

# **CONFIDENTIAL OFFERING MEMORANDUM**

of

## **INVENTUM ALGORITHMIC FUND LIMITED**

**(an exempted company incorporated as an open ended investment company with limited liability in Bermuda under registration number 45449)**

**Offering of**

**USD Shares with a par value of US\$0.001 each at an initial offer price of US\$100 per USD Share  
Euro Shares with a par value of US\$0.001 each at an initial offer price of €100 per Euro Share**

**Investment Manager**

***Inventum Algorithmic Asset Management S.A.***

**Investment Advisor**

***Inventum Capital Corp.***

**THIS OFFERING IS NOT A PUBLIC OFFERING. THE SHARES OFFERED HEREBY ARE NOT REQUIRED BY LAW TO BE, AND ACCORDINGLY HAVE NOT BEEN, REGISTERED OR QUALIFIED WITH, NOR APPROVED OR DISAPPROVED BY, THE SECURITIES AND EXCHANGE COMMISSION, ANY STATE SECURITIES REGULATORY AUTHORITY OR ANY OTHER EQUIVALENT SECURITIES REGULATORY AUTHORITY, NOR HAS SUCH COMMISSION OR ANY REGULATORY AUTHORITY PASSED UPON THE ACCURACY OR ADEQUACY OF THIS CONFIDENTIAL OFFERING MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE.**

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**THIS CONFIDENTIAL OFFERING MEMORANDUM DOES NOT CONSTITUTE AN OFFER OR SOLICITATION 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.**

**Dated 1 July 2011**

## NOTICES

The Directors of Inventum Algorithmic Fund Limited (the “**Company**”), whose names appear on page 26, accept responsibility for the information contained in this Offering Memorandum. To the best of their knowledge and belief (having taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information. The Directors accept responsibility accordingly.

The Company was incorporated to carry on the business of a “mutual fund” within the meaning of Section 156A of the Companies Act 1981 of Bermuda, as amended. Permission under the Exchange Control Act 1972 of Bermuda, as amended (and regulations made thereunder) has been obtained from the Bermuda Monetary Authority (the “**Authority**”) for the issue (and subsequent transfer) of the Shares being offered pursuant to this document to persons not resident in Bermuda for exchange control purposes. Persons, firms or companies regarded as residents of Bermuda for exchange control purposes require specific consent under the Exchange Control Act 1972 of Bermuda, as amended, to purchase or sell any of the Shares.

The Company has been classified as an institutional fund under the Investment Funds Act 2006 of Bermuda, as amended. As such, the Company may not be supervised to the same degree as other funds which are authorised and regulated by the Authority. Therefore, the Company should be viewed as an investment suitable only for participants who can fully evaluate and bear the risks involved. In addition, a copy of this Offering Memorandum has been delivered to the Registrar of Companies in Bermuda (the “**Bermuda Registrar**”) for filing pursuant to the Companies Act 1981 of Bermuda, as amended.

It must be clearly understood by potential investors that any approvals received from the Authority or the acceptance of this Offering Memorandum for filing by the Bermuda Registrar does not constitute a guarantee by the Authority or the Bermuda Registrar as to the performance of the Company or its creditworthiness. Furthermore, in giving such approvals or accepting this Offering Memorandum for filing, neither the Authority nor the Bermuda Registrar shall be liable for the performance of the Company or the default of its operators or service providers, nor for the correctness of any statements made or opinions expressed in the Offering Memorandum.

The Shares will be issued only on the basis of the information and representations contained in this document and no other information or representation has been authorised as at the date of this document. The number of Shares offered by this Offering Memorandum will be subject to the Company having sufficient authorised capital available for issue. No broker, dealer or other person has been authorised by the Company or its Directors to issue any advertisement or to give any information or to make any representations in connection with the offering or sale of Shares other than those contained in this Offering Memorandum and, if issued, given or made, such advertisement, information or representations must not be relied upon as having been authorised by the Company, its Directors, the Investment Manager or the Investment Advisor. No application has been made to list the Shares on any stock exchange.

Any purchase made by any person on the basis of statements or representations not contained herein or inconsistent with information contained herein shall be solely at the risk of the purchaser. Neither delivery of this document nor anything stated herein should be taken to imply that any information contained herein is correct at any time subsequent to the date hereof.

Prospective investors should inform themselves as to the legal requirements and tax consequences within the countries of their residence or domicile for the acquisition, holding or disposal of the Shares and any foreign exchange restrictions which may be relevant to them. The Shares are freely transferable except where they are acquired by persons not entitled to hold them in accordance with the provisions contained herein. If this situation arises the Shares may be compulsorily redeemed. No Shares may be transferred without the prior written consent of the Directors of the Company, which will not be unreasonably withheld.

The distribution of this Offering Memorandum is restricted by law in certain countries. Persons into whose possession this document may come are required to inform themselves of and to observe any such restrictions. This Offering Memorandum does not constitute an offer or solicitation to any person in any jurisdiction in which such an offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation or who are otherwise not eligible to subscribe. In addition, the Shares have not been registered for sale in any jurisdiction and therefore this Offering Memorandum does not constitute a public offering of the Shares. This offering of Shares is not open to members of the general public and only Professional Investors (as defined herein) may hold Shares. The Directors or the Investment Manager may, in their absolute discretion, impose additional eligibility standards in connection with subsequent offering of Shares. No regulatory authority in any jurisdiction has approved or disapproved the Shares or endorsed the merits of this offering or commented upon the accuracy or adequacy of this Offering Memorandum, and any representation to the contrary is unlawful.

None of the Shares have been or will be registered under any United States security legislation nor are any Shares being offered for sale, directly or indirectly, in the United States of America or in any of its territories or possessions or areas subject to its jurisdiction or to investors who reside in the United States or who are US Persons.

The Company is not a recognized collective investment scheme under any United Kingdom financial services law and, as such, the promotion of the Company and the distribution of this Offering Memorandum in the United Kingdom is accordingly restricted by law. None of the Shares are being offered for sale, directly or indirectly, in the United Kingdom or in any of its territories or possessions or areas subject to its jurisdiction or to investors who reside in the United Kingdom.

The Company has not been authorised by the Swiss Federal Banking Commission as a foreign investment fund under Article 45 of the Swiss Federal Law on Investment Funds of 18 March, 1994. Accordingly, none of the Shares may be offered or distributed on a professional basis in or from Switzerland and neither this Offering Memorandum nor any other offering material relating to any of the Shares may be used in connection with any such offer or distribution.

Copies of this document and the Application Form may be obtained from the offices of the Administrator or the Sub-Administrator.

Investment in the Company carries risk of loss of property invested. There can be no assurance that the investment objective of the Company will be achieved and investment results may vary substantially over time. Investment in the Company is not intended to be a complete investment programme for any investor. Prospective investors should consider carefully whether an investment in Shares is suitable for them in light of their circumstances and financial resources. The value of the Shares and the income from them may go down as well as up and investors may not get back the amount invested. Each prospective investor is urged to seek independent investment, legal and tax advice concerning the contents of this document and the consequences of investing in the Company. See “Risk Factors” herein.

## **DIRECTORY**

### **Directors**

Samit Yakovlev  
Sergey Borzin  
Peter Hughes

### **Investment Manager**

Inventum Algorithmic Asset Management S.A.  
Sea Meadow House  
Blackburne Highway  
Road Town  
Tortola  
British Virgin Islands

### **Custodian**

UniCredit Securities International Ltd.  
Office 201, Egli Building  
2 Vasileos Pavlou Street  
CY-1096 Nicosia  
Cyprus

### **Investment Advisor**

Inventum Capital Corp.  
Sea Meadow House  
Blackburne Highway  
Road Town  
Tortola  
British Virgin Islands

### **Secretary and Registered Office**

Sharon Ward  
Apex Fund Services Ltd.  
1<sup>st</sup> Floor  
T.J. Pearman Building  
3 Burnaby Street  
Hamilton HM12  
Bermuda

### **Administrator**

Apex Fund Services Ltd.  
1<sup>st</sup> Floor  
T.J. Pearman Building  
3 Burnaby Street  
Hamilton HM12  
Bermuda

### **Sub-Administrator**

Apex Fund Services (Ireland) Limited  
Enterprise House  
Watersedge  
Midleton  
Co. Cork  
Ireland

### **Bankers**

Royal Bank of Scotland International  
2 Victoria Street  
Douglas IM99 1NJ  
Isle of Man

### **Auditors**

Deloitte & Touche  
No. 6 Lapp's Quay  
Co. Cork  
Ireland

### **Legal Advisers in Bermuda**

Mello Jones & Martin  
Thistle House  
4 Burnaby Street  
Hamilton HM 11  
Bermuda

## DEFINITIONS

In this document, in addition to words and phrases specifically defined elsewhere in this document, the following words and phrases have the meanings set forth below:

<b>“Administrator”</b>	Apex Fund Services Ltd. or such other person as may be appointed administrator of the Company from time to time.
<b>“Application Form”</b>	The application form which accompanies this Offering Memorandum.
<b>“Board”</b>	The Board of Directors of the Company.
<b>“Business Day”</b>	A day (except Saturday or Sunday and public holidays) on which banks and securities markets in the United Kingdom, New York and Bermuda are open for business.
<b>“Closing Date”</b>	The date the Initial Offer Period closes, being 31 August 2011 or the last day of such earlier or later period of up to 120 days from the date of this Offering Memorandum as determined by the Board in which the USD Shares and the Euro Shares may be offered for initial subscription.
<b>“Company”</b>	Inventum Algorithmic Fund Limited, a company incorporated in Bermuda.
<b>“Custodian”</b>	UniCredit Securities International Ltd. or such other person as may be appointed as custodian of the Company from time to time.
<b>“Dealing Day”</b>	The first Business Day following each Valuation Day and such other day or days as the Directors may in their absolute discretion adopt from time to time.
<b>“Directors”</b>	The members of the board of the Company.
<b>“Dollars” and “US\$”</b>	The lawful currency of the United States of America.
<b>“Euro” or “€”</b>	The unit of the European single currency.
<b>“Euro Shares”</b>	The non-voting, redeemable, participating shares of par value US\$0.001 each in the capital of the Company issued in Euros.
<b>“Initial Charge”</b>	An initial charge of up to 5% of the Offer Price on subscriptions for Shares, chargeable in the sole discretion of the Directors.
<b>“Initial Offer Period”</b>	The period from 9.00 am (Irish time) on 1 July 2011 to 5.00 pm (Irish time) on the Closing Date during which USD Shares and Euro Shares will be offered, or such other dates as the Board may determine.
<b>“Investment Advisor”</b>	Inventum Capital Corp. or such other person as may be appointed as investment advisor to the Company from time to time.

<b>“Investment Manager”</b>	Inventum Algorithmic Asset Management S.A. or such other person as may be appointed as investment manager of the Company from time to time.
<b>“Management Fee”</b>	The management fee described in the section “Fees and Expenses”.
<b>“Management Shares”</b>	The voting redeemable shares which are designated in the bye-laws of the Company as management shares of the Company.
<b>“Management Shareholders”</b>	The holders of Management Shares.
<b>“Memorandum”</b>	The Memorandum of Association and Bye-laws of the Company.
<b>“NAV” or “Net Asset Value”</b>	The net asset value of the Company, or per Share as the context requires, as calculated as described in the section “Net Asset Value Calculation”.
<b>“Offer Price”</b>	The offer price per share at which Shares are offered for subscription being US\$100 per USD Share and €100 per Euro Share in respect of the Initial Offer Period. Following the closing of the Initial Offer Period, the Company may issue a separate Series of USD Shares on each Dealing Day at a price of US\$100 per USD Share and may issue a separate Series of Euro Shares on each Dealing Day at a price of €100 per Euro Share.
<b>“Performance Fee”</b>	The performance fee described in the section “Fees and Expenses”.
<b>“Professional Investors”</b>	As defined under “Professional Investors”.
<b>“Shareholders”</b>	The registered holders of Shares in the Company.
<b>“Shares”</b>	The USD Shares, the Euro Shares and/or any other classes or series from time to time as the context requires.
<b>“Sub-Administrator”</b>	Apex Fund Services (Ireland) Limited or such other person as may be appointed sub-administrator of the Company from time to time.
<b>“US\$” or “US Dollars”</b>	The lawful currency of the United States of America.
<b>“USD Shares”</b>	The non-voting, redeemable, participating shares of par value US\$0.001 each in the capital of the Company issued in US Dollars.
<b>“Valuation Day”</b>	The last Business Day of each calendar month and such other day or days as the Directors may in their absolute discretion adopt from time to time.

## SUMMARY

This summary should be read in conjunction with, the full text of this document.

### The Company

The Company was incorporated under the provisions of the Companies Act 1981 of Bermuda, as amended, on 1 June 2011 (with registration no. 45449) as an open-ended, limited liability company of unlimited duration.

### Investment Objective

The Company's investment objective is to achieve maximum total returns by using different algorithmic strategies. These strategies should enable consistent returns regardless of market direction and market volatility.

### Investment Approach

The Company uses a combination of algorithmic strategies which benefit from different market cycles. The Investment Manager, at its discretion, sets up the proportion of each strategy, changing it from time to time due to current market conditions. Having a diversified portfolio of strategies generates absolute returns over the medium to long term.

### Offer of Shares

The Company is offering up to 10,000,000 Shares pursuant to this Offering Memorandum. During the Initial Offer Period, USD Shares are offered at a price of US\$100 per USD Share. Following the closing of the Initial Offer Period, the Company may issue a separate series (each a "**Series**") of USD Shares on each Dealing Day at a price of US\$100 per USD Share (in each case with an Initial Charge of up to 5% chargeable in the discretion of the Directors).

During the Initial Offer Period, Euro Shares are offered at a price of €100 per Euro Share. Following the closing of the Initial Offer Period, the Company may issue a separate Series of Euro Shares on each Dealing Day at a price of €100 per Euro Share (in each case with an Initial Charge of up to 5% chargeable in the discretion of the Directors).

Management Shares are not being offered pursuant to this Offering Memorandum.

The minimum initial investment in the USD Shares is US\$100,000 and the minimum investment in the Euro Shares is €100,000. The Directors, in their absolute discretion, may accept a lower minimum initial subscription. Subsequent investments in USD Shares may be for a minimum of US\$20,000 and subsequent investments in Euro Shares may be for a minimum of €20,000 or such other amounts as the Directors may determine in their sole discretion. If an investor redeems USD Shares so as to reduce his holding in the Company below US\$100,000 in USD Shares or below €100,000 in Euro Shares then the Directors may redeem the investor's entire holding of USD Shares and/or Euro Shares, as the case may be.

If subscriptions amounting to less than US\$1,000,000 have been received by the Closing Date, then unless the Directors shall in their absolute discretion determine otherwise, the offer of Shares described in this Offering Memorandum will not proceed and all monies received by the Company from subscribers for Shares will be returned without interest. In that event, any preliminary expenses in connection with the offer of Shares will be paid by the Investment Manager.

### Redemption of Shares

Shareholders may redeem their Shares on any Dealing Day subject to a notice period of ten (10) Business Days. The redemption prices of Shares will be determined by reference to the Net Asset Value per Share of the relevant Series of Shares on the Valuation Day immediately preceding the relevant Dealing Day.

## **Fees and Expenses**

The Investment Manager is entitled to a Management Fee from the Company with respect to each Series of Shares equal to 2% per annum of the Net Asset Value of that Series of Shares. The Management Fee will be calculated, before making any deduction for the current management and performance fees, if any, then due, and will be calculated at each Valuation Date and paid monthly in arrears. The Investment Manager will also receive a Performance Fee from the Company, equal to 20% of the increase in the Net Asset Value of each Series of Shares. The Performance Fee will be accrued monthly and payable at the end of each calendar quarter whenever such accrual is greater than zero.

Further details on the Management Fee and Performance Fee and details of the other fees and expenses to be borne by the Company and those of the Company's other service providers are set out in the section on "Fees and Expenses" on pages 29 and 30.

## **Investment Manager**

Inventum Algorithmic Asset Management S.A. will act as the investment manager of the Company. It was incorporated on 11 April 2011 in the British Virgin Islands with registration number 1642688.

## **Investment Advisor**

Inventum Capital Corp. will act as an investment advisor to the Company. It was incorporated on 23 May 2008 in the British Virgin Islands with registration number 1483457.

## **Administrator and Sub-Administrator**

Apex Fund Services Ltd. (the "**Administrator**") has been retained to provide administrative, registrar and transfer agent services to the Company pursuant to an administration agreement among the Company and the Administrator. The Administrator will delegate certain tasks to Apex Fund Services (Ireland) Limited (the "**Sub-Administrator**"). The Administrator and Sub-Administrator are part of the Apex Fund Service Group, with offices in Bahrain, Bermuda, Canada, the Cayman Islands, China, Cyprus, Dubai, Guernsey, Hong Kong, India, Ireland, the Isle of Man, Jersey, Luxembourg, Mauritius, Malta, Russia, Singapore, Switzerland, the United Kingdom and the United States. The Administrator and its affiliates provide administrative services for a number of corporations and partnerships throughout the world. The Administrator is regulated by the Bermuda Monetary Authority. The Administrator is not a sponsor or promoter of the Company or this offering.

## **Custodian**

UniCredit Securities International Ltd. will act as the custodian of the Company.

## **Secretary**

Sharon Ward of Apex Fund Services Ltd. has been appointed Secretary to the Company. Apex Fund Services Ltd. has been appointed assistant secretary and under this appointment provides corporate secretarial services to the Company including its registered office.

## **Dividends**

It is not envisaged that any income or gains will be distributed by the Company by way of dividend. This does not preclude the Directors from declaring a dividend at any time in the future if they consider it appropriate to do so.

## **Taxation**

The Company will not be liable under the laws of Bermuda to pay tax on income or capital profits. The attention of investors is drawn to the section "Taxation".



**Risk Factors**

**Investment in the Company carries significant risk, and investment in the Company should be regarded as long term in nature and only suitable for investors who understand the risks involved. Investors may not recover monies invested. Investors are referred in particular to pages 13 to 16 below for a summary of some of the risks involved.**

**Legal Advice**

Mello Jones & Martin act as Bermudian counsel to the Company in connection with this offering of Shares. In connection with this offering of Shares and ongoing advice to the Company, the Investment Manager, the Investment Advisor and their respective affiliates, Mello Jones & Martin will not represent the Shareholders. No independent counsel has been retained to represent the Shareholders.

## **THE COMPANY**

### **The Company**

The Company was incorporated under the provisions of the Companies Act 1981 of Bermuda, as amended, on 1 June 2011 (with registration no. 45449) as an open-ended limited liability company of unlimited duration.

The Company has an authorised share capital of US\$10,001 divided into 1 Management Share with a par value of US\$1.00 and 10,000,000 Shares with a par value of US\$0.001 each of which, as at the date of this Offering Memorandum, 9,000,000 have been designated as USD Shares and 1,000,000 have been designated as Euro Shares, all of which Shares are being offered pursuant to the terms of this Offering Memorandum. The terms of the USD Shares and the Euro Shares are identical save that the USD Shares are denominated in US Dollars and the Euro Shares are denominated in Euros. Management Shares are not being offered pursuant to this Offering Memorandum. The Company is open-ended in that it can issue and redeem the Shares at prices based upon their Net Asset Value.

In order to facilitate the charging of the Performance Fee on a per-share basis, a new series (each a “Series”) of Shares will be issued on each Dealing Day on which Shares are issued to investors. In addition, the Directors may create and designate classes of shares of the Company from time to time that have different rights to those of the Management Shares, the USD Shares and the Euro Shares.

## **INVESTMENT OBJECTIVE AND POLICY**

### **Investment Objective**

The Company’s investment objective is to achieve maximum total returns by using different algorithmic strategies. These strategies should enable consistent returns regardless of market direction and market volatility.

### **Investment Approach**

The Company uses a combination of algorithmic strategies which benefit from different market cycles. The Investment Manager, at its discretion, sets up the proportion of each strategy, changing it from time to time due to current market conditions. Having a diversified portfolio of strategies generates absolute returns over the medium to long term.

### **Universe of Investment Instruments**

The Company will typically invest long and short in the most liquid exchange-traded stocks, commodities, currencies and their derivatives. The Company will be able to invest in a wide variety of investment strategies and a wide range of asset classes, including, without limitation, common and preferred stock, convertible securities with embedded put and call features, high yield debt instruments (in some cases, with equity participation), bonds, derivatives (both exchange-traded and over-the-counter) and other investment instruments. Investments may be made on both a long and short basis, in developed as well as emerging markets.

Certain of the over-the-counter instruments which may be utilized by the Company may be swaps, options and other similar derivative instruments, the returns of which are derived from the returns of an underlying collective investment vehicle or portfolio of collective investment vehicles or other indices.

Additionally, the Investment Manager may, in its sole discretion, invest a portion of the Company’s assets directly in other unaffiliated privately offered collective vehicles and allocate Company assets directly to separate investment accounts managed by unaffiliated portfolio managers. The fees and expenses embedded in such instruments and investments will be borne by the Company.

## **Risk Management**

The Investment Manager will on a daily basis review the risk parameters of the Company's overall portfolio as well as the risk parameters of each investment held by the Company and may actively manage and trade various asset classes in an effort to hedge a portion of the risks inherent in the Company's portfolio.

The Investment Manager will not, however, attempt to hedge all market or other risks inherent in the Company's investments. The Investment Manager has complete discretion to determine not to hedge certain risks – regardless of whether such risks relate to the Company's overall portfolio or any particular instrument.

## **New Strategies**

The Investment Manager anticipates that it will continue to develop and implement new algorithmic strategies. Investments may be made for short-term or long-term investment horizons and may be on a leveraged or unleveraged basis. The Company's portfolio turnover may be substantially greater than that of similar investment vehicles. Although the Company may buy securities that pay dividends or interest, little emphasis will be placed on dividend or interest income. The Company may also hold cash or cash equivalents when the Investment Manager deems it appropriate, and may borrow funds on a secured or unsecured basis.

## **Duration of Investment Positions**

The Investment Manager typically does not know (except in the case of certain bonds, options or derivatives positions which have pre-established expiration dates) the maximum – or, often, even the expected (as opposed to optimal) – duration of any particular position at the time of initiation.

The length of time for which a position is maintained varies significantly, based on applied algorithms but will always depend on the Investment Manager's subjective judgment to change algorithms, take profits or cut losses in case of changes in market conditions.

**The investment program of the Company is speculative and may entail substantial risks. Market risks are inherent in all securities investments to varying degrees. There can be no assurance that the investment objective of the Company will be achieved. In fact, certain investment practices described above can, in some circumstances, potentially increase the adverse impact on the Company's investment portfolio. See "Risk Factors" below.**

## **Investment Restrictions**

The Memorandum contains no limits on the investment powers of the Company. There is no limitation on the geographical origin of the issuer of securities or instruments held, the currency or denomination of such securities or instruments or type of financial or other instruments in which the Company may invest. The Company may establish from time to time wholly-owned subsidiaries for facilitating trading in certain geographic regions and/or types of securities.

## **Borrowing**

The Directors may exercise the Company's powers to borrow money for the purpose of making investments and meeting redemption requests, provided that the total borrowings made on behalf of the Company are restricted to 200% of Net Asset Value of the Company.

## **Dividend Policy**

It is not envisaged that any income or gains will be distributed by the Company by way of dividend. This does not preclude the Directors from declaring a dividend at any time in the future if they consider it appropriate to do so.

**Termination**

All of the Shares of a Series in issue may be redeemed by the Company if on any Dealing Day the Net Asset Value of the Shares in that Series is, and has been as at each of the four immediately preceding Dealing Days, less than US\$1,000,000 in USD Shares or less than €1,000,000 in Euro Shares, as the case may be. The redemption will take effect on the next Dealing Day (or on any Business Day as the Directors may determine) at a price per Share of the relevant Series equal to a *pro rata* share of the assets of the Company after repayment of the nominal value of the Management Shares and the Shares less all liabilities including those accrued or contingent upon the termination of the Company.

## **RISK FACTORS**

*Investment in the Company carries with it a significant degree of risk and is only suitable for Professional Investors who understand the risks involved in trading securities and other instruments. The prices of financial instruments are volatile so that the value of the Shares may go up as well as down and investors may not get back, on redemption or otherwise, the amount originally invested. The attention of prospective investors is drawn to the desirability of consulting a stockbroker or financial adviser about the contents of this document.*

The following risk factors should be carefully considered by prospective Shareholders:-

### **Lack of Operating History**

The Company has no operating history as it is newly incorporated. There can be no assurance that the Shares will achieve their investment objective described herein. There is no market for investments in the Company and accordingly such investments may only be disposed of through the redemption procedures described elsewhere in this Offering Memorandum.

### **Lack of Shareholder Participation**

Shareholders will not have any right or power to take part in the management of the Company.

### **Dependence on Key Individuals**

The success of the Company is expected to be dependent upon the expertise of the principals of the Investment Manager and the Investment Advisor.

### **Redemption in Specie**

It is anticipated that the Company will be able to fund redemptions of Shares in cash. However, there can be no assurance that the Company will at all times have sufficient cash to satisfy redemption requests or that it will be able to liquidate investments at the time such redemptions are requested at favourable prices. Accordingly, the Board may (at its discretion) from time to time direct that the Company satisfy redemption requests either wholly or partially by way of *in specie* distributions from the Company's assets at their then market value. Such assets so distributed may not be readily marketable or saleable and may have to be held by Shareholders for an indefinite period of time.

### **Substantial Redemptions**

It may be difficult for the Company to obtain sufficient funds to meet substantial aggregate redemptions requested within any limited period without liquidating positions at an inappropriate time or on unfavourable terms.

### **Compulsory Redemption**

The Company reserves the right to compulsorily redeem some or all of the Shares in the circumstances outlined in the Offering Memorandum.

### **Reserve for Contingent Liabilities**

The Board of Directors of the Company may determine, in certain circumstances, to establish a reserve for contingent liabilities or to withhold a portion of the redemption proceeds payable to a Shareholder, in which case the reserved portion would remain at the risk of the Company's activities.

### **Classes of Shares are not Separate Legal Entities**

The Company is a single legal entity whose assets its creditors may enforce claims against. In the event that the assets attributable to one class of shares of the Company were completely depleted by trading losses

and a trading deficit remained, a creditor could enforce a claim against the assets of the other class(es) of shares of the Company.

### **Changes in Applicable Law**

The Company must comply with various legal requirements, including those imposed by the securities laws, tax laws and pension laws in various jurisdictions. If any of those laws change during the issue of the Shares, the legal requirements to which the Company and its Shareholders may be subject could differ materially from current requirements.

### **Gearing**

The Company may finance its positions by borrowing and to that extent therefore will be acquiring larger positions than it would if it restricted itself to trading only with its own capital. The nature of futures and options contracts also creates larger positions in the underlying securities to which the futures and options relate than is indicated by the amount of margin deposits or premiums paid. Gearing obtained by borrowing, or by trading on margin or in options, means that a relatively small adverse price movement in the underlying security may result in a greater loss to the capital of a share class or series than would have been the case if no such gearing had been undertaken.

### **Availability of Borrowings**

Credit facilities under present market conditions securities are generally available for borrowing on acceptable terms. There can be no certainty that such credit facilities and the ability to borrow securities on such terms will continue to be available at all times.

### **Limited Liquidity**

An investment in the Company provides limited liquidity since the Shares are not freely transferable and Shareholders may generally redeem their Shares only upon ten (10) Business Days prior written notice.

### **Substantial Expenses**

The Company is subject to Management Fees regardless of whether it realizes any profits. Accordingly, the Company must earn substantial trading profits to avoid depletion of its assets due to these facts.

### **Performance Fee Arrangements**

The Performance Fee arrangements (as described below under “Performance Fee”) may be viewed as 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 such incentive compensation. Because the Performance Fee is calculated on a basis which includes unrealized appreciation of the Company’s assets, such fee may be greater than if it were based solely on realized gains.

### **Risk of Illiquidity of Investments**

The ability to initiate or close out positions (including the execution of stop-loss orders) may be adversely affected due to insufficient trading activity or, indeed, actual trading halts in the markets in which the securities and instruments held by the Company are traded. In such circumstances it may take time to liquidate the Company’s positions and the market prices obtained may be substantially different from those indicated at the time when the decisions to liquidate were taken. In addition, certain futures contracts and other derivative instruments have daily price fluctuation limits. Once those limits are reached on the relevant market, positions cannot be taken out or liquidated until the next day on which the relevant market is open.

These risks may be accentuated where the Company is required to liquidate positions to meet redemption requests, margin calls or other funding requirements to an inflexible timetable.

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

### **Institutional Risk**

The institutions, including brokerage firms and banks, with which the Company (directly or indirectly) does business, or to which securities have been entrusted for custodian and brokerage purposes may encounter financial difficulties which impair the operational capabilities or the capital position of the Company.

### **Foreign Exchange Risk**

Foreign exchange risk may be hedged where practicable, either by using hedging or by acquiring options. The Company may or may not choose to hedge currency risks, and to the extent that it does no foreign exchange risks will remain.

### **Counterparty and Settlement Risk**

Transactions by the Company will not be limited to transactions on, or effected under the rules of, major securities or futures exchanges and some trades may be effected off-exchange, directly with counterparties. The Company will take a credit risk on the parties with which it trades or with which it engages in securities lending, and therefore the Company acting through the Investment Manager will seek to transact only with regulated counterparties. The Company 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 Company.

### **Small and Medium Capitalisation Companies**

The Company may invest the assets attributable to each share class or series in the stocks of companies with small to medium-sized market capitalisations. While the Investment Manager believes they often provide significant potential for appreciation, those stocks, particularly small-capitalisation stocks, involve higher risks in some respects than do investments in stocks of larger companies. For example, prices of small-capitalisation and even medium-capitalisation stocks are often more volatile than prices of large-capitalisation stocks and the risk of bankruptcy or insolvency of many smaller companies (with the attendant losses to investors) is higher than for larger, "blue-chip" companies. In addition, due to thin trading in some small-capitalisation stocks, an investment in those stocks may be illiquid.

### **Derivatives**

In general the value of a derivative instrument depends upon price movements in the underlying asset. Thus, many of the risks applicable to trading the underlying asset apply equally to the derivative instrument applicable to such asset. Derivatives are also exposed to the credit risk of the counterparties with which the Company deals. Non-performance by counterparties for financial or other reasons could expose the Company to losses, regardless of whether or not the transaction itself was profitable.

### **Forward Trading**

The Company may invest in forward contracts and options thereon, which, unlike 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 markets 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. There have been periods during which certain participants in these markets have refused to quote prices for certain currencies or commodities or have quoted prices with an unusually wide spread between the price at which they were prepared to buy and that at which they were prepared to sell.

Disruptions can occur in any market traded by the Company due to political intervention or other factors. The imposition of controls by government authorities might also limit such forward (and futures) trading to the possible detriment of the Company. Market illiquidity or disruption could result in major losses to the Company.

### **Hedging Transactions**

The Company may utilise a variety of derivatives and other financial instruments both for investment purposes and for risk management purposes. However, the Investment Manager is not obligated to, and may not, hedge against risks. While the Company may enter into hedging transactions to seek to reduce risk, such transactions may result in a poorer overall performance for the Company than if they had not engaged in any such hedging transaction. Moreover, it should be noted that the Company's assets will always be exposed to certain risks that cannot be hedged, such as credit risk (relating both to particular securities and counterparties).

### **Equity Swaps**

The Company may make use of equity swaps. A swap is a contract under which two parties agree to make periodic payments to each other based on the value of a security, specified interest rates, an index or the value of some other instrument, applied to a stated or "notional" amount. An equity swap is a customised derivative instrument that entitles the counterparty to certain payments on the gain or loss on the value of an underlying equity security. Equity swaps are subject to various types of risk, including market risk, liquidity risk, counterparty credit risk, legal risk and operations risk.

### **Highly Volatile Markets**

The prices of financial instruments in which the Company may invest can be highly volatile. Price movements of forward, futures and other derivative contracts in which the Company's assets may be invested are influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, and national and international political and economic events and policies. The Company is subject to the risk of failure of any of the exchanges on which its positions trade or of their clearing houses.

**THE FOREGOING RISK FACTORS DO NOT PURPORT TO BE A COMPLETE EXPLANATION OF ALL THE RISKS INVOLVED IN THE OFFERING OF SHARES. POTENTIAL INVESTORS SHOULD READ THIS OFFERING MEMORANDUM, THE MEMORANDUM OF THE COMPANY AND THE MATERIAL CONTRACTS IN THEIR ENTIRETY BEFORE DECIDING WHETHER OR NOT TO SUBSCRIBE FOR SHARES.**



## CONFLICTS OF INTEREST

The Directors, the Investment Manager, the Investment Advisor, the Custodian, the Administrator, the Sub-Administrator and the Registrar and Secretary may from time to time act as directors, investment manager, investment advisor, custodian, administrator, sub-administrator, registrar, secretary, broker or dealer in relation to or be otherwise involved in other companies established by parties other than the Company which may have similar objectives to those of the Company. In particular:

- (i) Mello Jones & Martin may act as Bermudian counsel to other companies;
- (ii) all Directors may act as directors to other companies; and
- (iii) Apex Fund Services Ltd. may act as Administrator, secretary and registrar and provide registered offices for other companies.

Samit Yakovlev is a Director of the Company and also a managing partner of each of the Investment Manager and the Investment Advisor. Sergey Borzin is a Director of the Company and also a managing partner of the Investment Advisor.

Peter Hughes is a Director of the Company and also group managing director of the Administrator.

It is, therefore, possible that any of them may, in the course of business, have potential conflicts of interest with the Company. Each will, at all times, have regard in such event to its obligations to the Company and will endeavour to ensure that such conflicts are resolved fairly and addressed to ensure that they will not unfairly prejudice the Company. In addition, subject to applicable law, any of the foregoing may deal, as principal or agent, with the Company, provided that such dealings are carried out as if effected on normal commercial terms negotiated on an arm's length basis.

Due to the wide spread operations undertaken by the Investment Manager, Investment Advisor and their respective affiliates, employees and agents, conflicts of interest may arise from time to time. The Investment Manager, the Investment Advisor and their respective affiliates, employees and agents may promote, manage, advise, invest in, sponsor or otherwise be involved in further collective investment vehicles with similar or overlapping investment policies to the Company and, in particular, there could arise conflicts relating to the allocation of investment or realisation opportunities between the Company and such other collective investment schemes or other clients of the Investment Manager or the Investment Advisor, as applicable. In such circumstances the Investment Manager and the Investment Advisor, as the case may be, have agreed to allocate such opportunities equitably between such clients and the Company over time. The Investment Manager and the Investment Advisor, as the case may be, shall resolve conflicts of interest that arise on an equitable basis having regard to their respective contractual obligations to the Company and other clients.

The Investment Manager and the Investment Advisor may, from time to time, have soft commission agreements in place. Such agreements will assist the Investment Manager and the Investment Advisor in performing their respective duties hereunder.

Research products or services provided to the Investment Manager and the Investment Advisor may include: reports on or other information about particular companies or industries; economic surveys and analyses; recommendations as to specific securities; financial, trade and industry publications; portfolio evaluation services; financial database software and services; computerised news, pricing and order-entry services; analytical software; quotation equipment and other computer hardware for use in running software used in investment decision making; industry consultants; tuition or admission fees for broker-sponsored conferences, where they are relevant to investment management services, trade and industry conventions and seminars where they are relevant to investment management services; and other products or services that may enhance the Investment Manager's and the Investment Advisor's respective investment management and portfolio valuation and measurement services. All soft commissions accepted are directly relevant to, and used to assist in, the provision of the investment management services (including any advice on the value of certain investments). Because many of these services and products could benefit the Investment Manager and the Investment Advisor, the Investment Manager and the Investment Advisor, as

the case may be, may have a conflict of interest in allocating Company brokerage business, including an incentive to cause the Company to effect more transactions than it might otherwise do in order to obtain those benefits.

Should a material conflict of interest actually arise the Directors will endeavour to ensure that it is resolved fairly.

## **APPLICATIONS, REDEMPTIONS AND TRANSFER OF SHARES**

### **The Shares**

Pursuant to the terms of this Offering Memorandum, the Company is offering up to 10,000,000 Shares. The Shares may only be issued by the Directors to investors satisfying the eligibility criteria described under “Professional Investors”.

During the Initial Offer Period, USD Shares are being offered at US\$100 each. Following the closing of the Initial Offer Period, the Company may issue a separate series (each a “**Series**”) of USD Shares on each Dealing Day at a price of US\$100 per USD Share. In each case an Initial Charge of up to 5% of the Offer Price may also be payable in the sole discretion of the Directors.

During the Initial Offer Period, Euro Shares are being offered at €100 each. Following the closing of the Initial Offer Period, the Company may issue a separate Series of Euro Shares on each Dealing Day at a price of €100 per Euro Share. In each case an Initial Charge of up to 5% of the Offer Price may also be payable in the sole discretion of the Directors.

To facilitate the assessment of the Investment Manager’s Performance Fee on a per-share basis, a separate Series of Shares will be issued on each Dealing Day on which USD Shares are purchased. For example, the USD Shares which will be sold by the Company during the Initial Offer Period will be Series 1 USD Shares, any USD Shares which will be sold at the first monthly opening will be Series 2 USD Shares, and any USD Shares sold at the next monthly opening will be Series 3 USD Shares. The Shares in each Series will have identical rights and duties, sharing *pro rata* in the Company’s income, trading profits and losses, and expenses. The only difference between each Series will be the Net Asset Value per Share of the Shares of each Series. The redemption price of a Share will be the NAV per Share of the relevant Series. Such NAV per Share will be that and the *pro rata* share of the Company’s assets and liabilities divided by the number of outstanding Shares of the Series. As circumstances permit, any Series offered subsequent to Series 1 will be consolidated with Series 1 Shares.

The net proceeds of the issue of Shares will be invested and managed in accordance with the investment policy of the Company as more fully described in this Offering Memorandum on pages 10 to 12.

The Directors are authorised to close the Company to new subscription, either for a specified period or until they otherwise determine and in respect of all investors or new investors only.

In addition, the Directors can create additional classes of shares of the Company from time to time and may declare additional Dealing Days and Valuation Days in respect of the Shares.

### **Professional Investors**

Whilst investment in the Company can offer the potential of higher than average returns on the investments in which it invests, it also involves a correspondingly higher degree of risk and is only considered appropriate for Professional Investors who understand the high degree of risk involved, believe that the investment is suitable based upon their investment objectives and financial needs, who have no need for liquidity of investment and who can afford to take that risk. The Professional Investor must have such knowledge and experience in financial and business matters and be capable of evaluating such merits and risks. Each investor represents that he satisfies these criteria and that he is acquiring the Shares for investment. Investors are advised to seek independent professional advice on the implications of investing in the Company.

The Directors may, in their absolute discretion, impose additional suitability standards from time to time in order to comply with applicable laws.

### **Minimum Subscription**

The minimum initial subscription by an investor or transferee in the USD Shares is US\$100,000 and the minimum investment in the Euro Shares is €100,000. The Directors, in their absolute discretion, may

accept a lower minimum initial subscription. The minimum subsequent subscription for existing Shareholders is US\$20,000 for USD Shares and €20,000 for Euro Shares. At no time shall the minimum holding per investor in the Company be less than US\$100,000 in USD Shares or below €100,000 in Euro Shares.

If subscriptions amounting to less than US\$1,000,000 have been received by the Closing Date, then unless the Directors shall in their absolute discretion determine otherwise, the offer of Shares described in this Offering Memorandum will not proceed and all monies received by the Company from subscribers for Shares will be returned without interest. In the event, any preliminary expenses in connection with the offer of Shares will be paid by the Investment Manager.

### **Application Procedure**

In order to subscribe for Shares, a prospective investor must complete and sign the applicable Application Form, return it to the Sub-Administrator and pay the subscription amount to the Company as described therein. The Company reserves the right, in its absolute discretion, to reject any application in whole or in part, in which event the application money or any balance will be returned by post or telegraphic transfer at the risk and expense of the applicant.

The Sub-Administrator must be sent a completed subscription agreement. In the event that an application is sent by facsimile, the original must be forwarded by mail. Applicants must make payment by telegraphic transfer (details of which should be available from the applicant's bank). The applicant's bank must be instructed at the time of application to forward the appropriate remittance by the fastest available means to reach the bank listed in the Application Form as cleared funds by 5:00 pm (Irish time) on the Closing Date with respect to the Initial Offer Period or by 12.00 noon (Irish time) on the relevant Valuation Day thereafter. In the event that any prospective investor fails to meet this deadline, their application will be held over until the next Dealing Day, subject to waiver by the Directors in their absolute discretion. The applicant's bank should also be instructed to fax the Sub-Administrator with details of the transfer it is making. Applications for an initial purchase of Shares and further applications for Shares must in each case be at least for such minimum amount as specified under "Minimum Subscriptions" (net of bank charges).

The Shares will not be finally allotted until the Sub-Administrator is satisfied that cleared funds and all appropriate documentation have been received.

If the amount paid does not correspond to a specific number of Shares, the Company will issue such number of Shares as is applicable, calculated to three decimal points.

Shares will be registered in fully registered, book-entry form and certificates will only be issued at the request of a Shareholder to the Sub-Administrator. Under this arrangement, the Sub-Administrator issues confirmation statements confirming ownership of Shares, but physical share certificates are not issued. The convenience of this facility is that certificates do not have to be surrendered to the Company on redemption or transfer of Shares and the Sub-Administrator will disburse redemption proceeds upon receipt of appropriate written instructions from the Shareholder.

Registration will only be accepted in the name of companies, trusts, partnerships or individuals. Shares purchased for individuals under 18 years of age must be registered in the name of a parent or guardian, but may be designated with the minor's initials for identification.

### **Anti-Money Laundering Procedures**

In compliance with legislation aimed at the prevention of money laundering, investors or potential investors may in certain circumstances be asked to produce evidence of their identity, when subscribing for, transferring or redeeming Shares. Until satisfactory evidence of identity is produced, the Company reserves the right to refuse to issue Shares, pay the proceeds of a redemption of Shares, or pay income or dividends to the investor.

The Sub-Administrator will request such information and documentation as it considers is necessary to verify the identity of an applicant. Shares will not be issued until such time as the Sub-Administrator has

received and is satisfied with all the information and documentation requested to verify the identity of the applicant. This may result in Shares being issued on a Dealing Day subsequent to the Dealing Day on which an applicant initially wished to have Shares issued to him.

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

### **Redemptions**

Shares may be redeemed by Shareholders with effect from any Dealing Day, subject to the provisions relating to the suspension and deferral of redemptions referred to herein and in “Suspension of Calculation of the Net Asset Value”. Save as mentioned below, requests for redemptions should be made to the Sub-Administrator in writing or by fax by no later than 5.00 pm (Irish time) ten (10) Business Days prior to the relevant Dealing Day. Such request should state the Shareholder's registered name, Personal Account Number (if any) and the amount proposed to be redeemed. Any redemption request which would reduce the value of a holding below the minimum holding of US\$100,000 in USD Shares or below the minimum holding of €100,000 in Euro Shares, may be treated, at the discretion of the Investment Manager, as a request for redeeming the Shareholder's entire holding of USD Shares and/or Euro Shares, as the case may be, on such Dealing Day.

Shares shall be redeemed at the Net Asset Value per Share of the relevant Series applicable to the Dealing Day on which redemption is effected.

Remittance of redemption amounts will be made in US Dollars when an investor redeems USD Shares and in Euros when an investor redeems Euro Shares and by interbank transfer to the financial institution specified by the redeeming Shareholder, in writing, as soon as practicable following the relevant Dealing Day and in any event within five Business Days following the finalisation of the Net Asset Value of the Shares of the relevant Series on the relevant Dealing Day, except that no redemption proceeds will be paid out until the Sub-Administrator is in receipt of an original redemption request.

The Directors may declare additional Dealing Days and Valuation Days in respect of the Shares.

In addition and subject to the foregoing, Shareholders may, at the sole and absolute discretion of the Directors, redeem their Shares on any Business Day subject to a notice of two (2) Business Days. Remittance of any such redemption amounts will be made within two Business Days following finalisation of the Net Asset Value per Share of the relevant Series of Shares on the relevant Dealing Day. A redemption charge of up to 2% of any such redemption proceeds may, at the sole and absolute discretion of the Directors, be imposed on any redemption of Shares which have been redeemed pursuant to this expedited redemption procedure.

The Sub-Administrator is entitled to require additional documents on redemption, such as, but not limited to, trust instruments, death certificates, appointments as executor or administrator and certificates of corporate authority.

If the Company receives redemption requests in respect of an aggregate of 25% or more of the total outstanding Shares on any Dealing Day, the Directors may elect to restrict the total number of Shares redeemed to 25% in which case all redemption requests, not having priority hereunder, will be scaled down *pro rata*. Any redemption request so reduced shall be effected on the following Dealing Day, and shall be given priority over any subsequent redemption request subject always to the foregoing provision. A Shareholder may, by providing written notice to the Sub-Administrator prior to the next applicable Dealing Day, elect to withdraw a redemption request with respect to any Shares which were deferred for redemption pursuant to this section.

### **Compulsory Redemptions**

The Company may require the compulsory redemption or transfer of Shares owned directly or beneficially by any person where such ownership gives rise to a breach of any applicable law or requirement in any jurisdiction including where an investor fails to meet any eligibility requirements imposed by the Directors or holds Shares with an aggregate Net Asset Value of less than US\$100,000 in USD Shares or less than €100,000 in Euro Shares or which may, in the sole and conclusive opinion of the Directors: (i) prejudice the tax status or residence of the Company or its Shareholders; (ii) cause the Company or its Shareholders to suffer any legal, regulatory, pecuniary, fiscal or material administrative disadvantage; (iii) cause the Company to be required to comply with any registration or filing requirements in any jurisdiction with which it would not otherwise be required to comply; or (iv) cause the assets of the Company to become “plan assets” for the purposes of the U.S. Employee Retirement Income Security Act of 1974, as amended (“ERISA”).

The Company may compulsorily redeem all (but not some) of the Shares of a Series not previously redeemed if on any Dealing Day the aggregate of all Net Asset Value of the Shares in that Series is, and has been as at each of the four immediately preceding Dealing Days, less than US\$1,000,000 in USD Shares or less than €1,000,000 in Euro Shares, as the case may be. The redemption will take effect on the next Dealing Day (or on any Business Day within one month thereafter as the Directors may determine) at a price per Share of the relevant series equal to a *pro rata* share of the assets of the Company after repayment of the nominal value of the Management Shares and the Shares less all liabilities including those accrued or contingent upon the termination of the Company.

### **Suspension of Calculation of the Net Asset Value**

The Directors may in their absolute discretion suspend the calculation of the Net Asset Value of the Company and the NAV per Share or, as the case may be, the NAV of each Share within a particular Series outstanding and redemption of Shares in such circumstances as they think appropriate including (but without prejudice to the generality of the foregoing):

- (i) during any period when any stock exchange or over-the-counter market on which a substantial proportion of the investments of the Company is quoted or traded is closed otherwise than for holidays, or during which dealings thereon are restricted or suspended;
- (ii) when as a result of political, economic, military or monetary events or any circumstances outside the control, responsibility or power of the Company disposals of the Company’s investments cannot be effected normally or without seriously prejudicing the interests of the Shareholders;
- (iii) if a direct investment would be required to be disposed of, the Company would be in breach of any joint venture or other agreement relating to the investment by disposing of it;
- (iv) when there is a breakdown in the means of communication normally employed in determining the price or value of a significant portion of the Company's investments or where the price or value of any of the investments cannot be promptly or accurately ascertained;
- (v) when the Company is unable to repatriate monies for the purpose of making payments on compulsory redemption of the Shares or when any transfer of monies involved in the realisation or acquisition of investments or payments due on redemption cannot in the opinion of the Directors be effected at normal rates of exchange; or
- (vi) if it is necessary or desirable to do so in order to protect the Company or its Shareholders.

PROVIDED however that all reasonable steps will be taken to bring such a suspension to an end as soon as possible.

Any such suspension shall take effect at such time as the Directors shall declare but not later than 5.00 pm (Irish time) on the Business Day next following the declaration and thereafter there shall be no determination of the Net Asset Value of the Company and the Net Asset Value per Share or, as the case

may be, the NAV of each Share within a particular Series outstanding until the Directors shall declare the suspension to be at an end except that the suspension shall terminate in any event on the first Business Day on which the condition giving rise to the suspension shall have ceased to exist and no other condition under which suspension is authorised under the bye-laws of the Company shall exist.

### **Share Transfers**

All transfers of Shares shall be effected by transfer in writing in any usual or common form in use in Bermuda or in any other form approved by the Directors but need not be under seal. No transfer of Management Shares and no transfer of Shares to a person other than a Professional Investor may be effected without the prior written consent of the Directors.

The Directors may decline to register any transfer of Shares where such transfer may in the sole and conclusive opinion of the Directors: (i) prejudice the tax status or residence of the Company or the Shareholders; (ii) cause the Company or the Shareholders to suffer any legal, regulatory, pecuniary, fiscal or material administrative disadvantage; (iii) cause the Company to be required to comply with any registration or filing requirements in any jurisdiction with which it would not otherwise be required to comply; or (iv) cause the assets of the Company to become “plan assets” for the purposes of ERISA.

If the transferee is not already a Shareholder he will be required to complete the relevant Application Form and provide the requisite due diligence information.

If the Directors refuse to register a transfer of Shares they shall within one month after the date on which the transfer was lodged with the Company send to the transferee notice of the refusal.

## NET ASSET VALUE CALCULATION

- (a) The Net Asset Value of the Company and the NAV per Share or, as the case may be, the NAV of each Share within a particular Series outstanding shall be calculated by the Sub-Administrator as of close of business (Irish time) on each Valuation Day or at such other times as the Directors may determine.
- (b) The Net Asset Value of the Company shall be the value of all assets of the Company less all of the Company's liabilities as at the relevant time. The NAV of a Series as of any particular time shall be the value of the *pro rata* proportion of the NAV of the Company attributed to a Series. The Net Asset Value per Share of any Series is determined by dividing the NAV of the relevant Series by the number of Shares of that Series outstanding on such day. The value of the Company's assets and liabilities shall be determined as follows:
  - (i) the value of any cash in hand or on deposit, certificates of deposit, interest bearing securities not falling within (ii) and (iv) below, bills and demand notes and accounts receivable, prepaid expenses, cash dividends receivable and interest declared or accrued as aforesaid and not yet received shall be deemed to be the full amount thereof, unless in any case the same is unlikely to be paid or received in full or was issued at a discount, in which case the value thereof shall be arrived at after making such discount as the Directors may consider appropriate in such case to reflect the true value thereof;
  - (ii) the value of securities which are quoted or dealt in on any stock exchange or other regulated market shall be based on the latest available traded price quoted on the relevant exchange or market, or if there is more than one stock exchange on which the securities are traded or admitted for trading, that which is normally the principal stock exchange for such security, provided that any such or any other securities which are not freely transferable, or which are not regularly traded, or which for any other reason are subject to limited marketability, shall be valued initially at cost and thereafter with any reduction or increase in value, as the case may be, as the Directors shall in their absolute discretion determine;
  - (iii) the market value of a contract or option traded on an exchange, or through a clearing firm of an exchange or through a financial institution, shall mean the most recently available middle market price on such exchange or of such clearing firm or financial institution (and where such investments are dealt in or traded on more than one exchange the Directors at their discretion may determine which exchange shall prevail for this purpose). Where such instruments are traded over-the-counter they will be valued on the basis of the latest available valuation provided by the relevant counterparty. If there is no such price, then the average will be taken between the lowest offer price and the highest bid price at the close of business on any market on which such investments are or can be dealt in, or traded, provided that where such investments are dealt in or traded on more than one market, the Directors may determine at their sole discretion which market shall prevail;
  - (iv) fixed income securities with remaining maturities of less than 120 days acquired at a discount or premium on the sum of the nominal value and accrued interest at the date of acquisition shall be valued at their cost plus accrued interest from the date of acquisition on the nominal value at the coupon rate and adjusted by an amount equal to the discount or premium at which they were acquired divided by the number of days unexpired at the date of acquisition and multiplied by the number of days elapsed from the date of acquisition to the date as of which the assets are being valued;
  - (v) the value of units or other security in any unit trust, mutual company, investment corporation or other similar investment vehicle or collective investment scheme shall be derived from the last prices (being, where relevant, bid prices) published by the investee



entity or otherwise in respect thereof though where not available, an estimate as approved by the Directors may be used;

- (vi) all other assets (including unlisted investments) and liabilities will be valued at their respective fair values as determined in good faith by the Directors and in accordance with International Financial Reporting Standards;
  - (vii) any value in respect of a non US\$, GBP or Euro, asset or liability shall be converted at the exchange rate or spot market rate as determined by the Sub-Administrator (whether official or otherwise) on the relevant Valuation Day or, if no such rate is available on such Valuation Day, at the most recently available such rate as the Directors in their absolute discretion deem appropriate in the circumstances having regard, *inter alia*, to any premium or discount which may be relevant and to costs of exchange; and
  - (viii) the amount of any dividend declared by the Company with respect to Shares shall be a liability of the Company from the day on which such dividend is declared to the day of payment.
- (c) Notwithstanding the foregoing, where on any Valuation Day any asset of the Company has been realised or contracted to be realised there shall be included in the assets of the Company in place of such asset the net amount receivable by the Company in respect thereof provided that if such amount is not then known exactly then its value shall be the net amount estimated by the Directors as receivable by the Company and provided that if the net amount receivable is not payable until some future time after the time of any valuation the Directors may make such allowances as they consider appropriate.
  - (d) Notwithstanding the foregoing, where on any Valuation Day the Company has contracted to purchase an asset there shall be included in the assets of the Company in place of such purchase price of the asset the market value of the asset and provided that if the net amount payable is not payable until some future time after the time of any valuation the Directors may make such allowances as they consider appropriate.
  - (e) If the Directors consider that any of the above bases of valuation are unfair or impracticable in any particular case or generally, they may adopt such other valuation or valuation procedure as they consider is fair and reasonable in the circumstances and is in accordance with International Financial Reporting Standards. The Directors may delegate to an agent, including the Investment Manager, any of their discretions under the valuation guidelines set out above.
  - (f) For the purposes of preparing any valuation the Directors shall be entitled to obtain at the expense of the Company, and to rely on, such independent professional advice as they consider appropriate. Any valuation made pursuant to the Company's bye-laws shall be made by or on behalf of the Directors and shall (except in the case of manifest error) be binding on all persons.
  - (g) Any accrued fees (including those described under "Fees and Expenses"), trading, general operating and other expenses and taxation provisions shall be deducted in calculating the Net Asset Value.
  - (h) The NAV per Share of each Series will be published by the Sub-Administrator after each Valuation Day. Investors should note that as International Financial Reporting Standards require listed securities with an active market to be valued at bid and offer for long and short (rather than last traded), the audited NAV may differ from the published NAV.

## MANAGEMENT AND ADMINISTRATION

### Directors of the Company

The Directors are responsible for the overall management and control of the Company and are responsible, amongst other things for establishing the investment objectives and policy of the Company, for monitoring the Company's performance and for appointing, supervising, directing and, if necessary, removing any of the Company's service providers, including the Investment Manager. The Directors will hold regular meetings with the Investment Manager to review the operations of the Company.

*Samit Yakovlev* is a founder and managing partner of the Investment Manager. A graduate of the Russian State University of Oil and Gas, Samit began his career in the early 1990s with the export-import company GFI International as a Director. In 1995 Samit was appointed a Senior Trader at United City Bank ("UCB"), one of the most reputable investment banks in Russia. In 1998 UCB was acquired by the British investment bank Robert Fleming and Samit was appointed Head of Trading in the new company Fleming UCB. In 1998 Samit was rated as one of the top 5 best traders in Russia by Money magazine. In 2000 he co-founded Spectrum Investment Holdings, an asset management firm dedicated to private and institutional clients. In 2003 Spectrum and Marcuard Group (Switzerland) founded the asset management company Marcuard Spectrum, where Samit remained as a portfolio manager for the hedge fund the Marcuard Russia Fund, which was later renamed Spectrum Russia Absolute Return Fund. He resigned from Marcuard Spectrum at the end of 2007 to establish the Investment Manager.

*Sergey Borzin* is a managing partner of the Investment Advisor. A mathematics graduate of Moscow State University, Sergey began his career in 1997 as an Equity Trader at Metropol IFC, a leading investment business in Russia. In 2003 he left to join a start-up subsidiary company, Metropol Asset Management, where he accepted the role of Deputy Chief Executive. From 2005 to 2008 Sergey worked for the hedge fund firm Marcuard Spectrum where he was responsible for business development in Russia.

*Peter Hughes* is the group managing director and founder of the Administrator ("Apex"), a specialist fund and private equity administration company founded in 2003. Apex specializes in the administration of hedge fund, funds of funds, private equity funds, traditional funds and investment holding companies. Since its establishment Apex has consistently been one of the top five fastest growing fund administrators globally. In 1991 Mr. Hughes received a BSc. (hons.) in Economics from Bristol University in England. He qualified as a chartered accountant in 1994 and is a fellow of the Institute of Chartered Accountants in England and Wales. Between 2000 and 2003 he was chief financial officer of FMG Fund Managers Limited. During 1999 he was a financial analyst with Cazenove Fund Management in London and prior to this, a group manager with Hemisphere Management Limited in Bermuda.

The address of each Director is c/o the registered office of the Company.

### Investment Manager

The Investment Manager of the Company will be Inventum Algorithmic Asset Management S.A., a limited liability company incorporated on 11 April 2011 in the British Virgin Islands with registration number 1642688.

Pursuant to the Investment Management Agreement, described under "Material Contracts", the Investment Manager will be responsible for the discretionary management of the assets of the Company in accordance with the investment objective and policy described herein subject to the general supervision and specific directions of the Directors. With the approval of the Directors, the Investment Manager may delegate certain of its duties to other companies and entities, which may be affiliated with, or independent of, the Investment Manager. Pursuant to such authorities, the Investment Manager has appointed the Investment Advisor. The Investment Manager has power to terminate such appointments and to make other appointments in place of them. Specifically, the Investment Manager may terminate the Investment Advisor on 30 days' notice. The Investment Manager is entitled to management fees and performance fees for its services, details of which are set out in "Fees and Expenses" on page 29. The Investment Manager may share its fees with the Investment Advisor.

### **Key Individuals of the Investment Manager**

The following personnel at the Investment Manager are primarily responsible for the investment of the Company's assets.

*Samit Yakovlev*. Please see biography under "Directors of the Company".

*Nikolay Kutuzov* is a founder, a managing partner and legal adviser of the Investment Manager. He is a graduate of Moscow State University. Nikolay began his professional career in 1991 at the British legal and consulting company ICS. After rising up to become Head of ICS's Moscow office, he left the company and became a Partner at the consulting and auditing company Scott, Riggs and Fletcher Ltd. In 1998 he founded Corporate Business Services and Fiduciaries Limited, where he served as a Partner and Managing Director for seven years. From 2005 until 2010, Nikolay was a Director of the private banking subsidiary of Russia's leading investment bank Troika Dialog, where assets under management stood at US\$2.5 billion.

### **Investment Advisor**

Inventum Capital Corp. has been appointed Investment Advisor to the Company by the Company and the Investment Manager. The Investment Advisor's engagement by the Investment Manager may be terminated without penalty on 30 days' notice. The Investment Advisor is a limited liability company incorporated on 23 May 2008 in the British Virgin Islands with registered number 1483457. The Investment Advisor is an investment management company.

### **Key Individuals of the Investment Advisor**

The following individuals are the key personnel at the Investment Advisor.

*Samit Yakovlev*. Please see biography under "Directors of the Company".

*Nikolay Kutuzov*. Please see biography under "Key Individuals of the Investment Manager".

*Sergey Borzin*. Please see biography under "Directors of the Company".

*Dmitry Biryukov* is a managing partner of the Investment Advisor. A graduate of the State University of Aerospace Technology and a holder of an Economics Ph.D., he has a track record of establishing and running successful companies in various sectors of the economy. In 1995 Dmitry established the holding company Rus Capital which currently operates in private equity, real estate development, and the cement and construction material manufacturing sectors. From 1998 until 2004 he was President of the Adamant, an advertising and production agency. Among Adamant clients were several large institutions, such as the Moscow city government, telecommunication company SkyLink (MSS) and Trading House GUM. In 2005 Dmitry established the insurance company Olimpia which was acquired by a subsidiary of the British insurance company Lloyd's in 2007. Dmitry is currently also President of Newton Capital, a real estate development firm in Latvia.

### **Administrator and Sub-Administrator**

The Administrator has been retained to provide administrative, registrar and transfer agent services to the Company pursuant to an administration agreement among the Company and the Administrator (the "**Administration Agreement**"). The Administrator will delegate certain tasks to the Sub-Administrator. The Administrator and Sub-Administrator are part of the Apex Fund Service Group, with offices in Bahrain, Bermuda, Canada, the Cayman Islands, China, Cyprus, Dubai, Guernsey, Hong Kong, India, Ireland, the Isle of Man, Jersey, Luxembourg, Mauritius, Malta, Russia, Singapore, Switzerland, the United Kingdom and the United States. The Administrator and its affiliates provide administrative services for a number of corporations and partnerships throughout the world. The Administrator is regulated by the Bermuda Monetary Authority. The Administrator is not a sponsor or promoter of the Company or this offering.

Pursuant to the Administration Agreement, the Administrator is responsible for, among other things: (i) reviewing and accepting subscriptions for Shares and accepting payment therefore; (ii) computing and disseminating the value of the Shares; (iii) performing all acts related to the withdrawal of Shares; (iv) keeping the accounts of the Company and such financial books and records as are required by law or otherwise for the proper conduct of the financial affairs of the Company and preparing or procuring the preparation of annual financial statements of the Company and furnishing such statements to the Shareholders; and (v) performing all other accounting and clerical services necessary in connection with the administration of the Company.

The Company has agreed to indemnify the Administrator and its directors, officers, employees, servants or agents against any liabilities, damages, costs, claims and expenses any of them may suffer arising out of the Administrator's own gross negligence, wilful misconduct, default, fraud, bad faith or breach of the Administration Agreement in the performance of its duties. In addition, the Administrator, its directors, officers, employees, servants and agents will not have any liability to the Company or any Shareholder for any liabilities, damages, costs, claims and expenses except those arising as a result of the Administrator's own gross negligence, wilful misconduct, default, fraud, bad faith or breach of the Administration Agreement in the performance of its duties.

It should be noted that in relying on information furnished by other persons in performing services for the Company, the Administrator is not responsible or liable for the accuracy of the underlying data. The Administrator in no way acts a guarantor or offeror of the investment described herein.

#### **Custodian**

UniCredit Securities International Ltd. has been appointed as Custodian of the assets of the Company. The Custodian is a company incorporated under the laws of the Republic of Cyprus on 2 December 1980 with incorporation number 14927 (under its original name NAM Holdings Limited, which underwent a few changes before the Custodian acquired its current name on 4 February 2009). The Custodian is authorized and regulated by the Cyprus Securities and Exchange Commission under license reference CIF 026/04 and is a trading member of the London Stock Exchange. The sole shareholder of the Custodian is Bank Austria (through A.I. Beteiligungs GmbH), a member of UNICREDITO ITALIANO S.p.A. financial group.

The Custodian is a service provider to the Company and is not responsible for the preparation of this document or the activities of the Company and therefore accepts no responsibility for any information contained in this document other than the above description. The Custodian will not participate in the investment decision-making process of the Company.

#### **Secretary and Registered Office**

Sharon Ward of Apex Fund Services Ltd. has been appointed as the Secretary to the Company. Apex Fund Services Ltd. has been appointed assistant secretary and under this appointment performs the following functions: (i) maintaining a copy of the register of shareholders and the register of directors and officers of the Company; (ii) providing the registered office of the Company; (iii) maintaining the Company's minute books; and (iv) drafting minutes of meetings of shareholders and the board of directors of the Company.

## FEES AND EXPENSES

### Preliminary Expenses

The formation and preliminary expenses relating to the Company will not be paid by the Company but will be paid by the Investment Manager on behalf of the Company. The formation and preliminary expenses may be reimbursed by the Company at any time as determined by the Directors and the Investment Manager in their sole and absolute discretion.

### Investment Manager

#### *Management Fee*

The Investment Manager is entitled to a Management Fee from the Company with respect to each Series of Shares equal to 2% per annum of the Net Asset Value of that Series of Shares. The Management Fee will be calculated, before making any deduction for the current management and performance fees, if any, then due, and will be calculated at each Valuation Date and paid monthly in arrears.

The Investment Manager, in its sole and absolute discretion, may rebate any Management Fee and/or any Performance Fee to be paid to it by Shareholders that are employees or affiliates of the Investment Manager or relatives of such persons, or to certain large investors or any Shareholder in its sole discretion. The Investment Manager may share fees with distributors and in these circumstances the fees paid to distributors will be paid directly from the Investment Manager to the distributors.

#### *Performance Fee*

The Investment Manager will receive a Performance Fee from the Company equal to 20% of the increase in the Net Asset Value of each Series of Shares (as the case may require). The Performance Fee will be accrued monthly and payable at the end of each calendar quarter whenever such accrual is greater than zero (the “**Payment Date**”). This amount is measured as follows: (i) as of the end of each month (“**Valuation Date**”), the measurement amount (“**Measurement Amount**”) is determined for each Series of Shares; (ii) the Measurement Amount, as of any Valuation Date, is equal to the Net Asset Value of the Series of Shares (after accrued expenses other than the current month’s accrued performance fees), divided by the number of Shares of the Series outstanding; (iii) the highest Measurement Amount for each Series, so determined among the later of inception, the last Payment Date or the prior period Valuation Date, is subtracted from the Measurement Amount on the applicable Valuation Date; and (iv) the resulting figure is multiplied by the number of Shares of the Series outstanding on the respective Valuation Date and then multiplied by 20%. The resulting figure (the current month’s Performance Fee for the applicable Series of Shares) will be added to or subtracted from, as the case may be, any Performance Fee for the applicable Series of Shares carried forward from any previous month. The greater of zero and the resulting sum will equal the total Performance Fee on the Valuation Date with respect to that Series of Shares and will be accrued as a liability of that Series of Shares on the Valuation Date and carried forward as an expense of that Series of Shares to the next month. The total Performance Fees so calculated at the end of each calendar quarter with respect to each Series of Shares will be paid to the Investment Manager. The highest Measurement Amount is reduced by the amount of the Performance Fee required to be paid at the end of each calendar quarter.

In order to minimize the number of separate Share Series and thus simplify the Company’s accounting, different Share Series may be consolidated into a single Series at the end of a calendar quarter when the consolidation will have no impact on the performance fees payable by the Shareholders.

If a Shareholder redeems Shares before the end of a calendar quarter, the redemption date will be deemed the end of the calendar quarter for the purposes of determining whether a Performance Fee is payable with respect to the redeemed Shares.

**Investment Advisor**

The Investment Manager will be responsible for the remuneration of the Investment Advisor, pursuant to the terms of the Investment Advisory Agreement.

**Administrator and Sub-Administrator**

For its services hereunder, the Administrator will receive an administration fee, calculated on the Company's Net Asset Value subject to a minimum annual fee, such customary fees to be as agreed from time to time between the Administrator and the Company. The fee will be accrued as of each Valuation Day and will be due and payable monthly in arrears. Fees will be reviewed as of the anniversary of the Company's first year of operations and annually thereafter, provided that no change in fees shall occur without the prior approval of the Company's Directors.

The Administrator will be responsible for the remuneration of the Sub-Administrator, pursuant to the terms of the Administration Agreement.

**Custodian**

The Custodian is entitled to fees and certain expenses, set at commercial rates, as agreed from time to time between the Custodian and the Company. Such fees are based upon a combination of transaction charges and financing costs.

**Secretary and Registered Office**

The Company will pay the Secretary an annual fee as agreed between the Company and the Secretary for secretarial and registered office services.

**Ongoing Operating and Organisational Expenses**

The Company is also liable to pay all on-going and day-to-day administration and operating expenses incurred by it including, without limitation, Directors' fees, legal, auditing, registration, licensing, listing, rating and government filing fees relating to this offering.

**Miscellaneous**

The Company shall reimburse all reasonable out-of-pocket expenses properly incurred by the Investment Manager, the Investment Advisor, the Administrator, the Sub-Administrator, the Custodian and each of the Directors in the performance of their respective duties.

## TAXATION

### General

The precise tax consequences for the Company in making, holding or disposing of any investments will vary according to the jurisdiction in which the investment is made. In particular, tax on capital gains may be suffered in certain jurisdictions upon the disposal of an investment, and withholding tax is likely to be levied against income receipts.

The taxation of income and capital gains of the Company and the Shareholders are subject to the fiscal law and practice of Bermuda, the jurisdiction in which the Company invests and of the jurisdictions in which Shareholders are resident or otherwise subject to tax.

The following summaries of the anticipated tax treatment in Bermuda does not constitute legal or tax advice and are based on the taxation law in force at the date of this Offering Memorandum.

The brief summary below does not consider all aspects of taxation which may be relevant to a particular Shareholder in light of the Shareholder's particular circumstances (for example, tax consequences in the Shareholder's jurisdiction of residence and/or a particular Shareholder's tax profile). Investors should consult their own advisers on the taxation and exchange control implications of their acquiring, holding or disposing of Shares under the laws of the jurisdiction in which they may be liable to taxation.

While this summary is considered to be a correct interpretation of existing laws in force on the date of this document, no assurance can be given that courts or other authorities responsible for the administration of such laws will agree with this interpretation or that changes in such laws will not occur.

### Bermudian Tax Considerations

At the date of this Offering Memorandum, there is no Bermuda income, corporation, or profits tax, withholding tax, capital tax, capital transfer tax, estate duty or inheritance tax payable by the Company or the Shareholders other than Shareholders ordinarily resident in Bermuda.

The Company has obtained from the Minister of Finance of Bermuda under the Exempted Undertakings Tax Protection Act 1966, an assurance that, in the event of there being enacted in Bermuda any legislation imposing tax computed on profits or income, or computed on any capital assets, gain or appreciation or any tax in the nature of estate duty or inheritance tax, such tax shall not, until 28 March 2016, be applicable to the Company or to any of its operations, or to the shares, debentures or other obligations of the Company, except in so far as such tax applies to persons ordinarily resident in Bermuda and holding such shares, debentures or other obligations of the Company, or any land leased or let to the Company.

As an exempted company, the Company is liable to pay in Bermuda an annual registration fee of US\$1,995 at the current rate which is based upon its authorised share capital. The Company is also subject to an annual institutional fund fee of US\$940 at the current rate payable pursuant to the Investment Funds Act 2006 of Bermuda, as amended.

The Company has been classified as non-resident of the Bermuda exchange control area by the Bermuda Monetary Authority, whose permission for the issue of the Shares has been obtained. The issue, redemption and transfer of Shares to, by and between persons regarded as non-resident in Bermuda for exchange control purposes may be effected without specific consent under the Exchange Control Act 1972 of Bermuda, as amended, and regulations made thereunder (together the “**Exchange Control Act**”). Issues and transfers involving any person regarded as resident in Bermuda for exchange control purposes require specific prior authorisation under the Exchange Control Act. The Company, by virtue of being non-resident of Bermuda for exchange control purposes, is free to acquire, hold and sell any foreign currency and securities without restriction.

**Other Foreign Tax Considerations**

To the extent that the Company makes foreign investments, it is uncertain whether the Company will be able to reclaim taxes withheld by a foreign country. The Administrator will not seek tax reclaims on behalf of individual Shareholders. Overall, Shareholders are advised to consult their tax advisors to determine in which jurisdictions a tax liability may arise and/or a tax return may be required.



## **MATERIAL CONTRACTS**

The following contracts have been entered into by the Company and are, or may be, material:

An Investment Management Agreement dated 1 July 2011 between the Company and the Investment Manager, under which the Investment Manager has agreed to provide investment management services to the Company in respect of the Company's assets subject always to the supervision of and review by, the Directors. The Investment Management Agreement will continue in force unless and until terminated by either party giving to the other not less than 90 days' written notice or immediately in certain circumstances. It contains limitations of liability and indemnities operating in favour of the Investment Manager in the absence of negligence, fraud or wilful default. The fees payable to the Investment Manager are set out under "Fees and Expenses" on page 29.

An Investment Advisory Agreement dated 1 July 2011 between the Investment Manager and the Investment Advisor whereby the Investment Advisor has agreed, subject to the overall supervision of the Investment Manager and the Directors, to act as discretionary investment advisor to the Company in relation to such assets of the Company as the Investment Manager shall from time to time notify to the Investment Advisor. The Investment Advisory Agreement will continue in force unless and until terminated by either party giving to the other not less than 30 days' written notice or immediately in certain circumstances. It contains limitations of liability and indemnities operating in favour of the Investment Advisor in the absence of negligence, fraud or wilful default. The fees payable to the Investment Advisor are set out under "Fees and Expenses" on page 30.

An Administration Agreement dated 1 June 2011 between the Company and the Administrator pursuant to which the Administrator has been appointed administrator of the Company. The Administrator will be responsible, under the ultimate supervision of the Company's Board of Directors, for matters pertaining to the administration of the Company. The Administration Agreement contains detailed provisions relating to the responsibilities of the Administrator. The Administration Agreement shall continue in full force and effect unless and until terminated by any party giving to the other party not less than 90 days' prior written notice or immediately in certain circumstances. It contains limitations of liability and indemnities operating in favour of the Administrator in the absence of gross negligence, wilful misconduct, default, fraud, bad faith or breach of the Administration Agreement. The fees and expenses payable to the Administrator are set out in the section on "Fees and Expenses" outlined in Appendix A of the Administration Agreement.

A Custody Services Agreement dated 1 July 2011 between the Company and the Custodian pursuant to which the Custodian was appointed custodian to the Company for a term expiring 31 December 2011, subject to automatic renewal for a further 12 months (unless either party gives written notice of termination to the other at least 30 days' prior to the expiry of the original term) and subject to the parties' right to extend the term further or terminate it earlier in certain circumstances. The Custody Services Agreement contains detailed provisions relating to the responsibilities of the Custodian and limitations of liability and indemnities operating in its favour in the absence of negligence or wilful non-performance of the Custodian's obligations thereunder. The fees payable to the Custodian are set out in the section "Fees and Expenses" on page 30.

### **DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents may be inspected free of charge during normal business hours on weekdays (Saturdays, Sundays and public holidays excepted) at the registered office of the Company:

1. the memorandum of association, certificate of incorporation and bye-laws of the Company together with the principal legislation under which the Company is established and formed;
2. the material contracts referred to above; and
3. this Offering Memorandum.

Notwithstanding section 24 of the Investment Funds Act 2006 of Bermuda, as amended, the entire share register of the Company shall not be available at any time for the inspection by Shareholders; however, each Shareholder shall be entitled to inspect the entries on the share register pertaining to their investment in the Company at all times during business hours of the Administrator.

## **GENERAL INFORMATION**

The information in this section includes a summary of the principal provisions of the memorandum of association and bye-laws of the Company various other matters are provided subject to the detailed provisions of each such document.

### **1 Incorporation and Share Capital**

- (a) The Company was incorporated on 1 June 2011 in Bermuda under the provisions of the Companies Act 1981 of Bermuda, as amended, as a limited liability company (registration no. 45449). The Company has an authorised share capital of US\$10,001 divided into 1 Management Share with a par value of US\$1.00 and 10,000,000 Shares each with a par value of US\$0.001 of which, as at the date of this Offering Memorandum, 9,000,000 have been designated as USD Shares and 1,000,000 have been designated as Euro Shares. The terms of the USD Shares and the Euro Shares are identical save that the USD Shares are denominated in US Dollars and the Euro Shares are denominated in Euros. Shares are issued in uncertificated form. In order to facilitate the charging of the Performance Fee on a per-share basis, a new Series of Shares will be issued on each Dealing Day on which Shares are issued to investors.
- (b) The Management Share has been issued at par value to the Investment Manager.
- (c) No loan capital of the Company (including term loans) has been issued or agreed to be issued and no such capital is proposed to be issued or is under option or agreed conditionally or unconditionally to be put under option. Save as described in this document, no share capital of the Company has been issued or agreed to be issued or is under option or agreed conditionally or unconditionally to be put under option.
- (d) As at the date of this document, the Company does not have any outstanding mortgages, charges or other borrowings or indebtedness in the nature of borrowing, including bank overdrafts and liabilities under acceptances or acceptance credits, hire purchase or finance lease commitments, guarantees or other contingent liabilities.
- (e) No commissions, discounts, brokerages or other special terms have been granted by Company in connection with the issue or sale of its share capital.
- (f) Prospective investors should note that there are no provisions under the memorandum of association or bye-laws of the Company conferring pre-emption rights on Shareholders. The Company's bye-laws provide that the unissued Shares are at the disposal of the Directors who may offer, allot, issue, grant options over and otherwise dispose of them to such persons, at such times, for such consideration and on such terms and conditions as the Directors think fit.

### **2 Memorandum of Association**

The Memorandum of Association of the Company provides that the Company's objects are unrestricted.

### **3 Rights of the Shares**

The Management Shares carry the right to receive notice of, attend and vote at general meetings of the Company and, in a winding up, to repayment of capital in accordance with the Company's bye-laws but confer no other right to participate in the profits or assets of the Company. In addition, the Management Shares carry no right to any dividend and may not be redeemed but may be repurchased by the Company on such terms as the Company may agree with the holder thereof save that the price to be paid by the Company shall not exceed the amount paid up on such Management Shares.

Shares do not confer upon the holder thereof the right to receive notice of, attend, speak or vote at general meetings of the Company but do, subject to the bye-laws of the Company, confer upon the holders the right

to any and all dividends or distributions which the Directors in their sole discretion may from time to time resolve to make or declare and rights in a winding-up to repayment of capital in accordance with the Company's bye-laws.

#### **4 Bye-laws**

The Company's bye-laws contain, *inter-alia*, provisions to the following effect:

(a) *Voting Rights*

The Management Shares have full and equal voting rights and are exclusively entitled to vote on all matters requiring shareholder approval.

The Shares are not entitled to vote except in certain limited circumstances as outlined in the Company's bye-laws and as required by Bermudian law.

(b) *Winding-up*

The Company may be wound-up following a resolution of the Management Shareholders.

The Shares carry the exclusive right to share, *pari passu* and *inter se* in surplus assets remaining after the payment of all liabilities and the return of the nominal amount paid up first on the Management Shares and secondly on the Shares.

(c) *Variation of rights*

If at any time the share capital of the Company is divided into different classes of Shares, whether or not the Company is being wound up, the rights attaching to any class may be varied or abrogated with the consent in writing of all the holders of the Shares of that class, or with the sanction of a resolution passed by not less than three quarters of the shareholders of that class being present in person or by proxy at a separate general meeting of the Shareholders of that class, at which the necessary quorum shall be at least one person holding or representing by proxy at least one-third of the issued Shares of the class and any holder of Shares of the class present in person or by proxy may demand a poll. The rights conferred upon the holders of the Shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the Shares of that class, be deemed to be varied or abrogated by the creation or issue of further shares ranking *pari passu* therewith.

(d) *Alteration of Share Capital*

Subject to the provisions of the Company's bye-laws and the rights of any holders of any class of Shares, the Company may by ordinary resolution increase its share capital, consolidate and divide all or any of its share capital into Shares of larger amount than its existing Shares, convert all or any of its paid up Shares into stock and reconvert that stock into paid up Shares of any denomination, subdivide its existing Shares, or any of them into Shares of a smaller amount provided that in the subdivision the proportion between the amount paid and the amount, if any, unpaid on each reduced Share shall be the same as it was in case of the Share from which the reduced Share is derived, and cancel any Shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the Shares so cancelled. In addition, the Company may by special resolution reduce its share capital and any capital redemption reserve in any manner authorised by Bermudian law.

(e) *Issue and Redemption of Shares*

- (i) The Company may purchase, redeem or otherwise acquire any of its own Shares for such consideration as the Directors consider fit. Unissued Shares are at the disposal of the Directors who may offer, allot, grant options over or otherwise dispose of them upon such terms and conditions as they may determine.
- (ii) The Company may redeem any Shares which are held by a person in breach of the provisions contained in this Offering Memorandum relating to investors' eligibility or in the event that the continued ownership of any Shares by a person could result in adverse tax or regulatory consequences to the Company or the Shareholders as a whole.
- (iii) The Net Asset Value of the Company and the Net Asset Value per Share or, as the case may be, the Net Asset Value of each Share within a particular Series outstanding shall be calculated and determined at dates established by the Directors. The Company may, at any time, suspend the calculation of its net assets and the purchase and redemption of the Shares.

(f) *Transfer of Shares*

All transfers of Management Shares and Shares shall be effected by transfer in writing in any usual or common form in use in Bermuda or in any other form approved by the Directors but need not be under seal. No transfer of Management Shares and no transfer of Shares to a person who fails to meet any of the eligibility requirements imposed by the Directors may be effected without the prior written consent of the Directors.

The Directors may decline to register any transfer of Shares where such transfer may in the sole and conclusive opinion of the Directors: (i) prejudice the tax status or residence of the Company or the Shareholders; (ii) cause the Company or the Shareholders to suffer any legal, regulatory, pecuniary, fiscal or material administrative disadvantage; (iii) cause the Company to be required to comply with any registration or filing requirements in any jurisdiction with which it would not otherwise be required to comply; or (iv) cause the assets of the Company to become "plan assets" for the purposes of ERISA.

(g) *Unclaimed Dividends*

Any dividend unclaimed after a period of six years from the date of declaration of such dividends shall be forfeited and shall revert to the Company.

(h) *Directors*

- (i) Unless otherwise determined by ordinary resolution of the Company in general meeting the minimum number of Directors shall not be fewer than two and not more than seven (exclusive of alternate directors).
- (ii) There shall be no shareholding qualification for Directors.
- (iii) A Director may continue to be or become a director, managing director, manager or other officer, employee or member of any company promoted by the Company or which promotes the Company in which the Company may be interested (including any subsidiary of the Company) and unless otherwise agreed no such Director shall be accountable to the Company or any remuneration or other benefits received thereby. See also "Conflicts of Interest" above.
- (iv) Provided his interest has been disclosed to the Board, a Director, intending Director or alternate Director may enter into or be directly or indirectly

interested in any contract or arrangement with the Company and such contract or arrangement shall not be liable to be avoided and the Director, intending Director or alternate Director concerned shall not be liable to account to the Company for any profit realised by any such contract or arrangement by reason of his holding of that office and the fiduciary relationship so established and may hold any other office or place of profit under the Company in conjunction with the office of Director or alternate Director (except that of auditor) on such terms as to tenure of office and otherwise as the Directors may determine.

- (v) A Director or, as the case may be, an alternate Director shall be entitled to vote and be counted in the quorum present in respect of his appointment (or arrangement of the terms of appointment) to hold any office or place of profit under the Company or in respect of any contract or arrangement in which he is, or any agent of the Company by whom he is employed, materially interested provided such interest is declared to the other Directors pursuant to the bye-laws of the Company.
- (vi) There is no compulsory retirement age for the Directors.
- (vii) The Directors may at the expense of the Company purchase and maintain insurance for the benefit of Directors and others against liabilities incurred in connection with the discharge of their functions in relation to the Company or any subsidiary of the Company provided such liabilities do not relate to the negligence, default or breach of duty of a Director.

(i) *Borrowing Powers*

The Directors may exercise all the powers of the Company to borrow money (including the power to borrow for the purpose of redeeming Shares) and to secure such borrowings in any manner and to issue debentures and other securities whether outright or as collateral security for any debt liability or obligation of the Company or of any third party in aggregate amounts of up to 200% of the Net Asset Value of the Company.

(j) *Indemnities*

There are indemnities in favour of the Directors and officers for the time being of the Company in respect of their acts done in the discharge of their duties and provided such acts do not involve the negligence, wilful default, fraud or dishonesty of the relevant Director or officer.

## **5 Directors' and Other Interests**

- (a) The Company's bye-laws provide that the Directors shall be entitled to a fee by way of remuneration for their services at a rate to be determined from time to time by the Directors.
- (b) None of the Directors has any interest, direct or indirect, in any transactions which are unusual in their nature or significant to the business of the Company.

## **6 Auditors**

Deloitte & Touche have been appointed as the Company's independent auditors. They have given and have not withdrawn their written consent to the issue of this Offering Memorandum with the inclusion herein of references to them in the form and context which they are included.

**7. Reports and Accounts**

The Company will maintain its books with an annual fiscal year end ending on 31 December. The financial statements of the Company will be presented in U.S. dollars and will be prepared in accordance with International Financial Reporting Standards. The financial statements will be audited annually at the Company's expense by an independent firm of auditors appointed by the Directors, currently Deloitte & Touche. Copies of the audited financial statements of the Company, the first up to 31 December 2012, will be sent to Shareholders within six months of the financial year end.

**8. Brokers**

The Company may appoint one or more brokers from time to time. A list of the Company's brokers, as at 31 December of each year, if any, will be published in the Company's annual report for such year and distributed to Shareholders. In addition, a list of the Company's current brokers, if any, may be obtained at any time on written request to the Company's Secretary.

**9. Miscellaneous**

- (a) Since its establishment the Company has not been engaged in and is not currently engaged in any litigation or arbitration and no litigation or claim is known to the Directors to be pending or threatened against any of them.
- (b) Since its establishment the Company has commenced operations, although no accounts have been prepared and no dividends have been declared.
- (c) The Company assumes no responsibility for the withholding of tax at source.
- (d) The Company has not established nor does it intend to establish a place of business in the United Kingdom or the United States.
- (e) The Company does not have any employees.
- (f) At the date of this document, save as described above, neither the Directors nor persons connected to them have any interest in the share capital of the Company or any options in respect of such capital.
- (g) The Company does not have any subsidiaries.

**10. Material Contracts**

Save for the contracts summarised under "Material Contracts" above, the Company has not entered into any contracts, not being contracts entered into in the ordinary course of business, which are or may be material.

**11. Definition of "US Person"**

Any person, corporation or partnership or other entity or account defined as a "US Person" in Regulation S of the United States Securities Act of 1933, as amended.