planned economies; (ix) differences in auditing and financial reporting standards which may result in the unavailability of material information about issuers; (x) less extensive regulation of the securities markets; (xi) longer

settlement periods for securities transactions and less reliable clearance and custody arrangements; and (xii) less stringent corporate laws regarding fiduciary duties of officers and directors and less developed mechanisms for the protection of investors.

### **Lending of Securities**

Portfolio Managers may cause Portfolio Funds to lend their securities to brokers, dealers and other financial institutions needing to borrow securities to complete certain transactions. The lending Portfolio Fund continues to be entitled to payments of amounts equal to the interest, dividends or other distributions payable in respect of the loaned securities, which affords the Portfolio Fund an opportunity to earn interest on the amount of the loan and on the loaned securities' collateral. In connection with any such transaction, the Portfolio Fund will receive collateral that will be maintained at all times in an amount equal to at least 100% of the current market value of the loaned securities. However, an Portfolio Fund might experience loss if the institution with which the Portfolio Fund has engaged in a portfolio loan transaction breaches its agreement with the Portfolio Fund.

### **Counterparty Credit Risk**

Many of the markets in which the Fund and the Portfolio Funds effect their transactions are "over-the-counter" or "interdealer" markets. These markets do not regulate participants to the same extent as "exchange-based" markets. Where the Fund or a Portfolio Fund carries out transactions in these markets they may be subject to a credit risk on the transaction counterparty and a risk of settlement default. Such transactions do not benefit from the same protections as exchange-based clearing organisation guarantees, daily marking-to-market and settlement, and segregation and minimum capital requirements applicable to intermediaries. This may subject the Fund to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a dispute over the terms of the contract or because of a credit or liquidity problem. Such "counterparty risk" is increased for contracts with longer maturities when events may intervene to prevent settlement. The ability of the Fund and the Portfolio Funds to transact business with any one or any number of counterparties, the lack of any independent evaluation of the counterparties or their financial capabilities, and the absence of a regulated market to facilitate settlement, may increase the potential for losses by the Fund.

### **Short Selling**

The Portfolio Funds may engage in short selling. Short selling involves selling securities which are not owned by the short seller and borrowing them for delivery to the purchaser, with an obligation to replace the borrowed securities at a later date. Short selling allows the investor to profit from a decline in the market price to the extent such decline exceeds the transaction costs and the costs of borrowing the securities. The extent to which a Portfolio Fund engages in short sales will depend upon the Portfolio Fund's investment strategy and opportunities. A short sale creates the risk of a theoretically unlimited loss, in that the price of the underlying security could theoretically increase without limit, thus increasing the cost to the Portfolio Fund of buying those securities to cover the short position. There can be no assurance that the Portfolio Fund will be able to maintain the ability to borrow securities sold short. In such cases, the Portfolio Fund can be "bought in" (i.e., forced to repurchase securities in the open market to return to the lender). There also can be no assurance that the securities necessary to cover a short position will be available for purchase at or near prices quoted in the market. Purchasing securities to close out a short position can itself cause the price of the securities to rise further, thereby exacerbating the loss.

### **Commodities and Financial Futures**

If deemed appropriate by its manager, a fund or managed account may invest in commodity futures contracts or futures contracts associated with financial products. Such products entail significant risks, due to the volatility of futures markets and the speculative nature of such investments. Commodity futures prices can be highly volatile. As a result of the low margin deposits normally required in futures trading, an extremely high degree of leverage is typical of a futures trading account. As a result, a relatively small price movement in a futures contract may result in substantial losses to the investor. Like other leveraged investments, a futures transaction may result in losses in excess of the amount invested. There is no assurance that a liquid secondary market will exist for commodity futures contracts or options purchased

or sold, and a Portfolio Fund may be required to maintain a position until exercise or expiration, which could result in losses.

Futures positions may be illiquid, for example because of “daily price fluctuation limits” imposed on certain futures contract prices by exchanges such as the US commodity exchanges. Once the price of a contract for a particular future has increased or decreased by an amount equal to the daily limit, positions in the future can only be taken or liquidated if traders are willing to effect trades at or within the limit. Futures contract prices on various commodities or financial instruments have occasionally moved the daily limit for several consecutive days with little or no trading. Similar occurrences could prevent a Portfolio Fund from promptly liquidating unfavourable positions and subject such Portfolio Fund, and therefore the Fund, to substantial losses. If the level of trading in futures contracts is low, Portfolio Funds may not be able to attain attractive prices at which to execute trades. It is also possible that an exchange or the United States Commodity Futures Trading Commission (the “**CFTC**”) may suspend trading in a particular contract, order immediate liquidation and settlement of a particular contract or order that trading in a particular contract be conducted for liquidation only. In addition, the CFTC and various exchanges impose speculative position limits on the number of positions that may be held in particular commodities. Trading in commodity futures, contracts and options are highly specialised activities that may entail greater than ordinary investment or trading risks.

Market distortion may disturb the correlation between the price of stock index futures contracts and the performance of the underlying stock index. First, all participants in the futures market are subject to margin deposit and maintenance requirements. Rather than meeting additional margin deposit requirements, investors may close futures contracts through offsetting transactions that would distort the normal relationship between the index and futures markets. Secondly, from the point of view of speculators, less onerous deposit requirements in the futures market than in margin requirements in the securities market can lead to increased participation by speculators in the futures market. These two factors can cause temporary price distortions. Successful speculative use of a stock index futures contract by a Portfolio Fund is also subject to the Portfolio Manager’s ability to predict correctly movements in the direction of the market.

### **Forward Trading**

The Portfolio Funds may enter into forward contracts and options thereon in currencies and/or commodities. Forward contracts do not have standard terms and are not traded on exchanges. Each transaction is carried out by individual agreements, with banks and dealers acting as principals. Trading in forwards and “cash” trading are both largely unregulated; there is no limitation on daily price movements and speculative position limits are not applicable to the markets, which can be highly illiquid because the principals involved are not obliged to make markets in the currencies or commodities they trade. At times, participants in these markets have refused to quote prices for certain currencies or commodities or have quoted prices with an unusually wide spread between the price at which they were prepared to buy and that at which they were prepared to sell. Disruptions can occur in any market traded by Portfolio Managers and the Portfolio Funds because of unusually high trading volume, political intervention or other factors. The imposition of controls by governmental authorities might also limit such forward (and futures) trading, to the possible detriment of the Fund. Market illiquidity or disruption could result in major losses to the Fund. The Fund may be exposed to credit risks on the counterparties with whom Portfolio Managers trade and to risks associated with settlement default. Such risks could result in substantial losses to the Fund.

### **Restrictions on Transfers and Redemptions**

An investment in the Fund provides limited liquidity since an active secondary market is not expected to develop in the Shares. In addition, the Fund pursues a long-term investment programme. The Fund also may require mandatory redemption of its Shares where such shareholding may result in regulatory, pecuniary, legal, taxation or material administrative disadvantage to the Fund or its Shareholders as a whole, including, without limitation, the assets of the Fund being deemed “plan assets” and subject to the constraints of ERISA, the Fund being required to register as an investment company under the 1940 Act and the Fund being deemed a “Restricted Person” and ineligible to invest in “new issues” under Conduct Rule 2790 promulgated by the Financial Industry Regulatory Authority (“**FINRA**”).

### **Effects of Substantial Redemptions**

Substantial voluntary redemptions of Shares by Shareholders within a limited period of time could require the Fund to liquidate interests in the Portfolio Funds sooner than would otherwise be desirable, regardless of the period of time in which redemptions occur, the resulting reduction in the Net Asset Value of the Fund and thus in its equity base, could make it more difficult for the Fund to diversify its holdings and achieve its investment objective. If redemption requests on any Redemption Date (equal or exceed 20% of the outstanding aggregate Shares of the Fund in issue on that Redemption Date), the Directors may suspend or limit redemptions as it deems necessary in its sole discretion.

### **Global Economic and Market Conditions**

The Portfolio Funds will invest in currencies, securities and instruments traded in various markets throughout the world, including in emerging or developing markets, some of which are highly controlled by governmental authorities. Such investments require consideration of certain risks typically not associated with investing in currencies or securities of developed markets. Such risks include, among other things, trade balances and imbalances and related economic policies, unfavourable currency exchange rate fluctuations, imposition of exchange control regulation by governments, withholding taxes, limitations on the removal of funds or other assets, policies of governments with respect to possible nationalisation of their industries, political difficulties, including expropriation of assets, confiscatory taxation and social, economic or political instability in foreign nations. These factors may affect the level and volatility of securities prices and the liquidity of the Portfolio Funds' investments. Unexpected volatility or illiquidity could impair the Portfolio Funds' and thus, the Fund's, profitability, or result in losses.

The economies of countries differ 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, certain economies 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. The economies of certain 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.

### **Lack of Independent Representatives**

The Investment Manager has consulted with legal counsel, accountants and other experts regarding the formation of the Fund. Such personnel are accountable to the Fund only and not to the shareholders themselves. Each prospective investor should consult his own legal, tax and financial advisers regarding the desirability of an investment in the Fund.

### **Availability of Investment Opportunities**

The business of identifying and structuring investments of the types contemplated by the Fund is competitive, and involves a high degree of uncertainty. Market conditions as well as economic and political factors will have an impact on the opportunities for investment. Accordingly, there can be no assurance that the Fund will be able to identify and complete attractive investments in the future or that it will be able to invest fully its subscriptions or commitments, as the case may be. The activities of the Portfolio Funds in which the Fund invests also involve high levels of complexity and uncertainty. Even if attractive investment opportunities are identified by a Portfolio Manager, there is no certainty that its Portfolio Fund will be permitted to invest in such opportunity (or invest in such opportunity to the fullest extent desired). The Investment Manager or its affiliates may sponsor, manage or advise on other funds with investment strategies similar to the Fund. The Investment Manager, its affiliates and such funds are under no obligation to offer the opportunities to the Fund identified in connection with these funds.

### **Inside Information**

From time to time, the Investment Manager or its affiliates may come into possession of material, non-public information concerning an entity in which the Fund has invested, or proposes to invest, and the possession of such information may limit the ability of the Fund, as an affiliate of the Investment Manager, to buy or sell securities of such entity.

### **Possible Exclusion Based on Certain Detrimental Effects**

The section of this Offering Memorandum entitled “Subscription and Redemption of Shares” outlines the circumstances in which the Fund may compulsorily redeem Shares. In these circumstances, if the Fund determines in good faith that continued membership of the Fund by a Shareholder is detrimental to the Fund or the other Shareholders as a whole, then the Fund may redeem the Shares of such Shareholder. An investor in the Fund may be prevented from achieving its expected return as a result of having its Shares redeemed at a time not of its own choosing, whereas other investors who continue with the Fund might enjoy such a return.

### **Market Crisis and Governmental Intervention**

The global financial markets are currently undergoing 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.

### **Potential Action Against Tax Havens**

At their meeting in London in April 2009 the G20 countries agreed to take action against jurisdictions which do not meet international standards in relation to tax transparency (“**non-cooperative jurisdictions**”) in order to protect their public finances and financial systems. At the same time the OECD published a report on progress made by jurisdictions in implementing the internationally agreed tax standard. The internationally agreed tax standard, which was developed by the OECD in co-operation with non-OECD countries and which was endorsed by G20 Finance Ministers in 2004 and by the UN Committee of Experts on International Cooperation in Tax Matters in October 2008, 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. The OECD announced on August 14, 2009 that the Cayman Islands had been moved onto the list of jurisdictions that had substantially implemented the internationally agreed tax standard, the so called “White List “.

**The foregoing list of risk factors does not purport to be a complete enumeration or explanation of the risks involved in an investment in the Fund. Prospective shareholders should read this entire Offering Memorandum, the Articles and consult with their own advisers before deciding whether to invest in the Fund.**



## CONFLICTS OF INTEREST

Investors' attention is drawn to the following potential conflicts of interest:

The Investment Manager and its respective holding companies, holding companies' shareholders, any subsidiaries of their holding companies and any of their directors, officers, employees, agents and affiliates ("**Interested Parties**") may be involved in other financial, investment or other professional activities which may on occasion cause conflicts of interest with the Master Fund or Fund. These include management of other funds, purchases and sales of securities, investment and management advisory services, brokerage services, and serving as directors, officers, advisers, or agents of other funds or other companies. In particular it is envisaged that the Investment Manager may be involved in advising other investment funds which may have similar or overlapping investment objectives to or with the Master Fund or Fund. The Investment Manager may provide services to third parties similar to those provided to the Master Fund or the Fund and shall not be liable to account for any profit earned from any such services. Where a conflict arises the Investment Manager will endeavour to ensure that it is resolved fairly. In relation to the allocation of investment opportunities to different clients, including the Master Fund or Fund, the Investment Manager may be faced with conflicts of interest with regard to such duties; however, they will ensure that investment opportunities in those circumstances will be allocated fairly.

The Master Fund may acquire securities from or dispose of securities to any Interested Party or any investment fund or account advised or managed by any such person, but only with the prior approval of the Master Fund Directors. Any Interested Party may hold Master Fund Shares or Fund Shares and deal with the same as it thinks fit. An Interested Party may buy, hold and deal in any investments for its own account notwithstanding that similar investments may be held by the Master Fund or any subsidiary for the account of the Master Fund.

Any Interested Party may contract or enter into any financial or other transaction with any Master Fund Shareholder or Fund Shareholder or with any entity any of whose securities are held by or for the account of the Master Fund or Fund, or be interested in any such contract or transaction. Furthermore, any Interested Party may receive commissions and benefits which it may negotiate in relation to any sale or purchase of any investments of the Master Fund effected by it for the account of the Master Fund and which may or may not be for the benefit of the Master Fund.

Certain of the Master Fund Directors or Fund Directors are also directors and/or officers of the Investment Manager and the fiduciary duties of the Master Fund Directors or Fund Directors may compete with or be different from the interests of the Investment Manager. Only the Master Fund Directors in the case of the Master Fund or the Fund Directors in the case of the Fund may terminate the services of the Investment Manager and other agents of the Master Fund and Fund.

The Master Fund Directors, Fund Directors and the service providers may have conflicts of interest in relation to their duties to the Master Fund or Fund. However, each shall, at all times, pay regard to its obligation to act in the best interests of the Master Fund and Fund and the Master Fund Directors and Fund Directors will ensure that all such potential conflicts of interest are resolved fairly and in the interests of both Master Fund Shareholders and Fund Shareholders.

## **COMPANY, MASTER FUND AND SHAREHOLDER TAXATION CONSIDERATIONS**

### **General**

The statements on taxation below are intended to be a general summary of certain Cayman Islands tax consequences that may result to the Company, the Master Fund and Shareholders. The statements relate to a Shareholder holding Shares as an investment (as opposed to an acquisition by a dealer) and are based on the law and practice in force in the relevant jurisdiction at the date of this document. As is the case with any investment, there can be no guarantee that the tax position or proposed tax position prevailing at the time an investment in the Company is made will endure indefinitely.

Prospective Shareholders should familiarise themselves with and, where appropriate, take advice on the laws and regulations (such as those relating to taxation and exchange controls) applicable to the subscription for, and the holding and realisation of, Shares in the places of their citizenship, residence and domicile. The tax consequences for each Shareholder of acquiring, holding, redeeming or disposing of Shares in the Company will depend upon the relevant laws of any jurisdiction to which the Shareholder is subject. Investors and prospective investors should seek their own professional advice as to this, as well as to any relevant exchange control or other laws and regulations.

The Company may be subject to local withholding taxes in respect of income or gains derived from its investments in certain countries and underlying investments. Taxation law and practice and the levels and bases of and relief from taxation relating to the Company and to Shareholders may change from time to time.

### **Cayman Islands**

#### ***The Company and the Master Fund***

As exempted companies, each of the Company and the Master Fund has applied to the Governor-in-Cabinet of the Cayman Islands for an undertaking, in accordance with Section 6 of the Tax Concessions Law (as amended), that for a period of twenty (20) years from the date of the undertaking, no laws of the Cayman Islands imposing any tax on profits, income or gains shall apply to the Company or the Master Fund, that no tax shall be levied on profits, income or gains made on or in respect of the Shares, debentures or other obligations of the Company or the Master Fund (as the case may be) 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 Company or the Master Fund (as the case may be).

Under current Cayman Islands law, no tax would be charged in the Cayman Islands on profits or gains of the Company or the Master Fund and dividends of the Company or the Master Fund would be payable to the Shareholders resident in or outside the Cayman Islands without deduction of tax. No stamp duty is levied in the Cayman Islands on the transfer or redemption of Shares. An annual registration fee will be payable by each of the Company and the Master Fund in the Cayman Islands. At current rates, the fee for each of the Company and the Master Fund will be US\$731 per annum. A similar fee will be incurred in respect of any subsidiary established in the Cayman Islands. In addition, the Company must pay a mutual fund registration fee of approximately US\$3,660 per annum.

#### ***Exchange Control***

There is at the date hereof no exchange control in the Cayman Islands.

### **General**

The receipt of dividends (if any) by Shareholders, the redemption, exchange 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 and the Company and each of the Fund's agents shall have no liability in respect of the individual tax affairs of Shareholders.

## **CONSTITUTION OF THE COMPANY**

The Memorandum and Articles of Association of the Company comprise the Company's constitution and contain, inter alia, provisions to the following effect. The following summary does not purport to be an exhaustive summary of the provisions of these documents which are available for inspection at the Company's registered office.

### **Memorandum of Association**

The Memorandum of Association of the Company provides in clause 3 that the Company's principal objects are unrestricted (except as prohibited by law).

### **Articles of Association**

The Articles contain provisions to the following effect:

#### **Issue of Shares**

Subject as provided in the Articles or the Law, unissued Shares shall be under the control of the Directors and they may be re-designated, issued, allotted, have options granted over them or be disposed of in such manner, to such persons and on such terms as the Directors in their absolute discretion may think fit. Fractional Shares may be issued up to two decimal places. The Directors may in their absolute discretion refuse to issue any Shares to any subscriber. Additional classes of shares may be issued in the future.

The Company is authorised to issue up to 4,990,000 Shares.

The Shares shall be issued in such classes as the Directors determine, each such class representing the capital contribution made by holders of the relevant class of Shares. Future classes shall be issued for a price denominated in such currency as the Directors determine.

#### **Alterations of Share Capital**

Subject to the provisions of the Law, the Company may by ordinary resolution: (a) increase the share capital by such sum, to be divided into new shares of such amount, as the resolution shall prescribe; (b) consolidate and divide all or any of its share capital into Shares of a larger amount than its existing shares; (c) convert all or any of its paid up Shares into stock and reconvert that stock into paid up shares of any denomination; (d) subdivide its existing shares, or any of them, into Shares of a smaller amount provided that in the subdivision the proportion between the amount paid and the amount, if any, unpaid on each reduced Share shall be the same as it was in the case of the Share from which the reduced Share is derived; and (e) cancel any Shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the Shares so cancelled.

The Company may with the sanction of a special resolution reduce its share capital or any capital redemption reserve or share premium account and may also purchase its own Shares on such terms and in such manner as the Company may agree with the holder.

#### **Variation of class rights**

Subject to the provisions of the Law, the rights attaching to a class of Shares may be varied with the consent in writing of the holders of two thirds of the issued Shares of such class or with the sanction of a resolution passed at a separate meeting of the holders of such Shares by not less than a two thirds majority of such holders of Shares present in person or by proxy at the meeting.

#### **Management Shares**

The Management Shares hold voting shares. The holder of the Management Shares is (i) entitled to receive notice of, attend and vote at meetings of the Company, (ii) not entitled to participate in dividends or distributions and does not have a right to a return of capital other than par value, (iii) in the event of a winding-up or dissolution of the Company, whether voluntary or involuntary or for the purposes of a reorganization or otherwise or upon any distribution of capital, entitled, *pari passu* with the holders of the shares, to an amount equal to the capital paid up on such Management Shares but to no other or further

amount, and (iv) not subject to redemption or repurchase, whether at the option of the Company or the holder. As the holder of the Management Shares, the Investment Manager exclusively possesses the voting power of the Company for all purposes including the right to pass a special resolution. However, if an amendment to the Articles that may have a material adverse impact on the rights of holders of a class or series of shares of the Company is proposed, the shareholders of that class or series will be required to approve such changes by way of a vote of a two-thirds majority of such shareholders.

The holders of Class A Shares, Class O Shares and Class S Shares shall:

- (i) have no right to vote except as set out in the Articles;
- (ii) be entitled to such dividends as the Directors may from time to time declare; and
- (iii) in the event of a winding up or dissolution of the Company, have the entitlements referred to under "Liquidation" below.

### **Conversion of Shares**

Shares of one class (the “**original class**”) may be converted for shares of another class (the “**new class**”) with the consent of the Directors in their sole discretion. Any conversion will take place on such day following receipt of notice in such form and by such time and date as the Directors determine from time to time as set out in this Offering Memorandum. The rate at which shares of the original class will be converted into shares of the new class will be determined in accordance with this Offering Memorandum with such deductions or adjustments as may be set out in the Offering Memorandum. The costs of any conversion shall be borne by the holder unless otherwise agreed by the Directors. All conversions of shares from one class to any other class shall be effected by the Directors by way of compulsory redemption of shares in one class or series and the issue of new shares in the other class or series.

### **Series Roll-up**

Subject to any rights or restrictions for the time being attached to any class or series, if shares of any class are issued in Series, shares of any such issued and outstanding Series may be converted by way of compulsory redemption and reissue into Shares of any other Series of the relevant class (after accrual or payment of such fees, if any, as the Directors may from time to time determine) at the end of such period as the Directors may determine at the prevailing Net Asset Value of each such Series of the relevant class. No compulsory redemption of Shares pursuant to this Article shall require prior notice in writing to be given to Shareholders.

### **Transfer of Shares**

Shares may be transferred by a form of transfer in any usual or common form or such other form approved by the Directors in their discretion. Share transfers shall be executed by or on behalf of the transferor and if so required by the Directors by and on behalf of the transferor. The transferor shall be deemed to remain a holder of the Share until the name of the transferee is entered into the Register of Shareholders in respect thereof.

The Directors may decline to register any transfer of Shares for any reason or no reason. If the Directors refuse to register a transfer of Shares they shall, within 21 days after the date on which the transfer was lodged with the Company, send to the transferee notice of the refusal.

The registration of transfers may be suspended at such times and for such periods (not exceeding 45 days in any year) as the Directors may from time to time determine.

### **Compulsory Transfer of Shares**

The Directors are entitled by service of a notice to require the transfer of any Shares held by, or for the benefit of, any person:

- (a) who is a US Person or is holding Shares for the account of a US Person or any person who is not an eligible investor;
- (b) who, by virtue of the holding concerned, gives rise to a regulatory, pecuniary, legal or taxation or material administrative disadvantage to the Company or its shareholders;

- (c) in the event that the continued ownership of Shares by such person could result in adverse tax or regulatory consequences to the Company or its shareholders, or require the Company to comply with any registration or filing requirements in any jurisdiction with which it would not otherwise be required to comply; or
- (d) who has failed to provide any information or declaration required by the Directors within 21 days of being requested to do so.

### **Compulsory Redemption of Shares**

The Directors are entitled compulsorily to redeem Shares of any class or series of shares for any reason or no reason.

### **General Meetings**

The Directors may whenever they think fit, convene an extraordinary general meeting. The Directors shall, upon the receipt of the requisition expressing the object of the meeting in writing of any one or more shareholders holding ten per cent or more of the shares entitled to vote, convene an extraordinary general meeting, to be convened by the Directors within 21 days from the date of delivery of the requisition being left at the registered office for a date not later than 45 days after the date of such deposit or, if the Directors do not convene such meeting for a date not later than 45 days after the date of such deposit, convened by any of the requisitioners in the same manner, as nearly as possible, as that in which meetings may be convened by the Directors.

At least 21 days' notice of the meeting is required to be given to such persons as are entitled to vote or may otherwise be entitled under the Articles to receive such notices, but with the consent of all the shareholders entitled to receive notice, that meeting may be convened by shorter notice and in such manner as those shareholders think fit.

No business shall be transacted at any general meetings unless a quorum of shareholders is present at the time when the meeting proceeds to business. One or more shareholders holding in aggregate not less than one third (33.3%) of the total issued share capital of the Company in person or by proxy and entitled to vote shall be a quorum.

An ordinary resolution may be passed by a majority of shareholders entitled to vote present at the meeting in person or by proxy. A special resolution requires a two-thirds majority of shareholders entitled to vote present at the meeting in person or by proxy. An ordinary or special resolution may be passed by unanimous written resolution.

At a general meeting, on a show of hands every shareholder present in person or by proxy and entitled to vote shall have one vote. On a poll every such shareholder entitled to vote shall have one vote for each Share of which he is the holder.

In the case of joint holders the vote of the senior shareholder who tenders a vote whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders; and for this purpose seniority shall be determined by the order in which the names stand in the Register of Shareholders.

On a poll, votes may be given either personally or by proxy. The instrument appointing a proxy shall be in any usual or common form or such other form as the Directors may determine and shall be deposited at the Registered Office of the Company or at such other place as is specified for that purpose in the notice convening the meeting no later than 48 hours prior to the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote and, in default the instrument of proxy, shall not be treated as valid provided that the chairman of the meeting may in his discretion accept an instrument of proxy sent by fax upon receipt or fax confirmation that the signed original thereof has been sent.

### **Directors**

The number of Directors shall be not less than one nor, unless the Company by ordinary resolution may otherwise determine, more than ten. The Company may, by ordinary resolution, remove and appoint a Director. A Director may appoint a proxy or an alternate to act on his behalf and such proxy or alternate

shall count towards a quorum. No person resident in the United Kingdom shall be appointed a proxy or an alternate of a Director resident in the United Kingdom. The Directors may appoint additional Directors.

The Directors may, where they unanimously so resolve, be entitled to any remuneration for their services as Directors. Any remuneration above the amounts disclosed herein for either the Company or the Master Fund will be notified to the Shareholder as soon as reasonably practicable. The Directors shall be entitled to be paid their travelling, hotel and other expenses properly incurred by them in going to, attending and returning from meetings of the Directors, or any committee of the Directors, or general meetings of the Company, or otherwise in connection with the business of the Company, or to receive a fixed allowance in respect thereof as may be determined by the Directors from time to time, or a combination of such methods.

There is no shareholding qualification or age limit for Directors.

The Directors may delegate any of their powers to committees consisting of such member or members of their body as they think fit; any committee so formed shall in the exercise of the powers so delegated conform to any regulations that may be imposed on it by the Directors.

A Director who is in any way, whether directly or indirectly, interested in a contract or proposed contract with the Company shall declare the nature of his interest at a meeting of the Directors. A general notice given to the Directors by any Director to the effect that he is a member of any specified company or firm and is to be regarded as interested in any contract which may thereafter be made with that company or firm shall be deemed a sufficient declaration of interest in regard to any contract so made. A Director may vote in respect of any contract or proposed contract or arrangement notwithstanding that he may be interested therein and if he does so his vote shall be counted and he may be counted in the quorum at any meeting of the Directors at which any such contract or proposed contract or arrangement shall come before the meeting for consideration.

A Director may hold any other office or place of profit under the Company (other than the office of auditor) in conjunction with his office of Director for such period and on such terms (as to remuneration and otherwise) as the Directors may determine and no Director or intending Director shall be disqualified by his office from contracting with the Company either with regard to his tenure of any such other office or place of profit or as vendor, purchaser or otherwise, nor shall any such contract or arrangement entered into by or on behalf of the Company in which any Director is in any way interested, be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason of such Director holding that office or of the fiduciary relation thereby established. A Director, notwithstanding his interest, may be counted in the quorum present at any meeting whereat he or any other Director is appointed to hold any such office or place of profit under the Company or whereat the terms of any such appointment are arranged and he may vote on any such appointment or arrangement.

Any Director may act by himself or his firm in a professional capacity for the Company and he or his firm shall be entitled to remuneration for professional services as if he were not a Director; provided that nothing herein contained shall authorise a Director or his firm to act as auditor to the Company.

All acts done by any meeting of the Directors or of a committee of Directors, or by any person acting as a Director shall, notwithstanding that it be afterwards discovered that there was some defect in the appointment of any such Director or person acting as aforesaid, or that they or any of them were disqualified, be as valid as if every such person had been duly appointed and was qualified to be a Director.

## **Notices**

A notice may be given by the Company to any shareholder either personally or by sending it by post, fax or email to him at his address, or (if he has no registered address) to the address, if any, supplied by him to the Company for the giving of notices to him.

Where a notice is sent by post, service of the notice shall be deemed to be effected by properly addressing, pre-paying and posting a letter containing the notice (by airmail if available) and to have been effected at the expiration of three days after it was posted.

Where a notice is sent by fax or email, service of the notice shall be deemed to be effected by properly addressing and sending such notice through the appropriate transmitting medium and to have been effected on the day the same is sent. Notice of every general meeting shall be given to every shareholder entitled to vote except those shareholders entitled to vote who (having no registered address) have not supplied to the Company an address for the giving of notices to them.

A notice may be given by the Company to the joint holders of record of a Share by giving the notice to the joint holder first named on the Register of Shareholders in respect of the Share.

Shareholders who wish to receive information electronically must complete and return the original of the Encrypted Email Registration Form to the Administrator as per the attached at Appendix C.

### **Winding Up**

On a return of capital on liquidation or winding up of the Company, the assets of the Company available for distribution among its shareholders shall be applied in the following priority:

- (a) first, in the payment to the holders of the shares of each class and the holders of the Management Shares of a sum in the currency in which that class is designated (or in any other currency selected by the liquidator) as nearly as possible equal (at a rate of exchange determined by the liquidator) to the net asset value of the shares of such class held by such holders respectively as at the date of commencement to wind up provided that there are sufficient assets available in the portfolio of net assets of the Company represented by each class of share (an "**investment account**"). In the event that there are insufficient assets available in the relevant investment account, to enable such payment to be made recourse shall be had:
  - (i) first, to any assets of the Company not comprised within any of the investment accounts; and
  - (ii) secondly, to the assets remaining in the investment accounts for the other classes of shares (after payment to the holders of the shares of that class to which they relate of the amounts to which they are respectively entitled under this paragraph (i)) pro rata to the total value of such assets remaining within each investment account;
- (b) secondly, in the payment to the holders of shares of a particular class and to the holders of the Management Shares any balance then remaining in the relevant investment account, such payment being made in proportion to the number of shares held;
- (c) thirdly, in the payment to the holders of the shares of any balance then remaining and not comprised within any of the investment accounts, such payment being made in proportion to the number of shares held.

### **Indemnity**

Every Director and officer for the time being of the Company or any trustee for the time being acting in relation to the affairs of the Company and their representative, heirs, executors, administrators, personal representatives or successors or assigns shall, in the absence of fraud, gross negligence, or wilful default, be indemnified and secured harmless out of the assets of the funds of the Company against all actions, proceedings, costs, charges, expenses, including travelling expenses, losses, damages or liabilities, which any such Director, officer or trustee may incur or become liable in respect of or by reason of any contract entered into or act or thing done by him as such officer or servant, or in any way in discharge of his duties and the amount for which such indemnity is provided shall immediately attach as a lien on the property of the Company and have priority as between the shareholders over all other claims.

No such Director, Alternate Director, Managing Director, agent, Secretary, Assistant Secretary or other officer of the Company (other than the Company's auditor) shall be liable (i) for the acts, receipts, neglects, defaults or omissions of any other such director or officer or agent of the Company; or (ii) by reason of his having joined in any receipt for money not received by him personally or for any act of conformity; or (iii) for any loss on account of defect of title to any property of the Company; or (iv) on account of the insufficiency of any security in or upon which any assets of the Company shall be invested or for any loss of any of the assets of the Company which shall be invested or (v) for any loss incurred through any bank, broker or other agent; or (vi) for any loss or damage arising from the bankruptcy,

insolvency or tortious act of any person with whom any moneys, assets, securities or effects shall be deposited; or (vii) for any loss occasioned by any gross negligence, default, breach of duty, breach of trust, error of judgement or oversight on his part; or (viii) for any loss, damage or misfortune whatsoever which may happen in or arise from the execution or discharge of the duties, powers, authorities, or discretions of his office or in relation thereto, unless the same shall happen through his own fraud or wilful default.

For these purposes, gross negligence in relation to a person means a standard of conduct whereby a person wilfully acts with reckless disregard for the consequences of his action or inaction



## **GENERAL INFORMATION**

### **The Company**

The Company was incorporated on 21 January 2010 (registered number 236231) in the Cayman Islands under the provisions of the Law, as an exempted company with limited liability under the name of Acantias Offshore Fund Limited.

The Company will comply with the Mutual Funds Law (as amended) of the Cayman Islands by being registered under that law. The Company is obliged to file its audited accounts with the Cayman Islands Monetary Authority within six months of its financial year end. The Company is also obliged within twenty-one (21) days to register any changes in the particulars filed with the Cayman Islands Monetary Authority.

### **The Master Fund**

The Master Fund was incorporated with limited liability in the Cayman Islands on 21 January 2010 (registered number 236234) as an exempted company under the provisions of the Law. The Master Fund is not required to be registered as a regulated mutual fund under Cayman Islands Mutual Funds Law (as amended).

### **Material Contracts**

The following contracts, not being contracts in the ordinary course of business, have been entered into by the Company and are, or may be, material. They each contain limitations of liability and indemnities operating in favour of parties other than the Company in the absence of any such party's fraud, negligence or wilful default.

- (i) the Management Agreement between the Investment Manager, the Company and the Master Fund dated on or around 1 March 2010 pursuant to which the Investment Manager was appointed as Investment Manager to the Company and the Master Fund as described in this Offering Memorandum;
- (ii) the Investment Advisory Agreement between the Investment Manager and Investment Advisor dated on or around 1 March 2010 pursuant to which the Investment Advisor shall undertake certain investment advisory tasks to the Investment as described in this Offering Memorandum;
- (iii) the Administration Agreement between the Company, the Master Fund and the Administrator effective on or around 1 March 2010 pursuant to which the Administrator was appointed as administrator of the Company and the Master Fund as described in this Offering Memorandum; and
- (iv) the Custody Agreement between the Custodian, the Company and the Master Fund dated on or around 1 March 2010 pursuant to which the Custodian was appointed as custodian as described in this Offering Memorandum.

The Fund and/or the Investment Manager and/or Investment Advisor may enter into side letters in relation to the Company or the Master Fund with individual investors covering, inter alia, capacity, fee rebates or restrictions, provision of additional information, most favoured investor commitments, individual investor approval requirements, transfer rights and confirmations of how expenses will be borne. Unless it is a personal matter for the Investment Manager and/or Investment Advisor, side letters will only be entered into in relation to the Company or the Master Fund with the explicit approval of the Directors who will act in the best interests of the Company and the Master Fund as a whole.

### **Definition of "US Person"**

"**US Person**" means a "US Person" as defined in Rule 902 of Regulation S under the Securities Act and does not include any "Non-United States person" as used in Rule 4.7 promulgated under the CEA. "US Person" is defined in Rule 902 of Regulation S under the Securities Act to mean:

- (a) any natural person resident in the United States;
- (b) any partnership or corporation organised or incorporated under the laws of the United States;

- (c) any estate of which any executor or administrator is a US Person;
- (d) any trust of which any trustee is a US Person;
- (e) any agency or branch of a non-US entity located in the United States;
- (f) any non-discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary for the benefit or account of a US Person;
- (g) any discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary organised, incorporated or (if an individual) resident in the United States; and
- (h) any partnership or corporation if:
  - (i) organised or incorporated under the laws of any non-US jurisdiction; and
  - (ii) formed by a US Person principally for the purpose of investing in securities not registered under the Securities Act, unless it is organised or incorporated and owned, by accredited investors (as defined in Rule 501(a) of Regulation D under the Securities Act) who are not natural persons, estates or trusts.

Notwithstanding the preceding paragraph, "US Person" shall not include: (i) any discretionary account or similar account (other than an estate or trust) held for the benefit or account of a non-US Person by a dealer or other professional fiduciary organised, incorporated, or (if an individual) resident in the United States; (ii) any estate of which any professional fiduciary acting as executor or administrator is a US Person, if (A) an executor or administrator of the estate who is not a US Person has sole or shared investment discretion with respect of the assets of the estate; and (B) the estate is governed by non-United States law; (iii) any trust of which any professional fiduciary acting as trustee is a US Person if a trustee who is not a US Person has sole or shared investment discretion with respect of the trust assets and no beneficiary of the trust (and no settlor if the trust is revocable) is a US Person; (iv) an employee benefit scheme established and administered in accordance with the law of a country other than the United States and customary practices and documentation of such country; (v) any agency or branch of a US Person located outside the United States if (A) the agency or branch operates for valid business reasons; and (B) the agency or branch is engaged in the business of insurance or banking and is subject to substantive insurance or banking regulation, respectively, in the jurisdiction where located; and (vi) certain international organisations as specified in Rule 902(k)(2)(vi) of Regulation S under the Securities Act, including their agencies, affiliates and pension plans.

#### **Definition of "Professional Investor"**

"Professional Investor" means any investor which:

- (a) subscribes at least US\$100,000 (or its equivalent in foreign currency); and
- (b) warrants, at the time of making the investment, that:
  - (i) its ordinary business or professional activity includes the buying and selling of investments, whether as principal or agent; or
  - (ii) in the case of a natural person, their individual net worth, or joint net worth with that person's spouse, exceeds US\$1 million; or
  - (iii) it is an institution with a minimum amount of assets under discretionary management of US\$5 million; and
- (c) warrants expressly to the Company that they:
  - (i) have the knowledge, expertise and experience in financial matters to evaluate the risks of investing in the Shares;
  - (ii) are aware of the risks inherent in investing in securities in which the Master Fund will invest and the method by which the assets of the Master Fund are held and/or traded; and
  - (iii) can bear the risk of loss of their entire investment.

## **Reports and Financial Statements**

The financial year of each of the Company and the Master Fund ends on 30 June with the first accounting period ending on 30 June 2011. Audited annual financial statements of the Company and the Master Fund will be sent to Shareholders within six months of the period to which they relate. The Company and the Master Fund are denominated in US dollars and will present their accounts in US dollars in accordance with International Financial Reporting Standards. Copies of the most recent audited financial statements will be sent to shareholders and prospective shareholders on request.

## **Data Protection Notice**

Prospective investors should note that by completing the Application Form they are providing to the Company personal information, which may constitute personal data within the meaning of the Data Protection Legislation. This data will be used for the purposes of administration, transfer agency, statistical analysis, research and disclosure to the Company, its delegates and agents. By signing the Application Form, investors acknowledge that they are providing their consent to the Company, its delegates and its or their duly authorised agents and any of their respective related, associated or affiliated companies obtaining, holding, using, disclosing and processing the data for any one or more of the following purposes:

- (a) to manage and administer the investor's holding in the Company and any related accounts on an on-going basis;
- (b) for any other specific purposes where the investor has given specific consent;
- (c) to carry out statistical analysis and market research;
- (d) to comply with legal and regulatory obligations applicable to the investor and the Company;
- (e) for disclosure or transfer whether in Ireland or countries outside Ireland including without limitation the United States of America, which may not have the same data protection laws as Ireland, to third parties including financial advisors, regulatory bodies, auditors, technology providers or to the Company and its delegates and its or their duly appointed agents and any of their respective related, associated or affiliated companies for the purposes specified above; and
- (f) for other legitimate business interests of the Company.

Pursuant to Data Protection Legislation, investors have a right of access to their personal data kept by the Company and the right to amend and rectify any inaccuracies in their personal data held by the Company by making a request to the Company in writing.

The Company is a Data Controller within the meaning of Data Protection Legislation and undertakes to hold any personal information provided by investors in confidence and in accordance with Data Protection Legislation.

By signing the Application Form, prospective investors consent to the recording of telephone calls made to and received from investors by the Company, its delegates, its duly appointed agents and any of their respective related, associated or affiliated companies for record keeping, security and/or training purposes.

## **Documents for Inspection**

Copies of the following documents will be available for inspection at the Company's registered office and the office of the Investment Advisor during usual business hours on any Business Day:

- (a) the Memorandum and Articles of Association of the Company and the Master Fund;
- (b) the material contracts referred to under the section entitled "General Information – Material Contracts" herein;
- (c) any annual accounts published by the Company or the Master Fund;
- (d) the Law and the Mutual Funds Law (as amended) of the Cayman Islands; and
- (e) this Offering Memorandum.

## Restrictions on Distribution

**Austria:** This Offering Memorandum has been produced for the purpose of providing information about the Shares and will be provided only to qualified investors as defined in s1 para 1 subpara 5a of the Austrian Capital Market Act 1991 (Kapitalmarktgesetz) in the course of a private placement in Austria. All of those investors will be individually known in advance and individually selected by, or on behalf of, the Fund in Austria. This Offering Memorandum is made available on the condition that it is for the use only by the recipient and may not be passed on to any other person or be reproduced in any part. The Shares have not been and will not be offered in the course of a public offering or of equivalent marketing in Austria and therefore, the provisions of the Austrian Investment Fund Act 1993 (Investmentfondsgesetz 1993), as amended, and the provisions of the Austrian Capital Market Act, as amended, relating to registration requirements and to Offering Memorandum requirements do not apply. The Shares have thus neither been registered for public distribution in Austria with the Austrian Financial Market Authority nor been the subject matter of a prospectus compliant with the Austrian Investment Fund Act or the Austrian Capital Market Act. Any subscription application by any person other than the initial recipient of the Offering Memorandum will be rejected.

**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 Offering Memorandum 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 July 20, 2004. This Offering Memorandum 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 Offering Memorandum may not be used for any other purpose nor passed on to any other investor in Belgium.

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

**Denmark:** The Fund has not applied for or obtained a licence under the Danish Act on Investment Associations and Special-Purpose Associations as well as other Collective Investment Schemes etc. (Act No. 1499 of 12 December 2007) (the "**Danish Act**") and the Executive Order on Foreign Collective Investment Institutions' Marketing in Denmark (Executive Order No. 1350 of 5 December 2007) (the "**Order**") from the Danish Financial Supervisory Authority. The Shares in the Fund may only be offered or marketed in Denmark in compliance with the Danish Act and the Order as well as any other provisions of Danish law applicable to the offering or marketing of investment products to investors located 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 Authorities in accordance with Section 16, Sub-Section 1 of the Danish Act has been obtained, or unless the group of potential investors located in Denmark to whom the Shares in the Fund shall be offered or marketed is of such character that it does not fall within the scope of the Danish Act.

**Finland:** This Offering Memorandum 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 authorize an offering of the Shares to the public in Finland and the distribution of this Offering Memorandum is not authorized by the Financial Supervision Authority in Finland. This Offering Memorandum is strictly for private use by its holder 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 Offering Memorandum has been delivered by the Fund, The Investment Manager, the Investment Advisor or its representative. This Offering Memorandum 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 Offering Memorandum, 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 nor used in connection with any offer for subscription or sale of the Shares in the Republic of France.

**Germany:** The Shares offered pursuant to this Offering Memorandum have not been and will not be registered under the German Investment Act or any other German securities laws. Any public distribution, advertisement or similar activities in Germany will constitute a violation of applicable law. This Offering Memorandum may only be circulated in Germany on a private placement basis in accordance with the German Investment Act.

**Hong Kong:** WARNING - The contents of this Offering Memorandum have not been reviewed by any regulatory authority in Hong Kong. You are advised to exercise caution in relation to this offer. If you are in any doubt about any of the contents of this document, you should obtain independent professional advice. The Fund is not authorised by the Securities and Futures Commission in Hong Kong pursuant to Section 104 of the Securities and Futures Ordinance of Hong Kong and a copy of this Offering Memorandum has not been registered by the Registrar of Companies in Hong Kong pursuant to Section 342C of the Companies Ordinance of Hong Kong. This Offering Memorandum must not, therefore, be issued, or possessed for the purpose of issue, to persons in Hong Kong other than (1) to professional investors within the meaning of the Securities and Futures Ordinance of Hong Kong (including professional investors falling within the Securities and Futures (Professional Investors) Rules) or (2) in circumstances which would not constitute an offer to the public or any section thereof.

**Ireland:** The distribution of this Offering Memorandum and the offering or purchase of Shares is restricted to the individual to whom this Offering Memorandum 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 Offering Memorandum 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 Irish Financial Services Regulatory Authority.

**Isle of Man:** The Fund is not a recognised collective investment scheme for the purposes of Sections 12 or 13 of the Financial Supervision Act 1988 (the “FS Act”) of the Isle of Man and is thus subject to the prohibition on the promotion of collective investment schemes contained in Section 1(1) of the FS Act. Accordingly, this Offering Memorandum may only be issued or passed on to any person in the Isle of Man by way of the two limited exceptions to this general prohibition contained in Section 1(2) of the FS Act and the Financial Supervision (Promotion of Unregulated Schemes) (Exemption) Regulations 1992. Shareholders in the Fund are not protected by any statutory compensation scheme and the Isle of Man Financial Supervision Commission does not regulate the Fund and has not approved it.

**Italy:** Shares may not be offered or sold and this Offering Memorandum, 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 or to any Italian resident investor in circumstances which would be in breach of relevant Italian law 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, “Japanese person” means any person resident in Japan, including any corporation or other entity organised under the laws of Japan.

**Jersey:** This Offering Memorandum 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 Offering Memorandum is being delivered by or on behalf of the Fund, and a subscription for the Shares will only be accepted from such person. The Offering Memorandum may not be reproduced or used for any other purpose.

**Korea:** The Shares have not been registered under the Securities and Exchange Act of Korea and none of the Shares may be offered, sold or delivered, directly or indirectly, 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.

**Netherlands:** This document is not addressed to or intended for any individual or legal entity in the Netherlands except (a) individuals or legal entities who or which trade or invest in securities in the course of a profession or trade within the meaning of the Dutch securities legislation (which includes banks, brokers, insurance companies, pension funds, other institutional investors and treasuries and financing companies of groups which are active in a professional manner in the financial markets for their own account) or (b) other persons to whom, or in circumstances where, an exemption applies pursuant to the Act on the Supervision of Collective Investment Schemes, as amended.

**Spain:** The Fund has not been authorised by nor 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 of the Fund may not be offered or sold in Spain by means of any publicity activities as defined in section 3 of Royal Decree 291/1992 of 27 March 1992 on Issues and Public Offerings for the Sale of Securities, as amended.

**Sweden:** The Fund is not authorised under the Swedish Securities Funds Act, and any sale, redemption or repurchase of Shares will take place outside Sweden. The Offering Memorandum may not be distributed to the public in Sweden, and a Swedish recipient of the Offering Memorandum may not in any way forward the Offering Memorandum to the public in Sweden.

**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 Offering Memorandum 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 Offering Memorandum may only be distributed in or from Switzerland to “Qualified Investors” (as defined in the CISA and its implementing ordinance).

**United Kingdom:** The Fund is an unregulated collective investment scheme for the purposes of the Financial Services and Markets Act 2000 of the United Kingdom (the “FSMA”). The promotion of the Fund and the distribution of this Confidential Memorandum in the United Kingdom is consequently restricted by law.

This Confidential Memorandum is being issued in the United Kingdom by the Fund where permitted by applicable law to persons who are of a kind to whom the Fund may lawfully be promoted by a person authorized under the FSMA by virtue of the Financial Services and Markets Act 2000 (Promotion of Collective Investment Schemes (Exemptions)) Order 2001 (as amended) and Annex 5 to Chapter 3 of the Conduct of Business Sourcebook of the Financial Services Authority (the “FSA”) or as otherwise permitted by applicable law and regulations.

The Fund is not regulated by the FSA and investments may not have the benefit of the Financial Services Compensation Scheme and other protections afforded by the FSMA or any of the rules and regulations made thereunder.

Any recipient of this Offering Memorandum who is an authorised person may (if and to the extent it is permitted to do so by the FSA rules applicable to it) distribute it or otherwise promote the Fund in accordance with Section 238 of the Act but not otherwise. Any recipient of this Offering Memorandum who is not an authorised person may not distribute it to any other person.

**United States:** The Shares have not been and will not be registered under the Securities Act of 1933 of the United States, as amended (the “1933 Act”) or the securities laws of any of the states of the United States. 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 Tax-Exempt Investors in reliance on Regulation D promulgated under the 1933 Act and Section 4(2) thereof.

The Fund has not been and will not be registered under the United States Investment Company Act of 1940 (as amended) (the “**1940 Act**”) since Shares will only be sold to US Persons who are “qualified purchasers”, as defined in the 1940 Act. Each subscriber for Shares that is a US Tax-Exempt Investor will be required to certify that it is an “accredited investor” and a “qualified purchaser”, in each case as defined under applicable US federal securities laws, thereby also qualifying as a “qualified eligible person” as defined in Rule 4.7 under the United States Commodity Exchange Act, as amended (“**CEA**”).

The Shares are suitable only for sophisticated investors, who do not require immediate liquidity for their investments, for whom an investment in the Fund does not constitute a complete investment program and who fully understand and are willing to assume the risks involved in the Fund's investment program. The Fund's investment practices, by their nature, may be considered to involve a substantial degree of risk. Subscribers for Shares must represent that they are acquiring the Shares for investment. The Shares have not been filed with or approved or disapproved by any regulatory authority of the United States or any state thereof, nor has any such regulatory authority passed upon or endorsed the merits of this offering or the accuracy or adequacy of this Offering Memorandum. Any representation to the contrary is unlawful. There will be no public offering of the Shares in the United States. This Offering Memorandum 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.

Special Notice to Florida, U.S.A. Investors: The following notice is provided to satisfy the notification requirement set forth in Subsection 11(a)(5) of Section 517.061 of the Florida Statutes, 1987, as amended: Upon the acceptance of five (5) or more Florida investors, and if the Florida investor is not a bank, a trust company, a savings institution, an insurance company, a dealer, an investment company as defined in the U.S. Investment Company Act of 1940, a pension or profit-sharing trust, or a Qualified Institutional Buyer (as defined in Rule 144a under the U.S. Securities Act of 1933), the Florida investor acknowledges that any sale of an interest to the Florida investor is voidable by the Florida investor either within three days after the first tender of consideration is made by the Florida investor to the issuer, or an agent of the issuer, or within three days after the availability of that privilege is communicated to the Florida investor, whichever occurs later.

The Fund may accept investments from employee benefit plans subject to Part 4 of Title I of the U.S. Employee Retirement Income Security Act of 1974, as amended (“**ERISA**”), plans or accounts subject to section 4975 of the U.S. Internal Revenue Code of 1986, as amended (the “**Code**”) and entities whose underlying assets include “plan assets” as defined by ERISA and the regulations thereunder (“**Benefit Plan Investors**”). However, the Fund does not anticipate that its assets will be subject to Title I of ERISA or Section 4975 of the Code, because it intends to limit investments in the Fund by Benefit Plan Investors. Generally, assets of an entity like the Fund will not be subject to Title I of ERISA or section 4975 of the Code, if Benefit Plan Investors own less than 25% of the value of any class of equity interests of the Fund, excluding from this calculation any non-Benefit Plan Investor interests held by the Investment Manager and certain affiliated persons or entities. No subscriptions for Shares made by Benefit Plan Investors will be accepted and no transfers of Shares will be permitted to the extent that the investment or transfer would result in the Fund's assets becoming subject to Title I of ERISA or section 4975 of the Code. In addition, because the 25% limit is to be calculated upon every subscription to or redemption from the Fund, the Fund has the authority to require the compulsory redemption of Shares of any class to ensure that the Fund is not subject to Title I of ERISA or section 4975 of the Code.

**Generally:** The distribution of this Offering Memorandum 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 Offering Memorandum 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 Offering Memorandum 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.