SOUTH AFRICA ALPHA SPC

EXPLANATORY APPENDIX

CLASS U SHARES

Limpopo Africa Segregated Portfolio

This explanatory appendix (the "**Explanatory Appendix**") supplements the information found in the South Africa Alpha SPC Private Placement Memorandum (as amended from time to time, the "**Memorandum**"). The Memorandum is an integral part of this Explanatory Appendix and must be delivered and read with this Explanatory Appendix as one document. The terms of this Explanatory Appendix shall take precedence over any conflicting terms in the Memorandum.

September 2014

This Explanatory Appendix is for the exclusive use of: Copy No.:

_____ _____

CONTENTS

SUPPLEMENTAL DIRECTORY

Investment Advisor
Laurium Capital (Pty) Limited
9th Floor Fredman Towers
13 Fredman Drive
Sandown
Johannesburg
South Africa

Custodian
Imara S.P. Reid (Pty) Ltd
Ground Floor, Imara House, Block 3
257 Oxford Road
Illovo
2146
Johannesburg
South Africa

Administrator

Admiral Administration Ltd (Maitland)
90 Fort Street, PO Box 32021
George Town, Grand Cayman
KY1-1208
Cayman Islands

Subscription Documents to be sent to the below address;

Investor Services
Maitland House 1
River Park, Gloucester Road
Mowbray, 7700
South Africa

finstream.maitlandtransferagency@maitlandgroup.co.za
info@sa-alpha.com

LIMPOPO AFRICA SEGREGATED PORTFOLIO

INTRODUCTION

This Explanatory Appendix sets forth the investment objective and strategy of the Limpopo Africa Segregated Portfolio (the "**Portfolio**") of the South Africa Alpha SPC (the "**Fund**"), certain risks associated with the purchase of the class of shares of the Fund representing the Portfolio being the Class U Shares (the "**Shares**"), and other pertinent information regarding the purchase of Shares that may not be set forth in the Memorandum. Capitalised terms used and not defined in this Explanatory Appendix have the meanings attributed to them in the Memorandum. Subscribers are specifically referred to the Memorandum for information about the Portfolio, its principals, service providers, risk factors, fees, corporate structure and other relevant information not set forth herein. Terms defined in both this Explanatory Appendix and in the Memorandum shall be ascribed the appropriate meaning taking into account the context used.References to the Portfolio or to the Fund shall, where the context requires, refer to the Fund acting on behalf of and for the account of the Portfolio. References to assets and liabilities of the Portfolio and the Shares shall refer to assets, liabilities and Shares attributable to the Portfolio or issued in respect of the Portfolio, as appropriate and as the context requires.

Prospective investors should read this Explanatory Appendix in conjunction with the entire Memorandum carefully before making any decision to invest in the Portfolio. The prospective investor should pay particular attention to the information in the Memorandum and this Explanatory Appendix under the headings "Risk Factors" and "Conflicts of Interest" and "Additional Risk Factors" and should consult its own advisors in order to understand fully the consequences of an investment in the Portfolio.

DISTRIBUTION OF THIS EXPLANATORY APPENDIX IS NOT AUTHORISED UNLESS IT IS ACCOMPANIED BY THE MEMORANDUM. THE MEMORANDUM AND THIS EXPLANATORY APPENDIX TOGETHER FORM THE OFFERING CIRCULAR FOR THE ISSUE OF SHARES IN THE PORTFOLIO AND THE PROSPECTIVE INVESTOR MUST CAREFULLY REVIEW THE MEMORANDUM AND THIS EXPLANATORY APPENDIX; PROVIDED, HOWEVER, THAT TO THE EXTENT THERE IS ANY CONFLICT BETWEEN THE MEMORANDUM AND THIS EXPLANATORY APPENDIX, THE TERMS OF THIS EXPLANATORY APPENDIX SHALL CONTROL.

INVESTMENT OBJECTIVE AND STRATEGY

Objective

The Portfolio provides a platform for investment in diverse opportunities across Africa (excluding South Africa). The objective of the Portfolio is to deliver an acceptable risk adjusted USD return, taking into account current market, macro-economic and political conditions, by investing predominantly in, but not limited to, equities listed on African Stock Exchanges, or those companies who have significant exposure to Africa but are listed on other exchanges. The Portfolio is aimed at investors who have a 3-5 year investment horizon.

Strategy

The Portfolio has a broad mandate in order to effectively capture the full range of attractive African investment opportunities. The Portfolio is a long only fund that will invest primarily in publicly listed equities. The Portfolio may however transact in other instruments (such as government and corporate fixed income instruments, currencies, commodities, futures etc.) and geographies in order to obtain effective African exposure and take advantage of related investment opportunities.

The Portfolio uses value driven, fundamental bottom-up research combined with a macro, top-down overlay to generate a concentrated portfolio of investments that should generate attractive returns over time. Given the relative lack of liquidity and inefficiencies still prevalent on many of the African exchanges, a broad, flexible mandate is believed to be the most effective way to invest in the region.

The equity investment process will comprise primarily of:

(a) regional and country overview;

(b) sector analysis;

(c) stock screening and company analysis; and

(d) company valuation - focus on returns on capital, financial strength and cash generation.

The Portfolio will invest predominantly in equities listed on African exchanges but may transact in other instruments and geographies, including, for example, companies that are listed on other exchanges but which have substantial operations in Africa. These other exchanges include, but are not limited to, AIM, ASX, TSX and ADR/GDR participants. Please see the risk management guidelines below for more details.

Derivative strategies may be used for portfolio management and/or to gain exposure to African-related investment opportunities and themes including, but not limited to, equities, commodities, currencies and fixed income instruments.

The Portfolio is not subject to any material concentration or diversification restrictions and may hold a limited number of investment positions.

Risk Management Guidelines

I. Permitted Securities

The activities of the Portfolio will be focused largely on Africa-related listed equities. However, the Portfolio requires a degree of flexibility to take advantage of potential opportunities that may arise. Thus there are other permitted transactions besides Africa listed equities, including, but not limited to, the following examples:

1. the Portfolio may trade in the equities of companies listed on other exchanges. For example, the Portfolio may buy Zimplats, which is a platinum mining company with 100% of its operations in Zimbabwe but it is listed on the Australian Stock Exchange;

2. the Portfolio may trade in equities which are listed on non-African exchanges but have a dual listing on African exchanges;

3. the Portfolio may transact in money market instruments;

4. the Portfolio may transact in other corporate instruments besides equities, including, but not limited to: preference shares, warrants, convertible bonds and other fixed income instruments; and

5. the Portfolio may transact in fixed income instruments issued by African governments and government related entities.

II. Trading Restrictions and Limits

The following limits shall apply to the Portfolio:

1. the Portfolio can have a maximum exposure of up to thirty percent (30%) in fixed income instruments;

2. the absolute equity market exposure to a single equity instrument will be limited to fifteen percent (15%) of the Portfolio's Net Asset Value; and

3. the maximum exposure to any one country is forty percent (40%) of the Portfolio's Net Asset Value.

III. Use of Futures and Other Derivatives

While the Portfolio may trade in futures and other commodity interests and instruments, the Investment Advisor has claimed an exemption from registration with the Commodity Futures Trading Commission (the "CFTC") as a commodity pool operator pursuant to Rule 4.13(a)(3) under the Commodity Exchange Act, as amended (the "CEA"), because (1) either the aggregate initial margins and premiums required to establish commodity interest positions for the Portfolio do not exceed five percent of the liquidation value of the Portfolio's portfolio or the aggregate net notional value of the Portfolio's commodity interest positions do not exceed one hundred percent of the liquidation value of the Portfolio's portfolio and (2) participation in the Portfolio is limited to certain classes of investors recognized under the federal securities and commodities laws. Therefore, unlike a registered commodity pool operator, the Investment Advisor is not required to deliver a disclosure document and a certified annual report to participants in the Portfolio. The Investment Advisor may decide, in its sole and absolute discretion, or as otherwise required by applicable law or regulation, to rely on another exemption, if available, or register with the CFTC in the future. The Investment Advisor intends to advise the Investment Manager to use investments in futures and other commodity interests primarily to hedge positions of the Portfolio.

Notwithstanding the investment objectives, strategies, guidelines and general policies set out above, the Investment Manager (advised by the Investment Advisor) may pursue any other objective or strategy, or employ other techniques and work within other guidelines where it considers it appropriate and in the best interests of the Portfolio. The Fund cannot assure shareholders that the Portfolio will achieve its investment objectives and there is no guarantee that such trading strategies and methods will be profitable or will avoid losses. Further, many of the investment techniques and activities described above are high-risk activities that could result in substantial losses under certain circumstances.

Each prospective investor must recognize that there are limitations inherent to all descriptions of investment strategies, techniques and processes due to the complexity, confidentiality and subjectivity of such processes. In addition, it is impossible to identify all such strategies, techniques and processes because they are continually changing, as are the markets invested in by the Portfolio. The investment program of the Portfolio is speculative and entails substantial risks. There can be no assurance that the Portfolio's investment objective will be achieved, and certain investment practices (e.g., use of leverage, derivatives and short sales) may increase any adverse impact to which the Portfolio's investment portfolio may be subject. Prospective investors should review the "Risk Factors" section in the Memorandum and "Additional Risk Factors" in this Explanatory Appendix for a discussion of certain risks associated with investing in the Portfolio.

MANAGEMENT

Investment Advisor

The Investment Manager has entered into an Investment Advisory Agreement in respect of the Portfolio with Laurium Capital (Pty) Limited, a private company organized under the laws of South Africa on September 11, 2007 (the "**Investment Advisor**"). Gavin Vorwerg and Murray Winckler are the majority shareholders and the investment officers of the Investment Advisor, with responsibility for all discretionary investment management decisions. Laurium Capital (Pty) Limited is an authorised Financial Services Provider registered with the Financial Services Board of South Africa.

Murray David Winckler

From 2005 to 2006, Murray was the Chief Executive Officer of Deutsche Bank RSA. In 2004, Murray was the Head of Global Markets (Debt and Equity) at Deutsche Bank. The Debt business comprised of the Fixed Income, Foreign Exchange, Commodities and Money Market divisions. From 2002 until 2006, the firm was rated number 1 by either the SA Bond Exchange or the Financial Mail rating in Fixed Income research, sales and execution. From 1999 to 2004 Murray was the Managing Director of Deutsche Securities (Pty) Ltd. The business comprised the Equities Business of Deutsche Bank RSA (Research, Sales and Execution; Derivatives, Prime Services and Private Client Asset Management divisions). The Equities business during this period was consistently rated the leading franchise in South Africa having achieved the number 1 rating in sales, research and execution in the local Financial Mail ratings and all international surveys: Euromoney; Reuters; Extel and Institutional Investor. From 1995 to 1999, Murray was the Head of Research of Deutsch Securities (Pty) Ltd. In all these years, Deutsche Securities was rated the number 1 firm in research by the Financial Mail survey.

Murray was personally rated number 1 in Investment Strategy 1998 – 2000; number 1 in Industrial Holdings 1996 – 1999; number 1 in Beverages 1996 and 1997: number 1 in Paper and Packaging 1996. From 1989 to 1995, Murray was an Industrial Analyst with Ivor Jones Roy and Co Inc. Murray became a Partner of the firm in 1993. Murray began his career with Deloitte Haskins and Sells in 1983 where he completed three years of Articles and completed his National Service in Pretoria between 1986 and 1988. Murray is a Chartered Financial Analyst ("**CFA**") and member of the CFA Institute and graduated with a Bachelor in Accounting and Bachelor of Commerce from the University of the Witwatersrand.

Gavin John Vorwerg

From 2005 to 2008, Gavin worked at Deutsche Bank London, in the Strategic Equity Structuring Group. Gavin was responsible for strategic equity structuring in Africa (including South Africa), Middle East, and Central Europe. A key part of this role included taking risk onto the bank's balance sheet (usually large derivative positions or financing collateralised by shares) then repackaging the risk and selling it on to hedge funds and other banks. From 2003 to 2005, Gavin worked in Deutsche Securities, South Africa. Gavin was responsible for Equity Structuring and Derivatives in the Equities business, and a member of the Equities executive committee. From 1998 to 2005, Gavin worked at Deutsche Securities, South Africa. He was an equity analyst, rated number 1 or 2 in Financial Mail in several sectors each year from 2000. In 2003, Gavin was appointed deputy head of research and joined the equities executive committee. From 1994 to 1997, Gavin completed his training contract at Coopers & Lybrand (now PriceWaterhouseCoopers). Gavin is a certified Financial Risk Manager (FRM) and a member of the Global Association of Risk Professionals (GARP). Gavin is also a Chartered Financial Analyst (CFA) and a member of the CFA Institute in addition to being a qualified Chartered Accountant. Gavin has a Bachelor of Accounting degree and Bachelor of Commerce degree (with distinction) from the University of the Witwatersrand.

Although the Investment Advisor is not currently registered with the Securities and Exchange Commission (the "**SEC**") or any other regulatory agency as an investment adviser under the United States Investment Advisers Act of 1940, as amended, or any state laws or regulations, either may become so registered in the future (at the expense of the Investment Advisor) if required by applicable law or regulation or as it may otherwise determine in its sole discretion. [**While the Portfolio may trade in commodity futures and/or commodity options contracts, the Investment Advisor has claimed an exemption from registration with the Commodity Futures Trading Commission (the "**CFTC**") as a commodity pool operator pursuant to Rule 4.13(a)(3) under the Commodity Exchange Act, as amended (the "**CEA**"), because (1) either the aggregate initial margins and premiums required to establish commodity interest positions for the Portfolio do not exceed five percent of the liquidation value of the Portfolio's portfolio or the aggregate net notional value of the Portfolio's commodity interest positions do not exceed one hundred percent of the liquidation value of the Portfolio's portfolio and (2) participation in the Portfolio is limited to certain classes of investors recognized under the federal securities and commodities laws. Therefore, unlike a registered commodity pool operator, the Investment Advisor is not required to deliver a disclosure document and a certified annual report to participants in the Portfolio. The Investment Advisor may decide, in its sole and absolute discretion, or as otherwise required by applicable law or regulation, to rely on another exemption, if available, or register with the CFTC in the future.

Pursuant to the terms of an investment advisory agreement between the Investment Manager and the Investment Advisor (the "**Investment Advisory Agreement**"), the Investment Advisor has agreed, *inter alia*, to give advice to the Investment Manager as to the management and investment of the Portfolio's assets. The Investment Advisory Agreement may be terminated at any time by the Investment Manager and on sixty days (60) days' notice by the Investment Advisor. The Investment Advisor has agreed that in the event of in the event of any claim whatsoever or howsoever made by the Advisor against the Fund, the recourse of the Investment Advisor shall be limited solely to the assets of the Fund attributable to the Portfolio and if such assets shall be insufficient to extinguish any such claim, the Investment Advisor shall have no further recourse against any other assets whatsoever of the Fund and shall not bring any action against the Fund for its liquidation or winding up. Except for negligence, wilful misconduct, bad faith, or violation of applicable law, neither the Investment Advisor nor any of its offices, directors, members, employees, agents, affiliates, successors or permitted assigns is liable for any actions performed or omitted or any errors in judgment in advising the Investment Manager with respect to the Portfolio or for any damage or loss suffered or expense or cost incurred as a result of its services performed as contemplated in the Investment Advisory Agreement, or for any decline in the price or value of or income from any of the assets of the Portfolio.

The Investment Manager is responsible for the fees of the Investment Advisor.

Administrator

The Portfolio has appointed Admiral Administration Ltd, a company incorporated in accordance with the laws of the Cayman Islands with registration number 65656 and with its registered office address at Admiral Financial Centre, PO Box 32021, Grand Cayman, KY1- 1208, Cayman Islands, to act as administrator (the "Administrator") for the Portfolio pursuant to an administration agreement. The Administrator will, subject to the overall supervision of the Directors, be responsible for the day-to-day administration of each Portfolio, including the issue and redemption of Shares and the valuation of the Portfolio's assets. The Administrator is a Cayman Islands entity established to provide administrative services to funds of funds and other alternative fund vehicles.

Pursuant to the Administration Agreement, the Administrator is responsible, under the overall supervision of the Fund's Board of Directors, for matters pertaining to the day-to-day administration of the Portfolio, namely: (i) calculating Net Asset Value of the Portfolio and the net asset value per share of each class and series (as the case may be) in accordance with the Fund's valuation policies and procedures; (ii) maintaining the Portfolio's financial books and records so far as may be necessary to give a complete record of all transactions carried out by the Fund on behalf of and for the account of the Portfolio; and (iii) providing registrar and transfer agency services in connection with the issuance, transfer and redemption of Shares.

The registrar and transfer agency services to be provided by the Administrator will include (i) verifying the identity of prospective shareholders in accordance with applicable anti-money laundering policies and procedures, (ii) maintaining the Portfolio's Register of Shareholders, (iii) generally performing all actions related to the issuance, transfer and redemption of the Shares, (iv) disseminating the Net Asset Value of the Shares to shareholders, (v) furnishing annual financial statements, as well as monthly shareholder statements to shareholders, and (vi) performing certain other administrative and clerical services in connection with the administration of the Portfolio as agreed between the Fund on behalf of and for the account of the Portfolio and the Administrator.

The fees payable to the Administrator are based on its standard schedule of fees charged by the Administrator for similar services. These fees are detailed in the Administration Agreement.

The Administration Agreement may be terminated by either party giving to the other not less than 3 (three) months' written notice of its intention to terminate.

The Administrator indemnifies the Portfolio and holds the Portfolio harmless against all losses and liabilities which the Portfolio may incur as a result of any omission, negligent act or wilful misconduct by Administrator, arising out of, or pursuant to the execution of its obligations hereunder save and except for:

1. any act or omission of the Administrator which occurs in consequence of any act or omission of the Portfolio, its service providers and agents, constituting a commission or attempted commission of a crime, a breach, negligent act or wilful default hereunder;
2. where the Portfolio is required to sign off or approve the output of the Administrator as part of the business process set out in the Service Level Agreement and the Administrator has approved such output;
3. any act or omission which occurs in the course of the supply of services not described in the Administration Agreement;
4. errors which are immaterial in terms of the definition of materiality set out in the Service Level Agreement;
5. any indirect or consequential loss including but not limited to any damage to reputation, loss of investment return or investment performance or any loss of profits; or
6. any losses or liabilities caused by or relating to administrative errors arising prior to the commencement of the services rendered by the Administrator in terms of the Administration Agreement notwithstanding that the Administrator may fail to detect pre-existing errors.

Liabilities under the Administration Agreement shall generally be limited to:

1. an amount of US$10,000,000.00 (ten million USD) per one incident; and
2. losses or liabilities which are disclosed to the Administrator in writing by the Portfolio within:
    (a) 1 (one) calendar year of the date on which the act, wilful misconduct or omission by the Administrator which gave rise to the loss or liability; or

(b) 6 (six) months after the financial year end of the Portfolio during which the loss or liability arose;

whichever occurs last.

The Portfolio hereby indemnifies Administrator and its affiliates, solely out of the assets attributable to the Portfolio, against all claims, actions and proceedings for losses or damage, whether direct or indirect, arising from its election to use alternative means of communication not otherwise agreed between the parties in its dealings with the Administrator.

Custodian

The custodians of the Portfolio may vary depending on the jurisdictions in which investments are owned, but the majority are expected to be held with Imara S.P. Reid (Pty) Ltd (the "**Custodian**"), a company incorporated in South Africa. The address of the Custodian is as follows:

Imara S.P. Reid (Pty) Ltd
Ground Floor, Imara House, Block 3
257 Oxford Road
Illovo
2146
Johannesburg
South Africa

The Portfolio has entered into a Custody Agreement with the Custodian under which the Custodian will be responsible for the safe custody and administration of all securities and cash held by it in terms of the Custody Agreement but shall incur no liability of any nature for any loss, damage or cost in respect of those securities unless such loss, damage or cost is caused by the Custodian's fraud, negligence or willful misconduct or that of any of its servants, employees, nominees or agents in which case the Portfolio's entitlement, if any, to damages for such loss, damage or cost will be determined in accordance with ordinary principles.

The Portfolio shall be responsible for all fees paid to the Custodian. Currently, the Custodian is paid service charges on all executed trades.

The Fund reserves the right, in its sole discretion, to change or add brokers, custodians or banks on behalf of and for the account of the Portfolio without notice to the Investors.

Management Fee

The Investment Manager receives a monthly Management Fee equal to 1.5% (one and a half percent) per annum of the Net Asset Value of the Portfolio determined as of the first Business Day of each month. The Management Fee is payable to the Investment Manager within five Business Days after the first Business Day of each such month. The Investment Manager may, in its sole discretion, waive or reduce the Management Fee chargeable to the Portfolio and the Investment Manager may, in its sole discretion, waive or reduce the portion of the Management Fee chargeable to Shares of any shareholder; provided, however, that no such waiver or reduction will adversely impact any other shareholder or cause them to bear a higher portion of the Management Fee than they would bear absent such waiver or reduction.

Performance Fee

The Investment Manager receives an annual Performance Fee determined as of the last Business Day of August every year (and on a Redemption Date with respect to Shares redeemed on any date other than the last Business Day of a calendar year) (a "**Performance Fee Period**") equal to 15% of the increase in Net Asset Value of each Series of Shares. Any such increase will be based on realized and unrealized gains and shall be adjusted for dividends, redemptions and subscriptions during a calendar quarter. The increase in the net asset value and, therefore, the amount of the Incentive Fee may vary among differing Series. The Performance Fee will only be paid with respect to the net realized and unrealized appreciation in the net asset value of a Series of Shares in excess of a "High Water Mark" of such Series.

The Performance Fee is payable in arrears in respect of each Performance Fee Period.

Shares shall be issued in Series in accordance with the terms of the Memorandum and the Articles as read with this Explanatory Appendix, with the initial Series so issued hereinafter referred to as the "Lead Series". On the expiry date of a Performance Fee Period, any Performance Fee accruing and payable for any relevant Series becomes payable.

In order to simplify the administration of the Fund, the Fund may upon the realisation of a Performance Fee in respect of any two or more Series of Shares at the end of a Performance Period consolidate all of such Series and thereafter issue Participating Shares of the consolidated Series of Class U Shares to shareholders. The consolidated Series of Class U Shares will be the oldest Series of Class U Shares to have borne a Performance Fee in respect of the relevant year. Such compulsory redemption and re-issue shall be effected based on the Net Asset Values of the consolidated Shares. The consolidation may result in the number of Class U Shares held by a shareholder being changed. The total value of the shareholder's investment in Class U will not change due to the consolidation.

For each Series, the High Water Mark means the greater of the (a) Net Asset Value of such Series on the last date of a Performance Period for which a Performance Fee was last paid with respect to such Series and (b) the Net Asset Value of such Series on the original date of issue of such Series. All such calculations are made before deduction of the Performance Fee for the current period and including realised and unrealised gains and losses, and in each case adjusted for any dividends, distributions, recapitalisations and other similar events. If consolidation is not achieved, the Series are consolidated at the end of the next Performance Period in which the criteria listed above are met. Each Series has identical rights, other than to the Net Asset Value per Share and Performance Fee payable. The above structure has been designed to treat all holders of Shares and the Investment Manager fairly, with respect to the Performance Fee payable. Thus, depending on when a subscriber acquires Shares, it may be charged a Performance Fee for gains in a particular Performance Fee Period while other shareholders in another Series, whose Shares are recovering any previous losses, will not be charged a Performance Fee.

The Investment Manager may, in its sole discretion, waive or reduce the Performance Fee chargeable to Shares of any shareholder; provided, however, that no such waiver or reduction will adversely impact any other shareholder or cause them to bear a higher portion of the Performance Fee than they would bear absent such waiver or reduction.

Notwithstanding the foregoing, the Directors may determine to issue more than one Series of Shares in a Class on any given Closing Date for the purpose, *inter alia*, of tracking different levels of fees attributable to different shareholders within such Class. In any such instance, there may be consolidation of one of more sets of fee Series at the end of any relevant Performance Period as provided for herein.

Swing Pricing

Swing pricing ("**Swing Pricing**") is an anti-dilution mechanism which protects Shareholders by countering the dilution effects of subscription and redemption activity. Swing Pricing, incorporates a swing in the subscription price in consideration of subscription activity or a swing in the Net Asset Value of the investor in consideration of redemption activity on the Closing Date. The direction and extent of the swing is dependent on the magnitude and direction of the dealing activity as described below.

The Directors have elected the Partial Basis for the application of Swing Pricing to the Portfolio. The "Partial Basis" means that the price swings only if the calculated net capital flows exceed a pre-determined threshold calculated as a percentage of the Net Asset Value of the Portfolio at the time.

Practically, the price swings in accordance with the pre-determined swing threshold and the swing factor is set based on market conditions, as well as other elements that influence overall transaction costs. The swing factor represents the magnitude of the swing, while its direction depends on whether the Portfolio is receiving net inflows or outflows on any particular dealing day: The threshold will be set at 5% but may be subject to adjustment at the sole discretion of the Directors, in consultation with the Investment Manager and the Investment Advisor.

- if the Closing Date's dealings with the Portfolio results in a net inflow, the subscription price or Net Asset Value is adjusted upwards; and

- if the Closing Date's dealings with the Portfolio results in a net outflow, the subscription price or Net Asset Value is adjusted downwards.

Swing factors are applied by the Administrator as and when dealings with the Portfolio result in a net flow exceeding the swing threshold. The Directors, in consultation with the Investment Manager and the Investment Advisor, have sole discretion in the approval of the swing factor. The calculation of the swing factor is based on an analysis of the broker commissions, custody charges, fiscal and other applicable trading charges, but may be less than these estimated transaction costs. The swing factor will be capped at 1.5% of the Net Asset Value of the Portfolio.

Swing thresholds are defined by the Investment Manager and Investment Advisor, and reviewed by the Directors, on an annual basis or more regularly as considered appropriate. The threshold levels are determined based on the level at which capital activity and related trading within the Portfolio becomes material and dilutes the value of Shareholders holdings.

The swing effects on the Net Asset Value per Share are considered by the Administrator during the normal process of calculating the Net Asset Value of the Portfolio. The Administrator calculates the Net Asset Value as normal and then swings it by a pre-determined amount (the swing factor) if the net dealing activity is above the swing threshold.

Other Portfolio Expenses

The Investment Manager and the Investment Advisor shall seek to minimise all other fixed costs incurred in the ordinary course of the management of the Portfolio including: setup costs, directors fees, administration fees, audit fees, regulatory fees and legal fees. To the extent that the aggregate of these costs in any Performance Fee Period exceeds 0.50% of the Net Asset Value of the Portfolio, the excess shall be deducted from any Management and Performance Fees that are payable to the Investment Manager for that Performance Fee Period. Should the outstanding fees not be sufficient to reduce the expenses below the 0.50% threshold, then the Investment Manager has the election, in consultation with directors, to make a cash payment to the Portfolio to cover all or a portion of the remaining excess.

SUMMARY OF INVESTMENT TERMS

Offer Price

The initial offer price will be US$100 per Share. Thereafter, the Fund, on behalf of and for the account of the Portfolio, will issue a separate Series of Shares at a price per Share of US$100 on each Closing Date.

Minimum Subscription

The minimum subscription per subscriber is US$100,000 (net of any initial fees and bank charges). Additional subscriptions may be made in increments of US$100,000. Lesser amounts may be accepted subject to the approval of the Directors (subject to the requirements of Cayman Islands law). Any initial or additional subscriptions for Shares may be accepted or rejected, in whole or in part, in the sole discretion of the Directors.

Shares are offered prior to the close of business on each Closing Date. Generally, the Administrator must receive a Share Application at its office prior to 5:00 P.M. (South Africa time), and subscription monies must be credited to the Portfolio's subscription account, on the Closing Date at which the subscription is intended to be accepted by the Fund.

Voluntary Redemption

Shares may be redeemed at the end of each calendar month at the option of the shareholders at the redemption price calculated in accordance with the Memorandum and the Articles as read with this Explanatory Appendix, following written notice by the relevant shareholder given at least 60 days before the relevant Redemption Date, and subject to such restrictions as the Directors may from time to time impose upon any Class, as described in the Memorandum.

Redemption proceeds will, subject to the Articles, be paid as soon as is practically possible which is expected to be within 15 Business Days of the relevant Redemption Date.

Shares may be redeemed in cash or in-kind in whole or in part in accordance with the Articles and subject to the Directors' discretion; provided that no in-kind distributions will be made to a shareholder without at least 30 days' prior written notice of the same to that shareholder. Should a shareholder elect not to accept any in-kind distribution directly, the Portfolio will use all reasonable efforts to segregate that shareholder's pro rata portion of any such assets and to sell such assets at a price determined by the Directors in consultation with the Investment Manager for the account of such shareholder. For the avoidance of doubt, any Performance Fee payable will be calculated on the realised proceeds of such sale.

The Directors may limit the total number of Shares which may be redeemed on any Redemption Date to 20% of the total number of Shares of a Class then in issue as provided for in the Memorandum as read with the Articles.

The Directors may declare a suspension of the determination of the Net Asset Value of all or any Series of Shares and, consequently a suspension of the redemption and issue of such Shares as provided for in the Memorandum and the Articles.

Shareholders bear the risk of any decline in Net Asset Value from the date a redemption notice is submitted until the Redemption Date on which the relevant Shares are redeemed. Requests for redemption shall be made by use of a redemption notice to be requested from the Administrator.

Compulsory Redemption

The Directors may, at any time, in their absolute discretion effect the compulsorily redemption of all or any of the Shares registered in the name of any shareholder on giving 48 hours' prior written notice, including but not limited to:

(a) where, in the opinion of the Directors, a shareholder is in breach of any law or requirement of any country or governmental authority, by virtue of which such person is not qualified to hold such Shares and as a result, the Portfolio incurs liability to taxation or suffers a pecuniary disadvantage which the Portfolio might not otherwise have incurred or suffered; or

(b) where in the opinion of the Directors, a shareholder is a person prohibited from holding Shares in accordance with the terms of the Memorandum, the Articles and this Explanatory Appendix; or

(c) where in the opinion of the Directors, the holding of Shares by a shareholder might result in the Fund being required to register under any legislation in the United States of America; or

(d) where a shareholder holds Shares with an aggregate Net Asset Value which is less than any prescribed minimum holding; or

(e) where, in the sole opinion of the Directors, the assets of the Portfolio are or might be deemed under the United States Department of Labor Regulation 29 C.F.R. § 2510.3-101 (the "**Plan Assets Regulation**") to be plan assets on account of significant share ownership in the Portfolio by benefit plan investors (as such term is defined in the Plan Assets Regulation).

Redemption of Shares pursuant to the foregoing provision shall be made in the following manner:

(a) notice of the compulsory redemption shall be sent to the relevant shareholder at his address as shown in the Register of Members of the Fund or as provided to the Fund specifying the intended Redemption Date; and

(b) an amount equal to the redemption price determined in accordance with the terms of the Memorandum and the Articles as read with this Explanatory Appendix, as at the relevant Redemption Date of the Shares being redeemed, less any further amount which the Directors may reasonably deduct in respect of the costs and expenses of the Portfolio incurred in connection with the redemption, shall be sent to the shareholder by such means as the Directors deem appropriate as soon as reasonably practicable after the relevant Redemption Date and subject to the Articles.

Shares may be compulsorily redeemed in cash or in-kind, subject to the terms set out in this Explanatory Appendix relating to compulsory redemption.

Net Asset Value

Subject to the terms of the Memorandum and the Articles, in the event that the Net Asset Value of a particular financial instrument is not available to the Administrator by reason of illiquidity or any other factor, the value thereof shall be estimated in a manner determined by a valuation committee (the "**Valuation Committee**") with a view to establishing a probable realisation value for such financial instrument. The Valuation Committee shall be ably represented by members of the Investment Manager and the Investment Advisor, as well as a Director, with final responsibility lying with the Director. The Valuation Committee may request for an independent valuation to be performed by a reputable service provider should the need arise. At the Directors discretion, the cost of such valuation shall be borne by the Portfolio.

Preferential Rights Disclosure

Certain shareholders may be admitted to the Fund upon such terms and conditions as are permitted by the Directors (without the consent of any other shareholders), which terms and conditions may differ from those applicable to other shareholders on matters relating to, without limitation, lock up/commitment periods, notice periods, management/incentive fees and information rights.

New Classes of Shares in the Fund may be established by the Directors without the approval of the existing shareholders. Such new Classes will have such rights and characteristics as the Directors may determine in their sole discretion and that may differ from the rights and characteristics attached to shares in any other Classes. The Directors have the discretion to waive or modify the application of any provision of the Memorandum or grant special or more favourable rights with respect to any provision (all subject to the Articles), including, without limitation, the provisions relating to fees, allocations, redemptions, transfers, notices and transparency into the Portfolio's portfolio of assets, with respect to any shareholder, without notice to, or the consent of, other shareholders.

Investor Side Letter and Preferential Rights Disclosure

Additional shareholders may be admitted to the Fund upon such terms and conditions as are permitted by the Directors, in accordance with the constitutional documents of the Fund, which terms and conditions may differ from those applicable to other shareholders on matters relating to, without limitation, lock up/commitment periods, notice periods, management/incentive fees and information rights. New classes of Shares in the Fund may be established by the Directors without the approval of the existing shareholders. Such new classes will have such rights and characteristics as the Directors may determine in their sole discretion and that may differ from the rights and characteristics attached to Shares in the Fund in any other classes. Certain discretions may be granted to the Directors in the Memorandum and this Explanatory Appendix, relating to the waiver or modification of the application of certain provisions of the Memorandum and Explanatory Appendix or the granting of special or more favourable rights with respect to certain provisions therein (all subject to the Articles). Such discretions may apply to provisions relating to fees, allocations, redemptions, transfers, notices and transparency into the Portfolio's portfolio of assets, with respect to any shareholder, the exercise of which may be undertaken by the Directors without notice to, or the consent of, other shareholders, subject to the duties of the Directors under law.

ADDITIONAL RISK FACTORS

There is no assurance that the objectives of the trading strategies and methods utilised by the Investment Manager with the advice of the Investment Advisor will be met and no guarantee that such trading strategies and methods will be profitable or will avoid losses. The Portfolio may be deemed to be a speculative investment and is not intended as a complete investment program. The Portfolio is designed only for sophisticated persons who are able to bear the risk of an investment in the Portfolio. The following does not purport to be a summary of all of the risks associated with an investment in the Portfolio. Rather, the following describes certain specific risks to which the Portfolio (and, therefore, the investor) is subject and with respect to which the Portfolio, and the Investment Advisor strongly encourage the potential investor to carefully consider and to consult regarding the same with its professional advisors, as it deems necessary.

Investors should review carefully the section of the Memorandum entitled "Risk Factors". In addition, the following risk factors are relevant in relation to an investment in the Portfolio.

Lack of Operating History. The Portfolio was recently formed and has a limited financial and operating history. There can be no assurance that the Portfolio will achieve its investment objective. The past investment performance of the Investment Manager or the Investment Advisor cannot be construed as an indication of the future results of an investment in the Portfolio.

Business Dependent Upon Key Individuals. The success of the Portfolio is significantly dependent upon the expertise of the principals of the Investment Manager and the Investment Advisor and any future unavailability of their services could have an adverse impact on the Portfolio's performance.

Investment and Trading Risks in General. The Fund invests most of the Portfolio's available capital (other than capital it is determined to retain in cash or cash equivalents) in publicly -traded and over-the-counter options, futures, and other derivative instruments. Markets for such instruments are subject to fluctuations and the market value of any particular investment may be subject to substantial variation. In addition, such securities may be issued by new or developing companies and may be highly speculative. The Fund cannot assure investors that the Portfolio will generate any income or will appreciate in value. All securities investments present a risk of loss of capital. The Directors believe that the Portfolio's investment policy moderates this risk through a careful selection of securities and other financial instruments. The Portfolio's investment policy may, however, utilise such investment techniques as option transactions, margin transactions, short sales and futures and forward contracts which practices can, in certain circumstances, maximise any losses.

Exchange-Traded Futures Contracts and Options on Futures Contracts. The Portfolio's use of futures contracts and options on futures contracts will present the same types of volatility and leverage risks associated with transactions in derivative instruments generally (see below). In addition, such transactions present a number of risks which might not be associated with the purchase and sale of other types of investment products.

Prior to exercise or expiration, a futures or option position can be terminated only by entering into an offsetting transaction. This requires a liquid secondary market on the exchange on which the original position was established. While the Portfolio will enter into futures and option positions only if, in the judgment of the Investment Manager advised by the Investment Advisor, there appears to be a liquid secondary market for such instruments, there can be no assurance that such a market will exist for any particular contract at any point in time. In that event, it might not be possible to establish or liquidate a position.

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

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

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

The instruments, indices and rates underlying derivative transactions expected to be entered into by the Portfolio may be extremely volatile in the sense that they are subject to sudden fluctuations of varying magnitude, and may be influenced by, among other things, government trade, fiscal, monetary and exchange control programmes and policies; national and international political and economic events; and changes in interest rates. The volatility of such instruments, indices or rates, which may render it difficult or impossible to predict or anticipate fluctuations in the value of instruments traded by the Portfolio, could result in losses.

Illiquidity and Volatility. The Portfolio will take positions in securities, for example shares listed on African stock exchanges, which can be illiquid and volatile. The Portfolio may be able to purchase a significant value of shares in a block trade, for example, but then may not be able to sell the shares in any reasonable timeframe due to the lack of liquidity.

Exchange Controls. Transactions of the Portfolio may be subject to exchange controls and so may be unpredictable, depending on the political and economic environment.

Exchange Rate Risk. The Portfolio may invest in the securities denominated in local and other currencies. Hedging currency risk is not usually feasible. Thus the Portfolio will be exposed to a large degree of exchange rate risk.

Regulatory Risk. The dramatic economic change, coupled with dramatic political change, means that the regulatory and legal environment in the region is dynamic. There is a risk at any time that the Portfolio may find that it has inadvertently contravened some law or regulation in a jurisdiction. The Portfolio does not seek detailed legal or tax advice for all transactions in all jurisdictions.

Settlement and Other Risks Related to the Stock Exchange. The African stock exchanges and the regulatory environment related to trading in securities in the region are dynamic and undeveloped compared to exchanges in more developed markets. There is a heightened risk of, *inter alia*, settlement failure, fraud, front-running and insider trading.

Lack of Operating History. The Portfolio has recently adopted its investment objective and policy. There can be no assurance that the Portfolio will achieve its investment objective. The past investment performance of the Investment Manager or the Investment Advisor cannot be construed as an indication of the future results of an investment in the Portfolio.

Business Dependent upon Key Individuals. The success of the Portfolio is significantly dependent upon the expertise of the principals of the Investment Manager and the Investment Advisor and any future unavailability of their services could have an adverse impact on the Portfolio's performance.

Disaster Recovery. Whilst safeguards have been put in place including the use of parallel and/or back-up systems, emergency power and alternative data feeds, designed to protect the interests of the Portfolio in case of disruption of the technology, including transmission failures, this is no guarantee that such measures would be effective against all situations or could be implemented in time and the Portfolio may be adversely affected accordingly.

Alternative Investment Fund Managers Directive. The Member States of the European Union (the "EU") were required to implement the European Directive on Alternative Investment Fund Managers (the "AIFMD") by 22 July 2013. The AIFMD will impose significant new regulatory requirements on alternative investment fund managers domiciled in the EU ("EU AIFMs") including with respect to required regulatory authorizations, conduct of business, regulatory capital, valuations, disclosures and marketing.

Although AIFMs domiciled outside the EU ("non-EU AIFMs") will not be required to comply with the AIFMD requirements, any marketing of their funds to investors domiciled in the EU will be subject to requirements and limitations imposed by the AIFMD. In particular, between 2013 and 2018, Member States of the EU may (but are not required to) permit the marketing of funds managed by non-EU AIFMs to professional investors in their territory provided that, at least, certain requirements relating to regulatory and investor disclosure and transparency prescribed by the AIFMD are met (the "national private placement regimes"). In addition, the jurisdiction of domicile of the non-EU AIFM and of the fund it is marketing in the EU (if the fund is not itself domiciled in the EU) must have in place certain cooperation agreements with the EU Member State in which the fund is being marketed.

From 2015, non-EU AIFMs will be permitted to choose to "opt-in" to the AIFMD and comply with its requirements as though it were an EU AIFM. A non-EU AIFM that has opted-in will be permitted to market its funds on a passported basis across the EU and will not be required to comply with the national private placement regimes.

The national private placement regimes may be phased out after July 2018, following which full compliance with the AIFMD may be mandatory in order to market an investment fund within the EU. It is anticipated that, between July 2013 and 2018, the impact of the AIFMD on the ability to market the Shares within the EU will be limited although it is possible that national private placement regimes in certain EU Member States may become increasingly restrictive during this period. The AIFMD rules could, if fully applicable to the Investment Manager and/or the Fund, significantly increase operational costs, limit operating flexibility and limit the ability of relevant parties to market the Shares within the EU.

Foreign Account Tax Compliance Act. Sections 1471 through 1474 of the US Internal Revenue Code (referred to as "**FATCA**") will impose a withholding tax of 30 per cent on certain US-sourced gross amounts paid to certain "Foreign Financial Institutions", including the Fund, unless various information reporting requirements are satisfied. Amounts subject to withholding under these rules generally include gross US-source dividend and interest income paid on or after 1 January 2014, gross proceeds from the sale of property that produces US-source dividend or interest income paid on or after 1 January 2017 and certain other payments made by "Participating Foreign Financial Institutions" to "recalcitrant account holders" on or after 1 January 2017 (so called foreign pass thru payments).

The Government of the Cayman Islands has entered into a Model 1 intergovernmental agreement ("**IGA**") with the United States to facilitate compliance with FATCA. The Fund will be required to report FATCA information to the Cayman Islands Tax Information Authority which in turn will report relevant information to the United States Internal Revenue Service ("**IRS**"). To avoid withholding under FATCA, the Fund may request additional information from each investor and its beneficial owners (that may be disclosed to the Cayman Islands Tax Information Authority and the IRS) demonstrating that such investor is not a US Person. If the Fund is not able to comply with reporting requirements under the IGA (whether due to a failure of one or more Shareholders to provide adequate information or otherwise), the 30 per cent withholding tax under FATCA could apply to the Fund. In addition, certain non-US Shareholders will also be required to enter into an agreement with the IRS and disclose certain information regarding their beneficial owners to the IRS. If such non-US Shareholders fail to provide such information or enter into such an agreement with the IRS as required under FATCA, the Fund may be required to impose a withholding tax of 30 per cent on certain payments made to such non-US Shareholders and also may be required to compulsorily redeem such non-US Shareholder's investment in the Fund.

UK and Additional Jurisdictional Requirements Regarding Foreign Tax Account Compliance. The Cayman Islands has also signed with the UK a separate inter-governmental agreement (the "**UK IGA**") in broadly similar form to the IGA signed with the United States (the "**US IGA**"). The UK IGA imposes similar requirements to the US IGA, so that the Fund will be required to identify accounts held directly or indirectly by "Specified United Kingdom Persons" and report information on such Specified United Kingdom Persons to the Cayman Tax Information Authority, which will exchange such information annually with HM Revenue & Customs ("**HMRC**"), the United Kingdom tax authority. It is possible that further inter-governmental agreements (***future IGAs***) similar to the US IGA and the UK IGA may be entered into with other third countries by the Cayman Islands Government to introduce similar regimes for reporting to such third countries fiscal authorities.

THE FOREGOING RISK FACTORS DO NOT PURPORT TO BE A COMPLETE EXPLANATION OF ALL OF THE RISKS INVOLVED IN THIS OFFERING. THE POTENTIAL SUBSCRIBER IN THE PORTFOLIO SHOULD READ THE MEMORANDUM AND THIS EXPLANATORY APPENDIX IN THEIR ENTIRETY BEFORE DETERMINING WHETHER TO SUBSCRIBE FOR SHARES.

U.S. TAX

CIRCULAR 230 NOTICE. THE FOLLOWING NOTICE IS BASED ON U.S. TREASURY REGULATIONS GOVERNING PRACTICE BEFORE THE U.S. INTERNAL REVENUE SERVICE: (1) ANY U.S. FEDERAL TAX ADVICE CONTAINED HEREIN, INCLUDING ANY OPINION OF COUNSEL REFERRED TO HEREIN, IS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED, BY ANY TAXPAYER FOR THE PURPOSE OF AVOIDING U.S. FEDERAL TAX PENALTIES THAT MAY BE

IMPOSED ON THE TAXPAYER; (2) ANY SUCH ADVICE IS WRITTEN TO SUPPORT THE PROMOTION OR MARKETING OF THE TRANSACTIONS DESCRIBED HEREIN (OR IN ANY SUCH OPINION OF COUNSEL); AND (3) EACH TAXPAYER SHOULD SEEK ADVICE BASED ON THE TAXPAYER'S PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

THE DISCUSSION HEREIN IS FOR INFORMATIONAL PURPOSES ONLY AND IS A DISCUSSION PRIMARILY OF THE U.S. TAX CONSEQUENCES TO PROSPECTIVE INVESTORS. EACH PROSPECTIVE INVESTOR SHOULD CONSULT ITS PROFESSIONAL TAX ADVISOR WITH RESPECT TO THE TAX ASPECTS OF AN INVESTMENT IN THE FUND. TAX CONSEQUENCES MAY VARY DEPENDING UPON THE PARTICULAR STATUS OF A PROSPECTIVE INVESTOR. IN ADDITION, SPECIAL CONSIDERATIONS (NOT DISCUSSED HEREIN) MAY APPLY TO PERSONS WHO ARE NOT DIRECT SHAREHOLDERS IN THE FUND BUT WHO ARE DEEMED TO OWN SHARES AS A RESULT OF THE APPLICATION OF CERTAIN ATTRIBUTION RULES.

The following is a summary of certain tax considerations applicable to the Fund under the tax laws of the United States. The discussion below is based on existing tax laws (including the Internal Revenue Code of 1986, as presently amended (the "**IRC**"), judicial decisions and administrative regulations, rulings, procedures and practice, all of which are subject to change. The conclusions summarized herein could be adversely affected if any of the material factual representations on which they are based should prove to be inaccurate. No assurance can be given that courts or fiscal authorities will agree with the following or that there will not be changes to the below-mentioned laws or regulations.

The discussion below is not intended to constitute tax or legal advice, or to be a complete description of the tax effects of investing in the Fund. It is provided solely as a partial illustration of certain tax matters and issues that may arise as a result of investment in the Fund. No attempt has been made to ensure that all applicable interpretations or applicable provisions are described herein, or to provide any evaluation of the likelihood or effect of any of the concerns described below. This summary does not discuss all aspects of the income taxation under the laws of the United States that may be relevant to a particular shareholder in light of his/her/its personal investment circumstances or his/her/its jurisdiction. This summary also does not discuss any aspects of state, and local tax laws of the United States that may be applicable to a shareholder, Accordingly, a prospective investor is urged to consult his/her/its own tax advisor regarding an investment in the Fund.

Income Taxation of the Fund and the Portfolio. The Fund will be treated as a corporation for U.S. federal income tax purposes. The Fund intends to structure its operations through the Portfolio such that the Portfolio will not be treated as being engaged in a U.S. trade or business for United States federal income tax purposes, although there can be no certainty that this result will occur since whether the Portfolio is treated as being engaged in a U.S. trade or business is dependent to a great extent upon the activities of the Investment Manager, not under the control of the Fund or Portfolio. As a result, it is anticipated that no gains realised by the Portfolio (other than gains, if any, realised on the disposition of U.S. real property interests) will be subject to U.S. federal income taxation, but, generally, dividend and interest income will be subject to U.S. federal withholding tax as discussed further below. If, contrary to the intended method of operation, the Fund or the Portfolio were considered to be engaged in a U.S. trade or business, the Portfolio's share of any income that is effectively connected with such U.S. trade or business would be subject to regular U.S. federal income taxation (currently imposed at a maximum rate of thirty-five percent (35%) on a net basis and an additional thirty percent (30%) U.S. "branch profits" tax. In addition, it is possible that the Fund or the Portfolio could be subject to taxation on a net basis by state or local jurisdictions within the U.S. Any such taxation could adversely affect the Fund's ability to make payments in respect of the Shares.

Because the Fund is organized under the laws of the Cayman Islands, the Fund will be considered a foreign person for purposes of the U.S. tax laws. As a result, any dividends received by the Portfolio from U.S. sources will be subjected to U.S. withholding tax at a thirty percent (30%) rate. U.S. source interest income received by the Portfolio generally will be exempt from U.S. federal income and withholding tax under the exemption for "portfolio interest" or under another statutory exemption. Interest on corporate obligations will not qualify as "portfolio interest" to a non U.S. person that owns (directly and under certain constructive ownership rules) ten percent (10%) or more of the total combined voting power of the corporation paying the interest, or, with respect to certain obligations, if and to the extent the interest is determined by reference to certain economic attributes of the debtor (or a person related thereto). In addition, interest on U.S. bank deposits, certificates of deposit and certain obligations with maturities of one hundred and eighty three (183) days or less (from original issuance) will not be subject to withholding tax. Interest (including original issue discount) derived by the

Portfolio from U.S. sources not qualifying as "portfolio interest" or not otherwise exempt under U.S. law will be subject to U.S. withholding tax at a rate of thirty percent (30%).

Even if the Fund is not otherwise engaged in a U.S. trade or business during a taxable year, the Fund will be subject to U.S. federal income taxation on any net gain recognized from the disposition of a "U.S. real property interest," as if such gain were effectively connected with the conduct by the Fund of a trade or business within the United States. In the context of the Fund's investment program, a "U.S. real property interest" would include any direct real estate investment and any interest (other than an interest solely as a creditor) in a U.S. corporation the assets of which are predominantly comprised of "U.S. real property interests," other than a U.S. corporation that (i) is publicly traded and in which the Fund is not a more-than-5% shareholder (directly, indirectly or after application of certain ownership attribution rules); or (ii) is a "domestically-controlled" real estate investment trust. Interests in a U.S. corporation held by the Fund solely as a creditor (e.g., "straight" debt obligations) will not constitute "U.S. real property interests."

Moreover, if the Fund was deemed to be engaged in a U.S. trade or business as a result of owning a limited partnership interest in a U.S. business partnership or a similar ownership interest, the Fund's allocable share of the income and gain realized from that investment would be subject to U.S. income and branch profits tax.

Taxation of U.S. Shareholders. For purposes of this Explanatory Appendix, the term "***U.S. Taxpayer***" means any person that is a U.S. person for federal income tax purposes. A U.S. person for federal income tax purposes is (i) a citizen or resident of the U.S.; (ii) a partnership or corporation created or organised in the U.S. or under the laws of the U.S. or any state (other than a partnership that is not treated as a U.S. Taxpayer under any applicable Treasury Regulations); (iii) an estate whose income is includible in gross income for federal income tax purposes regardless of its source; or (iv) a trust if a U.S. court is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust.

The Fund expects to be classified as a passive foreign investment company ("**PFIC**") for federal income tax purposes. Under the PFIC rules, a U.S. Taxpayer that is not a tax-exempt U.S. Persons (a "**Non Tax-Exempt U.S. Person**") is subject to U.S. federal income taxation with respect to its investment in the Fund under one of three complex methods designed to eliminate the benefit of any tax deferral that might otherwise be available as a result of an investment in a PFIC.

Under the "interest charge" method, a Non Tax-Exempt U.S. Person is generally liable for tax (at ordinary income rates) plus an interest charge reflecting the deferral of tax liability (which is not deductible by an individual) when it pledges or redeems its shares at a gain, receives a distribution from the Fund or when such Non Tax-Exempt U.S. Person's indirect interest in the Fund is reduced.

Alternatively, under a second option, a Non Tax-Exempt U.S. Person can make an election under the PFIC rules to have the Fund treated as a qualified electing fund ("**QEF**") with respect to its shares. A Non Tax-Exempt U.S. Person that has made the QEF election, which may only be revoked with the consent of IRS, is generally taxed currently on its proportionate share of the ordinary earnings and net long-term capital gains of the Fund, whether or not the earnings or gains are distributed. As a result of certain rules that may apply to the timing of income inclusions associated with certain types of synthetic instruments, the Fund may recognize ordinary income from its investments but the receipt of cash attributable to such income may be deferred, perhaps for a substantial period of time. In addition, Fund expenses, if any, that are properly capitalized will not be deductible for purposes of calculating the income included as a result of the QEF election. Thus, absent an election to defer payment of taxes, a Non Tax-Exempt U.S. Person that makes a QEF election may owe tax on significant amounts of "phantom" income. For each taxable year of the Fund, the Fund will also provide each U.S. Taxpayer with a completed "PFIC Annual Information Statement" (as described in Treasury Regulation Section 1.1295-1(g)), which is required in order for such U.S. Taxpayer to report its pro rata share of the Fund's earnings and gain to the IRS and include such pro rata share in income.

If the PFIC realizes a net loss in a particular year, under the QEF rules, that loss will not pass through to the Non Tax-Exempt U.S. Person nor will it be netted against the income of any other PFIC with respect to which a QEF election has been made. Moreover, the loss also cannot be carried forward to offset income of the PFIC in subsequent years. Instead, a Non Tax-Exempt U.S. Person would only realize a tax benefit from the loss in calculating its gain or loss when it disposes of its interests in the PFIC. A Non Tax-Exempt U.S. Person should also note that under the QEF rules, it may be taxed on income related to unrealized appreciation in the PFIC's assets attributable to periods prior to the investor's investment in the PFIC if such amounts are recognized by

the PFIC after the investor acquires its shares. Moreover, any net short-term capital gains of the PFIC will not pass through as capital gains, but will be taxed as ordinary income.

In order for an investor to be eligible to make a QEF election, the Fund would have to agree to provide certain tax information to such investor on an annual basis. The Fund has committed to providing such information. The Fund may invest in equity of other PFICs. In such event, a Non Tax-Exempt U.S. Person must make a separate QEF election with respect to such other PFIC and the Fund will provide, to the extent it receives the same, the information needed for Non Tax-Exempt U.S. Persons to make such a QEF election. However, there is no assurance that a PFIC in which the Fund may invest would provide to the Fund the information necessary for a Non Tax-Exempt U.S. Person to make a QEF election with respect to any such underlying PFIC.

Finally, under the third alternative, if the Fund's shares are considered "marketable," a Non Tax Exempt U.S. Person would be able to elect to mark its shares to market at the end of every year. Any such mark to market gain or loss would be considered ordinary. Ordinary mark to market losses would only be allowed to the extent of prior mark to market gains. However, as a result of the definition of "marketable" adopted in recent regulations, the Fund does not currently anticipate that the shares would be eligible for the mark to market election. Special rules apply for calculating the amount of the foreign tax credit with respect to excess distributions by a PFIC.

In addition, the Fund may be a "controlled foreign corporation" ("**CFC**"), and therefore a Non Tax-Exempt U.S. Person may (i) recognize taxable income prior to his or her receipt of distributable proceeds or (ii) recognize ordinary taxable income that would otherwise have been treated as long-term or short-term capital gain. In general, a non-U.S. corporation will constitute a CFC if more than 50% of the equity of the corporation, measured by reference to combined voting power or value, is held, directly or indirectly, by U.S. Shareholders. A "U.S. Shareholder," for this purpose, is any person that is a U.S. person for U.S. federal income tax purposes that possesses (actually or constructively) 10% or more of the combined voting power of all classes of equity of a corporation. If the Fund constituted a CFC, each Non Tax-Exempt U.S. Person that is a U.S. Shareholder would be treated, subject to certain exceptions, as receiving ordinary income at the end of the taxable year of the Fund in an amount equal to the Non Tax-Exempt U.S. Person's pro rata share of the "subpart F income" and certain other income of the Fund. Among other items, and subject to certain exceptions, "subpart F income" includes dividends, interest, annuities, gains from the sale of shares and securities, certain gains from commodities transactions, income from notional principal contracts, certain types of insurance income and income from certain transactions with related parties. Furthermore, if more than 70% of the Fund's gross income is subpart F income in any year, 100% of its income in such year would be treated as subpart F income.

If the Fund were treated as a CFC, a Non Tax-Exempt U.S. Person that is a U.S. Shareholder generally would be taxable on the subpart F income of the Fund under the rules applicable to CFCs. As a result, to the extent subpart F income of the Fund includes net capital gains, such gains would be treated as ordinary income of the U.S. Shareholder under the CFC rules, notwithstanding the fact that the character of such gains generally would otherwise be preserved under the PFIC rules if a QEF election had been made. If the Fund is a CFC, prospective investors should be aware that, due to the nature of the Fund's assets, the amount of taxable income recognizable by a Non Tax Exempt U.S. Person may significantly exceed the Fund's distributions on its Participating Shares for one or more periods, and that a Non Tax-Exempt U.S. Person may owe tax on significant amount of "phantom" income.

It is unclear whether the Portfolio would be treated as a separate corporation for U.S. federal income tax purposes. On September 13, 2010, the IRS issued proposed regulations that, if adopted, would treat separate series or portfolios of a single entity as separate persons for tax purposes. However, the proposed regulations apply only to entities formed under U.S. state or federal law or certain foreign insurance companies. In the event that the Portfolio is treated as a separate corporation for U.S. federal income tax purposes, it could constitute a PFIC or a CFC based solely on the income, assets and ownership of the Portfolio, regardless of whether the Fund itself constitutes a PFIC or CFC.

Generally, a U.S. Taxpayer that is subject to ERISA or is otherwise exempt from payment of U.S. federal income tax (such persons hereinafter referred to as "**Tax-Exempt U.S. Persons**") or an entity substantially all of the ownership interests in which are held by Tax-Exempt U.S. Persons are exempt from federal income tax on certain categories of income, such as dividends, interest, capital gains and similar income realized from securities investment or trading activity. This type of income is exempt even if it is realized from securities trading activity that constitutes a trade or business. This general exemption from tax does not apply to the "unrelated business taxable income" ("**UBTI**") of a Tax-Exempt U.S. Person. Generally, except as noted above

with respect to certain categories of exempt trading activity, UBTI includes income or gain derived from a trade or business, the conduct of which is substantially unrelated to the exercise or performance of the Tax-Exempt U.S. Person's exempt purpose or function. UBTI also includes (i) income derived by a Tax Exempt U.S. Person from debt-financed property and (ii) gains derived by a Tax-Exempt U.S. Person from the disposition of debt-financed property.

In 1996, the U.S. Congress considered whether, under certain circumstances, income derived from the ownership of the shares of an offshore corporation should be treated as UBTI to the extent that it would be so treated if earned directly by the shareholder. Subject to a narrow exception for certain insurance company income, Congress declined to amend the IRC to require such treatment. Accordingly, based on the principles of that legislation, a Tax Exempt U.S. Person investing in a non-U.S. corporation such as the Fund should not realize UBTI with respect to an unleveraged investment in Shares. Tax-exempt U.S. Persons are urged to consult their own tax advisors concerning the U.S. tax consequences of an investment in the Fund. In addition, there are special considerations which should be taken into account by certain beneficiaries of charitable remainder trusts that invest in the Fund, and accordingly charitable remainder trusts are also urged to consult their own tax advisors concerning the tax consequences of a Fund investment on their beneficiaries.

Reporting Requirements for U.S. Taxpayers. Each U.S. Taxpayer owning Shares during any year that the Fund is a PFIC must file IRS Form 8621 regarding such U.S. Taxpayer's Shares, regardless of whether such U.S. Taxpayer has made a qualifying electing fund with respect to the Fund. IRS Form 8621 is also used to make the qualifying electing fund election described above.

Any U.S. Taxpayer owning ten percent (10%) or more (taking certain attribution rules into account) of either the total combined voting power or total value of all classes of the shares of stock of a non-U.S. corporation such as the Fund will likely be required to file an information return (IRS Form 5471) with the IRS containing certain disclosure concerning the filing shareholder, other shareholders and the corporation. In addition, a U.S. Taxpayer that transfers cash to a non-U.S. corporation may also be required to file IRS Form 5471 in order to report the transfer to the IRS if (i) immediately after the transfer, such person holds (directly, indirectly or by attribution) at least ten percent (10%) of the total voting power or total value of such corporation; or (ii) the amount of cash transferred by such person (or any related person) to such corporation during the twelve-month period ending on the date of the transfer exceeds US$100,000. In the event that a U.S. Taxpayer is required to file IRS Form 5471 with respect to such U.S. Taxpayer's ownership of the Shares, the Fund will provide such U.S. Taxpayer with all of the information about the Fund and its shareholders that is reasonably necessary to properly complete the form.

Furthermore, certain U.S. Taxpayers may have to file IRS Form 8886 ("**Reportable Transaction Disclosure Statement**") with their U.S. tax return and submit a copy of Form 8886 with the Office of Tax Shelter Analysis of the IRS if the Fund engages in certain "reportable transactions" within the meaning of the Internal Revenue IRC and the U.S. Treasury Regulations. Shareholders required to file this report would include any U.S. Taxpayer if the Fund were treated as a "controlled foreign corporation" and such U.S. Taxpayer owned a ten percent (10%) voting interest. In certain situations, there may also be a requirement that a list be maintained of persons participating in such reportable transactions, which could be made available to the IRS at its request. Moreover, if a U.S. Taxpayer recognizes a loss upon a disposition of Shares, such loss could constitute a "reportable transaction" for such shareholder, and such shareholder would be required to file Form 8886. A significant penalty is imposed on taxpayers who fail to make the required disclosure. The maximum penalty for failure to make the required disclosure is generally US$10,000 for natural persons and US$50,000 for other persons (increased to US$100,000 and US$200,000, respectively, if the reportable transaction is a "listed" transaction).

As discussed above, it is unclear whether the Portfolio would be treated as a separate corporation for U.S. federal income tax purposes. If the Portfolio is treated as a separate corporation for U.S. federal income tax purposes and constitutes a PFIC or a CFC, then the above forms would need to be filed with respect to ownership of the Portfolio, regardless of whether the Fund itself constitutes a PFIC or a CFC. Shareholders who are U.S. Taxpayers (including tax-exempt U.S. Persons) are urged to consult their own tax advisors concerning the application of these reporting obligations to their specific situations and the penalty discussed above.

Taxation of Non-U.S. Shareholders. For U.S. federal income tax purposes, a shareholder of the Fund who is a non U.S. person will not be subject to U.S. federal income taxation on amounts paid by the Fund in respect of the Shares or gains recognized on the sale, exchange or redemption of the Shares, provided that such income and gains are not considered to be effectively connected with the conduct of a trade or business by the

shareholder in the U.S. In limited circumstances, an individual shareholder who is present in the U.S. for one hundred and eighty three (183) days or more during a taxable year may be subject to U.S. income tax at a flat rate of thirty percent (30%) on gains realised on a disposition of the Shares in such year.

For these purposes the term "non-U.S. person" means any person that is not a U.S. Taxpayer. Special rules may apply in the case of non-U.S. persons (a) that conduct a trade or business in the U.S. or that have an office or fixed place of business in the U.S.; or (b) that are controlled foreign corporations, passive foreign investment companies, foreign insurance companies that hold Shares in connection with their U.S. business or corporations that accumulate earnings to avoid U.S. federal income tax. Such persons are urged to consult their U.S. tax advisors before investing in the Fund.

Other Jurisdictions. Interest, dividend and other income realized by the Fund from non-U.S. sources, and capital gains realized on the sale of securities of non-U.S. issuers, may be subject to withholding and other taxes levied by the jurisdiction in which the income is sourced. It is impossible to predict the rate of foreign tax the Fund will pay since the amount of the assets to be invested in various countries and the ability of the Fund to reduce such taxes, are not known.

Future Changes in Applicable Law. The foregoing description of U.S. income tax consequences of an investment in and the operations of the Fund is based on laws and regulations which are subject to change through legislative, judicial or administrative action. Other legislation could be enacted that would subject the Fund to income taxes or subject shareholders to increased income taxes.

The foregoing is a summary of some of the important tax rules and considerations affecting the shareholders, the Fund, the Portfolio, and the Portfolio's proposed operations and does not purport to be a complete analysis of all relevant tax rules and considerations, nor does it purport to be a complete listing of all potential tax risks inherent in purchasing or holding Shares. Each prospective investor in the Fund is urged to consult its own tax advisor in order to understand fully the U.S. federal, state, local and any foreign tax consequences of such an investment in its particular situation.

ERISA AND OTHER U.S. BENEFIT PLAN CONSIDERATIONS

CIRCULAR 230 NOTICE. THE FOLLOWING NOTICE IS BASED ON U.S. TREASURY REGULATIONS GOVERNING PRACTICE BEFORE THE U.S. INTERNAL REVENUE SERVICE: (1) ANY U.S. FEDERAL TAX ADVICE CONTAINED HEREIN, INCLUDING ANY OPINION OF COUNSEL REFERRED TO HEREIN, IS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED, BY ANY TAXPAYER FOR THE PURPOSE OF AVOIDING U.S. FEDERAL TAX PENALTIES THAT MAY BE IMPOSED ON THE TAXPAYER; (2) ANY SUCH ADVICE IS WRITTEN TO SUPPORT THE PROMOTION OR MARKETING OF THE TRANSACTIONS DESCRIBED HEREIN (OR IN ANY SUCH OPINION OF COUNSEL); AND (3) EACH TAXPAYER SHOULD SEEK ADVICE BASED ON THE TAXPAYER'S PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

The following summary of certain aspects of the United States Employee Retirement Income Security Act of 1974, as amended ("**ERISA**"), and of the IRC, is based upon ERISA, the IRC, judicial decisions, U.S. Department of Labor regulations and rulings in existence on the date hereof, all of which are subject to change. This summary is general in nature and does not address every issue that may be applicable to the Fund or a particular shareholder. Accordingly, each prospective investor should consult with its own counsel in order to understand the ERISA and tax issues affecting the Fund and the shareholder.

In General. In considering whether to invest assets of any benefit plan in the Fund, the persons acting on behalf of the plan should consider in the plan's particular circumstances whether the investment will be consistent with their responsibilities and any special constraints imposed by the terms of the plan and by applicable U.S., state or other law, including ERISA and the IRC. Some of the responsibilities and constraints imposed by ERISA on employee benefit plans subject to the fiduciary responsibility provisions of Title I of ERISA ("**ERISA Plans**") and by the IRC on retirement plans subject to IRC Section 4975, including plans covering only partners or other self-employed individuals ("**Keogh**" plans) and individual retirement accounts (collectively, "**Qualified Plans**" and, together with ERISA Plans, "**Plans**"), are summarized below. The following is merely a summary of those particular laws, however, and should not be construed as legal advice or as complete in all relevant respects. In addition, governmental plans, certain church plans, non-U.S. plans and other benefit plans not subject to ERISA or the prohibited transaction provisions of the IRC may nevertheless be subject to similar federal, state or other laws. All shareholders are urged to consult their legal advisors before

investing assets of a benefit plan, including an ERISA Plan or Qualified Plan, in the Fund, and must make their own independent decisions. In addition, ERISA Plans and Qualified Plans should consider the applicability to them of the IRC provisions relating to unrelated business taxable income or "UBTI" (see above).

Fiduciary Responsibilities With Respect to ERISA Plans. Persons acting as fiduciaries on behalf of an ERISA Plan are subject to specific standards of behaviour in the discharge of their responsibilities pursuant to Section 404(a)(1) of ERISA. Consequently, in determining whether to invest assets of an ERISA Plan in the Fund, the Plan's fiduciaries must conclude that an investment in the Fund would be prudent and in the best interests of the Plan participants and their beneficiaries. They must also determine that any such investment would be in accordance with the documents and instruments governing the ERISA Plan and would provide the Plan with sufficient liquidity in light of the limitations upon a shareholder's ability to redeem or transfer Shares in the Fund, and would satisfy applicable diversification requirements. In making those determinations, such persons should take into account, among the other factors described in this Explanatory Appendix, that the Fund will invest its assets in accordance with the investment objectives and policies expressed in this Explanatory Appendix without regard to the particular objectives or investment policies of any class of investors, including ERISA Plans and Qualified Plans. Such persons should also take into account, as discussed below, that it is not expected that the Portfolio's assets will constitute the "plan assets" of any investing ERISA Plan or Qualified Plan, and neither the Fund, the Portfolio, the Investment Manager, the Investment Advisor nor any of their principals, agents, employees, or affiliates, will be a fiduciary as to any investing ERISA Plan or Qualified Plan. See also "Identification of Plan Assets" below.

Prohibited Transactions. Both ERISA Plans and Qualified Plans are subject to special rules limiting direct and indirect transactions involving the assets of the Plan and certain persons related to the Plan, termed "parties in interest" under ERISA and "disqualified persons" under the IRC. Disqualified persons and parties in interests include any fiduciary for a Plan, any service provider to a Plan, the employer sponsoring a Plan, and certain persons affiliated with a fiduciary, service provider, or employer. In addition, ERISA and the IRC prohibit fiduciaries of a Plan from engaging in various acts of self-dealing. A party in interest engaging in a "prohibited transaction" may be subject to substantial excise tax penalties and possibly personal liability. Further, any fiduciary to an ERISA Plan taking or permitting any action which the fiduciary knows or should know constitutes a "prohibited transaction" may be personally liable for any loss resulting to the ERISA Plan from such transaction, and subject to forfeiture of any gain derived by the fiduciary from the transaction. The persons acting on behalf of an investing Plan should consider whether an investment of Plan assets in the Portfolio might constitute such a prohibited transaction, as might occur for example if the Investment Manager or one of its affiliates were a fiduciary to the investing Plan with respect to the purchase of Shares in the Portfolio.

Identification of Plan Assets. Under Section 3(42) of ERISA and United States Department of Labor Regulations Section 2510.3-101, as modified by Section 3(42) of ERISA (together, the "**Plan Asset Rules**"), for purposes of the fiduciary, prohibited transaction and other related provisions of ERISA and Section 4975 of the IRC, when a Plan invests in Shares, its assets will generally include not only such Shares, but also an undivided interest in each of the Portfolio's underlying assets. Under the Plan Asset Rules, however, the assets of the Portfolio may be considered to include assets of the investing Plans ("**Plan Assets**") if immediately after any acquisition of an equity interest in the Portfolio, twenty-five percent (25%) or more of the value of any class of equity interests in the Portfolio is held by "Benefit Plan Investors." This Benefit Plan Investor percentage of ownership test applies at the time of an acquisition or redemption by any person of his Shares. For this purpose, a Benefit Plan Investor means an ERISA Plan, a Qualified Plan, or an entity deemed to hold Plan Assets by reason of investment in the entity by ERISA Plans or Qualified Plans. However, entities which hold Plan Assets are generally considered to be Benefit Plan Investors only to the extent that their equity interests are held by Benefit Plan Investors, although special rules apply to certain entities, including insurance companies investing assets of their separate accounts and bank collective trust funds. In performing the 25% calculation, interests in the Portfolio held by persons (and their affiliates) who provide investment advice to the Portfolio for a fee, direct or indirect (including the Investment Manager and the Investment Advisor), or have discretionary authority over the Portfolio's assets, are disregarded.

Consequences of Plan Asset Status. If the assets of the Portfolio were determined to include plan assets under the Plan Asset Rules, there could be a number of adverse consequences under ERISA and the IRC. Under ERISA and the IRC, a person who exercises any discretionary authority or discretionary control respecting the management or disposition of the assets of a Plan or who renders investment advice for a fee to a Plan is generally considered to be a fiduciary of such Plan. Consequently, should the 25% threshold be exceeded as to any class of equity interest in the Portfolio, the Investment Manager and/or the Investment Advisor could be characterized as a fiduciary of the investing Plans. As a result, various transactions between the Portfolio on the

one hand and the Investment Manager, the Investment Advisor or their respective affiliates, or other parties in interest or disqualified persons with respect to the investing Plans, on the other hand, could constitute prohibited transactions under ERISA or the IRC. In addition, the prudence standards and other provisions of Title I of ERISA applicable to investments by ERISA Plans and their fiduciaries would extend to investments made by the Portfolio, and the ERISA Plan fiduciaries who made a decision to invest the Plan's assets in the Portfolio could, under certain circumstances, be liable as co-fiduciaries for actions taken by the Portfolio and the Investment Manager and/or the Investment Advisor. Finally, certain other requirements of ERISA, such as the "indicia of ownership" rules (see below under "Holding of Indicia of Ownership"), may become applicable to, but not be satisfied as to, the assets of the Portfolio.

Benefit Plan Investor Investment in the Portfolio. The Directors will monitor the investments in the Portfolio by Benefit Plan Investors to ensure that the Portfolio is not considered to include "plan assets." To ensure that the assets of the Portfolio are not deemed to be plan assets under ERISA and the IRC, the Directors do not generally intend to permit the investment by Benefit Plan Investors in any class of the equity interests of the Portfolio to equal or exceed twenty-five percent (25%) (or any higher percentage prescribed by the Plan Asset Rules) at any time. Accordingly, the Directors have the right, in their sole and absolute discretion, to reject any proposed investment by a prospective investor or existing shareholder in the Portfolio, to deny approval for any transfer of equity interests in the Portfolio and to require that a shareholder or other equity holder redeem all or part of its interests. However, the Directors reserve the right, in their sole discretion, to permit investment by Benefit Plan Investors to exceed the 25% threshold and to comply thereafter with the applicable provisions of ERISA and the IRC.

Representations by Benefit Plan Investors. The fiduciaries of each ERISA Plan or Qualified Plan proposing to invest in the Portfolio will be required to represent that they have been informed of and understand the Portfolio's investment objectives, policies and strategies and that the decision to invest such Plan's assets in the Portfolio is consistent with the Plan's terms and the applicable provisions of ERISA and the IRC, including, without limitation, terms and provisions that require diversification of Plan assets and impose other fiduciary responsibilities. The fiduciaries of investing Plans will also be required to represent that they are not relying upon the investment or other advice of the Investment Manager, the Investment Advisor or their respective affiliates in investing in the Portfolio, and that the acquisition and holding of Shares in the Portfolio will not constitute a non-exempt "prohibited transaction" under ERISA or the IRC. Finally, any entity that is a Benefit Plan Investor immediately prior to its acquisition of an interest in the Portfolio or at any time thereafter while it continues to hold any interest in the Portfolio must notify the Portfolio of its status as a Benefit Plan Investor prior to its initial acquisition of an interest in the Portfolio, or, if it first becomes a Benefit Plan Investor after its initial acquisition of an interest in the Portfolio, a reasonable time in advance of becoming a Benefit Plan Investor. Each entity that is a Benefit Plan Investor must also advise the Portfolio of the percentage of its assets which are considered to constitute "plan assets," and must notify the Portfolio a reasonable time in advance in the event of any change in such percentage.

Holding of Indicia of Ownership. Assets of ERISA Plans must at all times comply with the "indicia of ownership" rules set forth in Section 404(b) of ERISA which require the fiduciaries of ERISA Plans to maintain the indicia of ownership of any assets of the Plans within the jurisdiction of the United States district courts. For purposes of ERISA, a shareholder's ownership will be evidenced by the shareholder's fully executed subscription document. Fiduciaries of ERISA Plans who are considering an investment of ERISA Plan assets in the Portfolio should consult their own legal advisers regarding compliance with these rules.

Reporting Requirements. ERISA Plans and Qualified Plans are required to determine the fair market value of their assets as of the close of each Plan's fiscal year. ERISA Plans and certain Qualified Plans are also required to file annual reports (Form 5500 series and Form 5498) with the Department of Labor. To facilitate fair market value determinations, and to enable fiduciaries of ERISA Plans to satisfy their annual reporting requirements as they relate to an investment in the Fund, shareholders will be furnished annually with audited financial statements as described in this Explanatory Appendix. There can be no assurance (a) that any value established on the basis of such statements could or will actually be realized by shareholders upon the Fund's liquidation; (b) that shareholders could realize such value if they were able to, and were to sell their Shares; or (c) that such value will in all circumstances satisfy the applicable ERISA or IRC reporting requirements. In addition, the fiduciaries of Plans investing in the Portfolio are notified that the information in this Explanatory Appendix in relation to: (a) the compensation received by certain service providers, including the Investment Manager, the Investment Advisor and the Administrator, hereunder; (b) the services provided by such parties for such compensation and the purpose for the payment of the compensation; (c) a description of the formula used to calculate the compensation; and (d) the identity of the parties paying and receiving the compensation, is

intended to satisfy the alternative reporting option with respect to the compensation of such parties that is reportable on Schedule C of the Form 5500 filed on behalf of the Plans.

Whether or not the underlying assets of the Portfolio are deemed plan assets under the Plan Asset Rules, an investment in the Portfolio by a Plan is subject to ERISA and/or the IRC. Accordingly, fiduciaries of such Plans should consult with their own counsel as to the consequences under ERISA and/or the IRC of an investment in the Portfolio.

PRIVACY POLICY

This privacy policy explains the manner in which the Fund and the Investment Manager collect, utilise and maintain non-public personal information about the Fund's shareholders. As a matter of policy, the Investment Manager applies these restrictions to non-public information relating to all shareholders.

The Fund obtains personal information about its shareholders primarily through the following sources: (i) subscription forms, investor questionnaires and other information provided by the prospective investor in writing, in person, by telephone, electronically or by any other means, which information includes name, address, nationality, tax identification number, and financial and investment qualifications; and (ii) transactions with the Fund, including account balances, investments and withdrawals.

The Fund does not sell or rent shareholder information. The Fund does not disclose non-public personal information about its potential subscribers or shareholders to non-affiliated third parties or to affiliated entitled parties, except in limited instances where appropriate to its business and as permitted by law. For example, the Fund may share non-public personal information in the following situations: (i) with service providers in connection with the administration and servicing of the Fund, which may include attorneys, accountants, auditors and other professionals, or the servicing or processing of Fund transactions; (ii) with affiliated companies in order to provide shareholders with on-going advice and assistance with respect to the services provided through the Fund and to introduce them to other services that that may be of value to them; (iii) to respond to a subpoena or court order, judicial process or regulatory authorities; (iv) to protect against fraud, potential subscriber or authorised transactions (such as money laundering), claims or other liabilities; and (v) upon consent of a potential subscriber or a shareholder to release such information, including authorisation to disclose such information to persons acting in a fiduciary or representative capacity on behalf of such party.

The policy of the Fund is to require that all employees, financial professionals and companies provided services on its behalf keep client information confidential. The Fund maintains safeguards to protect shareholder information. The Fund restricts access to the personal and account information on shareholders to those employees who need to know that information in the course of their job responsibilities. Third parties with whom the Fund shares shareholder information must agree to follow appropriate standards of security and confidentiality. The privacy policy of the Fund applies to both current and former shareholders. The Fund may disclose non-public personal information about a former shareholder to the same extent as for a current shareholder.

Each potential investor and shareholder will be required to acknowledge and consent that the Fund, the Investment Manager, the Investment Advisor and/or any Administrator may disclose to each other, to any regulatory body, to a delegate, agent or any other service provider to the Fund, the Investment Manager, the Investment Advisor and/or any Administrator, in any jurisdiction, copies of the potential investor's or shareholder's subscription documents and any information concerning the potential investor or shareholder provided by the potential investor or shareholder to the Fund, the Investment Manager, the Investment Advisor and/or any Administrator. Any such disclosure shall not be treated as a breach of any restriction upon the disclosure of information imposed on such person by law or otherwise.

The Fund, the Investment Manager, the Investment Advisor and/or any Administrator, or any agent of the foregoing, may communicate with shareholders (i.e., financial statements, performance reports, manager letters) by using a variety of means including, but not limited to, by telephone, e-mail, password protected Internet website, regular mail and facsimile. A shareholder may, at any time, notify the Fund that it does not wish to receive electronic communication and that it wishes to receive paper communication instead.

The Fund may make changes to its privacy policy in the future. The Fund will not make any change affecting an individual shareholder without first delivering to such shareholder a revised privacy policy describing the change.