

PRIVATE OFFERING MEMORANDUM

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INSPARO AFRICA AND MIDDLE EAST FUND

**an exempted company incorporated with limited liability under the laws of the Cayman Islands
offering for subscription up to 4,999,900 Shares**



INSPARO ASSET MANAGEMENT LIMITED
Investment Manager

28 May 2011

Prospective investors should review this Private Offering Memorandum carefully and consult with their legal and financial advisers to determine possible tax or other consequences of purchasing, holding or redeeming Shares.

The distribution of this Private Offering Memorandum and the offering or purchase of the Shares may be restricted in certain jurisdictions. No persons receiving a copy of this Private Offering Memorandum in any such jurisdiction may treat this Private Offering Memorandum as constituting an invitation to them to subscribe for Shares.

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DIRECTORY

INSPARO AFRICA AND MIDDLE EAST FUND

INSPARO AFRICA AND MIDDLE EAST MASTER FUND

Directors of the Fund and the Master Fund:

Mohammed Hanif
Scott Dakers
Evan Burton
Ronald Hall

Registered Office of the Fund and the Master Fund:

Ogier Fiduciary Services (Cayman) Limited
89 Nexus Way
Camana Bay
Grand Cayman KY1-9007
Cayman Islands

Investment Manager to the Fund and the Master Fund:

Insparo Asset Management Limited
55 Blandford Street
London
W1U 7HW
United Kingdom

Auditors to the Fund and the Master Fund:

KPMG
Century Yard, Cricket Square
George Town, Grand Cayman
KY1-1106
Cayman Islands

Administrator to the Fund and the Master Fund:

Quintillion Limited
24-26 City Quay
Dublin 2
Ireland

Legal Advisors to the Fund and the Master Fund as to Cayman Islands law:

Walkers
6 Gracechurch Street
London
EC3V 0AT
United Kingdom

Legal Advisors to the Fund and the Master Fund as to English and United States law:

Dechert LLP
160 Queen Victoria Street
London EC4V 4QQ
United Kingdom

Custodians to the Master Fund:

Standard Bank plc
25 Dowgate Hill
London
EC4R 2SB
United Kingdom

HBSC Bank plc
8 Canada Square
London
E14 5HQ
United Kingdom

NOTICE

THIS PRIVATE OFFERING MEMORANDUM

This Offering Memorandum (as defined below under “Definitions”) relates to the offering of the redeemable, non-voting, preference shares (the “Shares”) of Insparo Africa and Middle East Fund (the “Fund”), a company incorporated under the Companies Law (Revised) of the Cayman Islands (the “Companies Law”) as an exempted company limited by shares.

This Offering Memorandum is confidential and intended solely for the use of the person to whom it has been delivered by the Fund for the purpose of enabling the recipient to evaluate an investment in the Fund and it is not to be reproduced or distributed to any other persons (except to a prospective investor’s professional advisors).

The directors of the Fund whose names appear in the Directory (the “Directors”) are the persons responsible for all the information contained in this document. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the importance of such information. The Directors accept responsibility accordingly.

INVESTOR RESPONSIBILITY

No representations or warranties of any kind are intended or should be inferred with respect to the economic return from, or the tax consequences of, an investment in the Fund. No assurance can be given that existing laws will not be changed or interpreted adversely. Prospective investors are not to construe this Offering Memorandum as legal, investment or tax advice.

This Offering Memorandum supersedes all prior versions thereof. Prospective investors should review this Offering Memorandum carefully and in its entirety and consult with their legal, tax and financial advisors in relation to (i) the legal and regulatory requirements within their country of residence; (ii) any foreign exchange restrictions to which they are subject in their country of residence; and (iii) the legal, tax, financial and other consequences of subscribing for, holding or redeeming Shares.

DISTRIBUTION AND SELLING RESTRICTIONS

Neither this Offering Memorandum nor the Shares have been qualified for offer, sale or distribution under the laws of any jurisdiction governing the offer or sale of mutual fund shares or other securities. The distribution of this Offering Memorandum and the offering or purchase of the Shares may be restricted in certain jurisdictions. No persons receiving a copy of this Offering Memorandum or the Fund’s subscription documents (the “Subscription Documents”) in any such jurisdiction may treat this Offering Memorandum or such Subscription Documents as constituting an invitation to them to subscribe for Shares, nor should they in any event use such Subscription Documents, unless in the relevant jurisdiction such an invitation could lawfully be made to them and such Subscription Documents could lawfully be used without compliance with

any registration or other legal requirements. Accordingly, this Offering Memorandum does not constitute an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not lawful or in which the person making such offer or solicitation is not qualified to do so or to anyone to whom it is unlawful to make such offer or solicitation. It is the responsibility of any persons in possession of this Offering Memorandum and any persons wishing to apply for Shares pursuant to this Offering Memorandum to inform themselves of and to observe all applicable laws and regulations of any relevant jurisdiction.

Shares may be beneficially owned by persons resident, domiciled, established, incorporated or registered pursuant to the laws of the Cayman Islands. The Fund, however, will not undertake business with the public in the Cayman Islands other than so far as may be necessary for the carrying on of the business of the Fund exterior to the Cayman Islands. Public for these purposes does not include any exempted or ordinary non-resident company registered under the Companies Law or a foreign company registered pursuant to Part IX of the Companies Law or any such company acting as general partner of a partnership registered pursuant to section 9(1) of the Exempted Limited Partnership Law (Revised) of the Cayman Islands or any director or officer of the same acting in such capacity or the trustee of any trust registered or capable of registration pursuant to section 70 of the Trusts Law (Revised) of the Cayman Islands.

The Shares will not be made available to the public in the Cayman Islands.

The Fund is a collective investment scheme for the purposes of the Financial Services and Markets Act 2000 of the United Kingdom (“FSMA”) and is not a recognised scheme for the purposes of section 238 of FSMA. Accordingly the communication of this Offering Memorandum or any invitation or inducement in the United Kingdom to participate in the Fund or its Shares is restricted by law.

This Offering Memorandum is issued outside the United Kingdom by the Fund and the Directors are responsible for its contents, wherever issued. This Offering Memorandum is being communicated in the United Kingdom by Insparo Asset Management Limited (the “Investment Manager”), which is an entity (an “Authorised Person”) authorised and regulated by the Financial Services Authority of the United Kingdom (the “FSA”), only to persons of a kind to whom this Offering Memorandum may, for the time being, be communicated by the Investment Manager by virtue of the Financial Services and Markets Act 2000 (Promotion of Collective Investment Schemes) (Exemptions) Order 2001 (as amended), rule 4.12.1 of the New Conduct of Business Sourcebook of the FSA or any other exemption to section 238 of FSMA (together “permitted recipients”). 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 rules of the FSA applicable to it) communicate this Offering Memorandum or any invitation or inducement to participate in the Fund or its Shares in the United Kingdom to other Authorised Persons or permitted recipients but not otherwise. Any recipient of this Offering Memorandum who is not an Authorised Person may communicate this Offering Memorandum or any invitation or inducement to participate in the Fund or its Shares in the United Kingdom only in circumstances in which any of the exemptions contained in The Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended) (including Articles 19, 47 and 49 of that Order) apply. Any other communication of this Offering Memorandum or any such invitation or inducement in the United Kingdom is not authorised or permitted and any persons receiving this Offering Memorandum or any such invitation or inducement and not falling within the above exemptions may not rely on or act upon its contents.

A United Kingdom investor who enters into an investment agreement to acquire Shares will not have the right (otherwise provided under the FSA's Handbook of Rules and Guidance) to cancel the agreement constituted by the acceptance by or on behalf of the Fund of an application for Shares. In addition, most if not all of the protections provided by the United Kingdom regulatory structure will not apply to investments in the Fund. The rights of the Fund's shareholders (the "Shareholders") will not be protected by the Financial Services Compensation Scheme in the United Kingdom.

The Shares have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the "1933 Act"), or qualified under any applicable state statutes and may not be offered, sold or transferred in the United States (including its territories and possessions) or to or for the benefit of, directly or indirectly, any U.S. Person (as defined below under "Definitions"), except pursuant to registration or an exemption. The Fund has not been, and will not be, registered under the U.S. Investment Company Act of 1940, as amended (the "1940 Act"), and investors will not be entitled to the benefits of such registration. Pursuant to an exemption from registration under the 1940 Act, the Fund may make a private placement of the Shares to a limited category of U.S. Persons. The Shares have not been approved or disapproved by the U.S. Securities and Exchange Commission, any state securities commission or other regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of this offering or the accuracy or adequacy of these offering materials. Any representation to the contrary is unlawful.

Pursuant to U.S. Commodity Futures Trading Commission ("CFTC") Rule 4.13(a)(4), the Investment Manager is exempt from registration with the CFTC as a commodity pool operator ("CPO"). Therefore, unlike a registered CPO, the Investment Manager is not required to deliver a disclosure document and a certified annual report to investors in the Fund. The Investment Manager qualifies for such exemption based on the following criteria: (i) the interests in the Fund are exempt from registration under the 1933 Act, (ii) the interests in the Fund are offered and sold without marketing to the public in the United States, and (iii) the Investment Manager reasonably believes that (i) each natural person investor in the Fund is a "qualified eligible person" ("QEP") as defined pursuant to CFTC Rule 4.7(a)(2), and (ii) each non-natural person investor is a QEP under any section of CFTC Rule 4.7 or an "accredited investor" as defined in Rule 501(a)(1)–(3), (a)(7) and (a)(8) of Regulation D under the 1933 Act.

The Shares are suitable for sophisticated investors who are non-U.S. Persons or certain Permitted U.S. Persons (as defined under "Definitions"), 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. Subscribers for Shares must represent that they are acquiring the Shares for investment.

Other than registration with the Cayman Islands Monetary Authority, the offering of securities hereby has not been filed with or approved or disapproved by any regulatory authority of any country or jurisdiction, 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. Shares are not registered for sale, and there will be no public offering of the Shares.

RELIANCE ON THIS OFFERING MEMORANDUM

The Shares are offered only on the basis of the information contained in this Offering Memorandum and the Fund's memorandum and articles of association. Any further information or representations given or made by any dealer, broker or other person should be disregarded and accordingly should not be relied upon. No person has been authorised to give any information or to make any representations in connection with the offering of Shares other than those contained in this Offering Memorandum and, if given or made, such information or representations must not be relied on as having been authorised by the Fund, the Directors, the Investment Manager or the Fund's administrator. Statements in this Offering Memorandum are based on the law and practice currently in force in the Cayman Islands and, where applicable, the other jurisdictions referred to herein at the date hereof and are subject to change. Neither the delivery of this Offering Memorandum nor the issue of Shares shall under any circumstances create any implication or constitute any representation that the affairs of the Fund have not changed since the date of this Offering Memorandum.

RISKS

Investment in the Fund carries with it a degree of risk. The value of Shares and the income from them may go down as well as up, and investors may not get back the amount invested. Because of the risks involved, investment in the Fund is only suitable for sophisticated investors who are able to bear the loss of a substantial portion or even all of the money they invest in the Fund, who understand the high degree of risk involved, believe that investment in the Fund is suitable for them based on their investment objectives and financial needs and have no need of liquidity of investment. Investors are therefore advised to seek independent professional advice on the implications of investing in the Fund. Certain risk factors for an investor to consider are set out in the Section headed "Certain Risk Factors."

There is no public market for the Shares and no such market is expected to develop in the future.

REGULATION

The Fund is a regulated mutual fund for the purposes of the Mutual Funds Law (Revised) of the Cayman Islands. The Fund is registered with the Monetary Authority pursuant to section 4(3) of that law and prescribed details in respect of, and a copy of this Offering Memorandum have been filed with the Monetary Authority. Such registration does not imply that the Monetary Authority or any other regulatory authority in the Cayman Islands has approved this Offering Memorandum or the offering of the Shares hereunder. For a summary of the continuing regulatory obligations of the Fund and a description of the regulatory powers of the Monetary Authority, see the Section below headed "The Fund – Regulation."

Investors' Reliance on U.S. Federal Tax Advice in this Offering Memorandum

The discussion contained in this Offering Memorandum as to U.S. federal tax considerations is not intended or written to be used, and cannot be used, for the purpose of avoiding penalties. Such discussion is written to support the promotion or marketing of the transactions or matters addressed herein. Each taxpayer should seek U.S. federal tax advice based on the taxpayer's particular circumstances from an independent tax advisor.

DEFINITIONS

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

“1933 Act”	the U.S. Securities Act of 1933;
“1940 Act”	the U.S. Investment Company Act of 1940;
“Administration Agreement”	the agreement dated 7 March 2011 among the Master Fund, the Fund, the L.P. Fund (acting through the General Partner) and the Administrator (as the same may, from time to time, be amended) described in the Section headed “Management and Administration” below;
“Administrator”	Quintillion Limited;
“Anti-Money Laundering Regulations”	the Cayman Islands Money Laundering Regulations (Revised);
“Articles”	the articles of association of the Fund for the time being in force and as may be amended from time to time;
“Auditor”	KPMG or such other person as may be appointed auditor of the Fund from time to time;
“Benefit Plan Investor”	is used as defined in U.S. Department of Labor Regulation 29 C.F.R. Section 2510.3-101 and as modified by Section 3(42) of ERISA and includes any employee benefit plans subject to Part 4 of Title I of ERISA, any plans to which Section 4975 of the Code applies and any entity whose underlying assets include “plan assets” by reason of a plan’s investment in the entity;
“Business Day”	a day on which banks in Ireland are authorised to open for business or such other day or days in addition thereto or in substitution therefore as the Directors may determine generally, or in any particular case;
“Calculation Period”	as defined under “Management and Administration – Incentive Fee” below;
“CFTC”	the U.S. Commodity Futures Trading Commission;
“Class”	any class of Shares designated by the Directors pursuant to the Articles;

“Class A Shares”	Shares in Classes A USD, A(R) USD, A GBP, A(R) GBP, A (rep) GBP, A EUR, A ZAR and/or A JPY, as the context requires;
“Class B Shares”	Shares in Classes B USD, B GBP, B (rep) GBP, B EUR, B ZAR and/or B JPY, as the context requires;
“Class Z Shares”	Shares in Classes Z EUR and/or Z GBP, as the context requires;
“Code”	the U.S. Internal Revenue Code of 1986;
“Companies Law”	the Companies Law (Revised) of the Cayman Islands;
“Connected Fund”	an investment vehicle or managed account which is managed or advised by the Investment Manager;
“Connected Parties”	(i) the Investment Manager and any of its directors, shareholders and employees; (ii) any person connected with any such person; (iii) Connected Funds; (iv) the Directors; and (v) any nominee of any of the foregoing;
“Custodians”	Standard Bank and/or HSBC, as the context requires;
“Custody Agreements”	the HSBC Custody Agreement and the Standard Bank Custody Agreement and any other agreement entered into from time to time between the Master Fund and a Custodian;
“Directors”	the directors of the Fund for the time being and any duly constituted committee thereof, and, where the context requires, the directors of the Master Fund for the time being and any duly constituted committee thereof;
“Eligible Investors”	all subscribers except the following: <ul style="list-style-type: none"> (i) any subscriber whose acquisition of Shares would cause a breach of the law or requirements of any country or governmental authority including anti-money laundering regulations or conventions; (ii) any subscriber who is unable to give the representations contained in the Subscription Documents; (iii) any subscriber whose acquisition of the Shares the Directors determine would cause an undue risk of adverse tax or other consequences to the Fund or any of its Shareholders; and (iv) U.S. Persons that are not Permitted U.S. Persons.
“ERISA”	the U.S. Employee Retirement Income Security Act of 1974;

“EU”	the European Union (as constituted from time to time);
“Feeder Fund”	as the context requires, one or more of the Fund, the L.P. Fund, and any other investment vehicle which may be formed in the future to invest all or substantially all of its assets directly or indirectly in the Master Fund;
“Financial Year”	each twelve month period ending on 31 December;
“FINRA”	the U.S. Financial Industry Regulatory Authority;
“FSA”	the U.K. Financial Services Authority and any successor thereto;
“FSA Rules”	the handbook of regulation and guidance published by the FSA;
“Fund”	Insparo Africa and Middle East Fund, an exempted company incorporated with limited liability under the laws of the Cayman Islands with registration number 197609;
“General Partner”	Insparo Africa and Middle East General Partner Limited, the general partner of the L.P. Fund;
“HSBC”	HSBC Bank plc;
“HSBC Custody Agreement”	the agreement dated 16 May 2008 between the Master Fund and HSBC (as the same may, from time to time, be amended) described in the Section headed “Management and Administration” below;
“IFRS”	International Financial Reporting Standards issued by the International Accounting Standards Board;
“Illiquid Investment”	any Investment which is illiquid by virtue of the absence of a readily available market or legal or contractual restrictions on resale;
“Incentive Fee”	the incentive fee payable to the Investment Manager in respect of each Class A Share and each Class Z Share pursuant to the Investment Management Agreement;
“Investment Management Agreement”	the amended and restated agreement dated on or about the date of this Offering Memorandum among the Master Fund, the Fund, the L.P. Fund (acting through the General Partner) and the Investment Manager (as the same may, from time to time, be amended) referred to in the Section headed “Management and Administration” below;
“Investment Manager”	Insparo Asset Management Limited or such other person as may be appointed investment manager of the Master Fund and the Fund from time to time;

“Investment”	any investment of whatever kind including, without limitation, securities and derivatives;
“Key Man Loss”	has the meaning given to that term at page 20;
“Key Man Notice Period”	has the meaning given to that term at page 20;
“Key Man Notification Date”	has the meaning given to that term at page 20;
“Key Man Right”	has the meaning given to that term at page 21;
“Key Man Terms”	has the meaning given to that term at page 21;
“L.P. Fund”	Insparo Africa and Middle East Fund L.P., a Cayman Islands exempted limited partnership;
“Management Fee”	the management fee payable to the Investment Manager pursuant to the Investment Management Agreement;
“Management Share”	a voting, non-participating management share of \$0.01 par value in the capital of the Fund;
“Master Fund”	Insparo Africa and Middle East Master Fund, an exempted company incorporated with limited liability under the laws of the Cayman Islands with registration number 197590;
“Material Contracts”	the Investment Management Agreement, the Administration Agreement and the Custody Agreements;
“Memorandum”	the memorandum of association of the Fund for the time being in force and, as may be amended from time to time;
“Monetary Authority”	the Cayman Islands Monetary Authority;
“Mutual Funds Law”	the Mutual Funds Law (Revised) of the Cayman Islands;
“Net Asset Value”	the net asset value of the Fund or the Master Fund, as the context requires, determined using the valuation principles described in the Section headed “Subscription, Redemption and Transfer of Shares” below;
“Net Asset Value per Share”	in respect of a Share of any Class, the Net Asset Value attributable to the relevant Class divided by the number of Shares of such Class then in issue;
“New Issues”	as defined pursuant to FINRA Rule 5130 to include any initial public offering of an equity security as defined in Section 3(a)(11) of the U.S. Securities Exchange Act of 1934 made pursuant to a registration statement or offering circular and includes any initial public offering of an equity security which is

	underwritten by a FINRA member;
“Non-Reporting Classes”	Shares in Classes A USD, A(R) USD, A GBP, A(R) GBP, A EUR, A ZAR, A JPY, B USD, B GBP, B EUR, B ZAR, B JPY, Z EUR and Z GBP;
“Offering Memorandum”	this private offering memorandum and the Fund’s most recent annual report and accounts;
“Ordinary Resolution”	a resolution passed at a quorate meeting of the Fund by a simple majority of the votes cast in its favour by the holders of the Management Shares present in person or by proxy or a resolution approved in writing by all such holders of Management Shares expressed to be an ordinary resolution;
“Permitted U.S. Person”	means any U.S. Person whose acquisition or holding of Shares: (i) would not result in a violation of the 1933 Act or the securities laws of any state of the United States; (ii) would not require the Fund to register under the 1940 Act; (iii) would not subject the Fund’s assets to Title I of ERISA or Section 4975 of the Code; and (iv) would cause no other adverse legal, financial, regulatory or tax consequences or other material administrative disadvantage to the Fund or its Shareholders;
“Principal”	has the meaning given to that term at page 20;
“Proceeds of Crime Law”	the Proceeds of Crime Law, 2008 of the Cayman Islands;
“RAIM Board”	the risk advisory and investment management board appointed in respect of the Master Fund, as further described under “Risk Advisory and Investment Management Board” below;
“Recognised Exchange”	any regulated market or exchange (which is an exchange within the meaning of the law of the country concerned relating to exchanges) in the United States of America, member states of the EU or the Organisation for Economic Co-operation and Development or any other regulated exchange or market;
“Redemption Day”	the last calendar day of each calendar month or such other day or days as the Directors may in their sole discretion determine, either in any particular case or generally;
“Redemption Price”	the redemption price of a Share as calculated in accordance with the methodology set out in this Offering Memorandum;
“Redemption Request”	a redemption request form in such form as the Directors determine from time to time and cause to be provided to the Shareholders;

“Replacement Principal”	has the meaning given to that term at page 20;
“Reporting Classes”	Shares in Classes A (rep) GBP and B (rep) GBP;
“Share”	a non-voting participating redeemable share of \$0.01 par value in the capital of the Fund;
“Shareholder”	a holder of Shares;
“Special Redemption Request”	has the meaning given to that term at page 20;
“Special Resolution”	a resolution passed at a quorate meeting of the Fund by a two-thirds majority of the votes cast in its favour by the holders of the Management Shares present in person or by proxy or a resolution approved in writing by all of such holders of Management Shares and expressed to be a special resolution;
“Standard Bank”	Standard Bank plc;
“Standard Bank Custody Agreement”	the agreement dated 7 May 2008 between the Master Fund and Standard Bank (as the same may, from time to time, be amended) described in the Section headed “Management and Administration” below;
“Subscription Day”	the first calendar day of each calendar month or such other day or days as the Directors may in their sole discretion determine, either in any particular case or generally;
“Subscription Documents”	the subscription documents for non-U.S. investors and/or the subscription documents for U.S. investors, as the context requires;
“Target Markets”	Africa (excluding South Africa) and the Middle East;
“Trade Errors”	has the meaning given to that term on page 54;
“U.K.” or “United Kingdom”	the United Kingdom of Great Britain and Northern Ireland;
“U.S.” or “United States”	the United States of America, its territories and possessions, any state of the United States and the District of Columbia;
“U.S. Person”	as defined under Regulation S under the 1933 Act;
“UCITS”	a collective investment scheme which in accordance with the UCITS Directive (Council Directive 85/611/EEC of 20 December 1985) is an undertaking for collective investment in transferable securities subject to that directive; and

“Valuation Day” the last calendar day of each calendar month or such other day or days as the Directors may determine generally or in any particular case.

All references herein to “U.S. Dollars” or “\$” are to U.S. dollars. All references to “Sterling” or to “GBP” are to British pounds sterling. All references to “Euro” or “€” are to the European euro. All references to the “Rand” or to “ZAR” are to the South African rand. All references to “Yen” or to “¥” are to the Japanese yen.

All references to the provisions of any law or regulation shall be construed as references to those provisions as amended, modified, re-enacted or replaced from time to time.

EXECUTIVE SUMMARY

The following summary should be read in conjunction with the full text of this Offering Memorandum, the Memorandum and Articles and the Material Contracts and is qualified in its entirety by reference to such documents:

The Fund

The Fund was incorporated on 23 October 2007. All or substantially all of the Fund's assets are invested through a "master-feeder" fund structure in the Master Fund.

Shares

The Fund has an authorised share capital of \$50,000 made up of 100 Management Shares and 4,999,900 Shares.

A summary of the Class Structure is set out in the table on page 26.

All or substantially all of the assets attributable to each Class of the Fund are invested in the corresponding class of the Master Fund.

The base currency of the Master Fund is the U.S. Dollar. As the classes of the Master Fund are denominated in different currencies, the Master Fund may engage in foreign exchange hedging transactions for each class. The profits and losses from the Master Fund's currency hedging activities, together with the execution costs and "slippage" associated therewith, will be borne by the Master Fund and allocated among the classes *pro rata* to the Net Asset Value of each class, to the extent not attributable to a specific class or classes. In addition, Trade Errors (to the extent borne by the Master Fund) will be allocated *pro rata* across all classes. Accordingly, each Class of the Fund will bear its *pro rata* share of these profits and losses to the extent not directly attributable to a specific Class or Classes.

The Directors may designate further Classes in the future. Each additional Class of Shares may be offered on different terms and in such different currencies as the Directors may determine.

Investment Objective

The Fund invests all or substantially all of its assets in the Master Fund.

The investment objective of the Master Fund is to seek to achieve maximum total return without excessive volatility primarily through equity and fixed income investments which

provide exposure to the Target Markets.

There can be no assurance that the Master Fund will achieve its investment objective and losses may be incurred.

See the Section headed “Investment Objective, Investment Program and Investment Restrictions” below for full details.

Board of Directors

The directors of the Master Fund and the Fund are Mohammed Hanif, Scott Dakers, Evan Burton and Ronald Hall.

Investment Management

The Directors have delegated responsibility for the day to day investment management of the Master Fund’s and the Fund’s portfolio to the Investment Manager.

Administration and Custody

The administrator of the Master Fund and the Fund is Quintillion Limited and the custodians of the Master Fund are Standard Bank and HSBC. See the Section headed “Management and Administration” below for full details.

Offering

Initial applications for subscription for Class Z Shares must be received by the Administrator together with payment for such subscription (inclusive of any subscription charge and other initial fees or costs) in cleared funds prior to 5.00 p.m. (Irish time) on 31 May 2011 or by such earlier or later time and/or date as the Directors may in their discretion determine.

Subscription applications for Class A and Class B Shares and, following the close of the initial offer period, Class Z Shares, may be made as of each Subscription Day at the Net Asset Value per Share of the relevant Class calculated as of the Valuation Day immediately preceding the relevant Subscription Day.

Class A Shares are available for subscription by all Eligible Investors. Class B Shares are only available for subscription by Eligible Investors which are Connected Parties. Class Z Shares are only available for subscription through distributors and, at the sole discretion of the Directors, by other selected Eligible Investors.

Classes A(R) USD and A(R) GBP are closed to subscriptions from new investors. The Directors may however determine to re-open Class A(R) USD Shares and/or Class A(R) GBP Shares to further investors at a later date.

A subscription charge may be assessed, at the discretion of the Directors and on written notice to the subscriber, in connection

with subscriptions for Class A and Class Z Shares. No subscription charge will be assessed in respect of subscriptions for Class B Shares.

Subscriptions for Class Z Shares will give rise to a distribution fee (the “Class Z Distribution Fee”) which will not exceed 6 per cent. of each amount subscribed and will be paid to the Investment Manager to enable it to compensate any financial intermediaries involved in marketing the Class Z Shares. Such Class Z Distribution Fee will be capitalised and amortised in equal instalments over a period of 5 years. This treatment will have the effect of reducing the return of the Class Z Shares for the period of amortisation. The amortisation is shared by the whole of Class Z whenever there is a subscription. This practice is contrary to IFRS but the Directors have deemed it is likely to be immaterial.

Minimum Investment

The minimum initial investment for Shares is \$100,000 or equivalent (net of any bank charges, subscription charge and any other initial fees or costs). Additional investments may be made for any amount.

Redemptions

Shares may generally be redeemed in respect of any Redemption Day on no less than one calendar month’s prior written notice at the Redemption Price.

Redemption proceeds will be paid in cash in the currency of denomination of the relevant Class by electronic transfer at the Shareholder’s risk and expense or, in what the Directors consider to be extraordinary circumstances, in securities or other property, or partly in cash and partly in securities or other property.

See the Section headed “Subscription, Redemption and Transfer of Shares – Redemption of Shares” below for full details.

If Redemption Requests are received in respect of any one Redemption Day for the redemption of Shares representing, when aggregated with redemption or withdrawal requests from the holders of shares or interests in the other Feeder Funds, more than 10 per cent. of the aggregate net asset value of all Feeder Funds (“Aggregate NAV”), the Directors may reduce the Redemption Requests rateably and *pro rata* amongst all Shareholders seeking to redeem Shares in respect of the relevant Redemption Day and carry out only sufficient redemptions which, in aggregate with a *pro rata* reduction in redemption or withdrawal requests from holders of shares and interests in the other Feeder Funds, will amount to 10 per cent.

(or such higher percentage as the Directors may determine at their discretion) of the Aggregate NAV. Where this restriction is applied, Shares which for this reason are not redeemed in respect of any particular Redemption Day will be carried forward for redemption in respect of the next Redemption Day, subject to further deferral in respect of each subsequent Redemption Day on which redemption requests received by the Fund (including any requests deferred from a previous Redemption Day) when aggregated with redemption or withdrawal requests from the holders of shares or interests in the other Feeder Funds (again, including any requests deferred from a previous Redemption Day) exceed 10 per cent. of the Aggregate NAV for that day, but always in priority to Redemption Requests received by the Administrator in respect of any subsequent Redemption Day. Shareholders should be aware that, in the event that they submit a request for the redemption of Shares in respect of any Redemption Day for which redemption requests deferred from one or more previous Redemption Days exceed 10 per cent. of the Aggregate NAV, the Directors have the discretion to defer the entirety of their redemption request until such future Redemption Day as the previously deferred requests have been satisfied in full.

**Class A and Class Z
Redemption Adjustment**

The Directors will impose a redemption adjustment on any redemption of Class A or Class Z Shares made by a Shareholder in respect of a Redemption Day which results in the aggregate number of Class A and/or Class Z Shares redeemed by that Shareholder in the calendar quarter in which such Redemption Day falls exceeding 25 per cent. of that Shareholder's largest historical shareholding in the Fund, by number of Shares held (the "25 per cent. limit"). The redemption adjustment will be equal to 5 per cent. of the redemption proceeds to be paid to the Shareholder in respect of that portion of the Redemption Request which exceeds the 25 per cent. limit and will be deducted prior to the transfer of redemption proceeds to the redeeming Shareholder. The redemption adjustment will be retained for the benefit of the Master Fund but may be waived by the Directors, in whole or in part, in what they consider to be extraordinary circumstances and will be waived in full in respect of any redemption made to exercise a Key Man Right. A redemption adjustment is not charged by the Fund in respect of redemptions of Class B Shares.

Class Z Redemption Fees

In addition to any redemption adjustment that may be applicable, the Directors will impose a redemption fee on any redemption of Class Z Shares made by a Shareholder on a Redemption Day within 5 years of the Subscription Day in respect of which such Class Z Shares were subscribed (the

“Relevant Subscription Day”), as follows:

- (i) redemptions made within one year of the Relevant Subscription Day, 6% of the amount subscribed;
- (ii) redemptions made on or after 1 year of the Relevant Subscription Day but within 2 years of the Relevant Subscription Day, 4.8% of the amount subscribed;
- (iii) redemptions made on or after 2 years of the Relevant Subscription Day but within 3 years of the Relevant Subscription Day, 3.6% of the amount subscribed;
- (iv) redemptions made on or after 3 years of the Relevant Subscription Day but within 4 years of the Relevant Subscription Day, 2.4% of the amount subscribed; and
- (v) redemptions made on or after 4 years of the Relevant Subscription Day but within 5 years of the Relevant Subscription Day, 1.2% of the amount subscribed.

The Class Z Redemption Fee will be deducted prior to the transfer of redemption proceeds to the redeeming Shareholder and will be used to offset unamortised Class Z Distribution Fees.

Key Man Right

In the event that Mohammed Hanif (the “Principal”) becomes disabled, deceased or is otherwise unable or unwilling to devote the majority of his professional efforts to the Investment Manager (“Key Man Loss”), Graham Stock (the “Replacement Principal”), together with a suitably qualified investment professional or professionals nominated by the Directors in consultation with the Investment Manager, will assume the duties previously performed by the Principal in respect of the Investment Manager. The Directors will notify all Shareholders of this as soon as practicable.

In the event that at the time of the Key Man Loss, or at any time thereafter, the Replacement Principal is disabled, deceased or is otherwise unable or unwilling to devote the majority of his professional efforts to the Investment Manager, the Directors will notify all Shareholders of this as soon as practicable. Any Redemption Request submitted during the 45 days after the date on which such notice is deemed to have been given to Shareholders (the “Key Man Notification Date”) pursuant to the Articles (the “Key Man Notice Period”), will be a “Special Redemption Request” and will be given effect to as provided below.

The Directors will use reasonable endeavours to arrange the liquidation of the assets of the Fund in an orderly fashion to give effect to any Special Redemption Requests as of the last Business Day of the first month commencing on or after the 45th day following the end of the Key Man Notice Period (the “Key Man Right”). If the Special Redemption Requests cannot be satisfied in full as of the relevant day without, in the view of the Directors, adversely affecting continuing Shareholders, they will be satisfied to the extent possible on a *pro rata* basis and any portion not so satisfied will be satisfied, to the extent practicable, as of the last Business Day of the next month (and subsequent months as appropriate).

Any Special Redemption Request will otherwise be subject to the redemption terms described in this Offering Memorandum, except where inconsistent with the terms described in the paragraph above (“Key Man Terms”), in which case the Key Man Terms shall apply.

For the avoidance of doubt, Redemption Requests submitted prior to the Key Man Notification Date will be satisfied in accordance with the terms otherwise described in this Offering Memorandum.

The Directors will not apply a redemption adjustment in respect of any Special Redemption Request.

Transfers

Shares may not be transferred without the prior written consent of the Directors. See the Section headed “Subscription, Redemption and Transfer of Shares - Transfer of Shares” below for full details.

Dividends

The Fund may pay dividends or other distributions to Shareholders in the sole and exclusive discretion of the Directors.

It is not currently envisaged that any distributions will be made.

Reporting Classes

The Directors have received approval of each of the Reporting Classes as a “reporting fund” from the Board of HM Revenue and Customs for U.K. tax purposes. In order for each of the Reporting Classes to qualify as a “reporting fund”, the Fund must report 100 per cent. of the Fund’s income (in respect of the Reporting Classes) to Shareholders and U.K. resident Shareholders will be taxable on such reported income whether or not the income is actually distributed.

Fees and Expenses

The Investment Manager receives a monthly Management Fee

in respect of each of the Class A and Class Z Shares, payable in arrears, at an annual rate of (i) 2 per cent. of the Net Asset Value of the Class A Shares, and (ii) 2.25 per cent. of the Net Asset Value of the Class Z Shares. Class B Shares are not charged a Management Fee.

In addition, the Investment Manager receives an Incentive Fee equal to 20 per cent. of any increase in the Net Asset Value per Class A Share and Class Z Share (prior to the deduction of any Incentive Fee) during each Calculation Period (as defined under the heading “Incentive Fee” under “Management and Administration”), subject to a high water mark.

An Equalisation Credit (as defined under the heading “Equalisation Adjustment” under “Subscription, Redemption and Transfer of Shares”) may be payable in order to properly account for the Incentive Fee if Class A Shares or Class Z Shares are subscribed for at a time when the Net Asset Value per Share of the relevant Class is greater than the high water mark for Shares of that Class. If Shares of a relevant Class are subscribed for at a time when the Net Asset Value per Share of that Class is less than the high water mark, the investor will be required to pay an Incentive Fee with respect to any subsequent appreciation in the value of those Shares up to the high water mark. See “Subscription for Shares”.

Class B Shares are not charged an Incentive Fee.

The Administrator’s fees are set out at under “Administration” below. The Custodians’ fees are set out under “Brokerage and Custody” below.

The Fund (either directly or indirectly through its investment in the Master Fund) bears all other costs of its investment program including interest and taxes as well as the professional fees of its Auditor and legal advisers. See the Section headed “Management and Administration – Expenses” below.

There will be no double charging of management, incentive or administration fees.

Risk Factors

An investment in the Fund entails certain risks. Prospective investors should review carefully the discussion under the Section headed “Certain Risk Factors” below.

Reporting

The Fund will furnish to each Shareholder the audited financial statements as of the end of each Financial Year.

Tax

The Fund is not subject to tax in the Cayman Islands (other than registration and annual filing fees) under the current laws

of the Cayman Islands. See the Section headed “Taxation” below, and also see the paragraphs headed “Tax Matters” and “Tax Considerations: Withholding Taxes” in the Section headed “Certain Risk Factors” below.

Prospective investors should consult their own advisors as to the particular tax consequences to them of their proposed investment in the Fund.

Application Procedure

To participate, investors should read carefully and complete the appropriate Subscription Documents.

THE FUND

STRUCTURE

The Fund is an exempted company limited by shares. It was incorporated under the provisions of the Companies Law on 23 October 2007. The location of the Fund's registered office is listed in the Directory. The Fund has been structured as an investment fund to allow its Shareholders to collectively invest in accordance with the investment objectives and strategies set out herein. The Directors will only accept subscriptions for Shares from Eligible Investors and reserve the right to reject any subscriptions.

All or substantially all of the assets of the Fund are invested through a "master-feeder" fund structure in the Master Fund. The Investment Manager is also the investment manager of the Master Fund and is responsible for all investment decisions relating to the Master Fund. The L.P. Fund also invests all or substantially all of its assets in the Master Fund. The Investment Manager also serves as the investment manager of the L.P. Fund.

Additional investment vehicles may be formed in the future, to invest all or substantially all of their assets directly or indirectly in the Master Fund. Any other such investment vehicles will receive and bear a proportionate share of the Master Fund's gains, losses and expenses based on their respective interests in the Master Fund.

REGULATION

The Fund falls within the definition of a "mutual fund" under the Mutual Funds Law and, accordingly, is regulated under the Mutual Funds Law. However, the Fund is not required to be licensed or to employ a licensed mutual fund administrator since the minimum interest purchasable by a prospective investor in the Fund is \$100,000 or the equivalent thereof. Accordingly, the obligations of the Fund are to (i) register the Fund with the Monetary Authority, (ii) file with the Monetary Authority prescribed details of this Offering Memorandum and any changes to it, (iii) file annually with the Monetary Authority a fund annual return, (iv) file annually with the Monetary Authority accounts audited by an approved auditor and (v) pay a prescribed initial registration fee and annual fee (currently \$3,660).

The Fund is subject to the supervision of the Monetary Authority and the Monetary Authority has broad supervisory powers under the Mutual Funds Law in that regard including the power to instruct the Fund to have its accounts audited and to submit them to the Monetary Authority within such time as the Monetary Authority specifies. Failure to comply with any supervisory requirements by the Monetary Authority may result in substantial fines. In addition, the Monetary Authority has wide powers to take action if certain events occur, such as the Fund not being able to meet its obligations when they come due or the Fund carrying on its business in a manner that is prejudicial to its investors or creditors. The powers of the Monetary Authority in these circumstances include the power to require the substitution of a Director and, at the expense of the Fund, to appoint a person to advise the Fund on the proper conduct of its affairs or to appoint a person to assume control of the affairs of the Fund including, but not limited to, having the ability to terminate the business of the Fund. There are other remedies available to

the Monetary Authority including the ability to apply to the courts of the Cayman Islands for approval of other actions or requiring the Fund to reorganise its affairs in a manner specified by the Monetary Authority.

The Master Fund does not currently require registration as a regulated mutual fund under the Mutual Funds Law.

ADDITIONAL INFORMATION

This Offering Memorandum does not purport to be and should not be construed as a complete description of the Memorandum and Articles or the Material Contracts. Before investing in the Fund each prospective investor should examine this Offering Memorandum, the relevant Subscription Documents, the Memorandum and Articles and the Material Contracts and satisfy itself that an investment in the Fund is appropriate. Additionally, and prior to the issue of any Shares, the Fund will make available to each subscriber or his or her representative the opportunity to ask questions of and receive written answers from representatives of the Fund concerning any aspect of the investment and to obtain any additional information, to the extent that the Fund possesses such information or can acquire it without unreasonable effort or expense.

An investment in the Fund may be deemed speculative and is not intended as a complete investment program. It is designed only for experienced and sophisticated persons who are able to bear the risk of the substantial impairment or loss of their investment in the Fund. The attention of investors is drawn to the Section headed “Certain Risk Factors”.

INVESTMENT OBJECTIVE, CLASS STRUCTURE, INVESTMENT PROGRAM AND INVESTMENT RESTRICTIONS

INVESTMENT OBJECTIVE

The Fund invests all or substantially all of its assets in the Master Fund.

The investment objective of the Master Fund is to seek to achieve maximum total return without excessive volatility primarily through equity and fixed income investments which provide exposure to the Target Markets.

There can be no assurance that the Master Fund will achieve its investment objective and losses may be incurred.

CLASS STRUCTURE

The objective is implemented through the following investment classes:

Class	Currency	Management Fee	Incentive Fee	Notes
Class A	Class A USD	2%	20%	Classes A(R) USD and A(R) GBP are currently closed to new investors
	Class A(R) USD			
	Class A GBP			
	Class A(R) GBP			
	Class A (rep) GBP			
	Class A EUR			
	Class A ZAR			
	Class A JPY			
Class B	Class B USD	N/A	N/A	Class B Shares are only available to Connected Parties
	Class B GBP			
	Class B (rep) GBP			
	Class B EUR			
	Class B ZAR			
	Class B JPY			
Class Z	Class Z EUR	2.25%	20%	Class Z Shares are only available for subscription through distributors and, at the sole discretion of the Directors, by other selected Eligible Investors.
	Class Z GBP			

All or substantially all of the assets attributable to each Class of the Fund are invested in the corresponding class of the Master Fund. The base currency of the Master Fund is the U.S. Dollar. As the classes of the Master Fund are denominated in different currencies, the Master Fund may engage in foreign exchange hedging transactions for each class. Foreign exchange transactions with respect to the U.S. Dollar-denominated classes may be undertaken with a view to enhancing or protecting the U.S. Dollar value, and similarly with respect to each of the Sterling, Euro, Rand and Yen classes. The profits and losses from the Master Fund's currency hedging activities,

together with the execution costs and “slippage” associated therewith, will be borne by the Master Fund and allocated among the classes *pro rata* to the Net Asset Value of each class, to the extent not attributable to a specific class or classes. In addition, Trade Errors (to the extent borne by the Master Fund) will be allocated *pro rata* across all classes. Accordingly, each Class of the Fund will bear its *pro rata* share of these profits and losses to the extent not directly attributable to a specific Class or Classes.

INVESTMENT PROGRAM

The Master Fund may invest in equity and equity-related securities, debt securities (of both government and private sector issuers), options, futures, commodities, currencies, swaps and other financial instruments of any type which exist now or are hereafter created. The Master Fund’s portfolio holdings may be denominated in U.S. Dollars or non-U.S. currencies. The Master Fund seeks to achieve total returns mainly through capital appreciation with incidental current income.

In managing the Master Fund, the Investment Manager seeks to capitalise on valuation changes of various asset classes due to improving or deteriorating company fundamentals, corporate, political or economic events, relative values and other factors. The Investment Manager believes that the Target Markets could be key beneficiaries of world economic growth and global demand for commodities and that this has created a series of investment opportunities. The Investment Manager endeavours to exploit these opportunities and will endeavour to monitor developments in global markets to seek to identify catalysts for asset price movements, changes in market conditions and changes in sentiment of market participants.

The Investment Manager employs an opportunistic, multi-strategy approach in managing the Master Fund’s portfolio. The Investment Manager believes that this approach will assist it in adjusting the Master Fund’s portfolio to potentially changing market conditions and in taking advantage of profit opportunities that may arise. The Master Fund’s investment strategies may include, but are not limited to, directional, relative value and event-driven strategies. A directional strategy is one in which the Master Fund will hold long or short positions in particular markets or individual securities based on the Investment Manager’s predictions of the direction of such markets or securities. Relative value strategies are ones in which the Investment Manager seeks to take advantage of a perceived mispricing of companies within a sector, securities within a capital structure or securities with similar underlying economic interests. Examples of relative value strategies include capital structure arbitrage, convertible arbitrage, equities pairs trading, fixed income arbitrage and volatility arbitrage. In event-driven strategies, the timing and outcome of a corporate event drives returns, rather than the direction of a market or the fortunes of a company. Examples include merger arbitrage, corporate reorganisations, spinoffs, and distressed securities or other parts of the capital structure emerging from a bankruptcy.

The Investment Manager may, but is not required to (unless otherwise instructed by the RAIM Board) diversify the Master Fund’s portfolio investments among numerous countries depending on, among other factors, market conditions, economic factors and growth differentials. The Investment Manager will seek to avoid excessive concentration in any single issuer, sector or country, as monitored by the RAIM Board.

The Master Fund is not required to hold any investment for a minimum period of time and will acquire trading and investment positions based upon anticipated short term to long term

appreciation potential. It is anticipated that the Master Fund's portfolio will be actively managed by the Investment Manager and that investments may often be held for periods of considerably less than one year when active trading is believed to be in the best interests of the Master Fund and consistent with its investment objective. Indeed, the Master Fund's activities may include intra-day trading.

The Master Fund may also make investments through one or more special purpose entities, each a subsidiary of the Master Fund.

Portfolio Investments

The Master Fund's portfolio investments may include the following:

Equity and Equity-Related Securities. Equity and equity-related securities (which may be denominated in any currency) include common stock, preferred stock, securities convertible into or exchangeable for common or preferred stock, depository instruments (including American depository receipts, American depository shares, European depository receipts, global depository receipts and similar instruments), equity investments in limited partnerships, joint ventures and other forms of non-corporate investment (so long as the entity is organised as a limited liability vehicle) and warrants, options and rights that are exercisable for any of the foregoing.

Public and Private Sector Debt Securities. Public and private sector debt securities include listed and unlisted government and private sector obligations that may be denominated in any currency and may include floating rate obligations indexed to various other interest rates, commodity values or indices and may also include convertible commercial paper, lease-related instruments and money market instruments. The Investment Manager expects to invest a portion of the Master Fund's assets in debt securities issued by Target Market governments, their agencies, branches or central banks and Brady bonds. Brady bonds are debt securities issued in exchange for outstanding commercial bank loans to Target Market public and private entities in connection with debt restructurings.

Loans and Loan Participations. The Master Fund may invest in existing loans by purchasing loans from existing lenders. Such loans may be fixed or floating rate loans arranged with borrowers in emerging markets. The Master Fund will not originate any loans.

The Master Fund may also invest in loan participations. A loan participation represents the right to receive from a lender a fixed percentage of principal and interest payments (and, in some circumstances, fees) on a loan, but, generally, does not represent a direct loan to the underlying borrower. A loan participation is a contractual right sold by a lender to a participant; as a result, the participant has neither a creditor nor a contractual relationship with the borrower. In addition, a participant in a syndicated loan typically does not have voting rights, which are retained by the lender. The right of the Master Fund to receive a given percentage of payments of principal and interest pursuant to a loan participation is contingent upon the receipt by the lender of underlying payments from the borrower. Consequently, by purchasing a loan participation, the Master Fund assumes the credit risk of both the borrower and, secondarily, the lender that is selling the participation. In the event of default by the underlying borrower, the purchaser of a loan participation has no rights against such borrower, and must rely upon the lender to enforce its rights in collateral and security, if any, and to collect principal and interest. Similarly, the rights

of a loan participant may be severely restricted in the event of a restructuring or a re-negotiation of the underlying loan.

Indirect Investments. In order to facilitate indirect investment in certain Target Markets, a qualified investor, such as a bank, may enter into an arrangement pursuant to which assets of certain investors, such as the Master Fund, are pledged to the qualified investor in return for contractual repayment rights designed to mirror the performance of identified securities in the related Target Markets country or other market. The Master Fund may pledge its assets in order to enter into such arrangements in one or more Target Markets.

Closed-End Investment Companies. The Master Fund may invest in the securities of closed-end investment companies that invest in the securities of companies that invest in or have substantial operations in the Target Markets. Shares of certain closed-end investment companies may at times be acquired only at market prices representing premiums to their net asset values. Investment in shares of closed-end investment companies will involve duplication of fees, in that if the Master Fund acquires shares in closed-end investment companies, Shareholders bear both their proportionate share of expenses in the Master Fund (including management and incentive fees) and, indirectly, the expenses of such closed-end investment companies.

The Master Fund may create or co-sponsor investment entities under the laws of other countries.

Options, Swaps and other Derivative Instruments. The Master Fund may purchase listed or unlisted call or put options (including derivative or “synthetic” financial instruments) to complement or substitute for long or short positions in securities. Options offer an investor the right to buy (call) or sell (put) a specific security or basket of securities, commodities, indices or other underlyings for a specified period of time and at a pre-determined price, in exchange for payment of a premium to the writer of the option. Thus, the buyer (or holder) of the option is able to obtain significant purchasing power, and be at risk only for loss of the premium if the buyer elects not to exercise the option. The Master Fund also may write call or put options, mainly for the purposes of hedging the Master Fund’s existing portfolio.

The Master Fund may invest in swaps, swaptions and other “synthetic” or derivative instruments. A swap is a contract which provides that the parties agree to make periodic payments to each other based upon specified interest rates, an index or the value of some other instrument applied to a stated (or “notional”) amount. Swaps can generally be classified as interest rate swaps, currency swaps, commodity swaps, asset swaps, credit default swaps or equity swaps, depending on the type of index or instrument used to calculate the payments. A swaption is an option that gives one party the right to enter into a swap agreement with the other party. In addition to swaps and swaptions, the Master Fund may become a party to various other customised “synthetic” or derivative instruments pursuant to which the parties are entitled to certain payments on the gain or loss in the value of an underlying or referenced instrument.

Unlisted Equities The Master Fund may invest directly or indirectly in equities which are not listed on any stock exchange.

Investment Funds The Master Fund may invest directly or indirectly in open-ended professionally managed investment vehicles and managed accounts, including Connected Funds, which may be listed or unlisted and which may include regulated and unregulated collective investment schemes, investment companies, investment trusts and limited partnerships (together

the “Underlying Funds”). The Master Fund (and, indirectly, the Fund) will bear its *pro rata* share of the fees and expenses payable by any Underlying Fund in which it invests. Where the Master Fund invests in a Connected Fund, there will be no double charging of management or incentive fees.

Money Market Instruments. The Master Fund may purchase certificates of deposit treasuries, commercial paper and other money market instruments.

Illiquid Investments. The Master Fund may invest in Illiquid Investments. There can be no assurance that there will be a market for the Master Fund’s holdings when the Investment Manager believes it appropriate to dispose of them.

Leverage

The Master Fund may employ leverage such that its total exposure does not exceed 200 per cent. of its Net Asset Value.

The periodic reports prepared by the Investment Manager for Shareholders will include a statement as to the amount of leverage used by the Master Fund during the previous reporting period.

Hedging

The Master Fund may employ a variety of investment techniques to hedge against market and currency risks, although at certain times suitable hedging instruments may not be available with respect to certain Target Market investments or currencies on a timely basis or on acceptable terms. Furthermore, even if hedging instruments are available, the Investment Manager does not expect that the Master Fund will always engage in hedging activities. No assurance can be given that any such transaction will fully hedge the intended portion of the Master Fund’s market or currency loss exposure.

Investment Flexibility

The Master Fund has broad and flexible investment authority and may implement and employ any strategies or techniques (whether or not listed above) that the Investment Manager believes will help achieve the Master Fund’s investment objective. Accordingly, the Master Fund’s investments may at any time include, without limitation, long or short positions in publicly-traded or privately-placed (or restricted) common stocks, preferred stocks, stock warrants and rights, sovereign debt, corporate debt, bonds, notes or other debentures, debt participations or trade claims, repurchase agreements, convertible securities, partnership interests, currencies, commodities, forward contracts, futures contracts, options (including options written by the Master Fund), swaps and other securities or financial instruments of any and all types including those of investment companies, including, without limitation, Connected Funds. The Master Fund also may invest in cash or cash equivalents for cash management purposes or if the Investment Manager believes there are not sufficient opportunities in other investments.

No Investment in “New Issues”

The Master Fund does not invest in New Issues.

The investment program summarised herein represents the Investment Manager’s current intentions. Depending on conditions and trends in the securities markets and the economy in general, the Investment Manager may pursue any strategies, employ any investment techniques or purchase any type of security or asset that it considers appropriate to achieve the investment objective of the Master Fund, whether or not described in this section, subject to any applicable law or regulation. The discussion herein includes and is based upon numerous assumptions and opinions of the Investment Manager concerning world financial markets and other matters, the accuracy of which cannot be assured. There can be no assurance that the investment program of the Master Fund will achieve the intended investment objective. The investment program of the Master Fund is speculative and involves a high degree of risk, including without limitation the risk of loss of the entire amount invested.

INVESTMENT RESTRICTIONS

It is envisaged that unlisted equities will not constitute more than 15 per cent. of the assets of the Master Fund at any time and that the Master Fund will not hold any positions in private equity transactions. The Master Fund’s investment in Illiquid Investments will not exceed 75 per cent. of its Net Asset Value (measured at the time of investment).

In addition, the Master Fund will seek to restrict short sales of securities to where there is sufficient market depth, but may engage in short selling opportunistically and more frequently as markets develop in the Target Markets.

The Investment Manager will manage the Master Fund’s portfolio in accordance with the parameters and portfolio constraints notified to the Investment Manager by the RAIM Board. These parameters and portfolio constraints are subject to periodic adjustments at the discretion of the RAIM Board. Further information in relation to the role of the RAIM Board is set out under “Risk Advisory and Investment Management Board” below.

DISTRIBUTION POLICY

The Fund may pay dividends or other distributions to Shareholders in the sole and exclusive discretion of the Directors.

Notwithstanding the above, it is not currently envisaged that any capital gains derived from the investments of the Fund will be distributed by way of dividend. This does not preclude the Directors from declaring such a dividend at any time in the future if they consider it appropriate to do so.

In all cases, to the extent that a dividend may be declared, it will be paid in compliance with any applicable laws.

REPORTING CLASSES

The Directors have received approval of each of the Reporting Classes as a “reporting fund” from the Board of HM Revenue and Customs for U.K. tax purposes. In order for each of the Reporting Classes to qualify as a “reporting fund”, the Fund must report 100 per cent. of the Fund’s income (in respect of the Reporting Classes) to Shareholders and holders of Shares in the Reporting Classes which are resident in the U.K. will be taxable on such reported income whether or not the income is actually distributed.

CERTAIN RISK FACTORS

An investment in the Fund entails substantial risks, both general and specific to the investment objective and program. These risks include, but are not limited to, those listed below and prospective investors should carefully consider the following factors, among others, in determining whether an investment in the Fund is suitable for them. Reference herein to the risk factors of the Master Fund refers also to the risk factors of the Fund.

A. GENERAL RISKS

Absence of Regulatory Oversight - Registration under the Mutual Funds Law does not involve a detailed examination of the merits of the Fund or substantive supervision of the investment performance of the Fund by the Cayman Islands government or the Monetary Authority. There is no financial obligation or compensation scheme imposed on or by the government of the Cayman Islands in favour of or available to the investors in the Fund. The Fund is not required to, and does not intend to, register under the laws of any other jurisdiction, and, accordingly, the provisions of statutes of certain jurisdiction (which may provide certain regulatory safeguards to investors) are not applicable.

AIFM Directive - On 11 November 2010, the European Parliament adopted a proposal for a Directive on Alternative Investment Fund Managers (the “AIFM Directive”) to regulate “managers of alternative investment funds” or “AIFM” (as these terms are defined in the AIFM Directive). It is anticipated that the official text of the AIFM Directive will be published in 2011. Member states of the EU will be required to implement the AIFM Directive into national legislation within two years of its publication. Under the terms of the AIFM Directive, if the Investment Manager is designated as the “EU AIFM” (as that term is defined in the AIFM Directive) of the Master Fund and the Fund, or the Fund designates itself or a third party as a “non-EU AIFM” (as defined in the AIFM Directive), and the Shares are marketed within the EU, the entity designated as the “AIFM” will be required to procure that the Master Fund and the Fund comply with certain restrictions and/or meet certain conditions which may include, depending upon the structure adopted by the Master Fund and the Fund and the marketing activities undertaken with respect to the Fund, restrictions and/or conditions as to their liquidity profile and redemption policy and use of leverage, transparency, the appointment of a depositary and disclosure obligations concerning the acquisition of major holdings and control of unlisted companies. Such restrictions and/or conditions may result in the restructuring of the Fund, the Master Fund and/or their respective relationships with service providers and are likely to increase the on-going costs borne, directly or indirectly, by the Fund.

Auditor’s Limitation of Liability - The Auditor, in accordance with current Cayman Islands practice, has severely limited its liability under the terms of its engagement, which will limit the Fund’s and the Master Fund’s rights of possible recourse against the Auditor.

Business and Regulatory Risks of Hedge Funds and Investment Managers - Legal, tax and regulatory changes could occur during the term of the Fund and the Master Fund that may adversely affect the Fund. The regulatory environment for hedge funds and investment managers is evolving, and changes in the regulation of hedge funds and investment managers may

adversely affect the value of investments held by the Master Fund and the ability of the Master Fund to obtain the leverage it might otherwise obtain or to pursue its trading strategies. In addition, securities and futures markets are subject to comprehensive statutes, regulations and margin requirements. Regulators and self-regulatory organisations and exchanges are authorised to take extraordinary actions in the event of market emergencies. The regulation of derivative transactions and funds that engage in such transactions is an evolving area of law and is subject to modification by government and judicial actions. The effect of any future regulatory change on the Fund or Investment Manager could be substantial and adverse.

Compensation to the Investment Manager; Conflicts of Interest - This offering contemplates the payment of compensation and reimbursement to the Investment Manager and the possibility of conflicts of interest in certain circumstances. None of the Investment Manager, its affiliates or its associated persons will be required to devote all of their time to the affairs of the Master Fund or the Fund. The Investment Manager may manage other client accounts, including other funds like the Master Fund or the Fund which compete for what may in some cases be limited investment opportunities.

Cross Class Liability - The Fund has multiple Classes and further Classes may be created in the future. However, the Fund will be treated as a single entity. Thus all of the assets of the Fund may be available to meet all of the liabilities of the Fund, regardless of the separate Classes to which such assets or liabilities are attributable. In practice, cross class liability will usually only arise where any Class becomes insolvent or exhausts its assets and is unable to meet all of its liabilities. In this case, all of the assets of the Fund attributable to the other Classes may be applied to cover the liabilities of the insolvent Class.

Dependence on Key Personnel - The Fund's investment and operational activities depend upon the experience and expertise of Mohammed Hanif and Graham Stock and the loss of their services could have a material adverse effect on the Fund's operations.

Directors are Associated with Service Providers - Mohammed Hanif is a Director as well as the principal and an indirect shareholder of the Investment Manager and has a beneficial interest in the Management Shares and the shares of the Master Fund. Ronald Hall is a Director as well as a director and an indirect shareholder of the Investment Manager and has an interest in the Management Shares and the shares of the Master Fund. Accordingly, Messrs. Hanif and Hall may have conflicts of interest in this regard. Scott Dakers and Evan Burton are employees of Ogier Fiduciary Services (Cayman) Limited and are to be regarded as interested in any contract or other arrangement with Ogier Fiduciary Services (Cayman) Limited or any affiliate. The duties of the Directors to the Fund and the Master Fund may compete with or be different from the interests of the Fund's and the Master Fund's service providers. Only the Directors may terminate the services of any service provider. The Directors will at all times have regard to their obligations to act in the best interests of the Fund and the Master Fund. The Directors will seek to ensure that any conflict of interest is resolved fairly and in the interests of the Fund and the Master Fund.

Incentive Fee - The Investment Manager, in addition to its Management Fee, is entitled to an Incentive Fee in respect of the Class A and Class Z Shares. This provision, based as it is on performance rather than strictly on the amount of capital under management, could have the effect of creating an incentive for the Investment Manager to make investments that are riskier or more speculative than would be the case in the absence of performance based compensation.

Since the Incentive Fee is calculated on a basis which includes unrealised appreciation of assets, such fee may be greater than if it were based solely on realised gains.

In-Kind Distributions - A redeeming Shareholder may, at the discretion of the Directors, in what they consider to be extraordinary circumstances, receive securities or other property owned by the Fund in lieu of, or in combination with, cash. The value of securities or other property distributed may increase or decrease before the securities or other property can be sold, and the investor will incur transaction costs in connection with the sale of such securities or other property. Additionally, securities and other property distributed with respect to a redemption by a Shareholder may not be readily marketable. The risk of loss and delay in liquidating these securities or other property will be borne by the investor, with the result that such investor may receive less cash than it would have received on the date of redemption.

International Financial Reporting Standards - The financial statements of the Master Fund and the Fund will be prepared in accordance with IFRS which does not permit the amortisation of organisational costs. Notwithstanding this, the Master Fund is amortising its organisational costs and those of the Fund over a period of three years from inception.

In calculating the net asset value of the Master Fund from which the Net Asset Value of the Fund is derived, assets held by the Master Fund which are difficult or subjective to value will be valued using a methodology that the Directors consider to be the most appropriate representation of fair value. If this value is different from the value determined in accordance with IFRS for the purpose of preparing the Master Fund's and the Fund's financial statements, this will result in a discrepancy between the published Net Asset Value and the Net Asset Value disclosed in the Fund's financial statements. Any such discrepancy would be disclosed as appropriate in the financial statements.

Limited Operating History - The Fund and the Master Fund commenced operations in June 2008 and hence there is a limited operating history for prospective investors to evaluate prior to making an investment in the Fund. Although the principals of the Investment Manager have extensive prior experience in investing in the Target Markets, the Investment Manager was founded in 2007 and has a limited history of managing funds. The investment program of the Fund and the Master Fund should be evaluated on the basis that there can be no assurance that the Investment Manager's assessment of the short-term or long-term prospects of its investment strategy will prove accurate, or that the Master Fund will achieve its investment objective.

Limited Rights of Shareholders - Shareholders will have no right to participate in the day to day operations of the Fund and will not be entitled to receive notice of, nor attend or vote at, general meetings of the Fund other than general meetings to vote upon a variation of the rights of the Shares. Consequently, Shareholders will not have any control over the management of the Fund or the appointment and removal of its Directors and service providers. The holders of the Management Shares control all of the voting interests in the Fund, except on proposals to vary the rights of the Shares, and may make such changes to the Memorandum and the Articles as they deem appropriate, including increasing the share capital, consolidating the Shares and subdividing the Shares. Accordingly, only the holders of the Management Shares can appoint and remove Directors and only the Directors may terminate the services of the Investment Manager, the Administrator and other agents of the Fund. An investment in the Fund should be regarded as a passive investment.

Possible Effect of Substantial Redemptions - In the event that there are substantial redemptions of Shares on any Redemption Day, the Master Fund may be required to liquidate positions at an inappropriate time, or on unfavourable terms, in order to raise sufficient funds to meet redemption payments, which will affect the Net Asset Value of both the Shares being redeemed and the outstanding Shares. Following a substantial redemption, it may be more difficult for the Master Fund (and, indirectly, the Fund) to generate the same level of profits operating on a smaller capital base. The Directors believe that the effects of substantial redemptions will be mitigated by the redemption adjustment payable to the Fund in respect of redemptions of Class A and Class Z Shares.

Restrictions on Transfer and Redemptions – Shareholders are subject to significant restrictions on transfers and redemptions. An investment in the Fund provides limited liquidity since there is no active secondary market for the Shares. In addition, the Fund pursues a long-term investment program.

Side Letters - The Fund may enter into agreements with certain prospective or existing Shareholders whereby such Shareholders may be subject to terms and conditions that are more advantageous than those set forth in this Offering Memorandum.

Structured Product Demand - The Fund may be attractive to structured product providers. Such providers may not apply the same investment criteria as other investors when deciding whether to purchase or sell investments in the Fund and certain features of those structured products, such as fixed maturity dates, may cause such providers to dispose of all or a significant portion of their investments at certain times, which will result in the liquidation of assets and may be detrimental to other investors (although the Directors believe that effects of such redemptions will be mitigated by the imposition of the redemption adjustment payable to the Fund in respect of redemptions of Class A and Class Z Shares).

Taxation of Dividends/Deemed Dividends - For the Reporting Classes, the Fund will not ordinarily, but may at the Directors' discretion, pay dividends to Shareholders. However, so far as dividends are paid, Shareholders should note that the Fund does not intend to operate dividend equalisation in respect of any Class of Share. Accordingly, Shareholders could receive a greater or lesser share of dividend income than anticipated in certain circumstances such as when, respectively, Class size is shrinking or expanding prior to the payment of a dividend. It should also be noted that to the extent actual dividends are not declared in relation to all income of a Reporting Class for a period, under the current reporting fund rules, further reportable income is to be attributed only to those Shareholders who remain as Shareholders at the end of the relevant accounting period. This could have the effect of increasing the proportion of income (rather than capital gains) tax paid by a Shareholder subject to U.K. taxation. However under new regulations, effective 27 May 2011, a reporting fund may elect to operate dividend equalisation or to make income adjustments, which should minimise this effect. The Directors reserve the right to make such an election in respect of any Reporting Class.

Valuation of the Master Fund's Investments - Valuation of the Master Fund's Investments may involve uncertainties and judgmental determinations and if such valuations should prove to be incorrect, the Net Asset Value could be adversely affected. Independent pricing information may not at times be available regarding certain of the Master Fund's Investments. In this situation

and generally, security pricing services may also be provided by entities which are related to the Investment Manager, however such services will be provided on a commercial arms-length basis and with appropriate “Chinese Wall” arrangements in place between the Investment Manager and such provider of pricing services. In all cases, valuation determinations will be made in good faith in accordance with the Offering Memorandum and the valuation policy of the Master Fund.

The Master Fund may have some of its assets in investments which are difficult to accurately value because they do not trade on an active or visible market and for which independent realisable valuations are either not available or not reliable, either due to the nature of the underlying investment, the size of the investment relative to traded market volumes, or both. Such investments may be valued at cost for a period of time, being the most appropriate representation of fair value, or using other valuation techniques designed to determine fair value.

To the extent that the value assigned by the Master Fund to any such investment differs from the actual value, the Net Asset Value per Share may be understated or overstated, as the case may be. In light of the foregoing, there is a risk that a Shareholder who redeems all or part of its Shares while the Master Fund holds such investments will be paid an amount less than it would otherwise be paid if the actual value of such investments is higher than the value designated by the Master Fund. Similarly, there is a risk that such Shareholder might, in effect, be overpaid if the actual value of such investments is lower than the value designated by the Master Fund. In addition, there is a risk that an investment in the Fund by a new Shareholder (or an additional investment by an existing Shareholder) could dilute the value of such investments for the other Shareholders if the actual value of such investments is higher than the value designated by the Master Fund. Further, there is a risk that a new Shareholder (or an existing Shareholder that makes an additional investment) could pay more than it might otherwise if the actual value of such investments is lower than the value designated by the Master Fund.

B. INVESTMENT RISKS

Concentration of Investments – Although the Investment Manager intends to follow a general policy of diversifying the capital of the Master Fund, the Master Fund may at certain times hold a few relatively large (in relation to its capital) positions with the result that a loss in any position could have a material adverse impact on the Master Fund (and, indirectly, the Fund). The Investment Manager believes this risk is mitigated by the parameters and portfolio constraints imposed and monitored by the RAIM Board.

Counterparty and Settlement Risk - Due to the nature of some of the investments which the Master Fund may make, it may rely on the ability of the counterparty to a transaction to perform its obligations, including, without limitation, where securities are acquired by the Master Fund otherwise than on a delivery versus payment basis. In the event that any such party fails to complete its obligations for any reason, the Master Fund (and, indirectly, the Fund) may suffer losses. The Master Fund (and, indirectly, the Fund) will therefore be exposed to a credit risk on the counterparties with which it trades. It will also bear the risk of settlement default by clearing houses and exchanges. Any default by a counterparty or on settlement could have a material adverse effect on the Fund.

Currency Risk - The Master Fund may invest in securities denominated in different currencies, and the value of these securities may be affected favourably or unfavourably by subsequent

changes in currency exchange rates and exchange control regulations. Currency exchange rates may fluctuate significantly over short periods of time. Among the factors that may affect currency values are trade balances, the level of short-term interest rates, differences in relative values of similar assets in different currencies, long-term opportunities for investment, and political developments. The Master Fund is permitted, but is not required, to engage in currency exchange transactions (using spot, forward, futures or options contracts) to protect against adverse changes in currency exchange rates, and it is possible that such transactions could be unsuccessful or increase the effect of an adverse change.

Furthermore, the Master Fund may incur costs in connection with conversions between various currencies. Currency exchange dealers realise a profit based on the difference between the prices at which they are buying and selling various currencies. Thus, a dealer will normally offer to sell a currency to a buyer at one rate, while offering a lesser rate of exchange should the buyer desire immediately to resell that currency to the dealer. The Master Fund will normally conduct its currency exchange transactions either on a spot (i.e. cash) basis at the spot rate prevailing in the currency exchange market, or through entering into forward or options contracts to purchase or sell currencies. It is anticipated that most of these currency exchange transactions will occur at the time securities are purchased and will be executed through a local broker or custodian acting for the Master Fund.

Exchange-Traded Futures Contracts and Options on Futures Contracts - The Master Fund may invest in futures and related options to the extent that all necessary CFTC registrations or exemptions have been obtained. Such registrations or exemptions would not include review or approval by the CFTC of any offering memorandum or the trading strategies of the Master Fund. The Master Fund's use of futures contracts and options on futures contracts will present the same types of volatility and leverage risks associated with transactions in OTC derivative instruments (see below). In addition, such transactions present a number of risks which might not be associated with the purchase and sale of other types of investment products.

Prior to exercise or expiration, a futures or option position can be terminated only by entering into an off-setting transaction. There can be no assurance that an off-setting transaction will be available for any particular contract at any point in time. In that event, it might not be possible to establish or liquidate a position.

The Master Fund's ability to utilise futures or options on futures to hedge its exposure to certain positions or as a surrogate for investments in instruments or markets will depend on the degree of correlation between the value of the instrument or market being hedged, or to which exposure is sought and the value of the futures or option contract. Because the instrument underlying a futures contract or option traded by the Master Fund will often be different from the instrument or market being hedged or to which exposure is sought, the correlation risk could be significant and could result in substantial losses to the Master Fund (and, indirectly, the Fund). The use of futures and options involves the risk that changes in the value of the underlying instrument will not be fully reflected in the value of the futures contract or option.

The liquidity of a secondary market in futures contracts and options on futures contracts is also subject to the risk of trading halts, suspensions, exchange or clearing house equipment failures, government intervention, insolvency of a brokerage firm, clearing house or exchange or other disruptions of normal trading activity.

Forward Trading - Forward contracts and options thereon, unlike the futures contracts, are not traded on exchanges and are not standardised. Rather, banks and dealers act as principals in these markets, negotiating each transaction on an individual basis. Forward and “cash” trading is substantially unregulated; there is no limitation on daily price movements and speculative position limits are not applicable. The principals who deal in the forward market are not required to continue to make markets in the currencies or commodities they trade and these markets can experience periods of illiquidity, sometimes of significant duration. Disruptions can occur in any market traded by the Master Fund due to unusual trading volume, political intervention or other factors. The imposition of controls by government authorities might also limit such forward (and futures) trading to less than that which the Investment Manager would otherwise recommend, to the possible detriment of the Master Fund. In respect of such trading, the Master Fund is subject to the risk of counterparty failure or the inability or refusal by a counterparty to perform with respect to such contracts. Market illiquidity or disruption could result in major losses to the Master Fund (and indirectly, the Fund).

Governmental Intervention in Financial Markets - Governmental intervention (as well as other factors) may cause any of the markets in which the Investment Manager trades, to move rapidly in the same or varying directions which may result in sudden and significant losses.

Hedging transactions - The Master Fund may utilise financial instruments such as, *inter alia*, forward contracts, futures contracts, currency options, caps, floors, swaptions, credit default swaps and other derivative instruments to seek to hedge against fluctuations in the relative values of the Master Fund’s portfolio positions as a result of changes in, for example, currency exchange rates, market interest rates, the credit risk of underlying debt issuers, or other factors. Hedging against a decline in the value of portfolio positions does not eliminate the fluctuations in the values of portfolio positions nor prevent losses if the value of such positions decline, but establishes other positions designed to gain from those same developments, thus moderating the decline in the positions’ value. Such hedge transactions also limit the opportunity for gain if the value of the portfolio position should increase. Moreover, it may not be possible for the Master Fund to hedge against a particular risk that is so generally anticipated the Master Fund is not able to enter into a hedging transaction at a price sufficient to protect the Master Fund from the decline in value of the portfolio position anticipated as a result of such a fluctuation.

While the Master Fund may enter into such transactions to seek to reduce certain market risks, unanticipated changes in markets may result in a poorer overall performance of the Master Fund (and, indirectly, the Fund). For a variety of reasons, the Investment Manager may not seek to establish (or may not otherwise obtain) a perfect correlation between such hedging instruments and the portfolio holdings being hedged. Such imperfect correlation may prevent the Master Fund from achieving the intended hedge or expose the Master Fund (and, indirectly, the Fund) to loss.

Leverage, Interest Rates and Margin – Subject to the terms of this Offering Memorandum, the Master Fund may borrow funds from brokerage firms and banks in order to increase the amount of capital available for investment and to meet redemptions. Consequently, the level of interest rates at which the Master Fund can borrow will affect the operating results of the Master Fund. In addition, the Master Fund may in effect borrow funds through entry into repurchase agreements and may “leverage” its investment returns with structured products.

The Master Fund's possible use of borrowing results in certain additional risks. For example, should the securities pledged to brokers to secure the Master Fund margin accounts decline in value, the Master Fund could be subject to a "margin call" and need to deposit additional funds 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 the Master Fund's assets, the Master Fund might not be able to liquidate assets quickly enough to pay off its margin debt. In addition, leveraged investment increases the loss to investors of any depreciation in value of investments (while potentially increasing any gains from appreciation). In the futures markets, margin deposits are typically low. Low margin deposits mean that a relatively small price movement in a futures contract may result in immediate and substantial realised losses. For example, if at the time of purchase 10 per cent. of the price of the futures contract is deposited as margin, a 10 per cent. decrease in the price of the futures contract would, if the contract is then closed out, result in a total loss of the margin deposit before any deduction for the brokerage commission.

Depending on market conditions, from time to time leverage, borrowing and margin may not be available to the Master Fund or may not be available to the Master Fund at a price the Master Fund is willing to pay.

No Established Rating Criteria - No rating criteria have been established for the debt securities in which the Master Fund may invest. The Master Fund may invest in low rated (considered to be those that are below "investment grade") and unrated debt securities. Low rated and unrated debt securities are the equivalent of high yield, high risk bonds, commonly known as "junk bonds" and are generally considered to be speculative with respect to the issuer's capacity to pay interest and repay principal in accordance with the terms of its obligations under such securities.

Operating Deficits - The expenses of operating the Master Fund may exceed its income, thereby requiring that the difference be paid from capital of the Master Fund and thereby reducing the funds which would otherwise be available for investment.

OTC Derivative Instrument Transactions - The Master Fund may invest a portion of its assets in derivative investments which are not traded on organised exchanges and as such are not standardised. Such transactions are known as over-the-counter or "OTC" transactions and may include forward contracts, options, swaps or other derivatives. Whilst some OTC markets are highly liquid, transactions in OTC derivatives may involve greater risk than investing in exchange traded derivatives because there is no exchange market on which to close out an open position. It may be impossible to liquidate an existing position, to assess the value of the position arising from an off-exchange transaction or to assess the exposure to risk. Bid and offer prices need not be quoted and, even where they are, they will be established by dealers in these instruments and consequently it may be difficult to establish what is a fair price. In respect of such trading, the Master Fund is subject to the risk of counterparty failure or the inability or refusal by a counterparty to perform with respect to such contracts or redeliver cash or securities delivered by the Master Fund to support such contracts. Market illiquidity or disruption could result in major losses to the Master Fund.

The instruments, indices and rates underlying derivative transactions expected to be entered into by the Master Fund may be extremely volatile in the sense that they are subject to sudden fluctuations of varying magnitude, and may be influenced by, among other things, government trade, financial, monetary and exchange control programs and policies, national and international

political and economic events and changes in interest rates. The volatility of such instruments, indices or rates, which may render it difficult or impossible to predict or anticipate fluctuations in the value of instruments traded by the Master Fund, could result in losses.

Overall Investment Risk - All investments risk the loss of capital. The nature of the securities to be purchased and traded by the Master Fund and the investment techniques and strategies to be employed in an effort to increase profits may increase this risk. While the Investment Manager will use all reasonable efforts effectively to manage the Master Fund's portfolio, there can be no assurance that the Master Fund and the Fund will not incur losses. Many unforeseeable events, including actions by various government agencies, and domestic and international political events, may cause sharp market fluctuations.

In addition, the activity of identifying, completing and realising attractive investments involves a high degree of uncertainty. There can be no assurance that the Investment Manager will be able to locate and complete investments which satisfy the Master Fund's investment objective or realise their values or that the Master Fund will be able to invest fully its subscribed capital in a manner consistent with its investment strategy.

Risks of Execution of Investment Strategies - The Master Fund will invest in a number of securities and obligations that entail substantial inherent risks. Although the Master Fund will attempt to manage those risks through careful research, ongoing monitoring of investments and appropriate hedging techniques, there can be no assurance that the securities and other instruments purchased by the Master Fund will in fact increase in value or that the Master Fund (and, indirectly, the Fund) will not incur significant losses.

Risks of Global Investing - The Master Fund invests in various capital markets throughout the world. As a result, the Master Fund is subject to risks relating to (i) currency exchange matters, including fluctuations in the rate of exchange between the base currency of the Master Fund and the various other currencies in which the Master Fund's investments may be denominated, and costs associated with conversion of investment principal and income from one currency into another and (ii) the possible imposition of withholding taxes on income received from the issuer of, or gains with respect to, such securities. In addition, investing in certain of these capital markets involves certain factors not typically associated with investing in established securities markets, including risks relating to (i) differences between markets, including potential price volatility in and relative illiquidity of some securities markets, (ii) the absence of uniform accounting, auditing and financial reporting standards, practices and disclosure requirements, and less governmental supervision and regulation and (iii) certain economic and political risks, including potential exchange control regulations and potential restrictions on investment and repatriation of capital.

Risks of Investment in Small and Mid-Capitalisation Securities - The Directors expect that pursuit of the Master Fund's investment program will result in a significant portion of the Master Fund's assets being invested in securities of small-cap and mid-cap issuers. While in the Investment Manager's opinion the securities of a small and mid-cap issuer may offer the potential for greater capital appreciation than investments in securities of large-cap issuers, securities of small- and mid-cap issuers may also present greater risks. For example, some small and mid-cap issuers often have limited product lines, markets or financial resources. They may be subject to high volatility in revenues, expenses and earnings. They may be dependent for management on one or a few key persons and can be more susceptible to losses and risks of bankruptcy. Their securities may be thinly traded (and therefore have to be sold at a discount

from current market prices or sold in small lots over an extended period of time), may be followed by fewer investment research analysts and may be subject to wider price swings and thus may create a greater chance of loss than when investing in securities of larger-cap issuers. In addition, small and mid-cap issuers may not be well-known to the investment public and may have only limited institutional ownership. The market prices of securities of small and mid-cap issuers generally are more sensitive to changes in earnings expectations, to corporate developments and to market rumours than are the market prices of large-cap issuers. Transaction costs in securities of small and mid-cap issuers may be higher than in those of large-cap issuers.

Investments of the Master Fund may be Illiquid - Certain investment positions may be illiquid. The Master Fund may invest in securities of financially troubled companies, illiquid over-the-counter securities, non-publicly traded companies or other illiquid investments. Futures positions may be illiquid because for example, some exchanges limit fluctuations in certain futures contract prices during a single day by regulations referred to as “daily price fluctuations limits” or “daily limits”. 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 neither be taken nor liquidated unless traders are willing to effect trades at or within the limit. Similar occurrences could prevent the Master Fund from promptly liquidating unfavourable positions and subject the Master Fund (and, indirectly, the Fund) to substantial losses. In addition, the Master Fund may not be able to execute trades at favourable prices if little trading in the investments involved is taking place. It is also possible that an exchange may suspend trading in a particular contract, order immediate liquidation and settlement of a particular security or futures contract or order that trading in a particular contract be conducted for liquidation only. Further, the factors relating to illiquidity of investment positions may also be applicable to an investor who receives securities or other assets in satisfaction of any redemption request.

Segregation of Assets - To the extent the Master Fund engages in futures, options and other derivative trading and the broker with whom the Master Fund maintains accounts fails to segregate the Master Fund’s assets, the Master Fund will be subject to a risk of loss in the event of the bankruptcy of the broker. In certain circumstances, where there is segregation, the Master Fund might be able to recover, even in respect of property specifically traceable to the Master Fund, only a *pro rata* share of all property available for distribution to a bankrupt broker’s customers.

Short Sales - A short sale involves the sale of a security that the Master Fund does not own in the expectation of purchasing the same security (or a security exchangeable therefore) at a later date at a lower price. To deliver to the buyer, the Master Fund must borrow the security and later purchase the security to return to the lender. Short sales by the Master Fund create opportunities to increase the Master Fund’s return but, at the same time, involve special risk considerations and may be considered a speculative technique. Since the Master Fund, in effect, profits from a decline in the price of the securities sold short without the need to invest the full purchase price of the securities on the date of the short sale, the value of shares of the Master Fund will tend to increase more when the securities it has sold short decrease in value, and to decrease more when the securities it has sold short increase in value, than otherwise would be the case if it had not engaged in such short sales. Short sales theoretically involve unlimited loss potential, as the market price of securities sold short may increase continuously, although the Master Fund may mitigate such losses by replacing the securities sold short before the market price has increased significantly. Under adverse market

conditions the Master Fund might have difficulty purchasing securities to meet its short sale delivery obligations, and might have to sell portfolio securities to raise the capital necessary to meet its short sale obligations at a time when fundamental investment considerations would not favour such sales. Short sales may be used with the intent of hedging against the risk of declines in the market value of the Master Fund's long portfolio, but there can be no assurance that such hedging operations will be successful.

Target Markets - The Master Fund will invest a substantial proportion of its assets in equity and fixed income investments in the Target Markets (the "Target Market Investments"). Target Market Investments in a Target Market involves risk factors and special considerations, including the following, which may not be typically associated with investing in more developed markets. Political or economic change and instability may be more likely to occur and have a greater effect on the economies and markets of the Target Markets. Adverse government policies, taxation, restrictions on foreign investment and on currency convertibility and repatriation, currency fluctuations and other developments in the laws and regulations of the countries in which investments may be made, including expropriation, nationalisation or other confiscation could result in loss to the Master Fund (and, indirectly, the Fund). By comparison with more developed securities markets, most Target Markets' securities markets are comparatively small, less liquid and more volatile. In addition settlement, clearing and registration procedures may be under-developed, enhancing the risks of error, fraud or default. Furthermore, the legal infrastructure and accounting, auditing and reporting standards in Target Markets may not provide the same degree of investor information or protection as would generally apply to more developed markets.

Described below are certain risk factors which are relevant to the Master Fund's exposure to the Target Markets.

Lack of Market Economy

Businesses in certain Target Market countries have only a very recent history of operating within a market-oriented economy. In general, relative to companies operating in more developed economies, companies operating in the Target Markets can be characterised by a lack of (i) experienced management; (ii) modern technology; and (iii) a sufficient capital base with which to develop and expand their operations. It is unclear what will be the effect, if any, on companies in these countries, of attempts to move towards a more market-oriented economy.

The Banking System

In addition to being under-developed, the banking system in Target Markets is subject to two main risks: (i) the insolvency of a bank due to concentrated debtor risk; and (ii) the effect of inefficiency and fraud in bank transfers and custody.

Settlement Risk

The markets of the countries in which the Master Fund may invest are less regulated than many of the world's leading securities markets. In addition, market practices in relation to settlement of securities transactions and custody of assets in such countries can provide increased risk to the Master Fund. Furthermore, due to the local postal and banking systems, no guarantee can be given that all entitlements attaching to securities acquired by the Master Fund, including in relation to dividends, can be realised. However, none of the Directors, the Master Fund, the Fund, the Custodians, the Investment Manager, the Administrator or any of their agents makes any representation or warranty about, or any guarantee of, the operation, performance or settlement, clearing and registration of transactions dealing in Target Market Investments.

Custody Risk

Custody services in certain Target Markets remain undeveloped and, consequently, there is transaction and custody risk in dealing in Target Market Investments.

Possible Business Failures

The insolvency or other business failure of any one or more of the Master Fund's investments could have an adverse effect on the Master Fund's performance and ability to achieve its objectives. The lack of generally available financing alternatives for companies doing business in the Target Markets increases the risk of business failure.

Allocations to Target Market Investments

The making of allocations to Target Market Investments involves certain considerations not usually associated with investing in securities in more developed capital markets. The Master Fund's investment portfolio may experience greater price volatility and significantly lower liquidity than a portfolio invested in securities issued in more developed countries. In addition, the Target Markets are less developed than other securities markets, to the extent that they are newer and there is less historical data. The repatriation of investment income, capital or the proceeds of sale of securities from certain Target Market countries is controlled under regulations, including in some cases the need for certain advance government notification or authority. In addition, if a deterioration occurs in a country's balance of payments, the country could impose temporary restrictions on foreign capital remittances. The Master Fund could be adversely affected by delays in, or a refusal to grant, any required governmental approval for repatriation, as well by the application to it of other restrictions on investment.

Difficulties in Protecting and Enforcing Rights

In certain Target Market countries local courts may lack experience in commercial dispute resolution and many of the procedural remedies for enforcement and protection of legal rights typically found in more developed jurisdictions are not, as yet, available. There remains uncertainty as to the extent to which local parties and entities, including local governmental agencies will recognise the contractual and other rights of the parties with which they deal. There can be no assurance that this difficulty in protecting and enforcing rights in these countries will not have a material adverse effect on the Master Fund and its operations.

Quality of Information

Holders of Target Market Investments generally have access to less reliable or less detailed information, including both general economic data and information concerning the operations, financial results, capitalisation and financial obligations, earning and securities of specific enterprises. The quality and reliability of information available to the Investment Manager may, therefore, be less than in respect of investments in more developed countries. At present the Investment Manager will be obliged to make investment decisions and investment valuations on the basis of financial information that will be less complete and reliable than that customarily available in more developed countries.

Uncertain Legal and Regulatory Environment

The law and regulations affecting foreign investment and business in Target Markets continue to evolve in an unpredictable manner. Laws and regulations, particularly those involving taxation, currency regulation, foreign investment and trade and transfer of title to securities and other property, applicable to the Master Fund's activities are relatively new and can change quickly and unpredictably. Although basic commercial laws are in place, they are often unclear and untested and subject to varying interpretation, and may at any time be amended, modified, repealed or replaced in a manner adverse to the interests of the Master Fund.

Repatriation Uncertainties

Allocations to Target Market Investments made from outside the Target Markets may be subject to currency, tax, export restrictions and numerous other regulations. Foreign investment legislation in Target Market Investments may not provide firm assurances of the rights of foreign investors to remit profits and dividends from their investments (and the repatriation of capital upon the liquidation of such investments).

Crime and Corruption

Target Markets may be affected by corruption and organised crime and many businesses are potential victims of theft and extortion. The negative consequences of crime and corruption may adversely affect the value of the Master Fund's investments or cause the Master Fund to alter certain activities or liquidate certain investments.

Tax Considerations: Withholding Taxes - The Master Fund may purchase investments that are subject to withholding tax in certain jurisdictions. Where the Master Fund invests in securities that are not subject to withholding tax at the time of acquisition, there can be no assurance that tax may not be withheld in the future as a result of any change in applicable laws, treaties, rules or regulations or the interpretation thereof. The Master Fund will not be able to recover such withheld tax and so any such change would have an adverse effect on the Master Fund (and, indirectly, the Fund). Where the Master Fund sells investments short that are subject to withholding tax at the time of sale, the price obtained will reflect the withholding tax liability of the purchaser. In the event that in the future such investments cease to be subject to withholding tax, the benefit thereof will accrue to the purchaser and not to the Master Fund.

Tax Matters - The Fund and the Master Fund may take positions with respect to certain tax issues which depend on legal conclusions not yet resolved by the courts. Should any such

positions be successfully challenged by the applicable taxing authority, there could be a material adverse effect on the Fund and the Master Fund.

Trading in Options - The Master Fund may purchase and sell (“write”) options on, *inter alia*, securities, commodities, currencies and interest rates on a variety of exchanges and over-the-counter markets. The seller (“writer”) of a put or call option which is uncovered (i.e. the writer has effectively a long or short position on the underlying security, commodity, currency or interest rate) assumes the risk (which theoretically may be unlimited) of a decrease or increase in the market price of the underlying security, commodity, currency or interest rate below or above the option’s “strike price”. Trading in futures and options is a highly specialised activity and although it may increase total return it may also entail significantly greater than ordinary investment risk.

C. POTENTIAL CONFLICTS OF INTEREST

The Investment Manager, Administrator, Custodians, Directors and any broker appointed by the Master Fund may, from time to time act as distributor, promoter, manager, investment manager, investment adviser, registrar, transfer agent, administrator, trustee, custodian, broker, director or placing agent to, or be otherwise involved in, other collective investment schemes which have similar investment objectives to those of the Master Fund and the Fund or may otherwise provide discretionary fund management or ancillary administration, custodian or brokerage services to investors with similar investment objectives to those of the Master Fund and the Fund. It is therefore possible that any of them may, in the course of their business, have potential conflicts of interests with the Fund or the Master Fund.

Mohammed Hanif is a Director as well as the principal and an indirect shareholder of the Investment Manager and has a beneficial interest in the Management Shares and the shares of the Master Fund. Ronald Hall is a Director as well as a director and an indirect shareholder of the Investment Manager and has an interest in the Management Shares and the shares of the Master Fund. Scott Dakers and Evan Burton are employees of Ogier Fiduciary Services (Cayman) Limited, which provides the Fund with a registered office. Each of the Directors may serve as a director of other investment vehicles which may, from time to time, include Shareholders.

Under the terms of the Investment Management Agreement, the Investment Manager may render similar services to other persons, firms or companies so long as its services to the Master Fund, the General Partner and the Fund are not impaired thereby and may retain for its own use and benefit all fees or other monies payable thereby. Without limiting the generality of the foregoing, the Investment Manager and its directors, shareholders, officers, employees, agents and affiliates (the “Affiliated Parties”) may act as general partner, investment adviser or investment manager for others, may manage funds, separate accounts or capital for others, may have, make and maintain investments in their own name or through other entities and may serve as an officer, director, consultant, partner or stockholder of one or more investment funds, partnerships, securities firms or advisory firms. Such other entities or accounts may have investment objectives or may implement investment strategies similar or different to those of the Master Fund. In addition, the Affiliated Parties may, through other investments, including other investment funds, have interests in the securities in which the Master Fund invests as well as interests in investments in which the Master Fund does not invest. The Affiliated Parties may give advice or take action with respect to such other entities or accounts that differs from the advice given with respect to the Master Fund. To the extent a particular investment is suitable

for both the Master Fund and other clients of the Affiliated Parties, such investments will be allocated among the Master Fund and the other clients *pro rata* based on assets under management or in some other manner that the Investment Manager determines is fair and equitable under the circumstances to all clients, including the Master Fund.

As a result of the foregoing, the Affiliated Parties may have conflicts of interest in allocating their time and activity between the Master Fund and other entities, in allocating investments among the Master Fund and other entities and in effecting transactions for the Master Fund and other entities, including ones in which the Affiliated Parties may have a greater financial interest.

In addition, transactions may be effected between the Master Fund and the other entities or accounts subject to the following guidelines: (i) such transactions shall be effected for cash consideration at the current fair market value of the particular securities, and (ii) no extraordinary brokerage commissions or fees (i.e. except for customary transfer fees or commissions) or other remuneration shall be paid in connection with any such transaction.

From the standpoint of the Master Fund, simultaneous identical portfolio transactions for the Master Fund and the other clients may tend to decrease the prices received, and increase the prices required to be paid, by the Master Fund for its portfolio sales and purchases. Where less than the maximum desired number of shares of a particular security to be purchased is available at a favourable price, the shares purchased will be allocated among the Master Fund and the other clients in an equitable manner as determined by the Investment Manager. Further, it may not always be possible or consistent with the investment objectives of the various persons or entities described above and of the Master Fund for the same investment positions to be taken or liquidated at the same time or at the same price.

There is no prohibition on the Master Fund entering into any transactions with the Custodians, the Administrator, the Shareholders or any of their affiliates or affiliates of the Directors provided that such transactions are carried out as if effected on commercial terms negotiated at arm's length.

Dechert LLP is counsel to the Master Fund and the Fund with respect to matters of English and U.S. law. Dechert LLP may also act as counsel to other funds managed by the Investment Manager now or in the future and Dechert LLP acts as counsel to the Investment Manager. Conflicts could arise due to these multiple representations. Dechert LLP does not represent the investors in the Fund. Potential investors are urged to consult their own counsel.

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 investors should read this entire Offering Memorandum and consult with their own legal, tax and financial advisers before deciding to invest in the Fund.

MANAGEMENT AND ADMINISTRATION

BOARD OF DIRECTORS

The Directors are responsible for the overall management and control of the Fund and the Master Fund in accordance with each of the Fund's and the Master Fund's Memorandum and Articles of Association. The Directors have delegated the day-to-day investment management to the Investment Manager pursuant to the Investment Management Agreement and have delegated the day-to-day administration to the Administrator pursuant to the Administration Agreement in accordance with their powers of delegation as set out in the Articles. The Directors will review, on a periodic basis, the performance of the Investment Manager and the Administrator.

The Directors of the Fund and the Master Fund consist of Mohammed Hanif, Scott Dakers, Evan Burton and Ronald Hall. Unless waived by the Directors individually, each Director is entitled to receive a customary fee for the provision of his services as a director of the Fund. Ogier Fiduciary Services (Cayman) Limited is paid a fee for providing the services of Scott Dakers and Evan Burton as directors. No remuneration is paid to Mr. Hanif in his capacity as a Director.

If additional Directors are appointed, the Fund and the Master Fund may compensate such Directors with respect to services rendered in that capacity.

The Directors may also be paid all reasonable travel, hotel and other related expenses properly incurred by them in attending meetings of the Directors or any committee of the Directors or any general meeting or any meeting held in connection with the discharge of their duties.

The Articles do not stipulate a retirement age for the Directors and do not provide for retirement of the Directors by rotation. There is no shareholding qualification for the Directors. The Directors are empowered to exercise all of the borrowing powers of the Fund and the Master Fund.

The Articles provide that, if he has disclosed to the Directors the nature and extent of any material interest of his, a Director notwithstanding his office (i) may be a party to, or otherwise interested in, any transaction or arrangement with the Fund or in which the Fund is otherwise interested; (ii) may be a director or other officer of, or employed by, or a party to any transaction or arrangement with, or otherwise interested in, any body corporate promoted by the Fund or in which the Fund is otherwise interested; and (iii) shall not, by reason of his office, be accountable to the Fund for any benefit which he derives from any such office or employment or from any such transaction or arrangement or from any interest in any such body corporate and no such transaction or arrangement shall be liable to be avoided on the ground of any such interest or benefit.

No Director has any direct or indirect interest in any contract or arrangement which is unusual in its nature or significant to the business of the Fund and the Master Fund.

The Articles of the Fund provide certain rights of exculpation and indemnification in favour of the Directors and officers of the Fund against legal liability and expenses unless the same

happened through such person's own Gross Negligence or wilful default. The Articles of the Fund define "Gross Negligence" as being, "a standard of conduct beyond negligence whereby a person acts with reckless disregard for the consequences of his action or inaction". The Articles of the Master Fund provide similar rights of exculpation and indemnification in favour of the Directors and officers of the Master Fund against legal liability and expenses unless the same happened through such person's dishonesty.

The Directors may change any of the Fund's service providers, including the Auditor, without the consent of the Shareholders. In addition, the remuneration being paid to service providers by the Fund (and any other term of their respective service agreements) may be amended by the mutual consent of the Directors and the relevant service providers. This may be necessary from time to time to keep such remuneration in line with the prevailing market rates being charged.

Biographical information for Scott Dakers, Evan Burtton and Ronald Hall is set out below. For the biography of Mohammed Hanif, see the Section under the heading "Investment Manager" below.

Scott Dakers

Scott Dakers is an associate director of Ogier Fiduciary Services (Cayman) Limited and has over 18 years of professional experience largely in the offshore financial services industry. Mr. Dakers was admitted to the Institute of Chartered Accountants of Scotland in 1993 and has worked for leading bank and trust companies in the Cayman Islands, Bahamas and the UK in a variety of senior positions in areas including fund administration, captive insurance and institutional trust services.

Evan Burtton

Evan Burtton is an associate director of Ogier Fiduciary Services (Cayman) Limited and has over 33 years of experience in the accounting, compliance and auditing field. His latest position is that of director and financial controller of a leading bank and trust company in Cayman. Prior to moving to the Cayman Islands in 1979, Evan held senior audit positions at major accounting firms in New Zealand, South Africa and the United Kingdom.

Ronald Hall

Ronald Hall is the co-founder and managing director of the U.S. and Cayman companies that comprise the Capital Markets Financial Services group of companies, focussing primarily on structured lending and investments in property and leasing.

Prior to founding Capital Markets Financial Services Inc. in 2004, Mr. Hall was employed by The International Bank of Miami N.A., first as managing director of its Merchant Banking Group (May 1991 – February 1994) and subsequently as managing director of its Capital Markets Group (April 1995 – September 2004). Between October 1993 and September 1994, while continuing to be associated with The International Bank of Miami, Mr. Hall provided consulting services to the Barents Group, a KPMG Peat Marwick affiliate. Prior to joining The International Bank of Miami, from 1982 to 1992, Mr. Hall was a self-employed investor in real estate and financial futures as well as a consultant in related areas and corporate acquisitions.

From 1973 to 1982, Mr. Hall was vice president of HBS Finance Corporation, of which he was a founding partner.

Mr. Hall holds an M.B.A. degree from Harvard University and a B.A. degree from Johns Hopkins University.

Messrs. Hanif, Hall, Dakers and Burton, may serve as directors of other investment vehicles which may, from time to time, include Shareholders.

INVESTMENT MANAGER

The Investment Manager is responsible for the day to day investment management of the Fund. The key investment professional for the Fund is Mohammed Hanif, the principal of the Investment Manager. The other key personnel at the Investment Manager are Graham Stock, who, together with Mohammed Hanif is responsible for the investment decisions of the Fund, and Jon Laidlow, the Investment Manager's chief operating officer. The biographies of Mr. Hanif, Mr. Stock and Mr. Laidlow are set forth below. The Investment Manager is authorised and regulated by the FSA.

Mohammed Hanif

Mr. Hanif is a director of the Investment Manager. He has 14 years of emerging markets experience across the regions of Asia, Latin America and the countries of Central and Eastern Europe, the Middle East and Africa.

Mr. Hanif is a qualified accountant, having started his career with Price Waterhouse in London after graduating from City University in Economics. Mr. Hanif worked at NatWest Markets for two years as an analyst designing front office systems for both profit and loss reporting and risk management, including pricing tools for a variety of trading desks.

He left to join Dresdner Kleinwort Wasserstein where he spent eight years and progressed to become a director. He was responsible for the Illiquid Emerging Markets proprietary trading business, which involved trading and investing in a wide range of instruments including distressed assets and special situations. The team was highly regarded amongst its peers for originating, structuring and valuing their own deals as well as trading public instruments in Emerging Markets.

Mr. Hanif then joined Bluebay Asset Management where he was responsible for Emerging Markets Distressed and Special Situations, before founding the Investment Manager in July 2007. Mr. Hanif manages the business strategy as well as the investment management team in his dual roles of chief executive officer and chief investment officer respectively.

Graham Stock

Mr. Stock joined the Investment Manager as chief strategist in August 2010. He has 20 years of experience across a broad range of emerging markets.

Mr. Stock has a Master's degree in Development Economics from the University of Manchester and started his career in emerging markets as an adviser on fiscal policy to the Government of

Papua New Guinea under the UK's Overseas Development Institute's Fellowship Scheme. He then moved into research, as Senior Economist for Latin America at the Economist Intelligence Unit in London.

He left the Economist Intelligence Unit to join Chase Manhattan in 1998 in a similar role in New York, rising to Head of Sovereign Strategy for Latin America at the combined JPMorgan Chase Bank, N.A. Mr. Stock transferred back to London with JPMorgan, taking up responsibility for CEEMEA FX Strategy as an executive director in the currency and commodities business. In 2007 Mr. Stock launched JPMorgan's coverage of Sub-Saharan Africa, and played a key role in business development in the region.

Mr. Stock is responsible for the Investment Manager's top-down global and regional strategy views.

Jon Laidlow

Mr. Laidlow joined the Investment Manager in May 2009 as chief operating officer with responsibility for finance, tax, operations, legal, compliance, technology and office administration. Mr. Laidlow started his career with Arthur Andersen in 1996, qualifying as an accountant in 1999, having specialised in international corporate taxation. In 2000, Mr. Laidlow left the accountancy profession for investment banking, spending over three years at UBS AG controlling and reporting the trading books for a number of equity derivative desks. In 2003, Mr. Laidlow moved to Barclays Capital and managed the team of controllers for the fixed income and foreign exchange derivatives trading desk.

In 2005, Mr. Laidlow switched from investment banking into asset management, becoming head of product control at BlueCrest Capital Management Limited. During his two years at BlueCrest, assets under management increased from \$6 billion to over \$11 billion and Mr. Laidlow's team increased from four to twelve as it dealt with an increasingly complex and diverse product range.

In 2006, Mr. Laidlow joined quantitative hedge fund manager GSA Capital Partners LLP where he was finance director. In this role he had responsibility for finance, tax, compliance and legal across both the fund and the management company.

Mr. Laidlow has an MA in Mathematics from Cambridge University.

Investment Management Agreement

Under the Investment Management Agreement, the Investment Manager has agreed to be responsible for the Master Fund's investment management and the Fund's investment management and marketing, subject to the overall supervision and control of the Directors. The Investment Manager may delegate some or all of its functions to third parties. The Investment Manager will execute orders in accordance with the FSA Rules. The FSA Rules require the Investment Manager, when executing orders, to take all reasonable steps to obtain the best possible result for the Master Fund taking into account the execution factors (being price, costs, speed, likelihood of execution and settlement, size, nature and any other consideration relevant to the execution of the order).

Under the terms of the Investment Management Agreement, the Fund pays to the Investment Manager a Management Fee and an Incentive Fee in respect of Class A and Class Z Shares as described below.

Management Fee

The Management Fee for any month is an amount payable in arrears equal to (i) 2 per cent. per annum of the Net Asset Value of the Class A Shares, and (ii) 2.25 per cent. per annum of the Net Asset Value of the Class Z Shares, on the relevant Valuation Day prior to the accrual of the Incentive Fee, if any (and prior to the redemption of any Class A or Class Z Shares (as applicable) on the immediately following Subscription Day). The Fund will pay the Management Fee promptly following the end of such month. In the event that the Investment Manager is not acting as Investment Manager for an entire calendar month, the Management Fee payable in respect of the Class A or Class Z Shares for such calendar month will be *pro-rated* to reflect the portion of such calendar month in which the Investment Manager is acting as such under the Investment Management Agreement. The Investment Manager may, from the Management Fees it receives, pay or rebate amounts to third parties. To the extent that the Investment Manager receives a Management Fee in respect of the Class A or Class Z Shares at the Fund level, no Management Fee will be paid at the Master Fund level in respect of that portion of the Fund's investment in the Master Fund which is attributable to the Class A or Class Z Shares (i.e. there will be no "double charging").

Class B Shares are not charged a Management Fee.

Incentive Fee

The Investment Manager is also entitled to receive an Incentive Fee in respect of the Class A and Class Z Shares, calculated on a share-by-share basis in respect of each year ending on 31 December or such other period as the Directors may in their discretion determine and notify to Shareholders (a "Calculation Period"). For each Calculation Period, the Incentive Fee in respect of each Share of each Class will be equal to 20 per cent. of the appreciation in the Net Asset Value per Share of the relevant Class (before accrual of the Incentive Fee) during the Calculation Period above the Base Net Asset Value per Share of that Class. The Base Net Asset Value per Share of each Class is the greater of the Net Asset Value per Share of the relevant Class at the time of issue of that Share and the highest Net Asset Value per Share of the relevant Class (after accrual of the Incentive Fee) achieved as at the end of any previous Calculation Period (if any) during which such Share was in issue. The Incentive Fee in respect of each Calculation Period will be calculated by reference to the Net Asset Value before deduction for any accrued Incentive Fee.

The Incentive Fee is calculated on a share-by-share basis so that each Share of each Class is charged an Incentive Fee which equates precisely to that Share's performance. This method of calculation ensures that (i) any Incentive Fee paid to the Investment Manager is charged only to those Shares which have appreciated in value, (ii) all holders of Shares of each Class have the same amount of capital per Share at risk in the Fund, and (iii) all Shares of each Class have the same Net Asset Value per Share.

The Incentive Fee is payable to the Investment Manager in arrears within 30 calendar days of the end of each Calculation Period. However, in the case of Shares redeemed during a Calculation

Period, the accrued Incentive Fee in respect of those Shares will be payable within 30 calendar days after the date of redemption. In such cases the end of the relevant Calculation Period will be deemed to be the date of redemption of the Shares.

The Investment Manager may, from the Incentive Fee it receives, pay or rebate amounts to third parties. To the extent that the Investment Manager receives an Incentive Fee in respect of the Class A or Class Z Shares at the Fund level, no Incentive Fee will be paid in respect of those Classes at the Master Fund level (i.e. there will be no “double charging”).

If the Investment Management Agreement is terminated during a Calculation Period the Incentive Fee in respect of the then current Calculation Period will be calculated and paid as though the end of the relevant Calculation Period was the date of termination and an extraordinary Valuation Day will be designated for such purpose.

Class B Shares are not charged an Incentive Fee.

Expenses

Save as provided below, the Investment Manager renders its services to the Master Fund and the Fund at its own expense and is responsible for its overhead expenses including employee compensation and benefits, payroll taxes, recruitment costs, office rent, rates and utilities, furniture and fixtures, IT infrastructure and desktop services, including any business continuity planning costs, secretarial/internal administrative services, entertainment expenses, marketing costs including payments to third party marketers, finance and operations software and license fees, employee and office insurance and the fees of the Investment Manager’s professional advisers, including auditors and legal and tax advisers.

The Investment Manager is, however, entitled to receive the Class Z Distribution Fee from the Fund to enable it to compensate any financial intermediaries involved in marketing the Class Z Shares.

The Investment Manager shall be entitled to pay out of the assets of the Master Fund all expenses related to the Master Fund’s investment program, including but not limited to brokerage commissions, other expenses related to buying and selling securities, costs of due diligence undertaken by the Investment Manager (including travel and accommodation) regardless of whether a particular transaction is consummated, the costs of representatives of the Investment Manager attending meetings of the Directors and general meetings of limited partners of the L.P. Fund and Shareholders, research expenses (including the cost of data and news items and travel and accommodation), costs related to monitoring investments (including portfolio management, pricing and risk tools and data feeds where used by the investment team) and the fees and expenses of any other service provider appointed by the Investment Manager to provide services in respect of any of the Master Fund, the Fund and the L.P. Fund.

The Investment Management Agreement is for an indefinite term but may be terminated at any time by any party giving two years’ notice to all other parties. The Investment Management Agreement may be terminated earlier or with less notice upon the occurrence of certain events including a breach of the Investment Management Agreement by a party to it which it fails to make good within 60 days of the receipt of notice requiring it to do so, the Investment Manager

becoming insolvent or going into liquidation or the Investment Manager being prohibited by law or regulation from undertaking any of its duties under the Investment Management Agreement.

The Investment Management Agreement provides that, in the absence of Gross Negligence, wilful default or fraud, the Investment Manager shall not be liable for any error of judgment or loss (including losses due to Trade Errors) arising out of the performance of its obligations and duties under the Investment Management Agreement. Unintended errors in the communication or administration of trading instructions caused by the Investment Manager (“Trade Errors”) may, from time to time, arise, but only losses from Trade Errors arising from the Investment Manager’s Gross Negligence, wilful default or fraud shall be for the account of the Investment Manager. The Investment Management Agreement provides further that the Fund and the Master Fund shall indemnify the Investment Manager and each of its directors for any loss suffered by the Investment Manager in the performance of their duties under the Investment Management Agreement unless such loss arises out of or in connection with any Gross Negligence, wilful default or fraud by the Investment Manager or its directors in the performance of the Investment Manager’s obligations and duties under the Investment Management Agreement. The Investment Management Agreement defines “Gross Negligence” as being, “a standard of conduct beyond negligence whereby a person acts with reckless disregard for the consequences of a breach of a duty of care owed to another”.

RISK ADVISORY AND INVESTMENT MANAGEMENT BOARD

A risk advisory and investment management board has been established by the Investment Manager in respect of the Master Fund (the “RAIM Board”).

Role of the RAIM Board

The RAIM Board gives advice to the Investment Manager and its directors on the country, asset type, liquidity, maximum position sizes, leverage and net exposure parameters within which the Master Fund shall be managed. The RAIM Board meets monthly to review the risk reports provided by the Investment Manager and the performance and composition of the portfolio of the Master Fund. In addition, it meets on an ad hoc basis to give advice on proposals by the portfolio managers for any investments outside established parameters.

ADMINISTRATION

Each of the Master Fund and the Fund has appointed the Administrator to provide it with administrative and registrar and transfer agency services including maintaining the register of members, administering issues, transfers and redemptions of Shares, maintaining the Master Fund’s and the Fund’s books and records, calculating the Net Asset Value per share of the Master Fund and the Net Asset Value per Share, preparing investor reports (including the annual financial statements) and liaising with the Auditor. The Administrator keeps the accounts of the Master Fund and the Fund in accordance with IFRS.

The Administrator will also provide certain middle and back office services in respect of the Master Fund.

The Administrator is an independent fund administration company which provides a range of accounting and investor services solutions to hedge funds and is authorised by the Central Bank of Ireland under the Investment Intermediaries Act, 1995, as amended, of Ireland.

The Administrator is not involved directly or indirectly with the business affairs, organisation, distribution or management of the Fund or the Master Fund and is responsible and liable only for the administration services that it provides to the Fund and the Master Fund pursuant to the Administration Agreement.

The Administration Agreement provides that the Administrator and its directors, officers, employees and agents will not be liable for any loss, damage or expense arising directly or indirectly out of or in connection with the performance by the Administrator of its duties under the Administration Agreement save to the extent that such loss, damage or expense has arisen by reason of negligence, wilful default, bad faith or fraud on the part of the Administrator or its directors, officers, servants, employees or agents.

Each of the Master Fund and the Fund has agreed to indemnify and hold harmless the Administrator and its directors, officers and employees from and against any and all actions, proceedings, claims, demands, liabilities, losses, damages, reasonable costs and expenses which may be brought against or suffered or incurred by the Administrator or any of its directors, officers or employees arising directly out of the performance of the Administrator's duties under the Administration Agreement (save to the extent that such claims or losses have arisen by reason of the negligence, wilful default, bad faith, fraud or breach of the Administration Agreement by the Administrator or its directors, officers or employees).

The Administration Agreement may be terminated by any party on at least 90 days' prior written notice to the other parties, provided that (i) any party may terminate the Administration Agreement immediately in the event of the appointment of an examiner, liquidator or receiver to any other party or upon the happening of a like event at the direction of an appropriate regulatory agency or court of competent jurisdiction, (ii) each of the Master Fund, the General Partner and the Fund may terminate the Administration Agreement immediately in the event that the Administrator is no longer regulated or is no longer permitted to perform its obligations under the Administration Agreement pursuant to applicable law and (iii) any party may terminate the Administration Agreement if any other party hereto shall engage in any material breach of its obligations under the Administration Agreement and shall fail to cease such breach within 30 days of receipt of notice served by a non-defaulting party requiring it to do so.

The Administrator is entitled to receive from the Master Fund an *ad valorem* fee payable in Euro monthly in arrears on a sliding scale basis commencing at 0.14 per cent. per annum of net assets reducing to 0.12 per cent. per annum for net assets over \$250 million and to 0.10 per cent. per annum for net assets over \$500 million, subject to a minimum monthly fee of €12,000, which is allocated among the integrated fund structures managed by the Investment Manager on a *pro rata* basis by reference to the net asset value of each such fund structure.

The Master Fund will also reimburse the Administrator for all out of pocket expenses incurred for the account of either the Fund or the Master Fund as well as fees related to other specific services it may provide.

There will be no double charging of administration fees at the level of the Fund.

The Fund and the Master Fund reserve the right to change the administration arrangements described above by agreement with the Administrator and/or in their discretion to appoint an alternative administrator.

BROKERAGE AND CUSTODY

Brokerage

The Investment Manager may at its discretion execute transactions for the Master Fund through brokers or other persons under arrangements where the Investment Manager passes on the broker or other person's charges to the Master Fund or the Fund (as applicable) and, in return for such charges, the Investment Manager receives goods or services in addition to the execution of orders. The nature of such goods or services will vary, but the Investment Manager will satisfy itself that such additional goods and services comply with any applicable FSA Rules and will reasonably assist the Investment Manager in the provision of its services to the Fund.

The Master Fund maintains accounts at the Custodians, through which the Master Fund may execute trades, borrow securities and maintain custody of its securities.

The Master Fund reserves the right, in its sole discretion, to change the brokerage arrangements described above without notice to Shareholders.

Custodians

The Master Fund has appointed HSBC and Standard Bank as custodians to the Master Fund and HSBC and Standard Bank will each receive a fee, calculated on arm's length commercial terms, together with reimbursement of their out of pocket expenses. The allocation of assets of the Master Fund between the Custodians will be determined by the nature and the type of transaction and at the discretion of the Investment Manager.

HSBC

HSBC is authorised and regulated by the FSA.

All securities delivered to HSBC ("Securities") will be recorded in the custody account as Securities held on behalf of the Master Fund by HSBC or a sub-custodian appointed by HSBC (each a "HSBC Sub-Custodian"). HSBC will identify in its records that the Securities belong to the Master Fund (unless otherwise agreed with the Master Fund). HSBC will require HSBC Sub-Custodians to identify in their records that the Securities (together with the securities of other clients of HSBC) belong to clients of HSBC.

HSBC may delegate any of its duties under the HSBC Custody Agreement to such delegates (each a "Delegate") as HSBC thinks fit. HSBC will exercise reasonable care in the selection and supervision of its Delegates (other than clearing systems) in accordance with the FSA Rules expect for Delegates which have not been selected by HSBC itself. HSBC will periodically review its selection of Delegates and will as part of its supervision of its Delegates review the selection of sub-delegates by those Delegates. HSBC will make reasonable efforts to procure that its Delegates (other than clearing systems) exercise all reasonable care in the performance of the services under the HSBC Custody Agreement. HSBC may, in accordance with the FSA Rules, delegate the safe custody of property (other than cash) to a HSBC Sub-Custodian (which may be an affiliate of HSBC) to hold on such terms as such HSBC Sub-Custodian may require and subject to any applicable laws, regulations and market practices in the jurisdictions where the

HSBC Sub-Custodian is located and/or holds Securities. HSBC will register or agree with HSBC Sub-Custodians for all registrable Securities to be registered and recorded in such names as HSBC considers appropriate, provided that Securities will only be registered or recorded in the name of HSBC or a HSBC Sub-Custodian or clearing system where the relevant Securities are subject to the law or market practice of a jurisdiction other than England and HSBC has taken reasonable steps to determine that because of the nature of the applicable law or market practice, it is in the Master Fund's best interests to register or record the Securities in that way or it is not feasible to do otherwise. Where Securities are registered or recorded in HSBC's name, they may not be segregated from the designated investments of HSBC and, in the event of HSBC's insolvency, the Master Fund's assets may not be as well protected from claims made on behalf of HSBC's general creditors.

All cash delivered to HSBC will be held by HSBC as banker in the cash account. Cash will not be held by HSBC as trustee or in accordance with the FSA's Client Money Rules or segregated in a separate client account. As a consequence, such cash may be used by HSBC in the course of its business and the Master Fund will rank as a general creditor of HSBC in the event of HSBC's insolvency in relation thereto.

Subject as provided in the HSBC Custody Agreement, HSBC will only be liable to the Master Fund for losses or costs suffered or incurred by the Master Fund to the extent that they have resulted from the negligence, fraud or wilful default of HSBC or any Delegate (other than a clearing system). The Master Fund has agreed to indemnify HSBC on an after tax basis against any and all losses suffered and costs incurred by HSBC and its Delegates in connection with the Master Fund's property or the performance of the services under the HSBC Custody Agreement, provided that HSBC shall not be indemnified against any losses or costs to the extent that they arise directly out of the negligence, fraud or wilful default of HSBC or any Delegate (other than a clearing system).

Either party may terminate the HSBC Custody Agreement by giving 30 days' notice to the other party. A party may terminate the HSBC Custody Agreement with immediate effect by giving notice to the other party (the "Defaulting Party") if (i) the Defaulting Party has committed a material breach or is in persistent breach of the terms of the HSBC Custody Agreement and has not remedied the specified breach which is capable of being remedied within 30 days of notice being served on it by the non-defaulting party or (ii) an insolvency event (as defined in the HSBC Custody Agreement) has occurred with respect to the Defaulting Party.

Standard Bank

Standard Bank is authorised and regulated by the FSA.

Pursuant to the Standard Bank Custody Agreement, the Custodian will open in its books in the name of the Master Fund one or more custody accounts recording any shares, stock, debentures, bonds, securities or other similar property deposited or transferred by or on behalf of the Master Fund with Standard Bank or a sub-custodian, nominee, agent, depository, clearing house or clearing system to which Standard Bank delegates any of its duties under the Standard Bank Custody Agreement (each an "SB Sub-Custodian") or collected by Standard Bank or an SB Sub-Custodian for the account of the Master Fund ("Securities").

Standard Bank will identify in its books that the Securities belong to the Master Fund (unless otherwise agreed with the Master Fund) and the Master Fund will require where permitted by local law all SB Sub-Custodians to identify in their books that the Securities (together with property of other clients of Standard Bank) belong to clients of Standard Bank. Securities may be registered in the same name as, or held in a pool account with, other securities held by Standard Bank for other clients. Standard Bank has the right to pool Securities held pursuant to the Standard Bank Custody Agreement with Securities held by it pursuant to one or more other similar custody agreements (“Third Party Custody Agreements”). If this right is exercised, as a consequence, each entitlement of the Master Fund may not be identifiable by separate certificates, other physical documents of title or equivalent electronic records and in the event of an irreconcilable shortfall following the default of any of Standard Bank, an agent or an SB Sub-Custodian, the Master Fund will share with other clients in that shortfall, *pro rata* in relation to its percentage share of the value, as determined by Standard Bank in its sole discretion, of all Securities which are the subject of Third Party Custody Agreements and which are held in a pooled account.

Registrable Securities may be registered in the name of the Master Fund or a nominee company. Registrable Securities may also be registered in the name of an SB Sub-Custodian or Standard Bank but only if, due to the nature of the law or market practice of the relevant overseas jurisdiction, it is in the best interests of the Master Fund or it is not feasible to do otherwise. Any registration of Securities in the name of Standard Bank may mean that the Securities are not segregated from the assets of Standard Bank and, in the event of the insolvency of Standard Bank, the Master Fund may not be as well protected from claims made on behalf of the general creditors of Standard Bank.

Standard Bank will deposit cash with itself as banker free and clear of all trusts and is not required to segregate cash in accordance with the FSA’s Client Money Rules. As a consequence, such cash may be used by Standard Bank in the course of its business and the Master Fund will rank as a general creditor of Standard Bank in the event of Standard Bank’s insolvency.

Where Standard Bank delegates the safekeeping of Securities to an SB Sub-Custodian, that SB Sub-Custodian will hold the securities at the risk of the Master Fund and on such terms as the SB Sub-Custodian may require. Holdings of Securities by SB Sub-Custodians will be subject to applicable laws, regulations and usages including, without limitation, any applicable rules of the SB Sub-Custodian. Standard Bank is entitled to grant SB Sub-Custodians liens and/or other security interests over the Securities. The rights of Standard Bank against the SB Sub-Custodians may only consist of a contractual claim. The duties delegated to SB Sub-Custodians may be sub-delegated and Standard Bank may have no directly enforceable rights against the ultimate delegate. Standard Bank will not be liable for the acts, default or insolvency of any SB Sub-Custodian, nor for any expense, loss or damage suffered by or occasioned to the Master Fund in connection therewith in the absence of fraud, negligence or wilful default by Standard Bank in the initial selection of any SB Sub-Custodian, except that Standard Bank will be liable for any fraud, negligence or wilful default of any nominee controlled by Standard Bank (or by any of its affiliated companies).

Standard Bank will only be liable to the Master Fund for any expense, loss or damage suffered by or occasioned to the Master Fund to the extent that Standard Bank has been fraudulent, negligent or is in wilful default of its duties under the Standard Bank Custody Agreement, in

which event the extent of Standard Bank's liability shall be limited to the market value of the Securities at the date of discovery of the expense, loss or damage. The Master Fund has agreed to indemnify Standard Bank on an after tax basis against (i) all actions, proceedings, claims, demands, losses, damages, liabilities, calls, assessments, costs, charges and expenses which may be brought or preferred against or incurred by Standard Bank in connection with the Securities, the Standard Bank Custody Agreement or the performance of Standard Bank's obligations under the Standard Bank Custody Agreement other than tax and (ii) any tax for which Standard Bank is or may be liable or accountable in connection with the Securities, the Standard Bank Custody Agreement or the performance of Standard Bank's obligations under the Standard Bank Custody Agreement, provided that this indemnity shall not extend to any liability arising out of the fraud, negligence or wilful default of Standard Bank.

Either party may terminate the Standard Bank Custody Agreement on giving not less than 30 days' written notice to the other party.

General

Each Custodian is a service provider to the Master Fund and is not responsible for the preparation of this document or the activities of the Master Fund and therefore does not accept responsibility for any information contained in this document. The Custodians are not investment or other advisors to the Master Fund and will not participate in the investment decision-making process.

The Master Fund reserves the right to change the custodian arrangements described above by agreement with the Custodians and/or, in its discretion, including but not limited to appointing additional or alternative custodians.

EXPENSES

Preliminary Expenses

The formation and preliminary expenses (including printing and legal fees) relating to the Master Fund and the Fund amounted to approximately \$75,000. These sums have been borne by the Master Fund and are being amortised over a period of up to three years subject to the Directors' discretion to vary this if they consider it prudent to do so. This practice is contrary to IFRS but deemed immaterial by the Directors. As at 30 April 2011, approximately \$1,558 remained to be amortised.

Operating Expenses

The Fund will, directly or indirectly through its investment in the Master Fund, bear all expenses related to its investment program, including, but not limited to, brokerage commissions, other expenses related to buying and selling securities, costs of due diligence undertaken by the Investment Manager (including travel and accommodation) regardless of whether a particular transaction is consummated, the costs of representatives of the Investment Manager attending meetings of the Directors, and general meetings of limited partners of the L.P. Fund and Shareholders, research expenses (including the cost of data and news items and travel and accommodation), and costs related to monitoring investments (including portfolio management, pricing and risk tools and data feeds where used by the investment team), the fees and expenses

of any other service provider appointed by the Investment Manager to provide services in respect of any of the Master Fund, the Fund and the L.P. Fund, the expenses incurred in connection with its operations including, but not limited to, fees and the expenses of advisers, Directors and consultants, the Management Fee and Incentive Fee, the fees and expenses of any custodians, escrow or transfer agents or other investment-related service providers, indemnification expenses and the cost of insurance against potential indemnification liabilities, interest and other borrowing expenses, legal, administrative, accounting, tax, audit, third party pricing vendors, the expenses of preparing and distributing reports, financial statements and notices to investors, litigation or other extraordinary expenses and the cost of periodically updating the Offering Memorandum. The Fund will not bear any placement agent fees or other costs of promoting the Fund (other than in respect of Class Z), nor any of the other costs borne by the Investment Manager as detailed in the section “Investment Manager – Investment Management Agreement”. Details of the Class Z Distribution Fee levied in respect of marketing costs associated with the Class Z Shares are also set out in that section.

Virtually all expenses (other than the fees payable to the Investment Manager) will be incurred at the Master Fund level and therefore expenses incurred directly by the Fund will be relatively small.

DESCRIPTION OF THE FUND'S SHARES

GENERAL

The authorised share capital of the Fund is \$50,000 divided into 100 Management Shares and 4,999,900 Shares, which may be issued as Class A USD, A USD(R), A GBP, A GBP(R), A (rep) GBP, A EUR, A ZAR, A JPY, B USD, B GBP, B (rep) GBP, B EUR, B ZAR, B JPY, Z EUR and Z GBP Shares. Subject to the provisions of the Articles, the unissued Shares of the Fund are under the control of the Directors who may issue, allot and dispose of or grant options over them to such persons, or on such terms and in such manner as they may think fit and no member has any pre-emptive right to purchase such Shares.

MANAGEMENT SHARES

99 Management Shares are in issue, fully paid. 33 Management Shares are held by each of Incap Finance BV, Ashgrove International Investment Limited and Fiesole Holdings Limited. The Management Shares are not transferable without the prior written consent of the Directors. The Management Shares have the entire voting power of the Fund except on a variation of Class rights. However, they do not entitle the holder to participate in the Fund's profits and losses and they are not redeemable at the option of the holder. Upon the winding up of the Fund the holders of Management Shares are entitled to receive their paid in capital of \$0.01 per Management Share.

SHARES

The holders of the Shares have no right to receive notice of or to attend or to vote at general meetings of the Fund and have no other voting rights (except on a variation of Class rights – see the Section below entitled “Rights of Shareholders”) but they are entitled to receive, to the exclusion of the holders of the Management Shares, any dividends that may be declared by the Fund and, upon the winding up of the Fund, the full amount of the assets of the Fund available for distribution will be distributed to registered holders of Shares other than the paid in capital in respect of the Management Shares of a total of 99 cents. Shares, when issued, will be fully paid. Within each Class, all Shares of the Fund have equal dividend, distribution and liquidation rights.

The Fund is currently offering Shares in the following Classes:

Class	Currency	Notes
Class A	Class A USD Class A(R) USD Class A GBP Class A(R) GBP Class A (rep) GBP Class A EUR Class A ZAR Class A JPY	Classes A(R) USD and A(R) GBP are currently closed to new investors

Class	Currency	Notes
Class B	Class B USD Class B GBP Class B (rep) GBP Class B EUR Class B ZAR Class B JPY	Class B Shares are only available to Connected Parties
Class Z	Class Z GBP Class Z EUR	Class Z Shares are only available for subscription through distributors and, at the sole discretion of the Directors, by other selected Eligible Investors.

The Directors at any time may designate additional Classes of Shares in their absolute discretion without notice to, or the consent of, the Shareholders. The Directors in their absolute discretion may differentiate between Classes including, without limitation, as to the currency of denomination of each Class, the level of fees payable in respect of each Class, the information rights applicable to each Class and the investment objective and strategies of such Class and offer such Classes pursuant to an amendment or supplement to this Offering Memorandum.

RIGHTS OF SHAREHOLDERS

All Shareholders are entitled to the benefit of, are bound by and are deemed to have notice of the provisions of the Memorandum and Articles of the Fund.

Under the terms of the Memorandum and Articles of the Fund, the liability of the Shareholders is limited to any amount unpaid on their Shares.

The Fund's objects are set out in clause 3 of the Memorandum and are unrestricted.

General meetings of the holders of Management Shares may be called by the Directors and will be called at the request of one or more holders of Management Shares holding in aggregate not less than one half of the Management Shares in issue. All meetings of the holders of Management Shares will be held in the Cayman Islands, or such other location as the Directors will determine. All meetings of the holders of Management Shares require a minimum of seven clear days' prior notice. Notice shall be in writing or in an electronic communication, or alternatively, where the recipient has agreed, by posting the notice on a secure nominated web-site.

Except where a Special Resolution is otherwise required by the Companies Law, all decisions of the holders of Management Shares will be made by an Ordinary Resolution, provided that a quorum of the holders of one-third of the Management Shares is present by proxy or in person at the meeting. Any matter referred to herein may also be adopted by resolution in writing of all the holders of Management Shares.

The rights attaching to any Class of Shares may, whether or not the Fund is being wound up, be varied or abrogated with the consent in writing of the holders of two-thirds of the Shareholders affected by the proposed variation or abrogation of rights or with the sanction of a resolution of such Shareholders holding not less than two-thirds of the Shares of the relevant Class present in

person or by proxy at a separate meeting of the Shareholders holding such Shares of such Class. For such purposes, the Directors may, in their discretion, treat all Classes of Shares as forming one Class if they consider that they would be affected in the same way by the proposals under consideration and that there would be no conflict of interest between them, but in any other case shall treat them as separate Classes, as the case may be.

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

From time to time, the Fund, by an Ordinary Resolution, may increase its authorised share capital in order to have a substantial number of Shares available at all times for issuance.

The Memorandum and Articles may be amended, and the Fund may be wound up at any time, upon the passing of a Special Resolution by the holders of the Management Shares.

SUBSCRIPTION, REDEMPTION AND TRANSFER OF SHARES

SUBSCRIPTION FOR SHARES

Offering of Shares

Shares are available in Classes A, B and Z. The Class A Shares are available for subscription by all Eligible Investors. The Class B Shares are only available for subscription by Eligible Investors which are Connected Parties. The Class Z Shares are only available for subscription through distributors and, at the sole discretion of the Directors, by other selected Eligible Investors.

Class A(R) USD and A(R) GBP Shares are closed to subscriptions from new investors. The Directors may however determine to reopen Class A(R) USD Shares and/or Class A(R) GBP Shares to further investors at a later date.

The minimum initial investment for Shares is \$100,000 or equivalent (net of any bank charges, subscription charge and any other initial fees or costs). Additional investments may be made for any amount.

Subscriptions for Shares may be made in cash or, in the sole discretion of the Directors, in securities or other property or partly in cash and partly in securities or other property.

Offer Price and Issuance of Shares

Shares are available for subscription in respect of each Subscription Day at the Net Asset Value per Share of the relevant Class as of the close of business on the immediately preceding Valuation Day.

Applications for Shares and payment for such subscriptions in cleared funds in the currency of denomination of the relevant Class must be received by the Administrator in Dublin by 5.00 p.m. (Irish time) on the Business Day prior to the Subscription Day or by such earlier or later time and/or date as the Directors may in their discretion determine.

Initial applications for subscription for Class Z EUR and Class Z GBP Shares must be received by the Administrator in Dublin together with payment for such subscription (inclusive of any subscription charge and other initial fees or costs) in cleared funds prior to 5.00 p.m. (Irish time) on 31 May 2011 or by such earlier or later time and/or date as the Directors may in their discretion determine.

Unless otherwise determined by the Directors, if any application or payment is received late it will be held over until the next following Subscription Day.

Share subscriptions will normally be processed following the Subscription Day using the subscription proceeds.

The Directors may change the Subscription Day and/or Valuation Day or increase or decrease the number of Subscription Days and/or Valuation Days. Notice of any such change (which may be of general application or for a particular case) will normally be given to Shareholders, however, the Directors may in their discretion determine to make such changes without notice.

Unless otherwise determined by the Directors in their discretion, applications for subscriptions for Shares are (save in the event of a suspension of Net Asset Value calculation) irrevocable.

Performance may be affected by the Fund's size. The Directors may, at their discretion, resolve, either for a specific period or until they otherwise determine, to close the Fund or one or more Classes to new subscriptions.

Subscription Charge and Distribution Fee

A subscription charge may be assessed, at the discretion of the Directors and on written notice to the subscriber, in connection with subscriptions for Class A Shares and Class Z Shares. Any applicable subscription charge will be deducted from the subscriber's subscription payment for the purposes of determining the net amount available for investment in Shares.

It is not presently anticipated that a subscription charge will be imposed on any subscription for Class A or Class Z Shares solicited by the Investment Manager or its affiliates.

No subscription charge will be imposed in respect of subscriptions for Class B Shares.

Subscriptions for Class Z Shares will give rise to a distribution fee (the "Class Z Distribution Fee") which will not exceed 6 per cent. of each amount subscribed and will be paid to the Investment Manager to enable it to compensate any financial intermediaries involved in marketing the Class Z Shares. Such Class Z Distribution Fee will be capitalised and amortised in equal instalments over a period of 5 years. This treatment will have the effect of reducing the return of the Class Z Share for the period of amortisation. The amortisation is shared by the whole of Class Z whenever there is a subscription. This practice is contrary to IFRS but the Directors have deemed it is likely to be immaterial.

Equalisation Adjustment for Class A and Class Z

If an investor subscribes for Class A or Class Z Shares at a time when the Net Asset Value per Share of the relevant Class is not equal to the Peak Net Asset Value per Share for that Class, certain adjustments will be made to reduce inequities that could otherwise result to the subscriber or to the Investment Manager.

The Peak Net Asset Value per Share is the greater of:

- (i) the Net Asset Value per Share of the relevant Class at the time of issue of such Shares; and
 - (ii) the highest Net Asset Value per Share of the relevant Class at the end of any previous Calculation Period.
- (a) If Class A or Class Z Shares are subscribed for at a time when the Net Asset Value per Share of the relevant Class is less than the Peak Net Asset Value per Share of that Class,

the investor will be required to pay an equivalent Incentive Fee with respect to any subsequent appreciation in the Net Asset Value of those Shares until the Peak Net Asset Value per Share is reached. This will be achieved by the Fund having the power to redeem such number of the investor's Shares of the relevant Class as have an aggregate Net Asset Value (after accrual for any Incentive Fee) equivalent to the Incentive Fee at the end of each Calculation Period (an "Incentive Fee Redemption"). An amount equal to the aggregate Net Asset Value of the Shares so redeemed will be paid to the Investment Manager as an Incentive Fee. After the Peak Net Asset Value per Share has been achieved, the Incentive Fee will be calculated and levied in the same manner as for all other Shares. No Incentive Fee will be accrued within the Class for existing Shareholders until the Peak Net Asset Value per Share for that Class has been recovered.

- (b) If Class A or Class Z Shares are subscribed for at a time when the Net Asset Value per Share of the relevant Class (before accrual for the Incentive Fee) is greater than the Peak Net Asset Value per Share of that Class ("Premium Shares") the investor will be required to pay an additional sum equal to the accrual then in place per Share in respect of the Incentive Fee (an "Equalisation Credit"). The Equalisation Credit is designed to ensure that all Shareholders of a Class have the same amount of capital at risk per Share.

The Equalisation Credit will be at risk in the Fund and will therefore appreciate or depreciate based on the performance of the relevant Class subsequent to the issue of the relevant Premium Shares. In the event of a decline as at any Valuation Day in the Net Asset Value per Share of those Premium Shares, the Equalisation Credit will reduce in line with the Incentive Fee accrual for other Shares of that Class namely by an amount equal to 20 per cent. of the amount of the loss on a per Premium Share basis until the Equalisation Credit is exhausted. Any subsequent appreciation in the Net Asset Value per Premium Share of the relevant Class will result in the recapture of any reduction in the Equalisation Credit but only to the extent of the previously lost Equalisation Credit up to the amount paid at subscription.

At the end of the Calculation Period, an amount equal to the lower of either the Equalisation Credit paid at the time of the subscription (less any Equalisation Credit previously applied) or 20 per cent. of the excess of the Net Asset Value per Share (before accrual for the Incentive Fee) over the Peak Net Asset Value per Share is applied in the subscription for additional Shares for the Shareholder. If Premium Shares are redeemed before the last day in any Calculation Period, the Shareholder will receive additional redemption proceeds equal to any Equalisation Credit then remaining multiplied by a fraction, the numerator of which is the number of Premium Shares being redeemed and the denominator of which is the number of Premium Shares owned by the Shareholder immediately prior to the redemption.

Payment

Payment for Shares must be made in cash in cleared funds in the base currency of the relevant Class by electronic transfer, inclusive of any subscription charge and other initial fees or costs. Payment must be sent to the bank details noted in the relevant Subscription Documents.

The Directors may however in their absolute discretion accept subscriptions in Investments. In such event, such Investments shall be valued in accordance with the provisions for valuing Fund assets set out in this Offering Memorandum, net of the costs of transfer and custody of such Investments, such costs being for the account of the subscriber. Any subscription made in Investments shall be accepted in the sole discretion of the Directors and will not be accepted unless the Directors are satisfied that:

- (i) the Investments to be transferred are within the scope of the Fund's investment program, do not cause the Fund to breach any of its investment restrictions; and
- (ii) the terms of any such transfer will not materially prejudice existing Shareholders.

The Directors reserve the right to decline to register any prospective investor until the subscriber has been able to prove title to the assets in question and make a valid transfer thereof. Pending acceptance of subscriptions, subscription proceeds may be held in escrow by the Administrator and then remitted to the relevant Custodian upon acceptance.

Where a time limit or period in relation to dealings in Shares is specified in this Offering Memorandum, the Directors may, where not prohibited by the constitutive documents of the Fund and other applicable laws and regulations, specify a longer or shorter time limit or period where the Directors determine that the same is reasonable and/or in the best interests of the Fund. This discretion may be exercised generally or in any particular case.

Prevention of Money Laundering

United States

In order to comply with United States and international laws aimed at the prevention of money laundering and terrorist financing, each prospective investor who is an individual will be required to represent in the Subscription Document that, among other things, he is not, nor is any person or entity controlling, controlled by or under common control with the prospective investor, a "Prohibited Person" as defined in the Subscription Document (generally, a person involved in money laundering or terrorist activities, including those persons or entities that are included on any relevant lists maintained by the U.S. Treasury Department's Office of Foreign Assets Control, any senior foreign political figures, their immediate family members and close associates and any foreign shell bank). Further, each prospective investor which is an entity will be required to represent in the Subscription Document that, among other things, (i) it has carried out thorough due diligence to establish the identities of its beneficial owners, (ii) it reasonably believes that no beneficial owner is a "Prohibited Person", (iii) it holds the evidence of such identities and status and will maintain such information for at least five years from the date of its complete redemption from the Fund, and (iv) it will make available such information and any additional information that the Fund may require upon request.

Cayman Islands

The Proceeds of Crime Law and the Anti-Money Laundering Regulations may apply to the Fund. In order to comply with the Anti-Money Laundering Regulations or equivalent legislation or regulations aimed at the prevention of money laundering, the Fund is required to adopt and maintain anti-money laundering procedures, and may require subscribers to provide evidence to

verify their identity and source of funds. Where permitted, and subject to certain conditions, the Fund may also delegate the maintenance of its anti-money laundering procedures (including the acquisition of due diligence information) to a suitable person. The Fund has delegated the maintenance of its anti-money laundering procedures to the Administrator.

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

The Fund and the Administrator also reserve the right to refuse to make any redemption payment or distribution to a Shareholder if any of the Directors or the Administrator suspects or is advised that the payment of any redemption or distribution money to such Shareholder might result in a breach or violation of any applicable anti-money laundering or other laws or regulations by any person in any relevant jurisdiction, or such refusal is considered necessary or appropriate to ensure the compliance by the Fund, its Directors or the Administrator with any such laws or regulations in any relevant jurisdiction. The Fund and the Administrator also reserve the right to request such verification evidence in respect of a Redemption Request.

If, as a result of any information or other matter which comes to his attention, any person resident in the Cayman Islands or elsewhere (including the Fund, its Directors and/or the Administrator) knows or suspects that payment to the Fund (by way of subscription or otherwise) is the proceeds of criminal conduct, such person is required to report such information or other matter pursuant to the Proceeds of Crime Law and such report shall not be treated as a breach of any restriction upon the disclosure of information imposed by law or otherwise.

Procedure for the Purchase of Shares

Applications are subject to the terms of this Offering Memorandum, the Memorandum and Articles and the Subscription Documents.

Class A Shares are available for subscription by all Eligible Investors. Class B Shares are only available for subscription by Eligible Investors which are Connected Parties. Class Z Shares are only available for subscription through distributors and, at the sole discretion of the Directors, by other selected Eligible Investors. Shares may only be issued in the names of companies, partnerships or individuals. Further, Shares purchased for those under 18 years of age must be registered in the name of the parent or legal guardian.

Application must be made in the form of the relevant Subscription Documents, which should be sent to the Administrator at the address or facsimile number set forth in the relevant Subscription Documents.

Where applications are made by facsimile, the original written form should be forwarded without delay to the Administrator. Shares will not be issued until the original Subscription Documents and all other relevant due diligence documents have been received by the Administrator.

Shares will be issued to four decimal places and any smaller fractions of a Share that would otherwise arise will be rounded down, with the relevant subscription money being retained for the benefit of the Fund.

Any application may be rejected or scaled down in the absolute discretion of the Directors. Where applications are scaled down or rejected, subscription money received by the Fund will be returned to the account from where the money was initially remitted, without interest.

Form of Shareholding

Shares will be held in registered form. Share certificates will generally not be issued nor will any other documentation be issued, other than confirmation notices. Confirmation notices will include a Shareholder identification number and details of the Shares that have been allotted. However, confirmation notices will be sent to subscribers only after approval of their Subscription Documents and satisfactory completion of due diligence.

Electronic Communication Consent

The Directors, the Investment Manager, the Administrator or any agent of the foregoing may communicate with investors (e.g. financial statements, performance reports, manager letters) using a variety of means including, but not limited to, by telephone, e-mail, password protected Internet website, regular mail and facsimile. An investor may, at any time, notify the Fund that it does not wish to receive electronic communications and that it wished to receive paper communications instead

REDEMPTION OF SHARES

General

Subject to the terms of the Offering Memorandum, Shares may be redeemed in respect of any Redemption Day at the Redemption Price.

Shareholders wishing to redeem their Shares should deliver an executed Redemption Request to the Administrator via facsimile, with the original written instruction to follow, at the address specified in the Redemption Request. The completed Redemption Request must be actually received by the Administrator by facsimile no later than one calendar month before the Redemption Day on which the redemption is to be effected and if received thereafter will, subject to the Directors' discretion to determine otherwise, be held over until the next Redemption Day. The original Redemption Request must be received by the Administrator prior to the relevant Redemption Day. The Directors may provide for a shorter redemption notice period in a particular case only if, in their discretion, they determine that, under the circumstances, to waive such requirement will not have a material adverse effect on the Fund's portfolio.

A Redemption Request for a partial redemption of Class A or Class Z Shares will not be accepted where such Redemption Request, if satisfied, would result in a Shareholder holding Class A or Class Z Shares with an aggregate Net Asset Value of less than \$100,000 (or equivalent).

The Administrator will confirm via e-mail or facsimile all Redemption Requests which are received in good order. Shareholders failing to receive an e-mail or facsimile confirmation within five Business Days should contact the Administrator to confirm receipt. Failure by the Shareholder to ensure the Administrator's receipt of the Redemption Request may render facsimile instructions or orders invalid.

None of the Fund, the Directors, the Administrator or any other agents of the Fund accepts any responsibility for any errors in facsimile or e-mail transmissions. Where a Redemption Request is forwarded by facsimile or e-mail, no redemption proceeds will be paid to the Shareholder until the original Redemption Request for the Shares being redeemed has been received by the Administrator.

Cayman Islands law imposes certain restrictions on the redemption of Shares, particularly where the Fund is not funding such redemption out of profits or the proceeds of fresh issues of Shares made for the purposes of redemption. In particular, any redemption payment out of capital will only be possible if the Fund remains able to pay its debts as they fall due in the ordinary course of business after such redemption payment is made out of capital.

If Redemption Requests are received in respect of any one Redemption Day for the redemption of Shares representing, when aggregated with redemption or withdrawal requests from the holders of shares or interests in the other Feeder Funds, more than 10 per cent. of the Aggregate NAV, the Directors may reduce the Redemption Requests rateably and *pro rata* amongst all Shareholders seeking to redeem Shares in respect of the relevant Redemption Day and carry out only sufficient redemptions which, in aggregate with a *pro rata* reduction in redemption or withdrawal requests from holders of shares and interests in the other Feeder Funds, will amount to 10 per cent. (or such higher percentage as the Directors may determine in their discretion) of the Aggregate NAV. Where this restriction is applied, Shares which for this reason are not redeemed in respect of any particular Redemption Day will be carried forward for redemption in respect of the next Redemption Day, subject to further deferral in respect of each subsequent Redemption Day on which redemption requests received by the Fund (including any requests deferred from a previous Redemption Day) when aggregated with redemption or withdrawal requests from the holders of shares or interests in the other Feeder Funds (again, including any requests deferred from a previous Redemption Day) exceed 10 per cent. of the Aggregate NAV for that day, but always in priority to Redemption Requests received by the Administrator in respect of any subsequent Redemption Day. Shareholders should be aware that, in the event that they submit a request for the redemption of Shares in respect of any Redemption Day for which redemption requests deferred from one or more previous Redemption Days exceed 10 per cent of the Aggregate NAV, the Directors have the discretion to defer the entirety of their redemption request until such future Redemption Day as the previously deferred requests have been satisfied in full.

The Directors will impose a redemption adjustment on any redemption of Class A or Class Z Shares made by a Shareholder in respect of a Redemption Day which results in the aggregate number of Class A and/or Class Z Shares redeemed by that Shareholder in the calendar quarter in which such Redemption Day falls exceeding 25 per cent. of that Shareholder's largest historical shareholding in the Fund, by number of Shares held (the "25 per cent. limit"). The redemption adjustment will be equal to 5 per cent. of the redemption proceeds to be paid to the Shareholder in respect of that portion of the Redemption Request which exceeds the 25 per cent. limit and will be deducted prior to the transfer of redemption proceeds to the redeeming Shareholder. The

redemption adjustment will be retained for the benefit of the Master Fund but may be waived by the Directors, in whole or in part, in what they consider to be extraordinary circumstances and will be waived in full in respect of any redemption made to exercise a Key Man Right. A redemption adjustment is not charged by the Fund in respect of redemptions of Class B Shares.

In addition to any redemption adjustment that may be applicable, the Directors, will impose a redemption fee on any redemption of Class Z Shares made by a Shareholder on a Redemption Day within 5 years of the Subscription Day in respect of which such Class Z Shares were subscribed (the “Relevant Subscription Day”), as follows:

- (i) redemptions made within one year of the Relevant Subscription Day, 6% of the subscriber amount;
- (ii) redemptions made on or after 1 year of the Relevant Subscription Day but within 2 years of the Relevant Subscription Day, 4.8% of the amount subscribed;
- (iii) redemptions made on or after 2 years of the Relevant Subscription Day but within 3 years of the Relevant Subscription Day, 3.6% of the amount subscribed;
- (iv) redemptions made on or after 3 years of the Relevant Subscription Day but within 4 years of the Relevant Subscription Day, 2.4% of the amount subscribed; and
- (v) redemptions made on or after 4 years of the Relevant Subscription Day but within 5 years of the Relevant Subscription Day, 1.2% of the amount subscribed.

The Class Z Redemption Fee will be deducted prior to the transfer of redemption proceeds to the redeeming Shareholder and will be used to offset unamortised Class Z Distribution Fees.

In the event of Key Man Loss, the Replacement Principal, together with a suitably qualified investment professional or professionals nominated by the Directors in consultation with the Investment Manager will assume the duties previously performed by the Principal in respect of the Investment Manager. The Directors will notify all Shareholders of this as soon as practicable.

In the event that at the time of the Key Man Loss, or at any time thereafter, the Replacement Principal is disabled, deceased or is otherwise unable or unwilling to devote the majority of his professional efforts to the Investment Manager, the Directors will notify all Shareholders of this as soon as practicable. Any Redemption Request submitted during the 45 days after the date (the “Key Man Notification Date”) on which such notice is deemed to have been given to Shareholders pursuant to the Articles (the “Key Man Notice Period”), will be a “Special Redemption Request” and will be given effect to as provided below.

The Directors will use reasonable endeavours to arrange the liquidation of the assets of the Fund in an orderly fashion to give effect to any Special Redemption Requests as of the last Business Day of the first month commencing on or after the 45th day following the end of the Key Man Notice Period (the “Key Man Right”). If the Special Redemption Requests cannot be satisfied in full on the relevant day without, in the view of the Directors, adversely affecting continuing Shareholders, they will be satisfied to the extent possible on a *pro rata* basis and any portion not

so satisfied will be satisfied, to the extent practicable, on the last Business Day of the next month (and subsequent months as appropriate).

Any Special Redemption Request will otherwise be subject to the redemption terms described in this Offering Memorandum, except where inconsistent with the Key Man Terms, in which case the Key Man Terms shall apply.

For the avoidance of doubt, Redemption Requests submitted prior to the Key Man Notification Date will be satisfied in accordance with the terms otherwise described in this Offering Memorandum.

The Directors will not apply a redemption adjustment in respect of any Special Redemption Request.

The Fund, or the Administrator on its behalf, also reserves the right to refuse to make any redemption payment or distribution to a Shareholder if any of the Directors or the Administrator suspects or is advised that the payment of any redemption or distribution money to such Shareholder might result in a breach or violation of any applicable anti-money laundering or other laws or regulations by any person in any relevant jurisdiction, or such refusal is considered necessary or appropriate to ensure the compliance by the Fund, its Directors or the Administrator with any such laws or regulations in any relevant jurisdiction.

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

Redemption Proceeds

Following a redemption (other than an Incentive Fee Redemption), Shareholders will be paid the Redemption Price for each Share redeemed, which is calculated in accordance with this Offering Memorandum and is based on the Net Asset Value per Share of the relevant Class prevailing at the close of business on the Valuation Day which is the same day as the Redemption Day, less any redemption adjustment or Class Z Redemption Fee, if applicable, the net amount being the “Redemption Proceeds”.

The Redemption Proceeds will be paid in the currency of denomination of the redeemed Shares by electronic transfer at the request and expense of the redeeming Shareholder. The Redemption Proceeds will usually be paid in full within 20 days after the relevant Redemption Day, save that the Directors have the discretion, in what they consider to be extraordinary circumstances, to make such payments, in part or full, within a further 40 days if this is considered necessary to liquidate assets with no material adverse impact to the Fund. In conditions, in the opinion of the Directors, of market disruption, such payments, in part or whole, may be made up to 90 days after the relevant Redemption Day, again if this is considered necessary to liquidate assets with no material adverse impact to the Fund. In any event the Directors intend to pay Redemption Proceeds as soon as is practical after the relevant Redemption Day although payments may be made in tranches as and when sufficient cash is available for a material distribution. There will be no Management Fee charged or any interest income credited on any outstanding Redemption Proceeds.

The Fund may withhold a reserve for any tax liability arising from the disposition of certain securities necessary to effect a redemption pending the determination of the actual liability (the excess of such reserve, if any, over the actual tax liability will be returned, without interest, to a redeeming Shareholder promptly following such determination).

The Fund aims to effect the payment of all redemption proceeds in cash. However, the Directors may, in what they consider to be extraordinary circumstances, elect to effect the payment of the redemptions in Investments selected by the Directors or partly in cash and partly in Investments as determined by the Directors. No Investments will be transferred to a Shareholder unless the Directors are satisfied that:

- (i) as of the Redemption Day, the value of the Investments to be transferred, calculated in accordance with the valuation provisions set out in this Offering Memorandum, is equal to and does not exceed the Net Asset Value of the Shares to be redeemed less all financial duties and charges (including custody costs) arising in connection with the vesting of such Investments in the Shareholder; and
- (ii) the terms of any such transfer do not materially prejudice the interests of the remaining Shareholders.

Investments to be distributed for the purposes of in kind distribution may be transferred directly to the redeeming Shareholder or may be transferred to a liquidating account and sold by the Fund for the benefit of the redeeming Shareholder, in which case payment of that proportion of the Redemption Price attributable to such Investments will be delayed until such Investments are sold and the amount payable in respect of such Investments will depend on the performance of such Investments through to the date on which they are sold. The cost of operating the liquidating account and selling the Investments will be deducted from the proceeds of sale paid to the redeeming Shareholder.

Compulsory Redemption

The Directors may compulsorily redeem any Shares for any reason.

DETERMINATION OF NET ASSET VALUE

The Net Asset Value of each Class of the Fund and the Net Asset Value per Share will be calculated by the Administrator as of the close of business on each Valuation Day.

The Net Asset Value per Share of each Class of the Fund will be calculated by dividing the assets of the Fund attributable to the relevant Class, less the liabilities attributable to such Class, by the number of Shares of such Class in issue. The Net Asset Value per Share will be calculated to four decimal places.

The value of the assets and liabilities of the Master Fund and the Fund will be determined on the accrual basis of accounting using IFRS as a guideline, unless otherwise deemed appropriate at the discretion of the Directors, and in accordance with the principles set out in this Offering Memorandum.

The Master Fund

Assets

The assets of the Master Fund will be deemed to include, without limitation, (i) all cash on hand or on deposit, including any interest accrued thereon, (ii) all bills and demand notes and accounts receivable (including proceeds of Investments and other assets sold but not delivered), (iii) all Investments and other assets owned or contracted for, (iv) all dividends and distributions payable in stock, cash or other property receivable by the Master Fund, provided that the Administrator may make adjustments with respect to fluctuations in the market value of Investments caused by trading ex-dividend or ex-rights or by similar practices, (v) all interest accrued on any interest-bearing instruments owned by the Master Fund, except to the extent that the same is included or reflected in the valuation of such Instruments and (vi) all other assets of every kind and nature, including prepaid expenses (it being understood that goodwill shall be deemed to have no value) and excluding an amount equal to the aggregate nominal amount paid on the shares of the Master Fund in issue.

Liabilities

The liabilities of the Master Fund will be deemed to include, without limitation, (i) all loans, bills and accounts payable, (ii) all accrued or payable expenses and fees chargeable to the Master Fund including dividends declared but unpaid (provided that expenses of a regular or recurring nature may be calculated on an estimated figure for yearly or other periods in advance and accrued over any such period), (iii) gross acquisition cost of Investments and other property contracted to be purchased by the Master Fund, (iv) such sum (if any) as the Directors consider appropriate to allow for brokerage, stamp duty and any other governmental tax or charges, (v) dividends declared but not yet paid, and (vi) all other liabilities, including unknown or unfixed contingencies, preliminary expenses incurred in or about the formation and establishment of the Master Fund and the Fund and such reserves as the Directors may reasonably deem advisable. In the event any liability is not payable until some future time after the Valuation Day, the Directors may from time to time make such allowance as is considered appropriate to reflect the true current value thereof.

The Fund

The Net Asset Value of the Fund will comprise the aggregate of the value of the cash held by the Fund, together with any interest accrued thereon, and the Fund's shareholding in the Master Fund, less any costs, expenses, fees and liabilities of the Fund and excluding an amount equal to the aggregate nominal amount paid on the Management Shares in issue.

Valuations

The Master Fund

The value of Investments held by the Master Fund shall be as follows:

- (A) no value shall be assigned to goodwill;
- (B) organisational expenses of the Master Fund and the Fund will be amortised by the Master Fund over a period of up to three years from the date the Master Fund commenced operations and the amortisable portion of the organisational expenses shall be deducted in

computing net profits and net losses. Save in relation to Class Z Distribution Fees, other expenses of the Master Fund and the Fund shall be expensed by the Master Fund as they are incurred;

- (C) Class Z Distribution Fees, which are applicable to subscriptions for Class Z Shares only, will be capitalised and amortised over a period of five years (as reduced by any Class Z Redemption Fee), and the amortisable portion of the Class Z Distribution Fee shall be deducted in computing net profits and net losses.
- (D) each Investment (including spot, forward or derivative contracts) which is actively traded on a Recognised Exchange (other than an Investment which, in the opinion of the Directors, in consultation with the Investment Manager, falls under (J) below) will be valued on the Recognised Exchange (or, if traded on more than one Recognised Exchange, on the Recognised Exchange which the Directors, in consultation with the Investment Manager determine provides the fairest criterion of value for such Investment) by reference to the official closing price, if available, on the relevant Recognised Exchange as at the relevant Valuation Day or, if no price is available on this day, then the most recent official closing price available;
- (E) the value of any Investment which is traded on an exchange and does not fall within (D) above shall be the market value of the Investment determined in good faith by the Directors, in consultation with the Investment Manager, to the extent the methodology applied in (D) above does not result in a fair valuation;
- (F) Investments, including over the counter derivative contracts, which are not dealt in or traded through an exchange will be valued as at the relevant Valuation Day, on the recommendation of the Directors, in consultation with the Investment Manager, on the basis of the valuation provided by the relevant counterparty or broker, independent brokers, third party independent pricing or valuation agents, or through applying independently obtained pricing parameters into market standard pricing models. If an investment cannot be valued using any of these sources, then it will be valued in accordance with (J) below;
- (G) cash deposits and similar liquid Investments will be valued at their nominal value together with all accrued interest thereon to the relevant Valuation Day;
- (H) treasury bills and bills of exchange shall be valued with reference to prices ruling in the appropriate markets for such instruments of like maturity, amount and credit risk as at the relevant Valuation Day;
- (I) any value (whether of an investment or cash) otherwise than in U.S. Dollars will be converted into U.S. Dollars at the rate (whether official or otherwise) which the Directors, in consultation with the Investment Manager deem applicable as at close of business on the relevant Valuation Day, having regard, among other things, to any premium, discount or costs of exchange which they consider may be relevant;
- (J) all other assets and liabilities of the Master Fund will be valued in the manner determined by the Directors, in consultation with the Investment Manager; and

- (K) the Directors, in consultation with the Investment Manager shall be entitled to adopt an alternative method of valuation in relation to any particular asset or liability if they consider that the method of valuation otherwise provided for above or in the Articles does not provide a fair valuation of that asset or liability.

The Master Fund maintains a more detailed valuation policy which is updated and approved by the Directors from time to time. This enables the Master Fund to apply a standardised methodology in determining the value of Investments.

The Fund

The Fund's shareholding in the Master Fund will be valued at the latest reported Net Asset Value or, if deemed appropriate by the Administrator, following consultation with the Investment Manager, by reference to a more recent estimate of Net Asset Value.

The Directors are entitled to exercise their reasonable judgement in determining the values to be attributed to assets and liabilities and, provided that they are acting *bona fide* in the interests of the Master Fund or the Fund, as applicable, as a whole, such valuation is not open to challenge by current or previous investors.

Under the terms of the Administration Agreement, in the event that the Administrator's calculations rely upon information from a pricing or similar service which the Administrator, in its reasonable judgment, deems reliable, the Administrator will not be responsible for the accuracy or completeness of such information and shall be entitled to rely on and, save in the event of its negligence, wilful default, bad faith or fraud, shall have no liability for the accuracy or validity of such information.

TEMPORARY SUSPENSION OF DEALINGS

The Directors may suspend the calculation of the Net Asset Value per share of the Master Fund in respect of the whole or any part of a period during which:

- (i) one or more stock exchanges which provide the basis for valuing a substantial portion of the assets of the Master Fund are closed other than for, or during, holidays or if dealings therein are restricted or suspended;
- (ii) there exists any state of affairs that constitute a state of emergency or period of extreme volatility or illiquidity as a result of which (i) disposal of some or all of the investments of the Master Fund would not be reasonably practical or cannot be completed in a timely fashion to meet redemption requirements and may seriously impact the investors of the Master Fund or (ii) it is not reasonably practical for the Master Fund to determine fairly the value of its net assets;
- (iii) there is a breakdown in the means of communication normally employed in determining the prices of a substantial part of the investments of the Master Fund;
- (iv) in the reasonable good faith discretion of the Directors, the liquidation of assets to fund redemptions would result in unreasonable losses to the Master Fund and its investors;

- (v) in the reasonable good faith discretion of the Directors, a material adverse change or disruption has occurred in the financial, banking or capital markets generally, which has had or could reasonably be expected to have a material adverse effect on the Master Fund; or
- (vi) if, as a result of exchange restrictions or other restrictions affecting the transfer of funds, transactions on behalf of the Master Fund are rendered impractical or if purchases, sales, deposits or withdrawal of the assets cannot be effected at the normal rates of exchange.

The Directors may in their absolute discretion declare a suspension of the determination of the Net Asset Value of the Fund during any period when there is a suspension of the determination of the Net Asset Value of the Master Fund.

Any such suspension shall take effect at such time as the Directors shall declare but not later than the close of business on the Business Day next following the declaration. During such period, the valuation, sale, purchase and redemption of Shares will be suspended. The Administrator will notify Shareholders of the declaration of such suspension, and will also notify Shareholders when the period of such suspension has ended.

The Directors will use reasonable efforts to produce an indicative Net Asset Value during any period of suspension. Any subscription or redemption request previously submitted may be withdrawn during a period of suspension. Any subscription or redemption request which is not withdrawn will be given effect to as of the first Business Day following the termination of the suspension. The Directors reserve the right to withhold payment from Shareholders who have requested redemption prior to such suspension until after the 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 other Shareholders.

TRANSFER OF SHARES

Shares may not be transferred without the prior written consent of the Directors, which consent may be withheld by the Directors in their absolute discretion. Furthermore, transfers of Shares may only be conducted in accordance with the anti-money laundering policies and procedures of the Administrator. A transferee will be required to complete the relevant Subscription Documents and will be subject to the requirements set forth in this Offering Memorandum.

FINANCIAL INFORMATION AND REPORTS

FINANCIAL YEAR

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

FINANCIAL STATEMENTS

The financial statements of the Fund and the Master Fund are prepared using IFRS, unless otherwise deemed appropriate in the sole discretion of the Directors. Organisational expenses, for example, will be amortised over a period of up to three years, because the Directors believe that such treatment is more equitable than expensing the entire amount during the first year of operations, as is required by IFRS. The books and records of the Fund and the Master Fund will be audited at the end of each Financial Year by the Auditor.

As a regulated mutual fund, the Fund is required to file copies of its audited financial statements together with its fund annual return form with the Monetary Authority within 180 days of the end of each Financial Year.

AUDITOR

The Auditor has consented in writing to its appointment as auditor of the Fund and to all references to it as such in this Offering Memorandum. The Directors may replace the Auditor without prior notice to the Shareholders.

REPORTS TO SHAREHOLDERS

Each year Shareholders will be sent audited financial statements of the Fund within 180 days after the end of the Financial Year (or as soon as practicable thereafter).

TAXATION

GENERAL

The following is a general discussion of certain of the anticipated United Kingdom, United States and Cayman Islands tax consequences to the Fund and the Shareholders arising from the operation of the Master Fund and the Fund. This discussion represents the Directors' understanding of the position as at the date of the Offering Memorandum and is based on laws, regulations formulated thereunder, published administrative rulings and judicial decisions currently in effect, all of which may change or be subject to different interpretations, possibly with retrospective effect.

In view of the number of different jurisdictions where local laws may apply to Shareholders, the discussion below does not address all the tax consequences to potential investors of the purchase, ownership, and disposition of Shares. Prospective investors are urged to consult their own tax advisors in determining the possible tax consequences to them under the laws of the jurisdictions of which they are citizens, residents or domiciliaries, jurisdictions in which they conduct business and jurisdictions in which they hold Shares. This discussion does not constitute tax advice.

UNITED KINGDOM

The Fund

The Directors intend that the affairs of the Fund and the Master Fund should be managed and conducted so that neither the Fund nor the Master Fund become resident in the United Kingdom for United Kingdom taxation purposes. Accordingly, and provided that neither the Fund nor the Master Fund carry on a trade in the United Kingdom through a permanent establishment situated in the United Kingdom for corporation tax purposes, or through a branch or agency situated in the United Kingdom which would bring the Fund or the Master Fund within the charge to income tax, neither the Fund nor the Master Fund will be subject to United Kingdom corporation tax or income tax on income and capital gains arising to it, save as noted below in relation to possible withholding tax on certain United Kingdom source income. The Directors intend that the affairs of the Fund and the Master Fund are conducted so that no such permanent establishment, branch or agency will arise insofar as this is within their control, but it cannot be guaranteed that the conditions necessary to prevent any such permanent establishment, branch or agency coming into being will at all times be satisfied.

Interest and other income received by the Fund or the Master Fund which has a United Kingdom source may be subject to withholding taxes in the United Kingdom.

Shareholders

Subject to their personal circumstances, individual Shareholders resident in the United Kingdom for taxation purposes will be liable to United Kingdom income tax in respect of any dividends or other distributions of income by the Fund, whether or not such distributions are reinvested. In

addition, Shareholders in a Reporting Class may be treated as receiving reportable income in respect of income arising to this particular Class (see further “Shareholders Reporting Classes” below). A dividend tax credit of 1/9th of the gross dividend should be available to such investors on dividends received from the Fund. However, it should be noted that, as a result of anti-avoidance rules such credit will not be available to individual investors in any Class where the market value of the investments in debt instruments, securities and certain other offshore corporate funds which invest in similar assets exceeds 60 per cent. of the market value of all of the assets of the Class at any relevant time. Investors in these Classes will be treated as receiving an interest payment which will not carry the tax credit.

Companies within the charge to United Kingdom corporation tax should generally be exempt from United Kingdom corporation tax on distributions made by the Company although it should be noted that this exemption is subject to certain exclusions and specific anti-avoidance rules.

Except in the case of a company owning directly or indirectly not less than ten per cent. of the voting share capital of the Fund, no credit will be available against a Shareholder’s United Kingdom taxation liability in respect of income distributions of the Fund for any taxes suffered or paid by the Fund on its own income.

Chapter IV of Part XVII of the Income and Corporation Taxes Act 1988 (the “Taxes Act”) subjects United Kingdom resident companies to tax on the profits of companies not so resident in which they have an interest. The provisions, broadly, affect United Kingdom resident companies which hold, alone or together with certain other associated persons, shares which confer a right to at least 25% of the profits of a non-resident company where that non-resident company is controlled by persons who are resident in the United Kingdom and is subject to a lower level of taxation in its territory of residence. The legislation is not directed towards the taxation of capital gains. Reform of the legislation is expected to take place in future based on the outcome of an ongoing consultation.

The attention of persons resident or ordinarily resident in the United Kingdom for taxation purposes is drawn to the provisions of section 13 of the Taxation of Chargeable Gains Act 1992 (“section 13”). Section 13 applies to a “participator” for United Kingdom taxation purposes (which term includes a Shareholder) if at any time when a gain accrues to the Fund which constitutes a chargeable gain for those purposes, at the same time, the Fund is itself controlled by a sufficiently small number of persons so as to render the Fund a body corporate that would, were it to have been resident in the United Kingdom for taxation purposes, be a “close” company for those purposes. The provisions of section 13 could, if applied, result in any such person who is a “participator” in the Fund being treated for the purposes of United Kingdom taxation of chargeable gains as if a part of any chargeable gain accruing to the Fund had accrued to that person directly, that part being equal to the proportion of the gain that corresponds on a just and reasonable basis to that person’s proportionate interest in the Fund as a “participator”. No liability under section 13 could be incurred by such a person however, where such proportion does not exceed one-tenth of the gain. In the case of United Kingdom resident or ordinarily resident individuals domiciled outside the United Kingdom, section 13 applies only to gains relating to United Kingdom situate assets of the Fund and gains relating to non-United Kingdom situate assets if such gains are remitted to the United Kingdom.

Chapter 3 of Part 6 of the Corporation Tax Act 2009 (“CTA 2009”) provides that, if at any time in an accounting period a corporate investor within the charge to United Kingdom corporation tax holds an interest in an offshore fund within the meaning of the relevant provisions of the Taxes Act, and there is a time in that period when that fund fails to satisfy the “non-qualifying investments test”, the interest held by such a corporate investor will be treated for the accounting period as if it were rights under a creditor relationship for the purposes of the rules relating to the taxation of most corporate debt contained in CTA 2009 (the “Corporate Debt Regime”). The Shares will constitute interests in an offshore fund. In circumstances where the test is not so satisfied (for example where a Class invests in cash, securities or debt instruments or open-ended companies that themselves do not satisfy the “non-qualifying investments test” and the market value of such investments exceeds 60 per cent. of the market value of all its investments at any time) the Shares in the relevant Class will be treated for corporation tax purposes as within the Corporate Debt Regime. As a consequence, all returns on the Shares in the relevant Class in respect of each corporate investor’s accounting period during which the test is not met (including gains, profits and deficits and, exchange gains and losses) will be taxed or relieved as an income receipt or expense on a fair value accounting basis. Accordingly, a corporate investor in the Fund may, depending on its own circumstances, incur a charge to corporation tax on an unrealised increase in the value of its holding of Shares (and, likewise, obtain relief against corporation tax for an unrealised reduction in the value of its holding of Shares). The provisions relating to non-reporting funds (outlined below) would not then apply to such corporate Shareholders and the effect of the provisions relating to holdings in controlled foreign companies (outlined above) would then be substantially mitigated.

The attention of individual Shareholders ordinarily resident in the United Kingdom is drawn to the provisions of Chapter 2 of Part 13 of the Income Tax Act 2007 under which the income accruing to the Fund may be attributed to such a Shareholder and may render them liable to taxation in respect of the undistributed income and profits of the Fund. This legislation will, however, not apply if such a Shareholder can satisfy HM Revenue and Customs that either:

- (i) it would not be reasonable to draw the conclusion from all the circumstances of the case, that the purpose of avoiding liability to taxation was the purpose, or one of the purposes, for which the relevant transactions or any of them were effected; or
- (ii) all the relevant transactions are genuine commercial transactions and it would not be reasonable to draw the conclusion, from all the circumstances of the case, that any one or more of the transactions was more than incidentally designed for the purpose of avoiding liability to taxation.

Special tax rules apply to investments made in an offshore fund within the meaning of Part 8 of the Taxation (International and other Provisions) Act 2010. Individual classes of shares within the same offshore fund are treated as separate offshore funds for these purposes. The tax treatment of Shareholders in the Reporting Classes differs in various respects from those in Non-Reporting Classes and the tax treatment of each is set out separately below.

All of the Non-Reporting Classes will be deemed to constitute an “offshore fund” for the purposes of the Taxation (International and other Provisions) Act 2010. Under this legislation, any gain arising on the sale, disposal or redemption of shares in an offshore fund (which may include, where applicable, compulsory redemption by the Fund) held by persons who are

resident or ordinarily resident in the United Kingdom for tax purposes will be taxed at the time of such sale, disposal or redemption as income and not as a capital gain. This does not apply, however, where a Class is accepted by HM Revenue & Customs as a “reporting fund” throughout the period during which shares in the Class have been held. It is intended that none of the Non-Reporting Classes will apply to be a “reporting fund” and accordingly Shareholders who are resident or ordinarily resident in the United Kingdom for tax purposes may be liable to United Kingdom income taxation in respect of any gain realised on disposal or redemption of Shares in Non-Reporting Classes. Any such gain may thus remain taxable notwithstanding any general or specific United Kingdom capital gains tax exemption or allowance available to a Shareholder and this may result in certain investors incurring a proportionately greater United Kingdom taxation charge. Any losses arising on the disposal of Shares by Shareholders who are resident or ordinarily resident in the United Kingdom will be eligible for capital gains loss relief.

Shareholders in the Reporting Classes

Each of the Reporting Classes will be deemed to constitute an “offshore fund” for the purposes of the offshore fund legislation in Part 8 of the Taxation (International and Other Provisions) Act 2010. The legislation provides that any gain arising on the sale, redemption or other disposal of Shares of an offshore fund (which may include, where applicable, compulsory redemption by the Company) will be taxed at the time of such sale, redemption or disposal as income and not as a capital gain. These provisions will not apply in respect of the Reporting Classes if the Company successfully applies for reporting fund status in respect of the Reporting Classes and the Reporting Classes retain such status throughout the period during which Shares in such Classes are held.

In order for Reporting Classes to qualify as reporting funds, the Company must apply to HM Revenue & Customs for entry of each Reporting Class into the regime. For each accounting period, it must then report to investors 100 per cent. of the income attributable to the relevant Class, that report being made within six months of the end of the relevant accounting period. U.K. resident individual investors will be taxable on such reported income, whether or not the income is actually distributed and whether or not a gain arises or would, in the absence of reporting fund status, have arisen on redemption. Income for these purposes is computed by reference to “total comprehensive income for the period” for accounting purposes (as that expression is used in international accounting standards) as adjusted for certain expenditure, capital and other items. Further, it will include a proportionate share of the underlying reportable income of the Master Fund. In particular, Shareholders should note that any profit derived from trading activities will be regarded as reportable income. Although the Directors believe that the Fund’s and the Master Fund’s activities are largely unlikely to be regarded as trading activities for these purposes and, taking into account inevitable uncertainty over the practical application of the new reporting fund rules, no assurances can be given that this will be the case. If, contrary to this belief, the Fund’s and the Master Fund’s activities prove to be trading in whole or part the annual reportable income of Shareholders and their corresponding tax liability is likely to be significantly greater than would otherwise be the case.

Provided each of the Reporting Classes obtains and retains reporting fund status, any gains realised on the disposal of Shares in the Classes will be subject to taxation as capital and not as income unless the investor deals in securities. Any such gain may accordingly be reduced by any

general or specific U.K. exemption in respect of capital gains available to a Shareholder and may result in certain investors incurring a proportionately lower U.K. taxation charge.

CAYMAN ISLANDS

Master Fund and Fund Level

Neither the Fund nor the Master Fund is subject to any income, withholding or capital gains taxes in the Cayman Islands. Both the Fund and the Master Fund have applied for and received an undertaking from the Governor-in-Cabinet of the Cayman Islands pursuant to the Tax Concessions Law (Revised) of the Cayman Islands that for a period of twenty years from 30 October 2007, no law which is thereafter enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciations will apply to the Fund or the Master Fund or their respective operations; and, in addition, that no tax to be levied on profits, income, gains or appreciations or which is in the nature of estate duty or inheritance tax will be payable on or in respect of the shares, debentures or other obligations of the Fund or the Master Fund, or by way of the withholding in whole or in part of any relevant payment as defined in Section 6(3) of The Tax Concessions Law (Revised). No capital or stamp duties are levied in the Cayman Islands on the issue, transfer or redemption of Shares.

The Fund is required to pay to the Monetary Authority an annual registration fee of \$3,660 under the Mutual Funds Law (Revised) and an annual fee of \$732 to the Registrar of Companies under the Companies Law.

Shareholder Level

Shareholders will not be subject to any income, withholding or capital gains taxes in the Cayman Islands, with respect to the Shares owned by them and dividends received on such Shares, nor will they be subject to any estate or inheritance taxes in the Cayman Islands.

EUROPEAN UNION SAVINGS DIRECTIVE

As the Fund is neither a UCITS authorised in accordance with European Union Directive 85/611/EEC (as amended), nor licensed as a mutual fund under section 5 of the Mutual Funds Law, nor regarded as a UCITS equivalent under the laws of the relevant jurisdictions, the European Union Savings Directive 2003/48/EC (the “Directive”) should not apply to payments made in respect of Shares by the Fund or the Administrator. Where the Directive applies to an undertaking for collective investment which has the relevant percentage of its assets invested in debt instruments as defined in the Directive, a paying agent in a E.U. Member State, such as the Administrator, is required to provide to its home tax authorities details of payments of interest or (if relevant) deemed interest paid by it to or for the benefit of an individual resident in another E.U. Member State which will be shared with the tax authorities of that other E.U. Member State.

The European Commission has proposed an extension of the scope of the Directive to include all investment funds or schemes, whether or not they are constituted as UCITS, and certain other changes. Draft amendments have not been published and whilst the consultation process continues it remains uncertain if, or when, any changes will be implemented.

UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS

Investors' Reliance on U.S. Federal Tax Advice in this Offering Memorandum

The discussion contained in this Offering Memorandum as to U.S. federal tax considerations is not intended or written to be used, and cannot be used, for the purpose of avoiding penalties. Such discussion is written to support the promotion or marketing of the transactions or matters addressed herein. Each taxpayer should seek federal tax advice based on the taxpayer's particular circumstances from an independent tax advisor.

As with any investment, the tax consequences of an investment in Shares may be material to an analysis of an investment in the Fund. U.S. persons, as defined for federal income tax purposes (referred to herein as "U.S. Holders" and defined below), investing in the Fund should be aware of the tax consequences of such an investment before purchasing Shares. This Offering Memorandum discusses certain U.S. federal income tax consequences only generally and does not purport to deal with all of the U.S. federal income tax consequences applicable to the Fund or to all categories of investors, some of whom may be subject to special rules. In particular, because taxable U.S. Holders generally will prefer an investment in the L.P. Fund, the discussion does not address the U.S. federal income tax consequences to such persons of an investment in Shares.

The following discussion assumes that the Fund will not hold any interests (other than as a creditor) in any "United States real property holding corporations" as defined in the Code. Each prospective investor is urged to consult his or her tax advisor regarding the specific consequences of an investment in the Fund under applicable U.S. federal, state, local and foreign income tax laws as well as with respect to any specific gift, estate and inheritance tax issues.

As used herein, the term "U.S. Holder" includes a U.S. citizen or resident alien of the United States (as defined for United States federal income tax purposes); any entity treated as a partnership or corporation for U.S. tax purposes that is created or organized in, or under the laws of, the United States or any state thereof (including the District of Columbia); any other partnership that may be treated as a U.S. Holder under future U.S. Treasury Department regulations; any estate, the income of which is subject to U.S. income taxation regardless of source; and any trust over whose administration a court within the United States has primary supervision and all substantial decisions of which are under the control of one or more U.S. fiduciaries. Persons who have lost their U.S. citizenship and who live outside the United States may nonetheless, in some circumstances, be treated as U.S. Holders. Persons who are aliens as to the United States but who have spent 183 days or more in the United States in any of the last two years should check with their tax advisors as to whether they may be considered residents of the United States.

Taxation of the Fund

The Fund generally intends to conduct its affairs so that it will not be deemed to be engaged in trade or business in the United States and, therefore, none of its income will be treated as "effectively connected" with a U.S. trade or business carried on by the Fund. If none of the Fund's income is effectively connected with a U.S. trade or business carried on by the Fund, certain categories of income (including dividends (and certain substitute dividends and other dividend equivalent payments) and certain types of interest income), if any, derived by the Fund

from U.S. sources will be subject to a U.S. tax of 30 per cent., which tax is generally withheld from such income. Certain other categories of income, generally including most forms of U.S. source interest income (e.g. interest and original issue discount on portfolio debt obligations (which may include United States Government securities, original issue discount obligations having an original maturity of 183 days or less, and certificates of deposit), and capital gains (including those derived from options transactions), will not be subject to this 30 per cent. withholding tax. If, on the other hand, the Fund derives income which is effectively connected with a U.S. trade or business carried on by the Fund, such income will be subject to U.S. federal income tax at the graduated rates applicable to U.S. domestic corporations, and the Fund would also be subject to a branch profits tax on earnings removed, or deemed removed, from the United States.

Each of the Master Fund and the Fund will be subject to U.S. federal withholding taxes (at a 30% rate) on payments of certain amounts made to such entity after 2012 (“withholdable payments”), unless it complies with extensive reporting and withholding requirements. Withholdable payments generally will include interest (including original issue discount), dividends, rents, annuities, and other fixed or determinable annual or periodical gains, profits or income, if such payments are derived from U.S. sources, as well as gross proceeds from dispositions of securities that could produce U.S. source interest or dividends. Income which is effectively connected with the conduct of a U.S. trade or business is not, however, included in this definition.

To avoid the withholding tax, each of the Master Fund and the Fund will be required to enter into an agreement with the United States to identify and disclose identifying and financial information about each U.S. Holder (or foreign entity with substantial U.S. ownership) which invests in such entity, and to withhold tax (at a 30% rate) on withholdable payments and related payments made to any investor which fails to furnish information requested by such entity to satisfy its obligations under the agreement. Certain categories of investors, generally including, but not limited to, tax-exempt investors, publicly traded corporations, banks, regulated investment companies, real estate investment trusts, common trust funds, and state and federal governmental entities, will be exempt from such reporting. The U.S. Department of the Treasury is expected to issue further, detailed guidance as to the mechanics and scope of this new reporting and withholding regime. There can be no assurance as to the timing or impact of any such guidance on future Master Fund and Fund operations.

Taxation of Shareholders

The U.S. tax consequences to Shareholders of distributions from the Fund and of dispositions of Shares generally depends on the Shareholder’s particular circumstances, including whether the Shareholder conducts a trade or business within the United States or is otherwise taxable as a U.S. Holder.

Shareholders will be required to provide documentation certifying as to their tax status, together with such additional tax information as the Directors may from time to time request.

Taxation of U.S. Shareholders

Passive Foreign Investment Company (“PFIC”) Rules - In General. The Fund is expected to be a PFIC within the meaning of Section 1297(a) of the Code. In addition, the Fund may invest in other entities that are classified as PFICs. Thus, Shareholders may be treated as indirect

shareholders of PFICs in which the Fund invests. U.S. Holders are urged to consult their own tax advisors with respect to the application of the PFIC rules.

PFIC Consequences - Tax-Exempt Organisations - Unrelated Business Taxable Income. Certain entities (including qualified pension and profit sharing plans, individual retirement accounts, 401(k) plans and Keogh plans (“Tax-Exempt entities”)) generally are exempt from U.S. federal income taxation except to the extent that they have unrelated business taxable income (“UBTI”). UBTI is income from a trade or business regularly carried on by a Tax-Exempt entity which is unrelated to the entity’s exempt activities. Various types of income, including dividends, interest and gains from the sale of property other than inventory and property held primarily for sale to customers, are excluded from UBTI, so long as the income is not derived from debt-financed property.

Under current law, the PFIC rules apply to a Tax-Exempt entity that holds Shares only if a dividend from the Fund would be subject to U.S. federal income taxation in the hands of the Shareholder (as would be the case, for example, if the Shares were debt-financed property in the hands of the Tax-Exempt entity). It should be noted, however, that proposed regulations, which are expected to apply retroactively, may treat individual retirement accounts and other tax-exempt trusts (but not qualified plans) differently than other Tax-Exempt entities by treating the beneficiaries of such trusts as PFIC shareholders and thereby subjecting such persons to the PFIC rules.

Other Tax Considerations. If more than 50 per cent. of the Fund’s shares (by vote or value) were owned, directly or indirectly or through application of certain constructive ownership rules, by U.S. Holders who each owned, directly or indirectly or constructively, 10 per cent. or more of the Management Shares (each such U.S. Holder, a “Ten Per Cent. U.S. Shareholder”), the Fund would be a “controlled foreign corporation”. As a result, each Ten Per Cent. U.S. Shareholder would be required to include in income that amount of the Fund’s earnings to which the Shareholder would have been entitled had the Fund currently distributed all of its earnings. (Under current law, such income inclusions generally would not be expected to be treated as UBTI, so long as not deemed to be attributable to insurance income earned by the Fund.) Also, upon the sale or exchange of Shares, all or part of any resulting gain could be treated as ordinary income. Earnings that were included in income by a Ten Per Cent. U.S. Shareholder under the controlled foreign corporation rules would not be taxed again when distributed to the Ten Per Cent. U.S. Shareholder. The PFIC rules generally would not apply to a Ten Per Cent. U.S. Shareholder for any period during which the Fund’s earnings were included in income under the controlled foreign corporation rules. Similar rules could apply with respect to shares of any other foreign corporations that are held by a Shareholder indirectly through the Fund.

Reporting Requirements. U.S. Holders may be subject to additional U.S. tax reporting requirements by reason of their ownership of Shares. For example, special reporting requirements may apply with respect to certain interests in, transfers to, and changes in ownership interest in, the Fund and certain other foreign entities in which the Fund may invest. A U.S. Holder also would be subject to additional reporting requirements in the event that it is deemed to own 10 per cent. or more of the voting stock of a controlled foreign corporation by reason of its investment in the Fund. Each U.S. Holder which is deemed to be a direct or indirect PFIC shareholder also will be required to report annually such information as the U.S. Department of the Treasury shall require, regardless of whether such person has received any PFIC income or distributions in a given taxable year. For taxable years beginning after March of

2010, individuals holding foreign financial assets (including Fund Shares) having an aggregate value of more than \$50,000 generally will be required to disclose such holdings with such individual's U.S. tax returns. Significant penalties will apply to failures to disclose and to certain underpayments of tax attributable to undisclosed foreign financial assets. U.S. Holders should consult their own U.S. tax advisors regarding any reporting responsibilities resulting from an investment in the Fund, including any potential obligation to file Form TD F 90-22.1 with the U.S. Department of the Treasury.

Tax Shelter Reporting. Persons who participate in or act as material advisors with respect to certain "reportable transactions" must disclose required information concerning the transaction to the IRS. In addition, material advisors must maintain lists that identify such reportable transactions and their participants. Significant penalties apply to taxpayers who fail to disclose a reportable transaction. Although the Fund is not intended to be a vehicle to shelter U.S. federal income tax, and the new regulations provide a number of relevant exceptions, there can be no assurance that the Fund and certain of its Shareholders and material advisors will not, under any circumstance, be subject to these disclosure and list maintenance requirements.

Taxation of the Master Fund

For any period during which the Master Fund has more than one member, at least one of which is a U.S. Holder, the Master Fund intends to be classified as a "partnership" for U.S. federal income tax purposes and not a "publicly traded partnership." As such, it will not be subject to any regular U.S. federal income tax. Instead the investors in the Master Fund (including the Fund) will be treated as being engaged in the activities carried on by the Master Fund and, to the extent subject to U.S. federal income tax, will be taxable on their distributive share of the Master Fund's income and gain. The Master Fund generally intends to conduct its affairs so that it will not be deemed to be engaged in trade or business in the United States and, therefore, none of its income will be treated as "effectively connected" with a U.S. trade or business carried on by the Master Fund. If none of the Master Fund's income is effectively connected with a U.S. trade or business carried on by the Master Fund, certain categories of income (including dividends (and certain substitute dividends and other dividend equivalent payments) and certain types of interest income), if any, derived by the Master Fund from U.S. sources and allocable to the Fund will be subject to a U.S. tax of 30 per cent., which tax is generally withheld from such income. Certain other categories of income, generally including capital gains (including those derived from options transactions) and interest on certain portfolio debt obligations (which may include U.S. Government securities), original issue discount obligations having an original maturity of one hundred and eighty three days or less, and certificates of deposit, will not be subject to this 30 per cent. tax. If, on the other hand, the Master Fund derives income which is effectively connected with a U.S. trade or business carried on by the Master Fund, this 30 per cent. tax will not apply to such effectively connected income, but non-U.S. investors in the Master Fund (including the Fund) will be subject to certain U.S. tax consequences. See "Taxation of the Fund," above.

OTHER JURISDICTIONS

It is possible that certain dividends, interest and other income received by the Master Fund or the Fund from sources within certain countries will be subject to withholding taxes imposed by such countries. In addition, the Master Fund and/or the Fund may also be subject to capital gains taxes or other taxes in some of the countries where each of them purchases and sells securities or

otherwise conducts business. It is impossible to predict the rate of tax that the Master Fund or the Fund will pay in advance since the amount of the Master Fund's or the Fund's assets to be invested in various countries is not known.

OTHER LEGISLATION

ERISA

The following is a summary of certain aspects of the US federal laws and regulations applicable to retirement plan investments as in existence on the date hereof, all of which are subject to change. This summary is general in nature and does not address every issue that may be applicable to the Fund or a particular investor.

The Fund may accept subscriptions from Benefit Plan Investors. The Directors do not anticipate that the Fund's assets will be subject to ERISA, or the prohibited transaction provisions of Section 4975 of the Code, as the Directors intend to limit the investments in the Fund by Benefit Plan Investors. Under ERISA and the regulations thereunder, the Fund's assets will not be deemed to be plan assets subject to Title I of ERISA or Section 4975 of the Code if less than 25 per cent. of the value of each Class is held by Benefit Plan Investors, excluding from this calculation any non-Benefit Plan Investor interests held by the Investment Manager and certain affiliated persons or entities. The Fund will not knowingly accept subscriptions for Shares or permit transfers of Shares to the extent that such investment or transfer would subject the Fund's assets to Title I of ERISA or Section 4975 of the Code. In addition, because the 25 per cent. limit is determined after every subscription to or redemption from the Fund, the Fund has the authority to require the redemption of all or some of the Shares held by any Benefit Plan Investor if the continued holding of such Shares, in the opinion of the Directors, could result in the Fund being subject to Title I of ERISA or Section 4975 of the Code.

Certain duties, obligations and responsibilities are imposed on persons who serve as fiduciaries with respect to employee benefit plans or accounts ("Plans"); for example, ERISA and the Code prohibit acts of fiduciary self-dealing and certain transactions between Plans and "parties-in-interest" or "disqualified persons" (as such terms are defined in ERISA and the Code). In the Application Form, each Plan investor will be required to represent that its fiduciary has independently made the decision to invest in the Fund and has not relied on any advice from the Fund, the Investment Manager any placement agent associated with the Fund, or any of their respective affiliates with respect to the investment in the Fund. Accordingly, fiduciaries of Plans should consult their own investment advisors and their own legal counsel regarding the investment in the Fund and its consequences under applicable law, including ERISA and the Code.

OFAC

Shareholders that are U.S. Persons are required to comply with United States sanctions administered by the Office of Foreign Assets Control, United States Department of the Treasury ("OFAC"). It is the Master Fund's intention to avoid investment in any entity that is subject to economic or trade sanctions administered by OFAC. If the government of the United States imposes sanctions against an entity in which the Master Fund is invested, or if the Master Fund otherwise invests in an entity subject to United States sanctions administered by OFAC, then the Master Fund will seek to divest from or otherwise deal with such investment in a manner consistent with United States law, subject to any limitations imposed by local law on the Master Fund or the Investment Manager.

GENERAL

DIRECTORS' REPORT

The Fund does not have, nor has it had since its incorporation, and is not expected to have, any employees.

The Fund has not since its incorporation been, and is not currently, engaged in any litigation or arbitration nor, so far as the Directors are aware, is there any litigation or claim pending or threatened against the Fund.

MATERIAL CONTRACTS

The following contracts, which are summarised in the Section “Management and Administration” above, have been entered into and are, or may be, material:

- (i) Investment Management Agreement;
- (ii) Administration Agreement; and
- (iii) Custody Agreements.

The Fund and/or the Investment Manager may enter into side letters in relation to the 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, side letters will only be entered into in relation to the Fund with the explicit approval of the Directors, who will act in the best interests of the Fund as a whole.

DOCUMENTS AVAILABLE FOR INSPECTION

The following documents are available for inspection and copies may be obtained free of charge during the normal business hours, on weekdays (Saturdays, Sundays and public holidays excepted) at the registered office of the Fund:

- (i) the Memorandum and Articles;
- (ii) the Companies Law and the Mutual Funds Law;
- (iii) the Anti-Money Laundering Regulations;
- (iv) the Material Contracts; and
- (v) the current valuation policy of the Master Fund and the Fund.

ENQUIRIES

Enquiries concerning the Fund and this offering should be directed to:

Insparo Asset Management Limited
2nd Floor
55 Blandford Street
London W1U 7HW

Attention: Mr. Jon Laidlow. e-mail: j.laidlow@insparo-am.com

Enquiries concerning subscription procedures should be directed to the contacts at the Administrator as provided in the Subscription Documents.

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