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**CONFIDENTIAL**

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**Enko Africa Debt Fund**

*A public company, limited by shares, incorporated under the laws of Mauritius*

**Offering of Class A and Class B Redeemable Shares**

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**PRIVATE PLACEMENT MEMORANDUM**

22 June 2023

Minimum Initial Subscription: US\$250,000 for the Class A Shares and US\$250,000 for the Class B Shares

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Investment Manager: Enko Fund Managers Limited

Administrator: IQ EQ Fund Services (Mauritius) Ltd

No person has been authorized in connection with this offering to give any information or make any representations other than as contained in this Private Placement Memorandum.

THE SECURITIES OFFERED HEREBY HAVE NOT BEEN FILED WITH OR APPROVED OR DISAPPROVED BY ANY REGULATORY AUTHORITY OF ANY COUNTRY, NOR HAS ANY SUCH REGULATORY AUTHORITY PASSED UPON OR ENDORSED THE MERITS OF THIS OFFERING OR THE ACCURACY OR ADEQUACY OF THIS PRIVATE PLACEMENT MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.

## **NOTICE**

IF YOU ARE IN ANY DOUBT ABOUT THE CONTENTS OF THIS DOCUMENT YOU SHOULD CONSULT YOUR STOCKBROKER, LAWYER, ACCOUNTANT OR OTHER PROFESSIONAL ADVISOR.

THIS CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM (THE “**MEMORANDUM**”) IS BEING CIRCULATED ON A CONFIDENTIAL BASIS BY ENKO AFRICA DEBT FUND (“**FUND**”) TO A LIMITED NUMBER OF ELIGIBLE INVESTORS FOR THE PURPOSE OF PROVIDING INFORMATION ABOUT A POTENTIAL INVESTMENT IN THE SHARES (AS DEFINED HEREIN) OF THE FUND.

THE FOREGOING SHALL NOT LIMIT THE DISCLOSURE OF THE TAX TREATMENT OR TAX STRUCTURE OF THE FUND (OR ANY TRANSACTIONS UNDERTAKEN BY THE FUND). AS USED IN THIS PARAGRAPH, THE TERM “TAX TREATMENT” REFERS TO THE PURPORTED OR CLAIMED U.S. FEDERAL INCOME TAX TREATMENT AND THE TERM “TAX STRUCTURE” REFERS TO ANY FACT THAT MAY BE RELEVANT TO UNDERSTANDING THE PURPORTED OR CLAIMED U.S. FEDERAL INCOME TAX TREATMENT, *PROVIDED* THAT, FOR THE AVOIDANCE OF DOUBT, (A) EXCEPT TO THE EXTENT OTHERWISE ESTABLISHED IN PUBLISHED GUIDANCE BY THE U.S. INTERNAL REVENUE SERVICE, TAX TREATMENT AND TAX STRUCTURE SHALL NOT INCLUDE THE NAME OF, CONTACT INFORMATION FOR, OR ANY OTHER SIMILAR IDENTIFYING INFORMATION REGARDING THE FUND OR ANY OF ITS INVESTMENTS (INCLUDING THE NAMES OF ANY EMPLOYEES OR AFFILIATES THEREOF) AND (B) NOTHING IN THIS PARAGRAPH SHALL LIMIT THE ABILITY OF A PROSPECTIVE INVESTOR TO MAKE ANY DISCLOSURE TO THE INVESTOR’S TAX ADVISORS OR TO THE U.S. INTERNAL REVENUE SERVICE OR ANY OTHER TAXING AUTHORITY.

THE SHARES HAVE NOT BEEN RECOMMENDED, APPROVED OR DISAPPROVED BY ANY U.S. FEDERAL OR STATE OR ANY NON-U.S. SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE IN THE U.S. SEE “NOTICES TO INVESTORS IN SPECIFIED JURISDICTIONS” FOR LEGENDS RELATING TO CERTAIN NON-U.S. JURISDICTIONS.

THE FUND WILL NOT BE REGISTERED AS AN INVESTMENT COMPANY UNDER THE U.S. INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE “**INVESTMENT COMPANY ACT**”). THE SHARES OFFERED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “**SECURITIES ACT**”), OR ANY STATE OR OTHER SECURITIES LAWS OR THE LAWS OF ANY NON-U.S. JURISDICTION. THE SHARES WILL BE OFFERED AND SOLD FOR INVESTMENT ONLY TO QUALIFYING RECIPIENTS OF THIS MEMORANDUM PURSUANT TO THE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT PROVIDED BY SECTION 4(a)(2) THEREOF AND REGULATION D OR REGULATION S PROMULGATED THEREUNDER AND IN COMPLIANCE WITH THE

APPLICABLE SECURITIES LAWS OF THE STATES AND OTHER JURISDICTIONS WHERE THE OFFERING WILL BE MADE. THERE WILL BE NO PUBLIC MARKET FOR THE SHARES, AND THERE IS NO OBLIGATION ON THE PART OF ANY PERSON TO REGISTER THE SHARES UNDER THE SECURITIES ACT.

THIS MEMORANDUM SHALL NOT CONSTITUTE AN OFFER OF SHARES OR A SOLICITATION TO BUY SHARES, NOR SHALL THERE BE ANY SALE OF SHARES IN ANY JURISDICTION IN WHICH SUCH OFFER, SOLICITATION OR SALE IS NOT AUTHORIZED OR IS MADE TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH OFFER, SOLICITATION OR SALE. IT IS THE RESPONSIBILITY OF EVERY PERSON WISHING TO MAKE AN APPLICATION FOR SHARES IN THE FUND TO SATISFY HIMSELF THAT THE LAWS OF ALL RELEVANT JURISDICTION IN CONNECTION WITH THE SAID APPLICATION HAVE BEEN OBSERVED, INCLUDING ANY GOVERNMENTAL OR OTHER CONSENTS WHICH MAY BE REQUIRED, OR TO OBSERVE ANY OTHER FORMALITIES REQUIRED IN SUCH JURISDICTION. THE DIRECT OR INDIRECT OWNERSHIP OF SHARES BY “**RESTRICTED PERSONS**” AS DEFINED IN THIS MEMORANDUM IS PROHIBITED EXCEPT IN ACCORDANCE HEREWITH.

THE SHARES MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE SECURITIES ACT AND ANY APPLICABLE NON-U.S. SECURITIES LAWS, PURSUANT TO REGISTRATION OR AN EXEMPTION THEREFROM.

THE TRANSFERABILITY OF THE SHARES WILL FURTHER BE RESTRICTED (AS APPLICABLE) BY THE TERMS OF THE CONSTITUTION OF THE FUND (THE “**CONSTITUTION**”) AND THE AGREEMENT BETWEEN EACH INVESTOR AND THE FUND RELATING TO THE TERMS UPON WHICH SHARES IN THE FUND SHALL BE ISSUED (EACH A “**SUBSCRIPTION AGREEMENT**”). INVESTORS SHOULD BE AWARE THAT THEY MAY BE REQUIRED TO BEAR THE FINANCIAL RISKS OF AN INVESTMENT IN THE SHARES FOR AN INDEFINITE PERIOD OF TIME.

NO PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR MAKE ANY REPRESENTATIONS CONCERNING THE FUND OR THE SHARES THAT ARE INCONSISTENT WITH THOSE CONTAINED IN THIS MEMORANDUM, AND ACCORDINGLY ANY SUCH INFORMATION OR REPRESENTATIONS SHOULD BE TREATED AS UNAUTHORIZED AND MAY NOT BE RELIED UPON BY THE PARTY TO WHOM SUCH REPRESENTATIONS ARE MADE.

PROSPECTIVE INVESTORS SHOULD NOT CONSTRUE THE CONTENTS OF THIS MEMORANDUM AS LEGAL, TAX OR FINANCIAL ADVICE. ALL PROSPECTIVE

INVESTORS SHOULD CONSULT THEIR OWN PROFESSIONAL ADVISORS AS TO THE LEGAL, TAX, FINANCIAL OR OTHER MATTERS RELEVANT TO THE SUITABILITY OF AN INVESTMENT IN THE SHARES FOR SUCH INVESTOR. THE INFORMATION CONTAINED IN THIS MEMORANDUM IS BASED ON MATTERS AS THEY EXIST AS OF [.] 2022. THE DELIVERY OF THIS MEMORANDUM AT ANY TIME, OR ANY OFFER OF SHARES MADE HEREUNDER AFTER THAT DATE, SHALL UNDER NO CIRCUMSTANCES IMPLIES THAT THE INFORMATION CONTAINED HEREIN IS CORRECT AS OF ANY TIME SUBSEQUENT TO SUCH DATE. CERTAIN ECONOMIC AND MARKET INFORMATION CONTAINED HEREIN HAS BEEN OBTAINED FROM PUBLISHED SOURCES PREPARED BY OTHER PARTIES. WHILE SUCH SOURCES ARE BELIEVED BY TO BE RELIABLE, SUCH INFORMATION HAS NOT BEEN INDEPENDENTLY VERIFIED BY THE FUND AND NEITHER THE FUND NOR ANY OF ITS AFFILIATES ASSUMES ANY RESPONSIBILITY FOR THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION.

THE SHARES ARE OFFERED SUBJECT TO THE RIGHT OF THE DIRECTORS (AS DEFINED HEREIN) TO REJECT ANY APPLICATION FOR SHARES, IN WHOLE OR IN PART. AN INVESTMENT IN THE SHARES WILL INVOLVE SIGNIFICANT RISKS DUE, AMONG OTHER THINGS, TO THE NATURE OF THE INVESTMENTS THE FUND INTENDS TO MAKE AND THERE CAN BE NO ASSURANCE THAT THE FUND'S OBJECTIVES WILL BE ACHIEVED OR THAT THERE WILL BE ANY CAPITAL APPRECIATION. SEE "CERTAIN RISK FACTORS". PROSPECTIVE INVESTORS SHOULD HAVE THE FINANCIAL ABILITY AND WILLINGNESS TO ACCEPT THE RISKS AND THE LACK OF LIQUIDITY THAT ARE CHARACTERISTIC OF THE INVESTMENT DESCRIBED HEREIN. IN MAKING AN INVESTMENT DECISION, PROSPECTIVE INVESTORS IN THE FUND MUST RELY ON THEIR OWN EXAMINATION OF THE FUND AND THE TERMS OF THE OFFERING AND MUST BE PREPARED TO BEAR SUCH RISKS FOR AN INDEFINITE PERIOD OF TIME.

IN CONSIDERING THE PRIOR PERFORMANCE INFORMATION CONTAINED HEREIN, PROSPECTIVE INVESTORS SHOULD BEAR IN MIND THAT PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE RESULTS, AND THERE CAN BE NO ASSURANCE THAT THE FUND WILL ACHIEVE COMPARABLE RESULTS. CERTAIN INFORMATION CONTAINED IN THIS MEMORANDUM CONSTITUTES "FORWARD-LOOKING STATEMENTS," WHICH CAN BE IDENTIFIED BY THE USE OF FORWARD-LOOKING TERMINOLOGY SUCH AS "MAY," "WILL," "SHOULD," "EXPECT," "ANTICIPATE," "TARGET", "PROJECT," "PROJECTED EQUITY MULTIPLE" "PROJECTED IRR", "PROJECTED EXPENSES", "ESTIMATE," "ESTIMATED VALUE", "INTEND," "CONTINUE" OR "BELIEVE" OR THE NEGATIVES THEREOF OR OTHER VARIATIONS THEREON OR OTHER COMPARABLE TERMINOLOGY. DUE TO VARIOUS RISKS AND UNCERTAINTIES, INCLUDING THOSE DESCRIBED IN THIS MEMORANDUM, ACTUAL EVENTS OR RESULTS OR THE ACTUAL PERFORMANCE OF THE FUND MAY DIFFER MATERIALLY FROM THOSE REFLECTED OR CONTEMPLATED IN SUCH FORWARD-LOOKING STATEMENTS. NO REPRESENTATION OR WARRANTY IS MADE AS TO FUTURE PERFORMANCE OR SUCH FORWARD-LOOKING STATEMENTS.

THIS MEMORANDUM CONTAINS REFERENCES TO “PROJECTED” PERFORMANCE, RETURNS AND EXPENSES AND “ESTIMATED” VALUATIONS OF UNREALIZED INVESTMENTS. PROSPECTIVE INVESTORS SHOULD NOTE THAT ALL SUCH ANTICIPATED AND PROJECTED PERFORMANCE, RETURNS AND EXPENSES, AND ESTIMATED VALUATIONS, ARE BASED ON PROJECTIONS AND VALUATIONS DETERMINED BY THE FUND AND ARE NOT A RELIABLE INDICATOR OF ACTUAL FUTURE PERFORMANCE, RETURNS, EXPENSES OR VALUATIONS. THE PERFORMANCE, RETURNS AND EXPENSES PROJECTED, AND THE VALUATIONS ESTIMATED, BY THE FUND DO NOT NECESSARILY REFLECT THOSE THAT WOULD BE ANTICIPATED BY AN INDEPENDENT THIRD PARTY; AND NO GUARANTEE IS GIVEN THAT SUCH PROJECTIONS OR ESTIMATES ARE ACCURATE.

ACTUAL RETURNS ON THE UNREALIZED INVESTMENTS MADE BY THE FUND AND ITS AFFILIATES AND REFERRED TO HEREIN WILL DEPEND ON, AMONG OTHER FACTORS, FUTURE OPERATING RESULTS, THE VALUE OF THE INVESTMENTS, CURRENCY MOVEMENTS AND MARKET CONDITIONS AT THE TIME OF DISPOSITION, THE AVAILABILITY OF FINANCING, LEGAL AND CONTRACTUAL RESTRICTIONS ON TRANSFER THAT MAY LIMIT LIQUIDITY, ANY RELATED TRANSACTION COSTS AND THE TIMING AND MANNER OF SALE, ALL OF WHICH MAY DIFFER FROM THE ASSUMPTIONS AND CIRCUMSTANCES ON WHICH THE VALUATIONS USED IN THE PERFORMANCE DATA CONTAINED HEREIN ARE BASED. ACCORDINGLY, THE ACTUAL REALIZED RETURNS ON THE INVESTMENTS REFERRED TO HEREIN MAY DIFFER MATERIALLY FROM THE RETURNS INDICATED HEREIN.

NO LISTING OR OTHER DEALING FACILITY IS AT PRESENT BEING SOUGHT FOR ANY PART OF THE FUND'S SHARES, ALTHOUGH THE DIRECTORS MAY SEEK A LISTING IN THE FUTURE.

THIS MEMORANDUM CONTAINS A SUMMARY OF THE PRINCIPAL TERMS OF THE FUND AND CERTAIN OTHER MATERIAL LEGAL DOCUMENTS IN RESPECT OF THE FUND REFERRED TO HEREIN BEING THE CONSTITUTION AND THE SUBSCRIPTION AGREEMENT BETWEEN THE FUND AND EACH INVESTOR (THE “**FUND DOCUMENTS**”). THE SUMMARIES SET FORTH IN THIS MEMORANDUM DO NOT PURPORT TO BE COMPLETE. THEY ARE SUBJECT TO AND QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO THE FUND DOCUMENTS, COPIES OF WHICH WILL BE PROVIDED TO INVESTORS AND WHICH SHOULD BE REVIEWED FOR COMPLETE INFORMATION CONCERNING THE RIGHTS AND OBLIGATIONS OF INVESTORS IN THE FUND. IN THE EVENT THAT THE DESCRIPTIONS IN, OR TERMS OF, THIS MEMORANDUM ARE INCONSISTENT WITH OR CONTRARY TO THE DESCRIPTIONS IN, OR TERMS OF, THE FUND DOCUMENTS, THE FUND DOCUMENTS SHALL PREVAIL.

THIS MEMORANDUM IS INTENDED SOLELY FOR THE USE OF THE PERSON TO WHOM IT HAS BEEN DELIVERED BY THE FUND AND SOLELY FOR THE PURPOSE OF EVALUATING A POSSIBLE INVESTMENT IN THE SHARES, AND IT IS NOT TO BE REPRODUCED OR DISTRIBUTED TO ANY OTHER PERSONS (OTHER THAN

PROFESSIONAL ADVISORS OF THE PROSPECTIVE INVESTOR RECEIVING THIS MEMORANDUM FROM THE FUND).

THE FUND IS INCORPORATED UNDER THE LAWS OF MAURITIUS AS A PUBLIC COMPANY LIMITED BY SHARES. THE FUND HOLDS A GLOBAL BUSINESS LICENCE ISSUED BY THE MAURITIUS FINANCIAL SERVICES COMMISSION (“FSC”) UNDER THE FINANCIAL SERVICES ACT 2007. THE FUND IS ORGANISED AS A COLLECTIVE INVESTMENT SCHEME PURSUANT TO THE SECURITIES ACT 2005 AND IS FURTHER CLASSIFIED AS AN EXPERT FUND PURSUANT TO THE PROVISIONS OF THE SECURITIES (COLLECTIVE INVESTMENT SCHEMES AND CLOSED-END FUNDS) REGULATIONS 2008.

THE FUND CAN ONLY BE OFFERED TO ELIGIBLE INVESTORS BEING SOPHISTICATED INVESTORS<sup>1</sup> AS DEFINED UNDER THE SECURITIES ACT 2005, AS AMENDED FROM TIME TO TIME, OR TO AN INVESTOR MAKING AN INVESTMENT OF AT LEAST US\$100,000 FOR HIS OWN ACCOUNT (AN “**EXPERT INVESTOR**”).

INVESTORS IN THE FUND ARE NOT PROTECTED BY ANY STATUTORY COMPENSATION ARRANGEMENTS IN MAURITIUS IN THE EVENT OF THE FUND’S FAILURE. THE FSC DOES NOT VOUCH FOR THE FINANCIAL SOUNDNESS OF THE FUND OR FOR THE CORRECTNESS OF ANY STATEMENTS MADE OR OPINIONS EXPRESSED WITH REGARD TO IT.

AS THE FUND’S NET ASSET VALUE WILL BE CALCULATED IN U.S. DOLLARS, EACH HOLDER OF SHARES (“**SHAREHOLDER**”), AND NOT THE FUND, WILL BEAR THE RISK OF ANY FOREIGN CURRENCY EXPOSURE RESULTING FROM DIFFERENCES, IF ANY, IN THE VALUE OF THE U.S. DOLLAR RELATIVE TO THE CURRENCY OF THE COUNTRY IN WHICH SUCH SHAREHOLDER RESIDES OR MAINTAINS ITS NET WORTH.

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<sup>1</sup> sophisticated investor” means –:

- (a) the Government of Mauritius;
- (b) a statutory authority or an agency established by an enactment for a public purpose;
- (c) a company, all the shares of which are owned by the Government of Mauritius or a body specified in paragraph (b);
- (d) the Government of a foreign country, or an agency of such Government;
- (e) a bank;
- (f) a collective investment scheme;
- (g) a CIS manager;
- (h) a pension fund or its management company;
- (i) a closed-end fund;
- (j) an insurer;
- (k) an investment adviser;
- (l) an investment dealer;
- (m) an investor that warrants, at the time of entering into a securities transaction, that –
  - (i) its ordinary business or professional activity includes the entering into securities transactions, whether as principal or agent;
  - (ii) in case he is a natural person, his individual net worth or joint net worth with his spouse exceeds one million USD, or its equivalent in another currency; or
  - (iii) it is an institution with a minimum amount of assets under discretionary management of 5 million USD, or its equivalent in another currency;
- or
- (n) a person declared by the Commission to be a sophisticated investor.

EEA AND THE ALTERNATIVE INVESTMENT FUND MANAGERS DIRECTIVE: THE AIFMD (AS DEFINED HEREIN) IS A EUROPEAN UNION DIRECTIVE WHICH CAME INTO FORCE ON 21 JULY 2011 AND WHICH REGULATES (AMONG OTHER THINGS) THE MANAGEMENT AND MARKETING OF AIF (AS DEFINED HEREIN) BY AN AIFM (AS DEFINED HEREIN) WITHIN THE EUROPEAN ECONOMIC AREA (AS DEFINED HEREIN). THE AIFMD HAS A SPECIFIC APPLICATION TO FUNDS WHICH ARE ESTABLISHED AND MANAGED OUTSIDE THE EEA, AND THE FCA APPLIES THE RELEVANT RULES TO A NON-EEA AIFM.

AS THE FUND AND THE INVESTMENT MANAGER ARE ESTABLISHED IN MAURITIUS AND CONDUCT THEIR BUSINESS IN MAURITIUS, FOR THE PURPOSES OF THE AIFM DIRECTIVE, THE FUND IS REGARDED AS A "NON-EU AIF" AS IT IS NOT AUTHORISED OR REGISTERED IN A EEA MEMBER STATE UNDER APPLICABLE NATIONAL LAW, AND THE INVESTMENT MANAGER IS REGARDED AS A NON-EEA AIFM TO THE FUND.

IN RELATION TO OFFERS IN THE EEA, THE SHARES ARE NOT INTENDED TO BE OFFERED, OR OTHERWISE MADE AVAILABLE, TO ANY PERSON CATEGORISED AS (I) A "RETAIL CLIENT" (AS DEFINED IN THE DIRECTIVE 2014/65/EU OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL OF 15 MAY 2014 ON MARKETS IN FINANCIAL INSTRUMENTS, AS IMPLEMENTED INTO RELEVANT LOCAL LAW ("MIFID II")); OR (II) A "CUSTOMER" (WITHIN THE MEANING OF DIRECTIVE 2002/92/EC ON INSURANCE MEDIATION), WHERE SUCH CUSTOMER DOES NOT QUALIFY AS A "PROFESSIONAL CLIENT" (AS DEFINED IN MIFID II).

UNDER THE AIFMD, WHEN MARKETING IN THE EEA, THE AIFM MUST MAKE CERTAIN PRESCRIBED INFORMATION AVAILABLE TO EACH PROSPECTIVE INVESTOR IN THE AIF PRIOR TO THE PROSPECTIVE INVESTOR MAKING ANY INVESTMENT IN THE AIF (THE "ARTICLE 23 DISCLOSURE"). ANNEX 1 TO THIS MEMORANDUM IS INTENDED BY THE INVESTMENT MANAGER (IN ITS CAPACITY AS AIFM) TO SATISFY THE ARTICLE 23 DISCLOSURE REQUIREMENTS IN RESPECT OF THE FUND. EXISTING SHAREHOLDERS WHO ARE MAKING ADDITIONAL INVESTMENTS IN THE FUND SHOULD ENSURE THAT THEY OBTAIN AND REVIEW THE LATEST VERSION OF THIS MEMORANDUM PRIOR TO MAKING AN ADDITIONAL INVESTMENT.

THIS MEMORANDUM MAY NOT CONTAIN ALL OF THE INFORMATION REQUIRED BY THE AIFMD RULES (AS DEFINED HEREIN) TO BE MADE AVAILABLE TO INVESTORS BEFORE THEY INVEST. ANY SUCH INFORMATION WILL BE MADE AVAILABLE IN ACCORDANCE WITH THE AIFMD RULES.

TO THE BEST OF THE KNOWLEDGE AND BELIEF OF THE DIRECTORS, WHO HAVE TAKEN ALL REASONABLE CARE IN REVIEWING THIS MEMORANDUM, THE INFORMATION CONTAINED IN THIS MEMORANDUM IS ACCURATE AND DOES NOT OMIT ANYTHING LIKELY TO AFFECT THE IMPORT OF SUCH INFORMATION. NEITHER THE DELIVERY OF THIS MEMORANDUM NOR THE ISSUE OF SHARES OF THE FUND SHALL BE TAKEN TO IMPLY THAT ANY INFORMATION HEREIN IS CORRECT AS OF ANY DATE SUBSEQUENT TO THE DATE HEREOF.

THIS MEMORANDUM WAS WRITTEN IN CONNECTION WITH THE PROMOTION OR MARKETING OF THE SHARES. EACH PROSPECTIVE INVESTOR SHOULD SEEK ADVICE BASED ON HIS, HER, OR ITS PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT PROFESSIONAL ADVISORS.



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## SUMMARY

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The information set out below should be read in conjunction with, and is qualified in its entirety by, the full text of this Memorandum and the Fund Documents referred to herein, copies of which are available from the Administrator (as defined herein) upon request.

### **The Fund**

Enko Africa Debt Fund is a public company with limited liability incorporated under the laws of Mauritius. The Fund holds a Global Business License and is authorized by the FSC to operate as a Collective Investment Scheme under the Securities Act 2005 and as an Expert Fund under the Securities (Collective Investment Schemes and Closed-end Funds) Regulations 2008.

### **The Shares**

The Fund has a share capital comprising of ordinary, voting, non-redeemable shares (“**Ordinary Shares**”) of US\$1.00 par value each and non-voting, redeemable shares (“**Redeemable Shares**”).

The Fund is offering the Redeemable Shares to potential investors which, upon issue, will initially be divided into class “A” shares (“**Class A Shares**”) of US\$0.01 par value each and class “B” shares (“**Class B Shares**”) of US\$0.01 par value each (“**Class A Shares**” and “**Class B Shares**” together being the “**Shares**”, which term may include Redeemable Shares of classes issued in the future). The Redeemable Shares can be fractional.

Each Class A Share shall rank *pari passu* with a Class B Share in every respect, save with respect to redemptions. The Fund may issue additional classes of Redeemable Shares (each being a “Class”, including the Class A and B Shares), in the sole discretion of the Directors and as circumstances dictate. Redeemable Shares of a Class other than a Class discussed herein may be subject to terms and conditions that differ from the terms and conditions applicable to the Shares discussed herein. Such other Classes of Redeemable Shares may be issued without the consent of or notice to the Shareholders, where the rights attached to any existing Class of Shares will not be deemed to be varied by the issue of such other Classes of Redeemable Shares ranking *pari passu* therewith. The Investment Manager (as defined herein) shall hold the Ordinary Shares and such holders of the Ordinary Shares

shall vote on all matters requiring shareholders' approval under the Mauritius Companies Act 2001 (the "Companies Act").

Shares of each Class may be issued in series (each a "**Series**") for Incentive Fee purposes (as hereinafter defined and explained).

### **The Offering**

The Fund is currently offering A Shares and Class B Shares at a purchase price of US\$100 per Share.

### **Investment Objective**

The primary investment objective of the Fund is long term capital appreciation. The Investment Manager will seek to achieve the Fund's objective by investing substantially all of the assets of the Fund in pan-African private and sovereign debt instruments. The Fund aims to deliver a return of 10-15% in U.S. dollars. The Fund will invest in fixed income securities across African markets, including, but not limited to: local currency sovereign and corporate debt; U.S. dollar- and Euro-denominated fixed income securities; short-term, liquid debt; certificate of deposit accounts; foreign exchange market forwards; structured debt; collateralized short-term debt; convertible debt; floating-rate notes; repos; reverse repos; swaps; futures; and, options.

The target fund size is US\$1,000 million.

### **Investment Strategy**

**Generally.** The Investment Manager will seek to achieve the Fund's objective by investing in the African capital markets as further detailed under the heading "INVESTMENT POLICY - Investment Objective and Strategy". There can be no assurance that the Investment Manager will be successful in pursuing the Fund's investment objective or that the strategies set forth herein will be successful. The past performances of the Investment Manager or its principals are not necessarily indicative of the future performance of the Fund.

### **Directors**

The board of directors of the Fund consists of five Directors (the "**Directors**"), who shall be appointed in accordance with the Fund Documents and will consist of at least two Directors ordinarily resident in Mauritius. The Directors shall exercise primary authority over the Fund.

### **Investment Manager**

Enko Fund Managers Limited ("**Investment Manager**"), a company incorporated under the laws of Mauritius on 06

May 2016, has been retained by the Fund to manage the Fund on a discretionary basis and invest the capital of the Fund, pursuant to an investment management agreement dated 14 June 2016 (“**Investment Management Agreement**”). The Investment Manager holds a Global Business License under the Financial Services Act and is authorized by the FSC as a CIS Manager under the Securities Act 2005. The Investment Manager is exempted from registration as an investment adviser with the U.S. Securities and Exchange Commission (the “**SEC**”) and currently has an application pending to become a SEC registered investment advisor.

#### **Investment Adviser**

The Investment Manager has engaged Enko Capital Management LLP as the Investment Adviser with responsibility for providing the Investment Manager investment advisory services in connection with the management of the assets of the Fund under an investment adviser agreement dated 02 July 2022 (“**Investment Adviser Agreement**”). The Investment Manager will be responsible for the professional fees of the Investment Adviser and other disbursements incurred by the latter. The Investment Adviser is exempted from registration as an investment advisor from SEC.

#### **Administrator**

The Fund has entered into a contract (“**Administration Agreement**”) with IQ EQ Fund Services (Mauritius) Ltd (“**Administrator**”) of 33, Edith Cavell Street, 11324, Port-Louis, Mauritius, to provide administration services for the Fund. The Administrator will perform various administrative, registrar and transfer agency services for the Fund, including calculation of the Net Asset Value (as defined herein) of the Shares of each Class of the Fund.

#### **Prime Broker**

The Fund has retained Standard Chartered Bank (“**SCB**”) to serve as a prime broker (“**Prime Broker**”). The Prime Broker serves as the prime broker of the Fund’s assets pursuant to the agreement for the provision of such services (“**Prime Broker Agreement**”). The Fund may discontinue its relationship with the prime broker or other institution without prior notice to the Shareholders. The Fund is not obligated to maintain its relationship with the Prime Broker for any minimum period of time and may discontinue such relationship and engage a new or additional prime broker(s) without further notice to the Shareholders.

## **Custodian**

The Fund has retained Standard Chartered Bank (Mauritius) Limited located at 19 Bank Street, 6<sup>th</sup> Floor, Standard Chartered Tower, Cybercity, Ebene 72201, Mauritius to serve as the Fund's custodian (“**Custodian**”). The Custodian serves as the custodian of the Fund’s assets pursuant to the agreement for the provision of such services (“**Custodian Agreement**”). In the discretion of the Investment Manager, portfolio assets may be held for the benefit of the Fund by financial institutions other than the Custodian, including any custodians or dealers, banks or other institutions having approved custodial functions, through which the Fund effects transactions and receives financing. The Fund may discontinue its relationship with any custodian, dealer, bank, prime broker or other institution without prior notice to the Shareholders. The Fund is not obligated to maintain its relationship with the Custodian for any minimum period of time and may discontinue such relationship and engage a new or additional custodian(s) and brokers without further notice to the Shareholders.

## **Minimum Investment**

The minimum initial investment per investor for the Class A Shares and Class B Shares is US\$250,000. The minimum additional investment for an existing holder of Class A Shares or Class B Shares is US\$100,000.

The minimum initial and additional investments may be waived, increased or reduced at the discretion of the Directors generally on a case-by-case basis provided always that the initial minimal subscription amount shall not be less than the applicable prescribed amount for an Expert Fund, which as at the date of this Memorandum, is set at USD100,000

## **Subscriptions for Class A & B Shares**

Such Shares may be purchased as a series of the relevant class of Shares on the first Business Day (as defined herein) of each month or at such other time as may be determined by the Directors in their sole discretion (each a “Subscription Day”) at a subscription price equal to US\$100 per Class A Share and US\$100 per Class B Share. Different series of the relevant class shall be created for each Subscription Day. The Board of the Fund may “close” the Fund or any Class of Shares by rejecting, for such period as may be determined by the Board, applications for Shares in the Fund without notice to the Shareholders. All shares issued by the Fund shall be issued fully-paid upon receipt of the totality of the subscription price.

The term “Business Day” refers to any day other than a Saturday or Sunday on which banks are open for business in Mauritius and such other place as may be determined by the Directors in relation to any Class.

As of the date of this Memorandum, only Class A and B Shares may be purchased by investors. Shares of certain additional Classes may be issued by the Fund, in the sole discretion of the Directors.

### **Eligible Investors**

The Shares may be purchased only by “**Eligible Investors**,” as described herein. An Eligible Investor shall be a sophisticated investor or an expert investor as defined under the Securities Act 2005 of Mauritius.

### **Net Asset Value**

The net asset value of the Fund (“**Net Asset Value**”) is equal to the Fund's assets less the Fund's liabilities, each valued pursuant to International Financial Reporting Standards. Each Class of Shares will have its respective Net Asset Value determined in accordance with the foregoing, as provided by the Constitution and based upon the assets and liabilities attributable to the particular Class. Expenses, fees and other liabilities will be generally determined using International Financial Reporting Standards. The Net Asset Value will be calculated as of the close of business in Mauritius on the last Business Day of each calendar month or on such other date when such computation is necessary or appropriate (each a “**Valuation Day**”).

### **Redemptions**

Except as provided herein and under the Companies Act and subject to any lock-in period, a Shareholder may request redemption of all or some of his Shares by providing the Administrator with 90 days' prior written notice (“**Redemption Notice Period**”) of his intention to redeem such Shares. The redemption will occur quarterly on the first available Business Day of January, April, July and October (each a “**Redemption Day**”). The Shares shall be redeemed on the Redemption Day immediately following the end of the Redemption Notice Period and at the prevailing Net Asset Value per share. The Directors may reduce the Redemption Notice Period for such redemption fee as the Directors may decide from time to time, at their sole discretion. A redemption request, once made, will be irrevocable and may not be withdrawn without the consent of the Directors. The Fund may suspend redemptions in certain circumstances.

Class A Shares will be locked-in for a period of 3 years, or such other period as may be determined by the Directors. The lock-in period will commence on the day that Class A Shareholder first purchases Class A Shares, and during the lock-in period, Class A Shareholders may not redeem their Class A Shares. A charge of 5% of the Redemption Price (herein defined) will apply in the event of any redemption of Class A Shares prior to expiry of the 3 years lock-in period.

The “**Redemption Price**” is equal to the relevant Net Asset Value per Share of the relevant Class and Series on the Valuation Day immediately preceding the relevant Redemption Day less any accrued Incentive Fee.

In the case of a Shareholder who is making a redemption request of at least 90% of his Redeemable Shares of any Class, such Shareholder will receive, at the Directors' sole discretion, 90% of its estimated redemption proceeds within 30 Business Days after the Redemption Day, and the balance of the redemption proceeds not later than 15 days after the completion of the Fund's annual audit. The entire redeemable shares shall be redeemed as of the relevant Redemption Day. The amount held back pending the year-end audit will earn no interest for the benefit of the redeeming Shareholder. In circumstances in which the Fund is unable to liquidate securities positions in an orderly manner in order to fund redemptions, or in which the value of the assets and liabilities of the Fund cannot reasonably be determined, the Fund may take longer than the time periods mentioned above to effect settlements of redemptions or may effectuate only a portion of a requested redemption.

In the discretion of the Directors, the Fund may settle redemptions, in whole or in part, and may extend the duration of the Redemption Notice Period if the Directors deem such an extension as being in the best interest of the Fund and the non-redeeming Shareholders.

If any Shareholder serves a redemption request in respect of greater than 25% of the maximum number of Redeemable Shares held at any time by such Shareholder, the Directors may, in accordance with the Constitution, reduce such redemption request to not less than such 25% of the maximum number of Redeemable Shares held.



The Directors have the right to require a compulsory redemption of all or some of the Shares of any Class held by a Shareholder at the Redemption Price per Share equal to the then prevailing Net Asset Value per Share of the relevant Class as set out in the constitution of the Fund.

When Shares are redeemed, Incentive Fees that have been accrued as of the relevant Redemption Day will be calculated and deducted from the redemption proceeds.

## **Fees and Expenses**

### ***Management Fee.***

The Investment Manager will receive from the Fund an annual management fee (“**Management Fee**”) that is equal to the total of (i) 1.75% of the Net Asset Value attributable to the Shares of each Class (other than Class B Shares) and (ii) 1.5% of the Net Asset Value attributable to the Class B Shares during the relevant calendar year. The Management Fee will be calculated as at the last Business Day of each quarter and paid in advance on the first Business Day of the subsequent quarter, (before deduction of that quarterly Management Fee and before deduction for any accrued Incentive Fees). The Management Fee will be prorated based upon a Shareholder's actual period of ownership of its Shares. The Investment Manager may, in its discretion, effectively waive all or part of the Management Fee with respect to any Shareholder by rebate or otherwise.

### ***Incentive Fee.***

The Investment Manager is also entitled to receive an annual performance-based fee (“**Incentive Fee**”) from the Fund, in an amount equal to the total of (i) 20% of the appreciation of the Net Asset Value of each Series of each Class (other than Class B Shares) with respect to a particular fiscal year subject to a hurdle rate of Three Month CME SOFR plus 3.5% compounded annually plus a credit adjustment spread of 0.2616% and (ii) 15% of the appreciation of the Net Asset Value of Class B Shares with respect to a particular fiscal year. The Incentive Fee, if any, is calculated and payable (i) as of the last Business Day of each fiscal year; (ii) as of each Redemption Day with respect to the Shares redeemed by redeeming Shareholders; (iii) in the Fund's sole discretion, as of the effective date of a transfer of Shares with respect to the Shares transferred; and (iv) as of the date of the termination of the Investment

Management Agreement, in each case with respect to the period ending on such date. All fees and expenses (except the Incentive Fee itself) that have been accrued or paid (but not previously accrued) for a given period are deducted prior to calculating the Incentive Fees for such period, including, without limitation, the Management Fee. The Investment Manager, in its sole discretion, may effectively waive all or part of the Incentive Fee otherwise due with respect to any Shareholder's investment by rebate or otherwise.

For the purposes of this Memorandum, "CME Term SOFR" means the Term SOFR reference rate administered by CME Group Benchmark Administration Limited (or any other person which takes over the administration at that rate) for the relevant period published (before any correction, recalculation or republication by the administrator) by CME Group Benchmark Administration Limited (or any other person which takes over the publication of this rate).

***High Water Mark.***

The Incentive Fee with respect to a Series is calculated on a cumulative basis and is not payable until all prior net losses with respect to such Series (excluding the Incentive Fee from the calculation of net losses) are recouped.

***Directors' Fees.***

The Mauritius resident Directors and other Independent Directors will receive such remuneration ("**Directors Fees**") as may be agreed between the Fund and each of these Directors. Executive Directors will waive their right to any Directors' Fees. The Directors shall be entitled to reimbursement from the Fund for reasonable out-of-pocket expenses incurred by them on behalf of the Fund.

***Other Expenses.***

The Fund will pay or reimburse the Investment Manager for all costs and expenses associated with the Fund's operations and with regard to the Fund's establishment, organizational and offering expenses. The Fund will be responsible for all necessary expenses of its operation, including, without limitation, the cost of maintaining the Fund's registered office in Mauritius, the Fund's annual registration fees, commissions, research expenses, legal

and auditing expenses, accounting, fund administration, investment related consultants and other service provider expenses, investment related travel costs, expenses incurred with respect to the preparation, duplication and distribution to Shareholders and prospective Shareholders of offering documents, annual or other reports and other financial information and similar ongoing operational expenses. The Administrator, and any affiliate of the Investment Manager retained by the Investment Manager will be reimbursed for all out-of-pocket expenses incurred on behalf of the Fund. Notwithstanding the above, the Investment Manager may waive reimbursement of all costs and expenses associated with the Fund's operations and with regard to its establishment, organizational and offering expenses, as well as out-of-pocket expenses incurred on behalf of the Fund.

Fees and expenses that are identifiable with a particular Class will be charged against that Class in computing its ***High Water Mark***. The Incentive Fee with respect to a Series is calculated on a cumulative basis and is not payable until all prior net losses with respect to such Series (excluding the Incentive Fee from the calculation of net losses) are recouped.

***Administrator Fees.*** For its administrative duties, the Fund pays the Administrator an administration fee in accordance with the Administration Agreement ("**Administration Fee**").

***Directors' Fees.*** The Mauritius resident Directors and other Independent Directors will receive such remuneration ("**Directors Fees**") as may be agreed between the Fund and each of these Directors. The other Non-executive and executive Directors have waived their right to any Directors' Fees. The Directors shall be entitled to reimbursement from the Fund for reasonable out-of-pocket expenses incurred by them on behalf of the Fund.

***Other Expenses.*** The Fund will pay or reimburse the Investment Manager for all costs and expenses associated with the Fund's operations and with regard to its the Fund's establishment, organizational and offering expenses. The Fund will be responsible for all of the necessary expenses of its operation, including, without limitation, the cost of maintaining the Fund's registered office in Mauritius, the Fund's annual registration fees, commissions, research

expenses, legal and auditing expenses, accounting, fund administration, investment related consultants and other service provider expenses, investment related travel costs, expenses incurred with respect to the preparation, duplication and distribution to Shareholders and prospective Shareholders of offering documents, annual or other reports and other financial information and similar ongoing operational expenses. The Administrator, the Investment Manager and any affiliate of the Investment Manager retained by the Investment Manager will be reimbursed for all out-of-pocket expenses incurred on behalf of the Fund. Notwithstanding the above, the Investment Manager may waive reimbursement of all costs and expenses associated with the Fund's operations and with regard to its establishment, organizational and offering expenses, as well as out-of-pocket expenses incurred on behalf of the Fund.

Fees and expenses that are identifiable with a particular Class will be charged against that Class in computing its Net Asset Value. Other fees and expenses that are not so identifiable will be allocated between the Classes on the basis of their respective aggregate Net Asset Values or otherwise in the discretion of the Directors.

## **Risk Factors**

Investment in the Fund is speculative and involves a high degree of risk. Past performance of the Investment Manager or any of its principals is no guarantee of future performance. There is no assurance that the Fund will be profitable. The risks of an investment in the Fund include, but are not limited to, the speculative nature of the Fund's strategies and the substantial charges that the Fund will incur regardless of whether any profits are earned.

The Fund is also subject to certain conflicts of interest. The Investment Manager may directly or indirectly manage the assets of funds that in some respects compete with the Fund for certain investments. See "CERTAIN RISK FACTORS".

## **Regulatory Matters**

The Fund is an open-ended fund classified as an expert fund under the laws of Mauritius. The minimum initial investment required of each investor in the Fund shall never be less than US\$100,000 (or its currency equivalent or such other minimum as may be relevant under applicable law).

## **Annual Meeting**

Beginning in June 2022, the Shareholders shall be invited to attend an annual conference held by the Fund offering the opportunity to review and discuss the Fund's activities.

## **Reporting**

Shareholders will receive from the Fund annual audited financial statements for their relevant Class within a reasonable time after the Fund's fiscal year-end. In addition, Shareholders will receive from the Administrator monthly reports relating to the performance of the relevant Class.

The Fund shall have the right to withhold confidential information from a Shareholder under certain limited circumstances set forth in the Fund Documents, such as when a Shareholder has violated or is reasonably likely to violate the confidentiality provisions of the Fund Documents.

Both annual reports and historical performance can be available on request from the Administrator.

## **Exculpation & Indemnification**

**Exculpation.** The Investment Manager, the Directors, their affiliates and each of their respective members, officers, directors, employees, stockholders, shareholders, partners, senior advisors, consultants and any other person who serves at the request of the Investment Manager on behalf of the Fund as an officer, director, partner, member or employee of any other entity, (in each case, an "**Indemnatee**") will not be liable to the Fund or to any Shareholder for (i) any act performed or omission made by such Indemnatee in connection with the conduct of the affairs of the Fund or otherwise in connection with the Fund Documents or the matters contemplated therein, unless such act or omission resulted from "**Disabling Conduct**," which shall mean fraud, willful default, gross negligence, bad faith, material violation of applicable securities laws or a willful and material breach of the Fund Documents, or (ii) any mistake, negligence, dishonesty or bad faith of any broker or other agent of the Fund unless such Indemnatee was responsible for the selection or monitoring of such broker or agent and acted in such capacity with gross negligence.

**Indemnification.** The Fund will indemnify each Indemnatee for any claims, liabilities, damages, losses, costs and expenses incurred by such Indemnatee on behalf of the Fund or in furtherance of the interests of the Shareholders or otherwise arising out of or in connection

with the Fund, except that this indemnity shall only apply to the extent that the Indemnatee's conduct did not constitute Disabling Conduct.

**Fiscal Year**

The Fund's fiscal year-end is 31 December.

**Functional Currency**

The Fund's functional currency, i.e., the currency in which it maintains its books and records and its financial statements, is the U.S. Dollar.

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## MARKET OPPORTUNITY

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Africa is home to over 1 billion people benefiting from increased political stability, positive economic reforms, and an emerging middle class with rising urbanization leading to higher infrastructure investment. One third of the world's natural resources are in Africa, the supply chain of which is of strategic importance to fast growing emerging market economies in both the short and long term. A growing service sector now accounts for over 50% of Africa's GDP. Thus the Investment Manager concludes that stronger economic growth lies ahead which will be supported by a deeper and larger debt market and, consequently, the opportunity:

To offer fixed income and credit as an alternative asset class within the African markets.

To capture broad, pan-African fixed income returns in U.S. Dollars.

To deliver higher investment returns, versus historically low yields on developed market debts, which are likely to persist.

To provide investment diversification as sovereign bonds in developed markets are offering negative real yields.

To leverage on a favorable structural macroeconomic background.

To offer an opportunity to diversify exposure away from traditional fixed income investment funds.

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## INVESTMENT POLICY

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### **Investment Objective and Strategy**

The primary investment objective of the Fund is long-term capital appreciation. The Investment Manager will seek to achieve the Fund's objective by making substantially all of the investments (“**Investments**”) of the Fund in pan-African private and sovereign debt instruments. The Fund aims to deliver a return of 10-15% in U.S. dollars. The Fund will invest in fixed income securities across African markets, including, but not limited to: local currency sovereign and corporate debt; U.S. dollar- and Euro-denominated fixed income securities; short-term, liquid debt; certificate of deposit accounts; foreign exchange market forwards; structured debt; collateralized short-term debt; convertible debt; floating-rate notes; repos; reverse repos; swaps; futures; and, options.

The Investment Manager believes that the Fund offers investors a unique opportunity to take advantage of favourable developments in African economies and capital markets. This trend is the result of a favourable global macroeconomic environment essentially driven by debt relief initiatives, higher commodity prices and to some extent, improving political governance. Africa is becoming an attractive investment destination generating high returns, yet its capital markets remain fairly underdeveloped. In a context of globalised world economy, risk appetite is increasing and expanding the traditional investment frontiers. There can be no assurance, however, that this state of affairs will continue.

By focusing on these markets and actively managing the debt portfolio of the Fund, the Investment Manager believes it will be well positioned to take advantage of its deep understanding of the local investment processes.

### **Investment Limitations**

#### **Borrowing of Cash and Securities and Certain Loans**

*Borrowings.* The Fund is authorized to borrow for Investment purposes or to fund redemption requests. Loans generally may be obtained from securities brokers and dealers or from other financial institutions. Such loans will be secured by securities or other capital of the Fund pledged to such brokers or financial institutions.

*Short Sales.* The Fund anticipates engaging in “short sales” as part of its investment strategy. Short selling is the practice of selling securities that are borrowed from a third party. The Fund will be required to return securities equivalent to those borrowed for the short sale at the lender's demand. Pending the return of such securities, the Fund will be required to deposit with the lender as collateral the proceeds of the short sale plus additional cash or securities. The amount of the required deposit will be adjusted periodically to reflect any change in the market price of the securities that the Fund is required to return to the lender.

The Fund will be required to pay brokerage commissions to execute short sales and may be required to pay a premium to the lender of the securities, which would increase the cost of the securities



sold. Until the borrowed securities are replaced, the Fund generally will be required to pay to the lender amounts equal to any dividends or interest that accrue on the securities borrowed during the period of the loan. The Fund expects to generate cash income from the interest on the proceeds of short sales deposited with brokers as collateral.

### **Currency Hedging**

Where the assets of the Fund are denominated in a currency other than the Functional Currency (hereinafter defined), the Fund or its delegate may enter into currency hedging transactions to hedge the currency exposure risk using such derivative instruments as it may from time to time determine.

The Functional Currency of the Fund is U.S. Dollars. The Directors have issued two classes of shares in the Fund: Class A Shares and Class B Shares, each of them being a U.S. Dollar denominated class.

### **Plan of Distribution and Use of Proceeds; Cash Equivalents**

The net proceeds of the offering contemplated herein will be invested in accordance with the policies set forth under “*Investment Objective and Strategy*”. The Fund, without limitation, may hold cash or invest in cash equivalents for short-term Investments. Among the cash equivalents in which the Fund may invest are: obligations of the U.S. Government, obligations of governments within the European Union and their agencies or instrumentalities (US and EU Government Securities, U.S. Treasury Bills and EU equivalents, or any AA rated securities in each currency); commercial paper; auction rate preferred shares; and repurchase agreements, money market mutual funds, certificates of deposit and bankers' acceptances issued by domestic branches of U.S. banks that are members of the Federal Deposit Insurance Corporation. In the event the Investment Manager determines that there is not sufficiently good value in any securities suitable for Investment of the Fund's capital, all such capital may be held in cash and cash equivalents.

In making investment decisions, the Fund will rely on the advice of the Investment Manager rather than any specific objective criteria.

The foregoing description is general and is not intended to be exhaustive. Investors must recognize that there are inherent limitations on all descriptions of investment processes due to the complexity, confidentiality and subjectivity of such processes. In addition, the description of virtually every strategy must be qualified by the fact that investment approaches are continually changing, as are the markets invested in by the Fund. The Fund may, in its sole discretion, pursue additional investment strategies in its pursuit of the investment objective and/or change its investment policy.

**There can be no assurance that the Fund will achieve its investment objective. The Fund's investment policies and strategies are speculative and entail significant risk. See “CERTAIN RISK FACTORS.”**

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## MAURITIUS REGULATIONS

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THESE REGULATORY CONSEQUENCES ARE BASED ON THE CURRENT LAWS IN MAURITIUS AND INTERPRETATIONS THEREOF. THESE PROVISIONS AND INTERPRETATIONS THEREOF MAY CHANGE IN FUTURE, IN WHICH CASE, THE LEGAL CONSEQUENCES COULD CHANGE SUBSTANTIALLY. EACH PROSPECTIVE INVESTOR IS URGED TO CONSULT ITS OWN ADVISOR WITH RESPECT TO THE LEGAL CONSEQUENCES OF THE PURCHASE AND OWNERSHIP OF SHARES IN THE FUND

### **Securities Laws**

The Fund is a public company limited by shares and constituted as a collective investment scheme pursuant to the Securities Act 2005 and classified as an expert fund pursuant to the provisions of Securities (Collective Investment Schemes and Closed-end Funds) Regulations 2008. Investment in an expert fund is available only to persons meeting the criteria of an Expert Investor. An Expert Investor is defined under the Securities (Collective Investment Schemes and Closed- end Funds) Regulations 2008 as:

- a) an investor who makes an initial investment, for his own account, in the amount equivalent of no less than US\$100,000; or
- b) a Sophisticated Investor (as defined below).

“**Sophisticated Investors**” for the purposes of the Mauritius Securities Act include the Government of Mauritius, statutory corporations, companies wholly owned by them, the government of a foreign country or agency of such government, banks, fund managers, insurance companies, investment dealers and investment advisers, collective investment schemes, pension funds or their management companies, closed-end funds, an investor that warrants, at the time of entering into a securities transaction, that (i) its ordinary business or professional activity includes the entering into securities transactions, whether as principal or agent; (ii) in case he is a natural person, his individual net worth or joint net worth with his spouse exceeds USD 1 million, or its equivalent in another currency; or (iii) it is an institution with a minimum amount of assets under discretionary management of USD 5 million, or its equivalent in another currency, and any other person designated as being a sophisticated person by the FSC.

Nothing in this document shall be construed as an offer or distribution of securities to the public. Investors should bear in mind that they are not protected by any statutory compensation arrangements in Mauritius in the event of the Fund’s failure.

### **Anti-Money Laundering**

To ensure compliance with the Financial Intelligence and Anti Money Laundering Act 2002 (“FIAMLA”) and any regulations issued under the FIAMLA, an applicant for the Shares will be required to provide certain information and/or documentation for the purposes of verifying the identity of the applicant and the source of funds to be used by the applicant, and confirmation or certification that the applicant’s monies do not represent, directly or indirectly, the proceeds of any

crime. The requirement to provide such information may be reduced for an applicant that is a regulated financial services business based in Mauritius or otherwise subject to supervision of a public authority in an equivalent jurisdictional regime, or in the case of a public company listed on recognized stock/investment exchanges, as set out in the FIAMLA and the regulations/codes issued under it.

The Investment Manager and the Administrator reserve the right to request such information as is necessary to verify the identity of the applicant. The Administrator will notify applicants if proof of identity is required. By way of example, an individual may be required to produce a copy of a passport or identification card duly certified by a public authority such as a notary public, the police or the ambassador in his country of residence, together with evidence of his address such as a utility bill or bank statement. In the case of corporate applicants this may require production of a certified copy of the statutory documents, financial statements, and of the names and residential and business addresses of all directors and beneficial owners. The details given above are by way of example only and the Fund has authorised the Administrator to request such information and documentation as it considers is necessary to verify the identity of an applicant.

In the event of delay or failure by the applicant to produce any information required for verification purposes, the Fund may reject the application and refuse to accept the relevant subscription monies. Investors should note that additional information as may be necessary to verify the identity of the Investor and the owner of the account to which the redemption proceeds will be paid may be requested. Redemption proceeds will not be paid to a third-party account.

In accordance with the FIAMLA and relevant regulations issued under the FIAMLA, the Fund will appoint a money laundering reporting officer (“**MLRO**”) and a compliance officer (the “**Compliance Officer**”). The duties of the MLRO will include receiving and evaluating internal suspicious transactions reports and, where appropriate, filing these with the Mauritius Financial Intelligence Unit (“**FIU**”). Persons connected with the Fund are required to report any suspicions of money laundering terrorist financing or other suspicious transactions to the MLRO. If requested by any relevant authority including, without limitation, the FIU, the MLRO, may pass on information about any applicant for shares of the Fund to any such regulatory authority. It is a term of subscription that any applicant will be deemed to have consented to the passing on of such information to any such authority. The Compliance Officer who shall be designated at senior management level, shall be responsible for the implementation and ongoing compliance of the Fund with internal programmes, controls and procedures in accordance with the requirements of the FIAMLA and regulations made thereunder.

Each applicant for Class A or Class B Shares acknowledges that the Fund, Investment Manager and the Administrator will be held harmless against any loss, claim or obligation arising as a result of any failure to process an application for shares or acceptance of a subscription for shares, or any withholding of distributable amounts or failure to pay out any redemption request or other payment amounts, if any such information pertaining to the applicant under the relevant laws as may be requested by the Fund, Investment Manager or the Administrator has not been provided by the applicant.

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## CERTAIN MAURITIAN TAXATION CONSIDERATIONS

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The Fund holds a Global Business License (“GBL”) pursuant to the provisions of the Financial Services Act 2007.

The Fund will be chargeable to Mauritius income tax on its business income (which includes the interest received on private and sovereign debts) at an effective rate of 15%.

It will be entitled to claim a tax credit on a foreign source income at a rate which is the higher of (i) the actual foreign tax paid (including underlying tax) on such income (the “**Actual Tax Credit**”); or (ii) a deemed foreign tax representing 80% of the Mauritius tax on such income (the “**Deemed Tax Credit**”). In the case where the Deemed Tax Credit is utilized, the effective tax rate payable by the Fund on the taxable profits may be reduced to a maximum of 3%.

The Mauritius Finance (Miscellaneous Provisions) Act 2018 has brought changes to certain provisions in the Mauritius Income Tax Act 1995. With effect from 1 January 2019, the Deemed Tax Credit has been phased out, through the implementation of a new tax regime. Companies which had obtained their GBL on or before 16 October 2017, including the Fund, have been grandfathered and would benefit from the Deemed Tax Credit regime up to 30 June 2021. Accordingly, the Fund is entitled to a foreign tax credit equivalent to the higher of the actual tax suffered or 80% Deemed Tax Credit on its foreign source income, up to 30 June 2021.

Post June 30, 2021, under the new tax regime and subject to meeting the necessary substance requirements as required under the Financial Services Act 2007 (as amended by the Finance Act 2018) and such guidelines issued by the FSC, the Fund is entitled to either (a) a foreign tax credit equivalent to the actual foreign tax suffered on its foreign income against the Fund’s tax liability computed at 15% on such income, or (b) an exemption of 80% on some of the specified income derived including but not limited to foreign source dividends or interest income subject to meeting certain prescribed conditions.

Following the Finance Act 2018, the Partial Exemption Regime (the “**Partial Exemption**”) has been introduced whereby it provides 80% exemption on specified income which amongst others includes income derived by a collective investment scheme (CIS) provided the company satisfies the conditions relating to the substance of its activities. The Partial Exemption Regime is available to all companies resident in Mauritius.

Under the Partial Exemption, the Fund, provided that it satisfies the conditions relating to the substance of its activities as prescribed in the Income Tax Regulations 1996, will be able to benefit from an income tax exemption at the rate of 80% on all of its foreign-sourced income by virtue of it being a collective investment scheme. The remaining 20% of the foreign-sourced income of the Fund will be taxed at a rate 15%.

Mauritius does not have any capital gains tax regime. Furthermore, any profit derived from the sale of securities is specifically exempt from tax.

The Fund is resident in Mauritius on the basis that it is incorporated in Mauritius and has its central management and control in Mauritius. In that respect, the Fund will apply for a tax residence certificate (“**TRC**”) from the Mauritian Revenue Authority (“**MRA**”) as evidence of this in order to facilitate access to the benefits of Double Taxation Agreements (“**DTAs**”) to which Mauritius is

a party. Whether or not such treaty benefits may be available to the Fund will depend on the source jurisdiction of the Fund's revenues.

The FSC will recommend the issue of a TRC to the MRA if it is satisfied that the Fund is in good standing under Mauritius laws and has provided an undertaking that it shall comply with the conditions attached to its license and the statutory provisions.

### **Mauritius Tax Incidence on Investors**

An investor, who is not ordinarily resident in Mauritius, would not, by virtue only of its investment in the Shares become liable to Mauritius tax or be required to make any filing in respect to any tax in Mauritius. There is no withholding tax in Mauritius on any distributions whether by way of dividend or redemption proceeds to a person who is not tax-resident in Mauritius.

### **Exchange Control**

All exchange control restrictions applicable in Mauritius were suspended with effect from 29 July 1994. Thus, all funds paid to or by the Fund will be excluded from the exchange control regulations.

### **FATCA and CRS**

To the extent that the Fund is deemed to be "a reporting Mauritian financial institution" under the Agreement for the Exchange of Information Relating to Taxes (United States of America - FATCA Implementation) Regulations, 2014, the Fund shall be required to report certain information about certain Shareholders to the MRA, who will exchange such information with the U.S. IRS under the terms of the Intergovernmental Agreement and Tax Information Exchange Agreement (collectively, the "**Mauritius FATCA Agreements**") between Mauritius and the U.S. The Mauritius FATCA Agreements require that a withholding tax of 30% be applied to payments of certain U.S.-sourced income such as interests, dividends and insurance to investors in certain circumstances (such as non-compliance by the reporting financial institution with its obligations under the Mauritius IGA, which includes failure to disclose substantial U.S. owners or certify that no substantial U.S. owners exist).

In addition to the above, the Government of Mauritius has in June 2015, signed the Convention on Mutual Administrative Assistance in Tax Matters (the "**Convention**") developed by the OECD and Section 76 of the Income Tax Act was amended to enable implementation of the Common Reporting Standard ("**CRS**"). Mauritius has implemented CRS with effect from 1 January 2017, with the first reporting obligations commencing in 2018. Mauritius has issued regulations to give effect to the CRS, which requires Mauritius "Financial Institutions", including the Fund, to identify specified persons in the jurisdictions that are implementing the CRS, and to report related information to the Mauritius Revenue Authority (for automatic exchange with the relevant tax authorities in such jurisdictions) in order to avoid the commission of an offence, which may involve the imposition of financial penalties or other sanctions.

As a result of either FATCA, CRS or any other legislation under which disclosure may be necessary or desirable which may apply during the life of the Fund, Shareholders may be required to provide the Directors with all information and documents as the Directors may require. The Fund may disclose such information regarding the Shareholders as may be required by the Government of

Mauritius pursuant to FATCA, CRS or applicable law or regulation in connection therewith (including, without limitation, the disclosure of certain non-public personal information regarding the investors to the extent required).

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## CERTAIN U.S. FEDERAL INCOME TAX CONSIDERATIONS

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The following is a summary of certain U.S. federal income tax consequences of an investment in the Fund. This summary is general, and may not apply to all categories of investors, some of which may be subject to special rules (*e.g.*, banks, thrifts, insurance companies, and dealers and other investors that do not own their Shares as capital assets). The actual tax and financial consequences of the purchase and ownership of Shares will vary depending upon the investor's particular circumstances. This summary is based on the U.S. Internal Revenue Code of 1986, as amended (the "**Code**"), the regulations ("**Treasury Regulations**") promulgated thereunder, court decisions and published rulings of the U.S. Internal Revenue Service (the "**IRS**") currently in effect and does not take into account the possible effect of future legislative or administrative changes or court decisions. It is not intended as a complete analysis of all possible tax considerations relevant to acquiring, holding, or disposing of Shares. The Fund will not request any rulings from the IRS on the tax consequences described below or on any other issues. The IRS or a court might reach a contrary conclusion with respect to the issues addressed herein if the matter were contested. Future legislative or administrative changes or court decisions may significantly change the conclusions expressed herein, and any such changes or decisions may have a retroactive effect with respect to the transactions contemplated herein. In addition, except as otherwise explicitly stated herein, the summary does not consider state, local, or foreign tax issues.

### U.S. Tax Classification Issues

#### *Fund Classification*

The Fund will make an election to be classified as a partnership for U.S. federal income tax purposes under the "check the box" rules of Section 301.7701-3 of the Treasury Regulations relating to entity classification. As a result, under current law, the Fund intends to be classified and treated as a partnership for U.S. federal income tax purposes and not as an association or "publicly traded partnership" taxable as a corporation. However, the Fund could fail to be treated as a partnership for U.S. federal income tax purposes in future years as a result of a variety of developments including, without limitation, characterization of the Fund as a publicly traded partnership as a result of the volume and nature of contributions and redemptions of capital and transfers of the Shares. A publicly traded partnership is any partnership the interests of which are traded on an established securities market or which are readily tradable on a secondary market (or the substantial equivalent thereof). The Shares will not be traded on an established securities market, and Treasury Regulations pertaining to publicly traded partnerships provide certain safe harbors under which interests in a partnership will not be considered readily tradable on a secondary market (or the substantial equivalent thereof), which the Fund expects to qualify for so as not to be classified as a publicly traded partnership, although no assurance can be provided in this regard.

Failure to qualify as a partnership for U.S. federal income tax purposes could result in the Fund being treated as a corporation. If the Fund were determined to be taxable as a corporation, the Fund could be classified as a passive foreign investment corporation or a controlled foreign corporation with adverse U.S. federal income tax consequences to certain investors. In particular, investors would not be entitled to report losses realized by the Fund and would not be entitled to claim as a credit any of the foreign

taxes incurred by the Fund other than certain investors that are treated as corporations for U.S. federal income tax purposes.

The remainder of this discussion assumes that the Fund will be treated as a partnership for U.S. federal income tax purposes.

## **U.S. Taxation of the Fund's Operations for U.S. Taxable Investors**

### *U.S. Federal Income Tax Considerations*

As a partnership, the Fund itself will not be subject to U.S. federal income tax. Each U.S. Partner (as defined below) will be required to report its allocable share (whether or not any distributions are made) of the Fund's items of income, gain, loss, deduction, and credit for each taxable year of the Fund ending with or within the U.S. Partner's taxable year. It is possible that in a given year an investor may be allocated income or gain that will be subject to U.S. federal income tax in an amount that exceeds the amount of cash (if any) distributed by the Fund to such investor, thus requiring such investor to use personal funds to pay any tax liabilities arising from such allocation.

### *U.S. Partners*

The following discussion describes consequences to U.S. Partners in the Fund. For this purpose, a "U.S. Partner" means any person or entity that is (i) a citizen or resident of the United States, (ii) a corporation or other entity taxable as a corporation created or organized in or under the laws of the United States or any political subdivision of the United States, (iii) an estate the income of which is subject to U.S. federal income taxation 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 or if the trust has validly made an election to be treated as a U.S. person under applicable Treasury Regulations.

For U.S. federal income tax purposes, income earned through a foreign or domestic partnership or other flow-through entity is attributed to its owners. If a partnership or other flow-through entity holds a partnership interest, the U.S. federal income tax treatment of the holder will generally depend on the status of the partner or other owner and the activities of the partnership or other flow-through entity.

Non-corporate U.S. Partners (and certain closely-held personal service and S corporations) are subject to certain limitations on using losses from "passive business activities" to offset business income, salary income, and portfolio income (including, without limitation, interest, dividends, capital gains from portfolio investments, and royalties). The Fund is expected to be considered a "passive activity" for purposes of these rules. Interest on any amount borrowed by a U.S. Partner subject to these rules that is used to purchase Shares in the Fund generally will be treated as a "passive activity" expense and will be subject to the limitations on deductibility applicable to "passive activity" expenses. In general, such interest will be deductible only to the extent of the taxpayer's income from "passive activities" (including both its investment in the Fund and other "passive activity" investments of the taxpayer). These rules also would limit the ability of U.S. Partners subject to the rules to deduct any losses that are allocable to them from the Fund. "Passive activity" expenses and losses which are not deductible in the year incurred, however, may be carried forward and deducted in a future year in which the investor has sufficient "passive activity" income (either from the Fund or from other investments that are passive activities) or when the property generating the losses is sold.



In addition to the foregoing limitation, a U.S. Partner may not deduct from taxable income its share of the losses of the Fund, if any, to the extent that such losses exceed the lesser of (i) the adjusted tax basis of its Shares at the end of the Fund's taxable year in which the loss occurs, and (ii) in the case of certain U.S. Partners, the amount for which such investor is considered "at risk" at the end of that year. In general, a U.S. Partner will initially be "at risk" to the extent of the amount of cash and the adjusted bases in the other assets, if any, the U.S. Partner is deemed to have contributed to the Fund (unless it borrowed amounts on a nonrecourse basis to acquire or carry its Shares), plus its share of the Fund's liabilities that are considered "qualified nonrecourse financing" for purposes of the "at risk" rules. A U.S. Partner's "at risk" amount will increase or decrease as the adjusted basis in its interest increases or decreases. Losses disallowed to a U.S. Partner as a result of these rules can be carried forward and may be available to such U.S. Partner to offset gain from the same activity or may be utilized to the extent that the U.S. Partner's adjusted basis or "at risk" amount (whichever was the limiting factor) is increased in a subsequent year. The "at risk" rules apply to a U.S. Partner, an individual shareholder of a corporate U.S. Partner that is an S corporation, and a corporate U.S. Partner if fifty percent (50%) or more of the value of stock of such corporate U.S. Partner is owned directly or indirectly by five or fewer individuals at any time during the last half of the taxable year.

### *Cash Distributions and Redemptions*

The receipt of a distribution from the Fund by an investor generally will not result in the recognition of gain or loss for U.S. federal income tax purposes. However, distributions of cash in excess of an investor's adjusted basis for its Shares will result in the recognition of gain in the amount of such excess. For purposes of these rules, a decrease in the investor's share of Fund liabilities (which can result from a variety of types of transactions) is treated as if it were a distribution of cash.

An investor's adjusted basis in its Shares will initially equal the amount of any initial cash contribution, adjusted to reflect the investor's share of any Fund liabilities. The basis will be increased by the investor's additional cash contributions, its distributive share of Fund income, and any increase in the investor's share of Fund liabilities. The basis will be decreased (but not below zero) by the amount of cash distributions, the adjusted basis of any property distributed from the Fund, the investor's distributive share of Fund losses, and any decrease in the investor's share of Fund liabilities.

No gain will be recognized by an investor with respect to distributions made to it in liquidation of its interest in the Fund unless the amount of cash distributed exceeds its adjusted basis for its Shares immediately before the distribution (including adjustments reflecting operations in the year of dissolution). No loss may be recognized by an investor with respect to liquidating distributions unless the property distributed consists solely of cash and then only to the extent that the amount of the cash is less than the investor's adjusted basis in its Shares. The basis of any property received by an investor in liquidation of its interest in the Fund generally will be equal to the adjusted basis of its shares less the amount of any cash received in the liquidation.

### *U.S. Foreign Tax Credit Considerations*

The Fund may be subject to non-U.S. income taxes, and potentially also withholding taxes, with respect to its investments. Such taxes will be allocated to investors and may, under U.S. federal income tax law, be eligible for the foreign tax credit, subject to applicable limitations.

U.S. persons should note that the United States may have different rules for determining the amount and, especially, the timing of items of income, gain, loss, and deduction than jurisdictions in which the Fund is viewed as generating income. Accordingly, income as determined for U.S. purposes in the hands of an investor may be recognized in an earlier or later year than such income is recognized and subject to tax under the laws of the other jurisdiction. Otherwise creditable foreign income taxes can be carried back by an investor to the year preceding the year in which the Fund paid or accrued such taxes but not to an earlier year. Accordingly, an investor could lose the benefits of the U.S. foreign tax credit with respect to taxes that were paid or accrued to a non-U.S. jurisdiction more than one year after the year in which the corresponding income was recognized by the investor for U.S. federal income tax purposes. The ability of a U.S. Partner to claim a U.S. foreign tax credit for any non-U.S. income taxes incurred by the Fund will be material to such investor's after-tax economic return from an investment in the Fund, and U.S. Partners who are considering an investment in the Fund should consult their advisors as to the availability of this credit given such person's unique circumstances.

#### *U.S. Taxation of Dispositions of the Shares by U.S. Taxable Investors*

If Shares are sold, transferred, or otherwise disposed of, gain or loss from the disposition will be based on the difference between the amount realized on the disposition and the adjusted basis attributable to the Shares that are disposed of. The amount realized on the disposition of Shares generally will equal the sum of (i) any cash received, (ii) the fair market value of any other property received, and (iii) the amount of the Fund's liabilities allocated to the Shares. Because the amount realized includes any amount attributable to the relief from the Fund's liabilities attributable to the Shares, a U.S. Partner could have taxable income, or perhaps even a tax liability, in excess of the amount of cash and property received upon the disposition of the Shares. An investor generally will recognize capital gain or loss on the sale of Shares except to the extent of any gain attributable to the Fund's unrealized receivables or inventory items, if any.

#### *U.S. Taxation of the Fund's Operations for U.S. Tax-Exempt Investors*

Organizations exempt from U.S. federal income tax under Section 501(a) of the Code, including ERISA plans and certain other investors, are subject to tax on unrelated business taxable income ("UBTI"). UBTI arises primarily as income from an unrelated trade or business regularly carried on (including an unrelated trade or business regularly carried on by a partnership of which the entity is a partner) or as income from property as to which there is or has been acquisition indebtedness (including gain from the sale of such debt-financed property). Tax-exempt entities may be restricted in their ability to offset losses from one unrelated trade or business against the income of another unrelated trade or business (even if those trades or businesses are both conducted by the Fund). Passive income that constitutes dividends, interest, royalties, or capital gains generally are not UBTI; however, these types of income can become UBTI if they are generated by "debt-financed property." "Debt-financed property" generally means any property held for the production of income with respect to which there is "acquisition indebtedness." "Acquisition indebtedness" with respect to property generally means indebtedness incurred in connection with the acquisition or improvement of such property. Leverage incurred by the Fund used to acquire investments and treated as acquisition indebtedness will be attributed to tax-exempt investors in the Fund. Accordingly, tax-exempt investors may recognize substantial UBTI as a result of an investment in the Fund. Moreover,

there can be no assurance that a tax-exempt investor will be allowed a U.S. foreign tax credit for the non-U.S. income taxes imposed on the income of the Fund. Accordingly, any tax-exempt investor considering an investment in the Fund must consult its own tax adviser regarding the tax consequences of investing in the Fund.

## **U.S. Taxation of the Fund's Operations for Non-U.S. Investors**

Special tax considerations apply to investors that are foreign taxpayers for U.S. tax purposes, such as non-resident aliens, foreign corporations, foreign institutional investors, and foreign trusts and estates, in each case that are not otherwise carrying on a trade or business in the United States ("**Non-U.S. Partners**"). The tax treatment to a Non-U.S. Partner will depend on whether the Fund is engaged in a U.S. trade or business, or if the Fund has a permanent establishment in the United States if a tax treaty applies with respect to such Non-U.S. Partner, and whether the income from the Fund is effectively connected with the conduct of such trade or business, or is allocable to such permanent establishment under an applicable tax treaty ("**Effectively Connected Income**"). A Non-U.S. Partner will be required to file a U.S. tax return on an annual basis as a result of recognizing Effectively Connected Income, and its allocable share of net Effectively Connected Income will be subject to U.S. federal income tax. A U.S. foreign tax credit may be available to a Non-U.S. Partner who is deemed to receive Effectively Connected Income from the Fund's operations. Absent a reduction or exemption pursuant to an applicable tax treaty, a corporate Non-U.S. Partner that is treated as engaged in a U.S. trade or business may be subject to an additional branch profits tax at a flat rate of 30% in respect of certain amounts in addition to the full tax at graduated rates imposed on its net Effectively Connected Income.

The Fund should not have Effectively Connected Income because it should not have a U.S. trade or business, or a permanent establishment, and even if it did, the income will be almost entirely from sources without the United States and will not be described within certain specified categories, and the Fund will have an office outside the United States that will constitute a material factor in the generation of such income.

## **Other U.S. Tax Compliance Considerations**

### *Partnership Tax Return; Decision-Making Authority; Audits*

Generally, the Fund does not expect to file a U.S. tax return because it should not have gross income effectively connected with a U.S. trade or business or income from U.S. sources. However, the Fund will provide sufficient information to investors so that the investors can comply with their own tax filing obligations.

If the Fund does file a U.S. tax return, the Directors will have considerable authority to make decisions affecting the tax treatment and procedural rights of the investors. For example, it will decide how to report the Fund's items on its tax returns if it files such returns, and investors are required by the Code to treat such items consistently on their own U.S. federal income tax return unless they file a statement with the IRS disclosing the inconsistency. In addition, the Directors will have the right on behalf of all investors to extend the statute of limitations with respect to the investors' tax liability on Fund items.

The tax treatment of items of gain, income, loss, deductions, and credit generally will be determined at the Fund level in a single proceeding rather than by individual audits of the investors. An audit of the Fund may result in the disallowance, reallocation, or deferral of losses or deductions claimed by the Fund and/or the acceleration or reallocation of income of the Fund. The audit may also result in transactions that the

Fund treated as non-taxable being treated as taxable or items that the Fund reported as long-term capital gain being treated as ordinary income or short-term capital gain. Any such change may cause an investor to be required to pay additional tax (including penalties and interest), or, in certain circumstances, absent an election by the Fund to the contrary, any such change resulting in additional U.S. federal income taxes (including penalties and interest) may be imposed on the Fund directly, which could cause the economic burden of these additional U.S. federal income tax liabilities arising on audit of the Fund to be borne by Shareholders based on their interests in the Fund in the year during which the audit or other proceeding is resolved, even though liabilities are attributable to an earlier taxable year in which the interests or identity of some or all of the investors was different.

### *Form 8865 Reporting*

A U.S. person may be required to file an information return with respect to the ownership of the Shares under one or more of several circumstances. Such a return may be required for a taxable year during which a U.S. person acquires or disposes of an interest in a foreign partnership or the person's proportional interest in the partnership changes substantially. An information return is also required if a U.S. person either (1) is a "controlling fifty-percent partner" of a foreign partnership or (2) holds an interest of at least 10% in the partnership while the partnership is controlled by U.S. persons with 10% or greater interests. Finally, a U.S. person may be required to file an information return reporting transfers to a foreign partnership. The IRS has prescribed one form, Form 8865 (Return of U.S. Person With Respect To Certain Foreign Partnerships), for all of these returns. The form is filed with, and due at the same time as, the filer's U.S. federal income tax return for the year.

### **U.S. State and Local Taxes**

In addition to the U.S. federal income tax consequences described above, prospective investors should consider potential state and local tax consequences of an investment in the Fund. State and local laws often differ from federal income tax laws with respect to the treatment of specific items of income, gain, loss, deduction, and credit. An investor's allocable share of the taxable income or loss of the Fund generally will be required to be included in determining its reportable income for state and local tax purposes in the jurisdiction in which such investor is subject to taxation. Prospective tax-exempt investors should also be aware that the rules of some states and localities for computing and/or reporting UBTI may differ from the U.S. federal rules.

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## CERTAIN ERISA AND U.S. SECURITIES LAW CONSIDERATIONS

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### Certain ERISA Considerations

This Memorandum was not intended or written to be used, and it cannot be used by any taxpayer, for the purpose of avoiding penalties that may be imposed on the taxpayer under U.S. federal tax law. This Memorandum was written to support the promotion or marketing of the Fund.

The U.S. Employee Retirement Income Security Act of 1974, as amended (“**ERISA**”), governs the investment of the assets of certain employee benefit plans that may be limited partners. ERISA and the rules and regulations of the U.S. Department of Labor (“**DOL**”) under ERISA contain provisions that should be considered by fiduciaries of those plans and their legal advisors.

#### *Fiduciary Duty*

In considering an investment in the Fund, plan fiduciaries should consider their basic fiduciary duty under ERISA Section 404, which requires them to discharge their investment duties prudently and solely in the interest of the plan participants and beneficiaries.

Before authorizing an investment in the Fund, plan fiduciaries should consider, among other things: (i) the fiduciary standards under ERISA; (ii) whether the investment in the Fund satisfies the prudence and diversification requirements of ERISA, including whether the investment is prudent in light of limitations on the marketability of the Shares in the Fund; (iii) whether such fiduciaries have authority to make the investment under the appropriate plan investment policies and governing instrument and under Title I of ERISA; and (iv) whether the investment will give rise to a “prohibited transaction” within the meaning of Section 406 of ERISA or Section 4975 of the U.S. Internal Revenue Code of 1986, as amended (the “**Code**”). In analyzing the prudence of an investment in the Fund, special attention should be given to the DOL regulation on investment duties (29 C.F.R. Section 2550.404a-1).

#### *Plan Assets*

Under ERISA and regulations issued by the DOL, when a plan covered by ERISA acquires an equity interest (such as the Shares) in an entity (such as the Fund) that is neither a “publicly offered security” nor a security issued by an investment company registered under the Investment Company Act, as amended, the assets of the ERISA plan generally include not only such equity interest, but also an undivided interest in each of the underlying assets of such entity, unless it is established that: (i) the entity is an “operating company,” including a “venture capital operating company” as defined in the DOL regulations (a “**VCOC**”); or (ii) ownership of each class of equity interest in the entity by “benefit plan investors” (within the meaning of DOL regulations as modified by section 3(42) of ERISA) has a value in the aggregate of less than 25% of the total value of such class of equity interest then outstanding, determined on the date of the most recent acquisition of any equity interest in the entity (the “**25% Test**”).

For purposes of the 25% Test, the term “benefit plan investor” includes (i) any employee benefit plan subject to part 4 of Title I of ERISA; (ii) any plan, account or arrangement to which section 4975 of the Code applies; and (iii) any entity whose underlying assets include “plan assets” by

reason of a plan's investment in such entity (e.g., an entity of which 25% or more of the value of any class of equity interests is held by benefit plan investors and which does not satisfy any exception under the DOL regulations). An entity will be considered a benefit plan investor only to the extent of the percentage of its equity interests that are held by benefit plan investors. Under the 25% Test, the value of equity interests held by a person (other than a "benefit plan investor") that has discretionary authority or control with respect to the assets of the entity or that provides investment advice for a fee (direct or indirect) with respect to such assets (or an associate of such person ) is disregarded.

The Directors will use commercially reasonable efforts to conduct the affairs and operations of the Fund so that the Fund's assets will not be deemed to constitute "plan assets" subject to ERISA by either (i) qualifying the Fund as a VCOC or (ii) limiting investment in the Fund by "benefit plan investors" (within the meaning of DOL regulations as modified by section 3(42) of ERISA) to less than 25% of each class of equity interests in the Fund.

#### *Form 5500*

Plan administrators of investors that are subject to ERISA may be required to report on Form 5500 Annual Return/Report compensation paid to service providers. The descriptions contained herein of fees and compensation are intended to satisfy the disclosure requirements for "eligible indirect compensation" for which the alternative reporting option on Schedule C of Form 5500 may be available.

**Prospective investors in the Fund such as pension funds that are subject to the provisions of ERISA should consult with their counsel and advisors as to the provisions of ERISA applicable to an investment in the Fund.**

#### **Certain U.S. Securities Laws Matters**

It is anticipated that the Fund, being comprised of a limited liability company organized outside the United States and not intending to make a public offering of its securities in the United States, will not be required to register under the Investment Company Act. In order to ensure that the Fund will not be subject to the registration requirements of the Investment Company Act, the Directors will ensure that the outstanding securities in Fund are beneficially owned by not more than 100 U.S. persons who meet the conditions with respect to beneficial ownership contained in Section 3(c)(1) of the Investment Company Act, or that the Fund's U.S. investors consist only of "qualified purchasers" pursuant to the exemption contained in Section 3(c)(7) of the Investment Company Act. The Directors will obtain appropriate representations and undertakings from the Shareholders to ensure that the conditions of the applicable exemption are met.

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## MANAGEMENT

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### **The Directors**

The Fund has five Directors, each of whom serves in accordance with the laws of Mauritius and in accordance with the Constitution. The Directors' primary function is to supervise the general conduct of the affairs of the Fund. The Directors have appointed the Investment Manager and delegated to it certain management and administrative tasks on behalf of the Fund. A brief biographical description of each of the Directors follows:

#### *Alain Nkontchou*

Alain Nkontchou is the Managing Partner and CIO at Enko Capital Management LLP. Previously he was a Managing Director for Global Macro Trading within the Proprietary Trading Group of Credit-Suisse in London, a group he joined in 2005 from JP Morgan where he held the same position since 2002. Alain actively traded fixed income, currencies, commodities and stocks indices over his 17 years' experience prior to founding Enko. From 2001 until 2002, Alain joined BlueCrest Capital Management as Portfolio Manager and returned to JPMorgan in 2002. Prior to joining Chemical Bank in 1989, he was a research engineer on speech recognition systems for Matra Communication in France. Alain has been a board member of Laurent-Perrier, a leading champagne company listed on the Paris Stock Exchange, since 1999. He received an MSc in Electrical Engineering from Ecole Supérieure d'Electricité in Paris and an MSc from Ecole Supérieure Commerce Paris.

#### *Cyrille Nkontchou*

Cyrille Nkontchou is a Partner at Enko Capital Management LLP and is the Founder and Managing Director of Liquid Africa Holdings Limited, a pan-African investment bank specialising in capital raising, stockbroking and trading in all African markets. Until March 2000, Cyrille was the Head of Sub-Sahara Research (ex-South Africa) at Merrill Lynch & Co in London where he was ranked in the Financial Mail 1999 Analyst Survey as one of the best research analysts on the continent. Prior to joining Merrill Lynch, Cyrille was a Manager at Accenture in Paris, specialised in financial markets. He holds a BA in Economy from Institut d'Etudes Politiques in Paris and an MBA from Harvard Business School. He was nominated as Young Global Leader 2006 by the World Economic Forum. Cyrille was selected in 2020 as one of the 10 finalists for the Jack Ma Foundation's Africa's Business Heroes Prize.

#### *Christoph Avenarius*

Christoph Avenarius is a Partner at Irupé Creditech (Brazil), a lending partnership engaging farmers in forest and bio-diversity conservation in Brazil. Christoph began his career in finance in 1994 after receiving his Doctor of Philosophy in Theoretical Physics (German Rhodes Scholar) from the University of Oxford. His first role at Bayerische Vereinsbank (HVB) involved extending the term structure of Eastern Europe's yield curves beyond money market rates by initiating, issuing and

trading the first local currency Eurobonds. From 2003-2012 he was Head of Directional Strategies and Head of Emerging Markets in the Alternative Solutions Group at Credit Suisse. Following that, he was the Co-Head of Investments and Head of Emerging Markets in the External Equities Department at the Abu Dhabi Investment Authority from 2012-2015.

*Druvnath (Vimal) Damry*

Druvnath (Vimal) Damry is the Managing Director of Premier Financial Services Limited (since September 2007), a company holding a management license from the FSC. He is also a Director of UHY Premier Financial Services Limited, a FSA Seychelles-licensed Corporate Service Provider and Trustee (since June 2014). He has been in the global business and financial services industry for 20 years. He holds an LLM in Business Law from De Montfort Leicester University (2015), a law degree from the University of London (2005), a degree in Economics from Sri Ram College of Commerce (SRCC) - University of Delhi (1998), a Postgraduate diploma in International Trust Management from Society of Trust and Estate Practitioners (STEP) (2003). He holds memberships at Central Law Training UK, STEP, International Tax Planning Association (ITPA), the Family Firm Institute (FFI) and other professional bodies. He was previously the Africa director of INAA Group (an international association of accountants and tax advisers) and was also the past Chairman of STEP Mauritius. Vimal has vast experience in international business matters, securities licenses, and management of various funds and investments.

*Thirumagen (Pazani) Vaitilingon*

Pazani is the Head of Funds at IQ-EQ Mauritius and has been with the Company since joining in May 2020 as Director – Client Management. Prior to joining IQ-EQ, Pazani was heading the private equity unit of a financial services company, listed on the London Stock Exchange and a constituent of the FTSE 250 Index. In his 13+ years' experience predominantly within the PE space, he has been involved in fund setup & structuring, fund administration, accounting, tax, compliance and business development amongst others. He is a Fellow of the Association of Chartered Certified Accountants, UK and has completed an Honours degree with first class distinction in Management with Finance at the University of Mauritius. In his current role, he is responsible for the overall leadership of the Funds segment in the Mauritius cluster whilst also managing, building and developing partnerships with new and existing clients and intermediaries. In addition to providing technical knowledge and expertise to clients, he also spearheads strategic initiatives including setting up of organic operations in new markets of the region.

**The Investment Manager**

The Fund has engaged Enko Fund Managers Limited, a company incorporated under the laws of Mauritius and holding a Global Business License and a CIS Manager License issued by the FSC, as the Investment Manager of the Fund's assets and investments pursuant to the Investment Management Agreement. The Investment Manager is exempted from registration as an investment adviser with the SEC.



The background and experience of the principals of the Investment Manager are set forth below.

*Alain Nkontchou*

Alain Nkontchou is the Managing Partner and CIO at Enko Capital Management. Previously he was a Managing Director for Global Macro Trading within the Proprietary Trading Group of Credit-Suisse in London, a group he joined in 2005 from JP Morgan where he held the same position since 2002. Alain intensively traded fixed income, currencies, commodities and stocks indices over his 17 years' experience prior to founding Enko. From 2001 until 2002, Alain joined BlueCrest Capital Management as Portfolio Manager and returned to JPMorgan in 2002. Prior to joining Chemical Bank in 1989, he was a research engineer on speech recognition systems for Matra Communication in France. Alain has been a board member of Laurent-Perrier, a leading champagne company listed on the Paris Stock Exchange, since 1999. He received an MSc in Electrical Engineering from Ecole Supérieure d'Electricité in Paris and an MSc from Ecole Supérieure Commerce Paris.

*Cyrille Nkontchou*

Cyrille Nkontchou is a Director at Enko Capital Management and is the Founder and Managing Director of Liquid Africa Holdings Limited, a pan African investment bank specialising in capital raising, stockbroking and trading in all African markets. Until March 2000, Cyrille was the Head of Sub-Sahara Research (ex. South Africa) at Merrill Lynch & Co in London where he was ranked in the Financial Mail 1999 Analyst Survey as one of the best research analysts on the continent. Prior to joining Merrill Lynch, Cyrille was a Manager at Accenture in Paris, specialised in financial markets. He holds a BA in Economy from Institut d'Etudes Politiques in Paris and an MBA from Harvard Business School. He was nominated as Young Global Leader 2006 by the World Economic Forum.

*Craig Stanley*

Craig Stanley, CFA is Chief Operating Officer at Enko Capital Management LLP, an Africa-focused investment firm based in London. Craig has over 23 years of investment experience, working both as a pension/superannuation consultant, as well as for asset management firms. Over his career, he has lived and worked in the U.S., Japan, Australia, and the United Kingdom. For the past 13 years Craig has been immersed in the African and global frontier space in listed equities, debt, real estate, private equity, and private debt. Prior to joining Enko, Craig was a Managing Director at Terra Partners Group Ltd., the U.S. affiliate of a global frontier hedge fund manager. Craig earned his B.A. in Political Economy from New York University where he graduated magna cum laude and Phi Beta Kappa. Craig was awarded the Chartered Financial Analyst designation in 2005.

*The Investment Management Agreement.*

Pursuant to the terms of the Investment Management Agreement, the Investment Manager has agreed, *inter alia*, to manage all aspects of the Fund's investment operations in accordance with all investment parameters adopted by the Fund. The Investment Manager may delegate any or all of its duties pursuant to the Investment Management Agreement.

The Investment Management Agreement provides that the Investment Manager shall not be responsible for any loss or damage which the Fund may sustain as a result of or in the course of the discharge of its duties under the said agreement other than loss or damage arising by reason of the fraud, wilful default or negligence of the Investment Manager and the Fund shall indemnify and hold harmless the Investment Manager against all claims and demands which may be made against the Investment Manager in respect of any loss or damage sustained or suffered by any third party, otherwise than by reason of the fraud, wilful default or negligence of the Investment Manager as aforesaid.

The Investment Management Agreement is subject to termination by either party thereto (i) at any time upon not less than 3 months' prior written notice being given to the other; (ii) in the event of any breach of obligations under the Investment Management Agreement and failure by the party in breach to remedy such breach within 30 days of receipt of notice requiring it to make good such breach; or (iii) upon liquidation or appointment of a receiver of its assets.

The Investment Manager will devote as much time to the investment activities of the Fund as it shall determine to be necessary for the efficient operation of the Fund.

The Investment Manager and its affiliates, principals and employees may engage or participate in other activities or ventures, whether or not of the same nature as the Fund. No Shareholder shall be entitled to any profits that the Investment Manager or any of its affiliates, principals or employees shall derive from any activities or ventures other than those derived from the Fund, whether or not such businesses or ventures are of the same nature as, and/or compete with the Fund. The Investment Manager, its affiliates, principals and employees shall not be prohibited from buying or selling securities for their own account, including securities that are the same as those held by the Fund. As a result of its other activities, the Investment Manager may have conflicts of interest in allocating time, services and functions among the Fund and other business ventures. See "CERTAIN RISK FACTORS".

See "FEES AND EXPENSES" herein for a general description of the fees payable to the Investment Manager.

### **The Investment Adviser**

The Investment Manager has engaged Enko Capital Management LLP as the Investment Adviser with responsibility for providing the Investment Manager with trading execution and advice in connection with the management of the assets of the Fund, pursuant to the terms of the Investment Adviser Agreement. The Investment Manager will be responsible for the fees of the Investment Adviser.

The Investment Adviser is managed by 3 principals; Alain Nkontchou who has over 20 years of experience in hedge fund management in global markets with JP Morgan Chase, BlueCrest and Credit Suisse, Cyrille Nkontchou who has over 20 years of experience pan-African research and advisory services with Merrill Lynch and LiquidAfrica Holdings and Craig Stanley. The Investment Adviser is authorised and regulated by the Financial Conduct Authority (FCA) of the UK. It is not an AIFM and has no AIFMD permissions. The Investment Adviser intends to rely on an exemption from registration as an investment adviser with the SEC.

### *The Investment Adviser Agreement.*

Pursuant to the terms of the Investment Adviser Agreement, the Investment Adviser has agreed, *inter alia*, to provide advice and trade execution to the Investment Manager in accordance with its responsibility to manage the Fund's investment operations. The Investment Adviser may delegate any or all of its duties pursuant to the Investment Adviser Agreement.

The Investment Adviser Agreement provides that the Investment Adviser shall not be responsible for any loss or damage which the Fund may sustain as a result of or in the course of the discharge of its duties hereunder other than loss or damage arising by reason of the fraud, wilful default or negligence of the Investment Adviser and the Fund shall indemnify and hold harmless the Investment Adviser against all claims and demands which may be made against the Investment Adviser in respect of any loss or damage sustained or suffered by any third party, otherwise than by reason of the fraud, wilful default or negligence of the Investment Adviser as aforesaid.

The Investment Adviser Agreement is subject to termination by either party thereto (i) at any time upon not less than 1 month prior written notice to the other; (ii) in the event of any breach of obligations under the Investment Adviser Agreement and failure by the party in breach to remedy such breach within 30 days of receipt of notice requiring it to make good such breach; or (iii) upon liquidation or appointment of a receiver of its assets.

The Investment Adviser will devote as much time to the advice and trade execution provided to the Investment Manager as it shall determine to be necessary.

The Investment Adviser and its affiliates, principals and employees may engage or participate in other activities or ventures, whether or not of the same nature as the Investment Manager. The Investment Adviser, its affiliates, principals and employees shall not be prohibited from buying or selling securities for their own account, including securities that are the same as those researched, traded, or held by funds or other accounts managed by the Investment Manager. As a result of its other activities, the Investment Adviser may have conflicts of interest in allocating time, services and functions among the Investment Manager and other business ventures. See "CERTAIN RISK FACTORS".

See "FEES AND EXPENSES" herein for a general description of the fees payable to the Investment Adviser.

### **The Administrator**

The Fund has entered into an Administration Agreement with IQ EQ Fund Services (Mauritius) Ltd as the Administrator. Pursuant to the Administration Agreement, the Administrator will perform various administrative services for the Fund and its corresponding Class of Shares, including the supervision of share issue and redemption services, and will calculate the Fund's Net Asset Value and the Net Asset Value per Share for each Class and Series on each Valuation Day.

The Administration Agreement provides that the Administrator shall not be liable to the Fund or its Shareholders for any error of judgement, mistake of law or for any loss suffered by the Fund or its Shareholders in connection with its services in the absence of wilful default, negligence or fraud. The Administration Agreement contains provisions for the indemnification of the Administrator

by the Fund against liabilities to third parties arising in connection with the performance of its services, except under certain circumstances as per the Administration Agreement.

See “FEES AND EXPENSES” herein for a description of the fees payable to the Administrator pursuant to the Administration Agreement.

The Fund will hold harmless and indemnify and provide adequate insurance to the Administrator, its employees, officers, directors, partners and shareholders (collectively, jointly and severally, the “**Indemnified Party**”) against all actions, proceedings, claims, costs, demands and expenses which may be brought against, suffered or incurred by the Administrator by reason of its performance or non-performance of its obligations or functions under the terms of the Administration Agreement and which shall have arisen directly or indirectly out of or in connection with the Administrator’s accepting Proper Instructions (as defined in the Administration Agreement) and acting thereon (other than due to fraud or gross negligence on the part of the Administrator or on the part of the Administrator’s directors, officers or employees (“**SFS Officers**”) ) including all legal, professional and other expenses incurred by the Administrator or persons designated by it in the performance or non-performance of such obligations or functions) and in particular (but without limitation) this protection and indemnity shall extend to any such items aforesaid as shall arise as a result of any such loss suffered or incurred by the Fund, the Investment Manager or any investor/shareholder in the Fund, or any loss, delay, delivery failure or error in transmission of any cable or telegraphic communication or as a result of acting upon any forged document or signature. The Administrator will receive a monthly fee from the Fund, subject to a monthly minimum fee. Certain other out-of-pocket expenses of the Administrator, as well as applicable data, communication and technology-related charges may also be charged to the Fund in accordance with the Administration Agreement.

The Administration Agreement may generally be terminated at any time without penalty by the Fund on not less than 60 days’ written notice or by the Administrator on not less than 60 days’ notice, except that it may be terminated upon less notice in certain instances.

The Administrator may have relationships with providers of technology, data or other services to the Fund and/or Investment Manager and may receive economic and/or other benefits in connection therewith. The Administrator may subcontract with agents, selected by the Administrator in good faith for administrative and certain other services.

The Administrator does not act as a guarantor of the shares. Moreover, the Administrator is not responsible for any of the trading or investment decisions of the Fund (all of which are made by the Investment Manager), or the effect of such trading decisions on the performance of the Fund.

The office of the Administrator is located at 33, Edith Cavell Street, 11324, Port-Louis, Mauritius.

## **Custody**

Standard Chartered Bank Mauritius (“SCB”), acting through its subsidiary has been appointed by the Fund as custodian to the Fund with responsibility for custody of certain of the Fund’s assets. The Custodian provides custody services to the Fund under the terms and conditions of the Custodian Agreement. The Custodian is regulated by the *Financial Services Commission* in the conduct of its custody business.

Under the Custodian Agreement, the Custodian may, at the Fund's expense, appoint such sub-custodians, agents, and delegates, as it thinks fit, and may delegate its duties, obligations and powers to such parties. The Custodian must exercise reasonable care and appropriate diligence in the selection and monitoring of these parties, maintain what the Custodian considers an appropriate level of supervision over these parties, and make what the Custodian considers appropriate periodic inquiries to confirm that these parties are competently discharging their obligations. The Custodian will not (except as provided in the Custodian Agreement) be responsible for any loss suffered by the Fund by reason of liquidation, bankruptcy or insolvency of any agent, sub-custodian, or delegate but will use reasonable endeavours to recover any property held by such person, and recover any losses or damages suffered by the Fund as a direct consequence.

The Fund's cash is not segregated from the Custodian's own cash and may be used by the Custodian in the course of its business. The Fund ranks as one of the Custodian's general creditors for the cash balance. The Custodian will not be responsible for any cash, securities and/or other assets of the Fund which are not deposited with or held to the Custodian's order. In particular, the Custodian will not be responsible for (i) any cash, securities and/or other assets placed with other co-custodians, brokers, or any other party outside the Custodian's global custodian network; or (ii) any cash placed with any bank or financial institution which is not a member of the SC Group. In addition, the Custodian will not be liable for any loss occasioned by reason of the liquidator, bankruptcy or insolvency of such co-custodian, broker or other intermediary.

The Custodian's obligations and liabilities are only to the Fund and only as provided in the Custodian Agreement. Under the Custodian Agreement (i) the Custodian Agreement may be terminated at any time by either party upon not less than ninety days' prior written notice, (ii) the Custodian shall not be liable to the Fund, any investor or any other person unless it has been negligent, has wilfully defaulted or committed a fraud, (iii) the Fund fully indemnifies the Custodian, its agents, delegates, affiliates, sub-custodians and their respective directors, officers, employees, agents and nominees, on demand against any losses claims expenses of any kind (including legal and professional expenses), actions or proceedings of any nature which may be incurred by the Custodian arising out of or in connection with the services provided by the Custodian, any agent, sub-custodian, affiliate, or delegate of the Custodian (other than those resulting from the fraud, negligence or wilful default on the part of the Custodian, agent, sub-custodian, affiliate, or delegate) and (iv) the Custodian shall have a general lien over the securities held by the Custodian pursuant to the Custodian Agreement until the satisfaction of all the liabilities and obligations of the Fund under the Custodian Agreement.

The Fund (and not the Custodian) is responsible for ensuring that the Fund's assets are delivered to the Custodian as custodian. The Custodian is not responsible for monitoring the Fund's compliance with this obligation.

The Custodian has no fiduciary responsibility to either the Fund or the Investors. The Custodian does not provide any investment management or advisory services to the Fund and, therefore, is not in any way responsible for the Fund's performance or the repayment of capital to the Fund's Investors, the monitoring of the Fund's investments or the Fund's compliance with its investment objectives or restrictions, borrowing restrictions or operating guidelines. The Custodian was not involved in preparing, and accepts no responsibility for any information contained in, this Offering Document. None of the Custodian or their employees or agents are directly involved in the business affairs, organization, sponsorship or management of the Fund. The Custodian will not participate in

transactions or activities or make any payments denominated in U.S. dollars, which if carried out by a U.S. person, would be subject to sanctions of the Office of Foreign Assets Control.

### **Prime Brokerage**

The Fund may appoint one or more financial institutions from time to time to act as a prime broker for the provision of prime brokerage services to the Fund (“**Prime Broker**”), without approval from or notice to the Shareholders. The Fund also reserves the right to change the prime brokerage arrangements by agreement with the Prime Broker and/or, in its discretion, to appoint additional or alternative prime broker(s) without prior approval from or notice to Shareholders.

The Fund has appointed Standard Chartered Bank to act as Prime Broker for it. SCB is a firm authorised by the Prudential Regulation Authority (“**PRA**”) and regulated by the Financial Conduct Authority (“**FCA**”) and the PRA and their affiliates.

The contact details of both the FCA and the PRA are as follows:

#### **Financial Conduct Authority**

25 The North Colonnade  
London, E14 5HS  
Tel No.: +44 207 066 1000

#### **Prudential Regulation Authority**

Threadneedle Street, London,  
EC2R 8AH  
Tel No.: +44 (0)20 3461 4444

These services may include rates, foreign exchange and precious metals intermediation, OTC client clearing, settlement and foreign exchange facilities, and securities financing and custody services. The Prime Broker provides services to the Fund under the terms and conditions of the ISDA Master Agreement, Credit Support Annex, Credit Support Deed, prime brokerage agreements and any other legal agreements between the Prime Broker and the Fund to facilitate the services (“**Prime Broker Agreements**”).

Any cash held or received for the Fund by SCB in its capacity as Prime Broker will not be treated as client money by SCB and will not be subject to the client money protections conferred by the FCA client money rules. The Fund’s cash is not segregated from the Prime Broker’s own cash and may be used by the Prime Broker in the course of its business. The Fund ranks as one of the Prime Broker’s general creditors for the cash balance. The Prime Broker will not be responsible for any cash, securities and/or other assets of the Fund which are not deposited with or held to the Prime Broker’s order. In particular, the Prime Broker will not be responsible for (i) any cash, securities and/or other assets placed with other custodians, brokers or other intermediary; or (ii) any cash placed with any bank or financial institution which is not a member of the SCB group. In addition, the Prime Broker will not be liable for any loss occasioned by reason of the liquidator, bankruptcy or insolvency of such custodian, broker or other intermediary. As a financial institution that provides a wide range of services to its clients, SCB is also involved in activities such as dealing in, holding, acting as market makers or performing financial or advisory services in relation to the products which prime brokerage services are provided for. While SCB may have controls to manage the conflict of interest

between its prime brokerage activities and dealing activities, it shall not be liable for any damage or loss incurred as a result of such conflicts of interest.

The Prime Broker's obligations and liabilities are only to the Fund and only as provided in the Prime Broker Agreements. Under the Prime Broker Agreements (i) the Prime Broker shall not be liable to the Fund, any investor or any other person unless it has been negligent, has willfully defaulted or committed a fraud, (ii) the Fund on behalf of and for the account of the Fund fully indemnifies the Prime Broker, its agents, delegates, affiliates, and their respective directors, officers, employees, agents and nominees, on demand against any losses, claims, expenses of any kind (including legal and professional expenses), actions or proceedings of any nature which may be incurred by the Prime Broker arising out of or in connection with the services provided by the Prime Broker, any agent, affiliate, or delegate of the Prime Broker (other than those resulting from the fraud, negligence or willful default on the part of the Prime Broker, agent, affiliate, or delegate) and (iii) the Prime Broker may have a general lien over the securities or collateral held by the Prime Broker pursuant to the Prime Broker Agreements until the satisfaction of all the liabilities and obligations of the Fund under the Prime Broker Agreements.

The Fund (and not the Prime Broker) is responsible for ensuring the compliance with any of the Fund's obligations. The Prime Broker has no fiduciary responsibility to either the Fund or the Shareholders. The Prime Broker does not provide any investment management or advisory services to the Fund and, therefore, is not in any way responsible for the Fund's performance or the repayment of capital to the Fund's investors, the monitoring of the Fund's investments or the Fund's compliance with its investment objectives or restrictions, borrowing restrictions or operating guidelines. The Prime Broker was not involved in preparing, and accepts no responsibility for, any information contained in the Offering Memorandum and this Appendix. None of the Prime Broker or their employees or agents are directly involved in the business affairs, organization, sponsorship or management of the Fund. The Prime Broker will not participate in transactions or activities or make any payments denominated in U.S. dollars, which if carried out by a U.S. person, would be subject to sanctions of the Office of Foreign Assets Control. The Fund may also appoint those banks that provide leverage to the Fund as brokers or custodian of the Fund's assets. In the discretion of the Manager, portfolio assets may be held for the benefit of the Fund by reputable licensed financial institutions other than the Prime Broker, including any brokers or dealers, banks or other institutions through which the Fund on behalf of the Fund effects transactions.

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## FEES AND EXPENSES

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### **Organizational, Ongoing and Other Costs**

The Investment Manager has paid for certain organizational costs of the Fund. The Investment Manager may waive reimbursement of all costs and expenses associated with the Fund's operations and with regard to its organizational and offering expenses, as well as out-of-pocket expenses incurred on behalf of the Fund. The Fund will treat its organizational costs and expenses in accordance with International Financial Reporting Standards. The Fund will be responsible for all of the necessary expenses of its operation including, without limitation, the cost of maintaining the Fund's registered office in Mauritius, the Fund's annual Mauritius registration fees, brokerage commissions, legal and auditing expenses, accounting, fund administration, investment related consultants and other service provider expenses, expenses incurred with respect to the preparation, duplication and distribution to the Shareholders and prospective Shareholders of offering documents, annual reports and other financial information and similar ongoing operational expenses.

Fees and expenses that are identifiable with a particular Class will be charged against that Class in computing its Net Asset Value. Other fees and expenses that are not so identifiable will be allocated between the Classes based on their respective aggregate Net Asset Values or otherwise in the discretion of the Directors. The Investment Manager is responsible for providing all office personnel, space and facilities required for the performance of its services, including the payment of the Investment Adviser's fees.

### **Fees of the Investment Manager**

**Management Fee.** Pursuant to the Investment Management Agreement, the Investment Manager will receive from the Fund the annual Management Fee that is equal to the total of (i) 1.75% of the Net Asset Value attributable to the Shares of each Class (other than Class B Shares) and (ii) 1.5% of the Net Asset Value attributable to the Class B Shares during the relevant calendar year. The Management Fee will be calculated as at the last Business Day on a quarterly basis, and paid in advance, (before deduction of the quarterly Management Fee and before deduction for any accrued Incentive Fees) on the first Business Day of the next relevant quarter. The Management Fee will be prorated based upon a Shareholder's actual period of ownership of its Shares. The Investment Manager may, in its discretion, effectively waive all or part of the Management Fee with respect to any Shareholder by rebate or otherwise.

**Incentive Fee.** The Investment Manager is also entitled to receive the Incentive Fee from the Fund, being an annual performance-based fee in an amount equal to the total of (i) 20% of the appreciation of the Net Asset Value of each Series of each Class (other than Class B Shares) with respect to a particular fiscal year subject to a hurdle rate of Three Month CME SOFR plus 3.5% compounded annually plus a credit adjustment spread of 0.2616% and (ii) 15% of the appreciation of the Net Asset Value of Class B Shares with respect to a particular fiscal year. The Incentive Fee, if any, is calculated and payable (subject to any fee deferral election) (i) as of the last Business Day of each fiscal year;



(ii) as of each Redemption Day with respect to the Shares redeemed by redeeming Shareholders on that day, (iii) in the Fund's sole discretion, as of the effective date of a transfer of Shares with respect to the Shares transferred, and (iv) as of the date of the termination of the Investment Management Agreement, in each case with respect to the period ending on such date.

All fees and expenses (except the Incentive Fee itself) that have been accrued or paid (but not previously accrued) for a given period are deducted prior to calculating the Incentive Fees for such period, including, without limitation, the Management Fee. The Investment Manager, in its sole discretion, may effectively waive all or part of its Incentive Fee otherwise due with respect to any Shareholder's investment, by rebate or otherwise. The Investment Manager may, in its sole discretion, rebate or otherwise pay all or part of its Incentive Fee to placement agents or individual Shareholders.

*High Water Mark.* The Incentive Fee with respect to a Series is calculated on a cumulative basis and is not payable until all prior net losses (a “**loss carried forward**”) with respect to such Series (excluding Incentive Fees from the calculation of such net losses) are recouped and the Net Asset Value per Share of that Series (other than Class B Shares) exceeds its High Water Mark (as defined herein) and the hurdle rate or in case of the Class B Share, the Net Asset Value per Share of the Class B Shares exceeds its High Water Mark. The “**High Water Mark**” for each Share of a Series is the greater of (i) the subscription price per Share of that Series; and (ii) the highest previous Net Asset Value per Share of that Series that set a new High Water Mark. As and when the performance of any Series of Shares of a Class (other than Class B Shares) exceeds its High Water Mark, and the hurdle rate of Three Month CME SOFR plus 3.5% compounded annually plus a credit adjustment spread of 0.2616% or when performance of any Series of the Class B Share exceeds its High Water Mark and an Incentive Fee is paid in respect of such Series at the same time as the Benchmark Series exceeds its High Water Mark and is not subject to any loss carry-forward, all Shares of that Series will be converted to the Benchmark Series of that Class. Such conversion will be affected by the redemption by the Fund of the Shares of the relevant Series and the automatic application of the redemption proceeds towards the subscription of Shares of the Benchmark Series, all at their respective Net Asset Values per Share.

The objective is that all Shares of each Class will therefore be in the Benchmark Series of that Class except those to which a loss carry-forward applies. Each Series has a *pari passu* interest in all the assets and liabilities attributable to the relevant Class and the only reason for such Series is to reflect equitably the differing Incentive Fees attributable to Shares of each Class issued on different dates.

*Payment of Management Fee and Incentive Fee.* Both the Management Fee and the Incentive Fee are payable by the Fund to the Investment Manager within 10 days after each becomes due. Payment of the Management Fee and Incentive Fee, however, will be subject to adjustment upon completion of the audit of the Fund's financial statements for the fiscal year in which such fees accrue. If the Incentive Fee paid for a fiscal year was higher or lower than the Incentive Fee that actually was due, an appropriate adjustment will be made, and payment will be made within a reasonable time after completion of the audit.

## **Fees of the Administrator**

For performing and supervising the performance of corporate and administrative services necessary for the operation and administration of the Fund, the Administrator will receive its customary fees for its services. The Administrator will also be reimbursed for all out-of-pocket expenses.

## **Directors' Fees**

The Mauritius resident Directors and other Independent Directors will receive such remuneration as may be agreed between the Fund and each of them. Executive Directors shall waive their rights to any Director Fees. The Directors are entitled to reimbursement from the Fund for all reasonable out-of-pocket expenses incurred by them on behalf of the Fund.

## **Other Fees and Operating Expenses**

The Investment Manager is responsible for providing all personnel, office space and facilities required for the performance of its services, including payment of the Investment Adviser. The Fund bears all other expenses incidental to its operations and business, including (i) fees and charges of custodians; (ii) interest and commitment fees on loans and debit balances; (iii) income taxes, withholding taxes, transfer taxes and other governmental charges and duties; (iv) fees of the Administrator, legal advisers and independent auditors; (v) Directors' Fees and expenses; (vi) the cost of maintaining the Fund's registered office in Mauritius; (vii) the cost of printing and distributing this Memorandum and any subsequent information memorandum or other literature concerning the Fund, and subscription materials and any reports and notices to Shareholders; (viii) consultant and other services provider expenses deemed desirable in the sole discretion of the Directors; (ix) the cost of insurance premiums (if any), including, without limitation, the cost of director and officer liability insurance policies; (x) the annual fee payable by the Fund to the Mauritius Registrar of Companies; (xi) the annual fee payable by the Fund to the FSC; and (xii) all similar ongoing operational expenses.

Fees and expenses that are identifiable with a particular Class will be charged against that Class in computing its Net Asset Value. Other fees and expenses that are not so identifiable will be allocated between the Classes based on their respective Net Asset Values or otherwise in the discretion of the Directors.

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## SHARES OF THE FUND

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### **The Fund's Share Capital**

**Generally.** The share capital of the Fund is comprised of Ordinary Shares of US\$1.00 par value each, non-voting, redeemable Class A Shares of US\$0.01 par value each and non-voting, redeemable Class B Shares of US\$0.01 each. Shares of each Class may be issued in Series for Incentive Fee purposes.

The Ordinary Shares of the Fund are owned by Enko Fund Managers Ltd and, save as provided for in the Constitution or in the Mauritius Companies Law (as amended), are the only shares of the Fund with voting rights.

The Fund may, in its sole discretion, establish additional Classes of Shares on terms determined upon their issuance without the consent of or notice to the Shareholders where the rights attached to any existing Class of Shares will not be deemed to be varied by the issue of such other Classes of Shares ranking *pari passu* therewith – see “ADDITIONAL INFORMATION – General Information.” In addition, the Fund may, insofar as it is permitted by applicable law, redeem or purchase any of the Shares pursuant to the Constitution.

The net proceeds from the sale of Shares of each Class are invested by the Fund as described herein. The Fund will pay the expenses of offering the Shares. See “FEES AND EXPENSES”. The rights and restrictions attaching to the Ordinary Shares and the Redeemable Shares are more particularly set forth under “ADDITIONAL INFORMATION – General Information.”

### **Subscription and Redemption Prices**

Class A Shares are being offered at a purchase price of US\$100 per Share, and Class B Shares at a purchase price of US\$100 per Share, both payable in full on application.

The minimum initial subscription for each investor with respect to the Class A Shares and Class B Shares is US\$250,000. The minimum additional investment for an existing Shareholder is US\$100,000. The minimum initial and additional investments may be waived or reduced by the Directors in their discretion on a case by case basis except on initial subscription which must always be for at least US\$100,000 or the currency equivalent thereof. Subscriptions are payable in U.S. Dollars for the Class A Shares and Class B Shares.

The Constitution provides that the Redemption Price of each Share is equal to the Net Asset Value per Share of the relevant Class and Series as of the close of business in Mauritius on the Valuation Day immediately prior to the relevant Redemption Day, rounded to the nearest whole cent.

The Constitution provides that the determination of the Net Asset Value is binding on all parties once such Net Asset Value has been determined in respect of the Redemption Price per Share and stated in good faith by or on behalf of the Directors.

## Procedure for Subscriptions

Applications for Shares in the Fund may be made on each Subscription Day, being the first Business Day of each relevant month or at such other time determined by the Directors in their sole discretion.

For purposes of accounting for the Incentive Fee, Shares of each Class issued at different times will be issued in Series, a different Series being issued on each Subscription Day. The “**Benchmark Series**” within each Class will consist of shares already in existence on the day immediately before the first Subscription Day in each fiscal year and the remaining Series (in numerical sequence) will be issued on any other Subscription Days during the fiscal year.

As and when the performance of any Series of Shares of Class A exceeds its High Water Mark, and the hurdle rate of Three Month CME SOFR plus 3.5% compounded annually plus a credit adjustment spread of 0.2616% or when performance of any Series of the Class B Share exceeds its High Water Mark, an Incentive Fee shall be paid in respect of such Series.

At the end of each fiscal year, and after payment of the incentive fee, all such Series will be converted into Benchmark Series Shares of the same Class, so that at the beginning of the following fiscal year, all Shares of a Class will be Benchmark Series Shares unless a loss carry forward attributable to such other series or to Benchmark Series remains outstanding. Any Series which is not converted at the end of a fiscal year will remain in existence as a separate Series until the relevant loss carry forward has been recovered, in which event such Series will be converted to Benchmark Series Shares in accordance with the foregoing provisions.

The conversion of the Series Shares into the Benchmark Series Shares will be effected by the redemption by the Fund of the Shares of the relevant Series and the automatic application of the redemption proceeds towards the subscription of Shares of the Benchmark Series, all at their respective Net Asset Values per Share.

Application for Shares should be made by completing and signing the Subscription Agreement enclosed with this Memorandum and mailing same to the Administrator at the address listed in the directory. In the event that application is made by email, the Administrator may rely on any such document which it reasonably believes to be genuine and correct. Payment for Shares must be made by bank to bank wire transfer. The Fund has the right to accept or reject (in whole or part) any application for Shares. Unless otherwise agreed to, applications for the issuance of Shares on a particular Subscription Day must be received by 5:00 p.m. (Mauritius time) at least 5 Business Days immediately preceding the relevant Subscription Day with cleared funds to be received by the relevant Subscription Day. Unless certificates are specifically requested, Shares will be held in book entry form and, in such cases, a contract note only will be sent to the applicant upon receipt of cleared funds and the properly completed application form and acceptance of such subscription by the Fund. Applications received after this time will be held in an account and treated as an application for the next Subscription Day. Payment may also be made in cash equivalents and securities, subject to the approval of the Investment Manager.

Applicants subscribing for Shares are advised that the Shares are issued subject to the provisions of the Constitution.

## **Restricted Person**

Unless otherwise agreed to by the Fund, each prospective investor is required to certify that the Shares are not being acquired directly or indirectly for the account or benefit of a Restricted Person (defined herein). The term “**Restricted Person**” as used in this Memorandum means any U.S. Person (as defined in Rule 902(k) of Regulation S promulgated under the Securities Act).

Any prospective investor acting in any fiduciary capacity is required to certify the identity of the beneficial owners for whom Shares are being purchased. Furthermore, it is the responsibility of each investor to verify that the purchase and payment for the Shares is in compliance with all relevant laws of the investor's jurisdiction or residence.

The Fund reserves the right to offer Shares to Restricted Persons upon compliance with applicable rules and regulations. The Fund reserves the right to reject subscriptions for Shares, in whole or in part, in its absolute discretion for any reason or for no reason. To the extent that the Fund offers Shares to Restricted Persons, each such person shall be an “accredited investor” as defined in Rule 501(a) of Regulation D promulgated under the Securities Act. The Directors will obtain appropriate representations and undertakings from the Shareholders to ensure that the conditions of the exemption are met.

For the avoidance of doubt, an eligible investor in the Fund shall be an “Expert Investor” as defined under the securities laws of Mauritius.

## **Procedure for Redemptions**

Except as provided herein and under the Companies Act, and subject to any lock-in periods and the Redemption Notice Period, a Shareholder may request redemption of all or some of his Shares which redemption will occur quarterly on the first available Business Day of January, April, July and October. Redemptions of Class A Shares within three years of initial investment may be subject to a redemption charge of 5% on the Redemption Price. The Directors may, using their sole discretion, reduce the Redemption Notice Period for such redemption fee as the Directors may decide from time to time, using their sole discretion. A redemption request, once made, will be irrevocable and may not be withdrawn without the consent of the Directors. A request for redemption received after 5:00 p.m. (Mauritius time) on the last available date of the Redemption Notice Period will be treated as a request for redemption as of the next Redemption Day.

The Redemption Price is equal to the relevant Net Asset Value per Share of the relevant Class and Series on the Valuation Day immediately preceding the relevant Redemption Day less any applicable accrued Incentive Fees.

Class A Shares will be locked-in for a period of 3 years or such other period, as may be determined by the Directors, as from the time of issue during which Class A Shareholders may not redeem their Class A Shares. A charge of 5% of the Redemption Price will apply in the event of any early redemption of Class A Shares.

In the case of a Shareholder who is making a redemption request of at least 90% of his Redeemable Shares, such Shareholder will receive, at the Directors’ sole discretion, 90% of its estimate redemption proceeds within 30 Business Days after the Redemption Day and the balance of the

redemption proceeds not later than 15 Business Days after the completion of the Fund's annual audit. The 10% held back pending the year-end audit will earn no interest for the benefit of the redeeming Shareholder. In circumstances where the Fund is unable to liquidate securities positions in an orderly manner in order to fund redemptions, or where the value of the assets and liabilities of the Fund cannot reasonably be determined, the Fund may take longer than the time periods mentioned above to effect settlements of redemptions, may effectuate only a portion of a requested redemption or may even suspend redemptions.

In the case of a request for a redemption of only part of any Shares held by a Shareholder, the Directors shall have absolute discretion to deny or permit such redemption if, after giving effect to such redemption, the value of the shareholder's remaining Class A Shares would be less than US\$100,000 or the remaining Class B Shares would be less than US\$100,000 and the Directors may treat any such request for partial redemption as a request for redemption of all of such class of Shares registered in the name of such Shareholder.

In the discretion of the Directors, the Fund may settle redemptions in kind and may extend the duration of the Redemption Notice Period if the Directors deem such an extension as being in the best interest of the Fund and the non-redeeming Shareholders.

The Directors may suspend the right of redemption during any period when (i) the determination of the Net Asset Value of the Shares has been suspended or it is not practicable, in the reasonable opinion of the Directors, to determine the Net Asset Value of the Shares within a 10% margin of error; (ii) the Fund cannot redeem, transfer or otherwise realise into cash more than 20% of its Investments; (iii) redemption or transfer of more than 20% of the Fund's Investments would, in the judgment of the Directors, seriously prejudice the Shareholders; or (iv) the Fund's withdrawal rights are suspended. The Fund may withhold payment of all or any part of redemption proceeds to establish such reserves for contingencies as the Directors may deem advisable.

If any Shareholder serves a redemption request in respect of greater than 25% of the maximum number of Redeemable Shares held at any time by such Shareholder, the Directors may, in accordance with the Constitution, reduce such redemption request to not less than such 25% of the maximum number of Redeemable Shares held. The Fund may withhold a portion of any proceeds of redemption if necessary to comply with applicable legal or regulatory requirements.

If on any Subscription Day the Net Asset Value of the Fund has, as at each Valuation Day within the previous period of 3 months, been less than US\$5,000,000 the Fund may, on that Subscription Day, redeem at the Redemption Price on such Subscription Day all (but not some) of the Redeemable Shares not previously redeemed. In such a case the Redemption Price will, for each Share, be equal to a pro rata share of the assets of the Fund less all liabilities, such liabilities to include those accrued to or contingent upon the liquidation of the Fund.

Moreover, the Directors have the right to require a compulsory redemption of all or some of the Shares of a Class held by a Shareholder at the price per Share equal to the then prevailing Net Asset Value per Share of the relevant Class, upon 15 days' written notice to the Shareholder, without assigning any reason therefore, including, without limitation, (i) if such Shareholder is either a Restricted Person that has acquired Shares otherwise than in compliance with applicable rules and regulations; (ii) is a Non-Qualified Person; or (iii) if such Shareholder has requested a partial redemption which would cause the aggregate Net Asset Value of the Shares of the relevant Class

owned by such Shareholder following such redemption to decline below the minimum initial investment as the same was applicable to such Shareholder. See “SHARES OF THE FUND - Eligible Investors.” Compulsory redemptions will be made at the relevant Net Asset Value per Share of the relevant Class and Series as of the Valuation Day in which such notice of redemption is issued to the Shareholder.

Redemption requests may be sent by email. However, Shareholders should be aware of the risks associated with sending documentation in this manner and that the Administrator will not be responsible in the event of non-receipt of any redemption request sent by email. Redemption payments will be made in U.S. Dollars on redemption of the Class A Shares and Class B Shares, and will be remitted by bank to bank wire transfer to an account designated by the Shareholder at the bank from which the subscription price was paid. If Shares are held in certificated form, the redemption payment will not be remitted until certificates have been tendered to the Administrator.

The Investment Manager may elect to purchase or to procure the purchase of Shares offered for redemption at a price equal to their Net Asset Value rather than requiring the Fund to redeem them.

### **Suspension of Dealings and Determination of Net Asset Value**

The Constitution provides that the Directors may declare a suspension of the determination of the Net Asset Value for any Class and the subscription or redemption of the Shares of the corresponding Class during:

- (i) any period when any securities exchange or organized over-the-counter market on which a significant portion of the Fund’s assets held for any Class is regularly quoted or traded is closed (other than for holidays) or trading thereon has been restricted or suspended; or
- (ii) any period when, as a result of events, conditions or circumstances beyond the control or responsibility of the Fund, disposal of the assets of the Fund held for any Class or other transactions in the ordinary course of the Fund’s business involving the sale, transfer, delivery or withdrawal of securities held for any Class is not reasonably practicable without being detrimental to the interests of the relevant Shareholders; or
- (iv) any period when there is a breakdown in the means of communication normally employed in determining the price of a significant portion of the Investments held by the Fund for any Class or when for any other reason the value of a significant portion of the Investments or other assets of the Fund held for any Class cannot reasonably or fairly be ascertained; or any period when the Fund or its agents are unable to repatriate funds required for the purpose of making payments on redemption or during which any transfer of funds involved in the realization or acquisition of assets held for any Class or when payments due on redemption cannot in the opinion of the Directors or their agents be effected at normal rates of exchange; or
- (v) any period when proceeds of any sale or redemption of the Shares of the relevant Class cannot be transmitted to or from the Fund's account.

## **Registration and Transfer of Shares**

Shares are issued only in registered form and the Fund does not issue bearer shares. The Registrar of Companies maintains a current register of the names and addresses of the Shareholders of each Class, and the Administrator's entry in the share register is conclusive evidence of ownership of such Shares. Certificates representing Shares will not be issued by the Fund save in exceptional circumstances and then only at the discretion of the Directors.

Transfers of Shares by instruments in writing in the usual common form are permitted only with the prior consent of the Directors, which consent may be withheld in the absolute discretion of the Directors. The reasons for refusal to register any transfer of Shares shall be stated in the notice of refusal. Violation of applicable ownership and transfer restrictions may result in a compulsory redemption.

## **Selling Restrictions**

The distribution of this Memorandum and the offering of the Shares of the Fund may be restricted in certain jurisdictions. This Memorandum does not constitute an offer or solicitation to anyone in any jurisdiction in which such offer or solicitation is not authorized or to any person to whom it is unlawful to make such offer or solicitation. It is the responsibility of every person wishing to make application in connection herewith to satisfy himself as to full observance of the laws of the relevant jurisdiction in connection therewith, including any governmental or other consents which may be required, or to observe any other formalities needing to be observed in such jurisdiction and to pay all transfer and other taxes required to be paid in such jurisdiction. See "NOTICE TO INVESTORS IN SPECIFIC JURISDICTIONS".

## **Determination of Net Asset Value**

In accordance with the provisions of the Fund's constitution, as summarized herein, and under the overall supervision and direction of the Directors, in conjunction with the Investment Manager, the Administrator will calculate the Fund's Net Asset Value, the Net Asset Value of each Class and Net Asset Value per Share of each Class and Series as of each Valuation Day, being the last Business Day of each calendar month, or such other day as may be determined by the Directors. The Net Asset Value of the Fund is equal to the Fund's assets less the Fund's liabilities, each valued pursuant to International Financial Reporting Standards. The Net Asset Value of each Class is equal to the total assets of the Fund attributable to the relevant Class less the total liabilities of the Fund attributable to the relevant Class. The Net Asset Value per Share of each Class will be calculated by dividing the Net Asset Value of that Class by the number of that Class then outstanding. The Net Asset Value per Share of each Series of a Class shall be the Net Asset Value per Share of that Class less any Incentive Fee payable in respect of that Series. The number of Redeemable Shares of any relevant Class and Series in issue and outstanding for these purposes shall include Redeemable Shares of that Class and Series presented for redemption as at the next succeeding Redemption Day and shall not include Redeemable Shares of the relevant Class and Series to be issued as at the next succeeding Subscription Day. Such calculation will be made by the Administrator acting in good faith, after consulting with the Investment Manager. In no event shall the Directors, the Administrator or the Investment Manager incur any individual liability or responsibility for any determination made or action taken or omitted by them in the absence of wilful default or fraud.



In general, Investments are valued as follows:

1. Cash and other liquid assets, deposits, certificates of deposit and interest bearing securities acquired at their nominal value shall be valued at their principal amount plus accrued interest from the date of acquisition, and certificates of deposit and interest bearing securities acquired at a discount or a premium shall be valued in accordance with the normal practice relating thereto.
2. Equities quoted on a stock exchange shall be valued at the last closing price on such exchange or, if there has been no sale that day, at the last available closing price for such equity on such exchange; equities traded over-the-counter shall be valued at the last reported sale price on or the price quoted through any recognized inter-dealer quotation system; and equities which are not listed on a stock exchange or traded over-the-counter shall be valued at cost or fair market value if, in the opinion of the Directors, they have reasonable reasons to believe that the value should be lower than cost.
3. Units or shares in open-ended investment schemes will be valued at the latest available net asset value as quoted by such collective investment scheme as adjusted from time to time in good faith by the Directors. The latest available net asset value will be the latest reported net asset value or, if unavailable or not available for the timely calculation of the valuation of the assets of the Fund, the latest estimated net asset value. Units or shares in closed-ended collective investment schemes will, if listed, quoted or traded on a regulated market, be valued at the latest trade price or a mid-quotation (or, if unavailable, a bid quotation) or, if unavailable or unrepresentative, the probable realization value as at the Valuation Day estimated with care and in good faith by the Directors or their agents.
4. Exchange-traded derivative instruments will be valued on each relevant Valuation Day at the settlement price for such instruments on such market as at the relevant Valuation Day. If such price is not available such value shall be the probable realization value estimated with care and in good faith by the Directors. Over-the-counter derivative instruments will be valued by the counterparty, which valuation will be verified monthly by the Directors or their agents as persons independent of the counterparty. Forward foreign exchange contracts will be valued with reference to the prevailing market maker quotations, namely, the price at which a new forward contract of the same maturity could be undertaken or, if unavailable, they will be valued by the counterparty at least monthly, which valuation will be verified by the Directors or their agents as persons independent of the counterparty.
5. In the event of it being impossible or incorrect to carry out a valuation of a specific Investment in accordance with the valuation rules set out above, or if such valuation is not representative of the fair market value, the Directors or their agents are entitled to use other generally recognized valuation methods in order to reach a proper valuation of that specific Investment.
6. The Net Asset Value per Redeemable Share will take into account hedging transactions (if any) entered into and the costs associated with such hedging transactions.
7. There will be deducted from the assets of the Fund their proportion of all accrued debts and liabilities of the Fund, including, but not limited to (i) any applicable advisory, performance,

incentive and other fees and disbursements of any advisor or manager earned but not yet paid; (ii) any allowance for the Fund's estimated annual audit, legal and other fees; (iii) any applicable custodian and brokerage fees; (iv) any applicable fees and charges of the Administrator; (v) Investments of the Fund contracted to be sold; (vi) the gross acquisition consideration of Investments or other property contracted to be purchased for the Fund; (vii) reserves authorized or approved by any administrator for duties and charges or taxes or contingencies (accrued where appropriate on a day-to-day basis); (viii) the aggregate amount of all borrowings and interest, commitment fees and other charges arising in connection therewith (accrued where appropriate on a day-to-day basis) and (ix) other liabilities of the Fund of whatever nature (which shall, where appropriate, be deemed to accrue from day-to-day) including outstanding payments on any Redeemable Shares previously redeemed and, as from the record date in respect thereof, any distributions declared and not paid (contingent liabilities (if any) being valued in such manner as the Directors or their agents may determine from time to time or in any particular case).

8. Any value (whether of an Investment or cash) otherwise than in U.S. Dollars will be converted into U.S. Dollars at the rate (whether official or otherwise) which the Directors in their absolute discretion deem applicable on the relevant Valuation Day, having regard, among other things, to any premium or discount which they consider may be relevant and to costs of exchange.
9. Where no method of calculation is specified herein, or where, in the opinion of the Directors or their agents, the method of calculation is unfair or impracticable, the Directors or their agents shall use a method of calculation that the Directors or their agents consider fair and reasonable and otherwise in accordance with the relevant accounting principles or standards applied by the Fund.

All debts, liabilities and Net Asset Valuations will be determined in accordance with International Financial Reporting Standards.

Prospective investors should be aware that situations involving uncertainties as to the valuation of portfolio positions could have an adverse effect on the Net Asset Value determination if judgments regarding appropriate valuations should prove incorrect. Absent bad faith or manifest error, the Fund's determination of Net Asset Value is conclusive and binding on all Shareholders and prospective investors.

Fees and expenses that are identifiable with a particular Class will be charged against that Class in computing its Net Asset Value. Other fees and expenses not so identifiable will be allocated between the Classes on the basis of their respective aggregate Net Asset Values or otherwise in the discretion of the Directors.

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## CERTAIN RISK FACTORS

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Prospective investors should give careful consideration to the following risk factors in evaluating the merits and suitability of an investment in the Fund. The following does not purport to be a comprehensive summary of all of the risks associated with an investment in the Fund. Rather, the following are only certain risks to which the Fund is subject and that the Investment Manager wishes to encourage prospective investors to discuss in detail with their professional advisers.

### General Fund and Business Risk Factors

1. ***New Enterprise; Potential of Loss.*** The Fund is an enterprise with a short operating history upon which prospective investors may evaluate their performance and the Fund is subject to all of the business risks and uncertainties associated with any new fund. Accordingly, an investment in the Fund entails a high degree of risk. There can be no assurance that the Fund will achieve their investment objectives or that the strategies described herein will be successful. Given the factors that are described below, there exists a possibility that an investor could suffer a substantial loss as a result of an investment in the Fund.
2. ***Forecast Risk.*** Historical facts, information and trends gained from historic experiences, present facts, circumstances and information, and assumptions from all or any of these do not guide the future. Aims, targets, plans, intentions and projections referred to are no more than that and so do not imply a forecast. Past performance is not necessarily a guide to future performance.
3. ***Uncertainty of Financial Projections Risk.*** The Investment Manager will generally establish the capital structure of the relevant Borrower Companies on the basis of financial projections for such Borrower Companies. Projected operating results will normally be based primarily on management judgments or third-party reports. In all cases, projections are only estimates of future results that are based upon assumptions made at the time that the projections are developed. There can be no assurance that the projected results will be obtained, and actual results may vary significantly from the projections. General economic conditions, which are not predictable, can have a material adverse impact on the reliability of such projections. Certain Investments, as well as the Fund and the Directors, may rely on reports of technical consultants when evaluating the condition of the assets or other elements of an Investment. The actual condition of an Investment or other elements of a Borrower Company may be worse than anticipated, requiring adjustments such as additional capital or maintenance expenditures which may not be recoverable, allocable to counterparties or economic from a stand-alone point of view.
4. ***General Economic Conditions*** The success of the Fund's activities will be affected by general economic and market conditions, such as interest rates, availability of credit, credit defaults, inflation rates, economic uncertainty, changes in laws (including laws relating to taxation of portfolio investments), trade barriers, currency exchange controls, and national and international political, environmental and socioeconomic circumstances (including wars, terrorist acts or security operations and actual or threatened epidemics or pandemics, such as the novel coronavirus outbreak that arose in China in December 2019 and continues to spread

internationally (COVID-19)). Instability in the markets will also likely increase the risks inherent in the portfolio investments. There can be no assurance that such economic and market conditions will be favourable in respect of both the investment and disposition activities of the Fund. Global financial markets in recent years have experienced periods of unprecedented turmoil and markets have been negatively impacted by significant write-offs in the financial services sector relating investments such as subprime mortgages and the re-pricing of credit risk in the broader market, among other things. These events, along with the deterioration of the housing market, the failure of major financial institutions and the concerns that other financial institutions as well as the global financial system were also experiencing severe economic distress materially and adversely impacted the broader financial and credit markets and reduced the availability of debt and equity capital for the market as a whole and financial firms in particular. These events contributed to severe market volatility and caused severe liquidity strains in the credit markets. Volatile financial markets can expose the Fund to greater market and liquidity risk. Risks to a robust resumption of growth persist: a weak consumer sector, high unemployment rates, the growing size of budget deficits and national debt of countries around the world, including those in Africa, the threat of inflation and the uncertain economic consequences of the novel coronavirus (COVID-19). Moreover, it remains unknown whether governmental measures in any country which have been undertaken in response to such turmoil (whether regulatory or financial in nature) will have a positive or negative effect on market conditions. Potential investors also should recognize that the Investment Manager may determine to delay portfolio company realization events as a result of general economic conditions, illiquidity of portfolio investments, contractual prohibitions, or for other reasons. The ability of companies to refinance may depend on their ability to sell new securities.

5. ***Performance Risk.*** The performance of the Fund may not meet the target yield and return. Neither the Investment Manager nor any of its affiliates guarantee any level of return to Shareholders. Past performance of other investments made by Enko or its affiliates cannot be taken as an indication of the future performance of the Fund.
6. ***Availability of Investments.*** The success of the Fund depends on the Investment Manager's abilities to identify and select appropriate investment opportunities as well as the Fund's ability to acquire these Investments. There is no guarantee that suitable Investments will be or can be secured, or that they will be successful. No assurance is given that the Fund's investment objectives will be achieved.
7. ***Unspecified use of Proceeds.*** Purchasers of Shares will not have an opportunity to evaluate for themselves the relevant economic, financial and other information regarding the Investments to be made by the Fund and, accordingly, will be dependent upon the judgment and ability of the Investment Manager in investing and managing the capital of the Fund. No assurance can be given that the Fund will be successful in obtaining suitable Investments, or that if such Investments are made, the objectives of the Fund will be achieved.
8. ***No Current Income.*** The Fund's investment policies should be considered speculative, as there can be no assurance that the Investment Manager's assessments of the short-term or long-term prospects of Investments will generate a profit. In view of the fact that the Fund will likely not pay dividends, an investment in the Fund is not suitable for investors seeking current income for financial or tax planning purposes.

9. **Trading Risks.** The success of the Fund's investment activities will depend on the Investment Manager's ability to identify and exploit price discrepancies in corporate and government events. Identification and exploitation of such opportunities involve uncertainty. No assurance can be given that the Investment Manager will be able to locate investment opportunities or to correctly exploit price discrepancies in corporate and government events. A reduction in the pricing inefficiency of corporate or government events in which the Fund will seek to invest will reduce the scope for the Fund's investment strategies. In the event that the perceived mispricings underlying the Fund's positions were to fail to converge toward, or were to diverge further from, relationships expected by the Investment Manager, the Fund may incur a loss.
10. **Competition.** The securities industry and the arbitrage business in particular, are extremely competitive. The Fund competes with firms, including many of the larger investment banking firms, which have substantially greater financial resources than does the Investment Manager and substantially greater research staffs and more securities traders than does the Investment Manager. In any given transaction, arbitrage activity by other firms may tend to narrow the spread between the price at which a security may be purchased by the Fund and the price it expects to receive upon consummation of the transaction.
11. **Risks of Special Techniques Used by the Investment Manager.** The Fund may invest using special investment techniques that may subject the Fund's Investments to certain risks. Certain, but not all, of these techniques and the risks that they entail are summarized herein. The Fund, in any event, is not designed to correlate to the broad equity market, and should be viewed as an alternative to, instead of a substitute for, equity investments.
12. **Reliance on Certain Information.** The Investment Manager may elect to invest in securities on the basis of information and data filed by the issuers of such securities with the SEC or made directly available to the Investment Manager by the issuers of the securities and other instruments or through sources other than the issuers. Although the Investment Manager evaluates all such information and data and seeks independent corroboration when it considers it appropriate and when it is reasonably available, the Investment Manager is not in a position to confirm the completeness, genuineness or accuracy of such information and data.
13. **Concentration of Investments.** From time to time a significant portion of the Fund's capital may be concentrated in a particular security, industry, market or country. Should such security, industry, market or country become subject to adverse financial conditions, the Fund's capital shall not be afforded the protection otherwise available through greater diversification of its Investments. In addition, the Fund may only make a limited number of Investments and because many of the Investments may involve a high degree of risk, poor performance by a few Investments could materially affect the total returns to the Fund.
14. **Exchange Rules.** Each securities exchange typically has the right to suspend or limit trading in all securities that it lists. Such a suspension would render it impossible for the Fund to liquidate positions and, accordingly, could expose the Fund to losses. Similarly, the Directors have the right to suspend or limit redemptions when, in their opinion, the Fund's net assets are not sufficiently liquid to fund redemptions.

15. **Short Selling and Leverage.** The Investment program may include such investment techniques as short selling and leverage which practices can, in certain circumstances, maximize the adverse impact to which the Fund's Investments may be subject.
16. **Short Selling.** The Fund may sell short securities of an issuer in the expectation of covering the short sale with securities purchased in the open market at a price lower than that received in the short sale. If the price of the issuer's securities declines, the Fund may then cover the short position with securities purchased in the market. The profit realized on a short sale will be the difference between the price received in the sale and the cost of the securities purchased to cover the sale. The possible losses from selling short a security differ from losses that could be incurred from a cash investment in the security; the former may be unlimited, whereas the latter can only equal the total amount of the cash investment. Short selling activities are also subject to restrictions imposed by the federal securities laws and the various national and regional securities exchanges, which restrictions could limit the Fund's investment activities. There can be no assurance that securities necessary to cover a short position will be available for purchase.
17. **Leverage.** The Fund expects to use leverage in its investment program when deemed appropriate by the Investment Manager and subject to applicable regulations. Leverage creates an opportunity for greater yield and total return, but at the same time increases exposure to capital risk and higher current expenses. If the Fund purchases securities on margin and the value of those securities fall, the Fund may be obligated to pay down the margin loans to avoid liquidation of the securities. If loans to the Fund are collateralized with portfolio securities that decrease in value, the Fund may be obligated to provide additional collateral to the lender in the form of cash or securities to avoid liquidation of the pledged securities. Any such liquidation could result in substantial losses. Moreover, counterparties of the Fund, in their sole discretion, may change the leverage limits that they extend to the Fund.
18. **Option Trading.** In seeking to enhance performance or hedge capital, the Fund may purchase and sell call and put options on both securities and stock indexes. A stock index measures the movement of a certain group of stocks by assigning relative values to the common stocks included in the index. Examples of well-known stock indexes are the S&P 500 and the FTSE 100 Index. Both the purchasing and the selling of call and put options contain risks. Although an option buyer's risk is limited to the amount of the purchase price of the option, an investment in an option may be subject to greater fluctuation than an investment in the underlying securities. In theory, the exposure to loss is potentially unlimited in the case of an uncovered call writer (i.e. a call writer who does not have and maintain during the term of the call an equivalent long position in the stock or other security underlying the call), but in practice the loss is limited by the term of existence of the call. The risk for a writer of an uncovered put option (i.e., a put option written by a writer that does not have and maintain an offsetting short position in the underlying stock or other security) is that the price of the underlying security may fall below the exercise price. The effectiveness of purchasing or selling stock index options as a hedging technique may depend upon the extent to which price movements in investments that are hedged to correlate with price movements of the stock index selected. Because the value of an index option depends upon movement in the level of the index rather than the price of a particular stock, whether a gain or loss will be realized from the purchase

or writing of options on an index depends upon movements in the level of stock prices in the stock market generally, rather than movements in the price of a particular stock.

19. ***Illiquidity of Shares.*** An investment in the Fund is a long-term commitment and transfers of Shares are restricted. There is no market for Shares and, accordingly, Shares may be disposed of only through the redemption procedures described elsewhere in this Memorandum. Under certain circumstances, such redemption procedures may entail significant delays. The Fund may invest part of its assets in illiquid securities and may not be able to readily dispose of such illiquid securities and, in some cases, may be contractually prohibited from disposing of such securities for a specified period of time. The Fund's ability to exit from a particular Investment will therefore depend largely on the terms of the agreements it enters into at the time of its Investments and its own efforts. Such illiquidity may continue even if the underlying companies obtain listings on securities exchanges. The securities markets of many African countries are substantially smaller and less liquid than the major securities markets in the United States and Europe. The Fund generally will not be able to sell its securities publicly unless their sale is registered under applicable securities laws, or unless an exemption from such registration requirements is available. If the Fund does invest in or hold any publicly-traded securities, these Investments may be sensitive to movements in the stock market and trends in the overall economy.
20. ***Disposition of Investments.*** In connection with the disposition of an Investment in a Borrower Company, the Fund may be required to make representations about the business and financial affairs of the Borrower Company typical of those made in connection with the sale of any business, or may be responsible for the contents of disclosure documents under applicable securities laws. The Fund may also be required to indemnify the purchasers of such Investment or underwriters to the extent that any such representations or disclosure documents turn out to be incorrect, inaccurate or misleading. These arrangements may result in contingent liabilities, which might ultimately have to be funded by the Shareholders.
21. ***Distributions/Redemptions in Cash or Kind.*** The Fund is not required to distribute cash or other property to the Shareholders, and the Fund does not intend to make any such distributions.
22. ***Notice Required.*** A Shareholder must give prior written notice to the Administrator to make a partial or total redemption of its Shares. During such notice period, the Shareholder's investment remains at risk and may decrease in value from the date that notice of redemption is made to the Administrator until the effective date of redemption.
23. ***Compliance.*** The Fund must comply with various legal requirements, including requirements imposed by the securities laws, tax laws and pension laws in various jurisdictions. Should any of those laws change over the scheduled term of the Fund (in particular, both the level and basis of taxation), the legal requirements to which the Fund and the Shareholders may be subject could differ materially from current requirements.

The Investments will generally be governed by a complex series of legal documents and contracts. As a result, the risk of a dispute over the interpretation or enforceability of legal documents or contracts may be higher than for other investments.

In addition, an investment in the Fund may involve tax considerations that differ for each Shareholder. Each investor is encouraged to seek professional tax advice in connection with any investment in the Fund.

24. ***Reliance on Double Taxation Agreements (“DTAs”).*** Investors should note that taxation of the income of the Fund arising from its Investments in a target country may be significantly minimized under the provisions of a DTA. However, no assurance can be given that the terms of that DTA will not be subject to re-negotiation in the future. Any change in the DTA could have a material adverse effect on the returns of the Fund. There can be no assurance that the Fund will be able to obtain or maintain the benefit of the DTAs.
25. ***Institutional Risk and Custodial Risks.*** The institutions, including firms and banks, with which the Fund (directly or indirectly) does business, or to which securities have been entrusted for custodial and prime brokerage purposes, may encounter financial difficulties that impair the operational capabilities or the capital position of the Fund. There are risks involved in dealing with custodians or prime brokers who hold assets of the Fund and who settle the Fund’s trades. Securities and other assets deposited with custodians or prime brokers may not be clearly identified as being assets of the Fund, and hence the Fund may be exposed to a credit risk with regard to such parties. In some jurisdictions, the Fund may only be an unsecured creditor of its prime broker or custodian in the event of bankruptcy or administration of such broker. Further, there may be practical, or time problems associated with enforcing the Fund’s rights to its assets in the event of the insolvency of any such party (including sub-custodians or agents appointed by the custodian in jurisdictions where sub-custodians are not available).

Recent apparently significant losses incurred by many hedge funds in relation to the bankruptcy and/or administration of financial institutions illustrate the risks incurred in both derivatives trading and custody and prime brokerage arrangements. Assets deposited with prime brokers or custodians which are fully paid (being those not held by the prime broker as margin) may be held in segregated safe custody in accordance with the prime brokerage and custodian agreements. Assets held as collateral by the prime brokers or custodians in relation to facilities offered to the Fund and assets deposited as margin with the custodians and prime brokers may therefore be available to the creditors of such persons in the event of their insolvency.

The banking and other financial systems in some jurisdictions may not be well developed or well regulated. Delays in transfers by banks may result, as may liquidity crises and other problems arising as a result of the under-capitalisation of the banking sector as a whole.

26. ***Reserves.*** Under certain circumstances, the Fund may find it necessary to establish a reserve for contingent liabilities or withhold a portion of the Shareholder's settlement proceeds at the time of redemption, in which case the reserved portion would remain at the risk of the Fund's activities.
27. ***Forced Liquidation.*** Substantial redemptions by Shareholders within a short period of time could require the Investment Manager to liquidate positions more rapidly than would otherwise be desirable, which could adversely affect the value of the Fund’s capital. The resulting reduction in the Fund’s capital could make it more difficult to generate a positive rate of return or to recoup losses due to a reduced equity base. Additionally, such substantial



redemptions may increase the share of the fees and expenses payable by the remaining Shareholders.

28. ***Litigation and Claims.*** The Fund and the Investment Manager, as independent legal entities, may be subject to lawsuits or proceedings by government entities or private parties. Except in the event of a lawsuit or proceeding arising from a Director's or the Investment Manager's gross negligence, wilful default or fraud in the performance of its duties, expenses or liabilities of the Fund arising from any suit shall be borne by the Fund.
29. ***Need for Independent Advice.*** The Investment Manager has consulted with counsel, accountants and other experts regarding the formation of the Fund. Each prospective investor should consult his own legal, tax and financial advisers regarding the desirability of an investment in the Fund.
30. ***Registration.*** The Fund is not registered as an investment company under the U.S. Investment Company Act (or any similar state laws). Investors, therefore, will not be accorded the protective measures provided by such legislation.
31. ***Currency Exposure.*** The Shares of the Fund are denominated in U.S. Dollars and will be issued and redeemed in U.S. Dollars. The Fund's business will be subject to risks typical of an international business including, but not limited to, differing tax structures and general foreign exchange rate volatility. For any Investments denominated in a foreign currency, the value of the investment in the Fund's Functional Currency will vary with movements in exchange rates, to the extent that the exchange rate exposure is not hedged. The Fund, at the discretion of the Investment Manager, may employ hedging techniques designed to reduce the risks of adverse movements in currency exchange rates. While such transactions may reduce certain risks, such transactions themselves may entail certain other risks. Thus, while the Fund may benefit from the use of these hedging mechanisms, unanticipated changes in currency exchange rates may result in a poorer overall performance for the Fund than would have been the case if it had not entered into such hedging transactions. Moreover, in some African countries, the markets for hedging instruments are not as well developed and may be restricted by governmental regulation. Furthermore, whilst the Fund may seek to take steps to hedge against currency exposure both in respect of the Fund and in respect of the currency classes, currency risk to the Fund and/or the Shareholders will not be entirely eliminated. Additionally, the Fund will incur costs in converting investment proceeds from one currency to another and Borrower Companies may incur foreign exchange costs to cover the costs of any U.S. Dollar (or any other applicable currency) financing arrangements.
32. ***Allocation of Liabilities Among Classes of Shares – Cross-Class Liability.*** Although the Fund will maintain separate accounts or book entries with respect to each Class of Shares, separate Classes of Shares are not separate legal entities but rather Classes of Redeemable Shares in the Fund. The Fund as a whole, including all such separate Classes, is one legal entity. Thus, all of the assets of the Fund are available to meet all of the liabilities of the Fund, regardless of the Classes of Shares to which such assets or liabilities are attributable. In practice, cross class liability will usually only arise where any separate Class of Shares becomes insolvent and is unable to meet all of its liabilities. In this case, all of the assets of the Fund attributable to other separate Classes of Shares may be applied to cover the liabilities of the insolvent Classes of Shares.

33. **Shareholder Loss.** No Shareholder will be liable for losses or debts of the Fund beyond that Shareholder's investment nor may any Shareholder be assessed or otherwise required to invest more than its initial investment. Accordingly, the Fund's ability to meet its own financial commitments and to conduct its business may be impaired.
34. **Economic and Business Conditions.** General economic and business conditions in relevant jurisdictions, as well as conditions of domestic and international financial markets, may affect the Fund's activities. Interest rates, the prices of securities and participation by other investors in the financial markets may affect the value of securities purchased by the Fund. Unexpected volatility or liquidity in the markets in which the Fund directly or indirectly holds positions could impair the Fund's ability to carry out its business and could cause it and, therefore, the Fund to incur losses.
35. **Force Majeure.** Force Majeure is the term generally used to refer to events of a catastrophic nature beyond the control of a party claiming that the event has occurred, including acts of God, fire, flood, earthquake, war, strike, droughts, famine typhoons and terrorist attacks. Some Force Majeure risks are generally uninsurable or insurable at such high rates that to maintain such coverage would cause an adverse impact on the related Investments. In general, losses related to terrorism are becoming harder and more expensive to insure against. Some insurers are excluding terrorism coverage from their all-risk policies. In some cases, the insurers are offering significantly limited coverage against terrorist acts for additional premiums, which can greatly increase the total cost of casualty insurance. As a result, all Investments may not be insured against terrorism. This is particularly relevant for certain countries in Africa in which terrorism is a real and prevalent threat. A Force Majeure event may adversely affect a party's ability to perform its obligations until it is able to remedy the Force Majeure event. In some cases, project agreements can be terminated if the Force Majeure event is so catastrophic that it cannot be remedied within a reasonable time period and the Fund could lose both invested capital in and anticipated profits from the affected Investments. In general, the Investment Manager will have discretion as to the type and level of insurance coverage to obtain, or whether to obtain insurance at all.
36. **Sovereign Risk.** The concessions of certain Investments are granted by government bodies and are subject to special risks, including the risk that the relevant government bodies will exercise sovereign rights and take actions contrary to the rights of the Fund or the Borrower Company under the relevant concession agreement. There can be no assurance that the relevant government bodies will not legislate, impose regulations or change applicable laws or act contrary to the law in a way that would materially and adversely affect the business of the Investments.
37. **Access to Information; Enhanced Liquidity.** The Investment Manager will generally provide Shareholders with monthly unaudited information regarding the Fund's performance. To the extent permitted by applicable laws, the Fund, however, may give one or more Shareholders access to more frequent and/or more detailed information regarding the Fund's securities positions, performance and finances. In addition, subject to any redemption fee, the Fund may give certain Shareholders (including those given such additional information) the right to redeem all or a portion of their Shares on shorter notice and/or with more frequency than the terms described in this Memorandum. As a result, certain Shareholders may be better able to assess the prospects and performance of the Fund than other Shareholders, and may be able

to redeem their Shares at times when other Shareholders may not. The Fund may enter into separate letter agreements with a particular Shareholder in respect of any such matters.

38. **Money Laundering.** As part of the Investment Manager's responsibilities for the prevention of money laundering under applicable laws, the Fund may require a detailed verification of a prospective investor and the source of such investor's funding. In the event of delay or failure by a prospective investor to produce any such information required for verification purposes, the Fund may refuse to admit the investor to the Fund. The Fund may also decline to accept an investor's subscription on the basis of the information that is provided. Requests for documentation and additional information may be made at any time during which a Shareholder holds Shares. The Investment Manager may from time to time be obligated to file reports with regulatory authorities in various jurisdictions (in certain circumstances without notifying the Shareholders that the information has been provided) with regard to, among other things, the identity of the Fund's Shareholders and suspicious activities involving the Shares.

In the event it is determined that a Shareholder or any direct or indirect owner of a Shareholder is a person identified in any of these laws as a prohibited person, or is otherwise engaged in activities of the type prohibited under these laws, the Investment Manager may be obligated, among other actions, to prohibit a Shareholder from making further contributions of capital to the Fund, to withhold settlement distributions or any other funds otherwise owing to that Shareholder or place such settlement distributions in an escrow account or to cause such Shareholder's Shares to be cancelled or otherwise redeemed.

39. **Interest Rate Risk.** The Net Asset Value of the Fund, to the extent invested in debt securities, will be affected by changes in the general level of interest rates. The Net Asset Value is expected to increase from a fall in interest rates while it would be adversely affected by an increase in the level of interest rates. Debt securities are subject to the risk of the issuer's inability to meet interest payments on its obligations.
40. **Inflation risk.** Inflation and rapid fluctuations in inflation rates have negative effects on the economics and markets of economy of Africa. Inflation assumptions are implicit in revenue and cost forecasts upon which investment decisions are made. Variances between anticipated and actual inflation could negatively affect returns.
41. **Credit and Market Risk.** The Fund will be investing in debt securities which involve credit risk that is, the risk of an issuer's inability to pay the principal payments. In addition, the value of a fixed income security will fluctuate depending on the actual changes in the perceived level of credit risk as well as the actual event of default. Such Investments may also be subject to price volatility due to factors such as changes in interest rates, general level of market liquidity and market perception of the creditworthiness of the issuer, referred to as the market risk.
42. **Borrower Company Management.** With respect to management at the Borrower Company level, many Borrower Companies may rely on the services of a limited number of key individuals, the loss of any one of whom could significantly adversely affect the Investment's performance. Although the Investment Manager expects to monitor the management of each

relevant Borrower Company, the management team of each Borrower Company will have day-to-day responsibility with respect to the business of such Investment.

- 43. *Non-control position Risk.*** The Fund may make Investments in Borrower Companies where it may have limited influence. Such Borrower Companies may have economic or business interests or goals that are inconsistent with those of the Fund and the Fund may not be in a position to limit or otherwise protect the value of its Investment in such Borrower Companies.

The Fund's control over the investment policies of such Borrower Companies may also be limited. This could result in the Fund's Investments being frozen in minority positions that incur substantial losses.

## Risk Factors Relating to Africa

Described below are certain risk factors peculiar to investing in African markets. These require consideration of matters not usually associated with investing in securities of issuers in the developed capital markets of North America, Japan or Western Europe. The economic and political conditions differ from those in Western markets, and offer less social, political and economic stability. The absence in many cases, until relatively recently, of any move towards capital markets structures or to a free market economy means investing in these countries is more risky than investing in Western markets. These risks are likely to exist to a greater or lesser degree in most of the markets in which the Fund may invest.

1. ***Political and Economic Risks.*** Although the recent trend on the African continent has been towards more open markets and the promotion of private business initiatives, no assurance can be given that the governments of the countries of Africa will continue to pursue such policies or that such policies may not be altered significantly. This may potentially result in nationalisation, expropriation or confiscation of assets, punitive taxation, increased or adverse government regulation, social instability, corruption, or the imposition of economic sanctions.

Countries in Africa are susceptible to unrest arising from economic hardship, discontent with privatisation programmes, social and/or ethnic instability, and changes in government leadership, institutions and policies. Future changes in government, major policy shifts or lack of consensus between various branches of the government and powerful economic groups, could disrupt economic and regulatory reforms and create an uncertain business environment which could adversely affect the value of the Fund's Investments on the African continent. Terrorism in African countries, together with any related negative effects on neighbouring states or region as a whole, may have a negative effect on the assets of the Fund.

Stock markets in the emerging markets tend to be more volatile than some of those in developed countries and this may affect the liquidity of the Fund's Investments which are listed on stock exchanges in such markets.

The Fund's Investments may be (or may become in the future) subject to foreign exchange controls that may adversely affect the ability to repatriate the income or proceeds from the sale of the Fund's Investments.

Repatriation of income, capital and the proceeds from sales of Investments by the Fund may require government consents. Delays in or a refusal to grant such approval, or a revocation or variation of consents granted prior to Investments being made in any particular country, or the imposition of new restrictions, may adversely affect the Fund's Investments.

Many African economies are reliant on commodity-based industries for a significant portion of their GDP and are vulnerable to market downturns and economic slowdowns elsewhere in the world and the impact this may have on commodity prices and investment priorities. As has happened in the past, a softening of commodity prices, financial problems or an increase in the perceived risks associated with investing in emerging economies could dampen foreign investment in Africa and adversely affect the economies of countries within the African region.

Instability in neighbouring states could also impact movement and trading of goods, subsequently impacting the revenue streams of Investments.

There is no assurance that political, economic and market reforms in Africa will not be suspended or reversed. There are no assurances that the reform process that has begun will continue and that the final outcome will be anything resembling a democratic, market-based society as it is known in Western Europe and North America, or that relationships with Western nations will not deteriorate.

Although legislation has been implemented to protect private property owners from expropriation and nationalisation, there is no assurance that such legislation could not at some point in the future be amended, that all of the rights and interests of owners and creditors of such expropriated and nationalised property would be protected, or that Shareholders would be fairly and properly compensated in case of such nationalisation.

Nationalisation or expropriation could also occur indirectly through, for example, disenfranchisement of the shares of outside Shareholder or by concentration of voting power in state-owned shares. Furthermore, Borrower Companies in which the Fund invests may be, or may become, subject to unduly burdensome and restrictive regulation affecting their commercial freedom and thereby diminishing the value of the Fund's Investment in them. Therefore, restrictive or excessive government regulation may also be seen as a form of indirect nationalisation.

The potential involvement with any politically exposed persons may impact perceptions of the Fund, which may lead to reputational risks and materially and adversely affect the value of Investments made by the Fund.

The Fund will, where available at a commercially acceptable level and considered appropriate, take out political risk cover in order to mitigate the impact of the above-mentioned risks.

2. **Regulatory Risk.** The issuers of instruments in which the Fund invests may be or become subject to unduly burdensome and restrictive regulation affecting commercial freedom and this in turn may have an adverse impact on the value of the Fund and therefore the value of the Shares. Over-regulation may therefore be a form of indirect nationalisation.
3. **Nature of Investments and Market Risks.** Investments to be made by the Fund carry risks not usually associated with investing in securities in more developed markets. The Fund is likely to experience greater price volatility and significantly lower liquidity than if invested in more developed markets. With nascent capital markets in many of the countries in which the Fund may invest, there are often severe difficulties in meeting investor demand for the available debt and/or equity instruments. This can lead to primary issues and auctions of debt instruments being greatly oversubscribed.

Debt obligations acquired by the Fund are likely to have no credit rating or a low rating. Such securities may involve greater risks of loss of income and principal than rated or higher-rated securities and are speculative in nature. Although they may offer higher yields than do higher-rated securities, they generally involve greater price volatility and risk of default in payment of principal and income.

The use of synthetic products can overcome problems and mitigate certain risks associated with direct investment in the underlying obligations. Such products expose the Fund to counterparty and other risks (as summarised below).

No assurance can be given that Investments acquired by the Fund will continue to earn yields comparable to those earned historically, nor can any assurance be given that issuers whose obligations the Fund acquires will make payments on such obligations as they become due.

- 4. *Synthetic Product and Subsidiary Risk.*** The synthetic products in which the Fund may invest are subject to counterparty and regulatory risks including, but not limited to the risks described in this paragraph. The counterparty risk lies with each party with whom the Fund contracts for the purpose of making Investments and, where relevant, the entity in the country with whom the counterparty has made arrangements to ensure an onshore presence in the emerging country. The Fund may not be entitled to assert any rights against the entity in the emerging country with whom it does not have a contractual relationship. The Fund may not be able to procure that the counterparty asserts its own rights, if any, against the onshore entity in the country with whom it has made arrangements. In the event of the counterparty's insolvency, the Fund will only rank as an unsecured creditor. In the event of the insolvency of any entity in the emerging country with whom the Fund does not have a contractual relationship, it is likely that the Fund will lose its entire Investment. The effectiveness and legality of the synthetic product structure, and in particular the ability of the Fund's counterparty to invest efficiently in the country from off-shore, is subject to intervention by the relevant local authorities, their re-interpretation of law and current commercial and tax efficient practice and legislation, as well as to changes in relevant laws and regulations. As a result, the Fund may not get back all or any part of its Investment in the synthetic products in which it invests or it may find that the proceeds of its Investment are not repatriable. It may not be possible for the Fund to negotiate favourable terms for its Investment in synthetic products. In some cases the Fund may be obliged to hold harmless and indemnify its counterparty from and against all losses resulting from a breach by the Fund of its obligations or in respect of all costs and expenses incurred by the counterparty in relation to its arrangements with the onshore entity. If the underlying Investment remains unpaid or is re-scheduled (including being the subject of a moratorium, debt substitution, exchange or similar event) the Fund could lose part or the whole of its Investment. Similarly, if the underlying Investment or the synthetic product structure is re-characterised, the Fund may be forced to terminate its Investment in the synthetic product earlier than had been anticipated and at a loss to part or all of the Investment.

The Fund may be obliged to provide working capital to any subsidiary it incorporates by way of share capital. If it is sought to repatriate capital out of any such subsidiary, the time it may take to liquidate such subsidiary or to reduce such subsidiary's share capital may delay the making of payments to the Fund.

- 5. *Illiquidity of Investments.*** L Until a market develops, certain of the Fund's Investments may generally be illiquid. There may be no established secondary market for certain of the Investments made by the Fund. Reduced secondary market liquidity may affect adversely the market price of the Fund's Investments and the Fund's ability to dispose of particular Investments to meet its liquidity requirements or in response to specific events such as deterioration in the creditworthiness of any particular issuer. Due to the lack of adequate secondary market liquidity for certain securities, the Administrator may find it more difficult to obtain accurate market quotations for the purposes of valuing the Fund and

calculating the net asset value. Market quotations may only be available from a limited number of sources and may not represent firm bids for actual sales. In addition, the current or future regulatory regime may adversely affect liquidity.

6. **Settlement Risk.** Because of the absence of organised securities markets as well as the underdeveloped state of the legal, banking and telecommunications systems, concerns arise in relation to settlement, clearing and registration of transactions in securities. Furthermore, due to the local postal and banking systems, no guarantee can be given that all entitlements attaching to securities acquired by the Fund, including interest and dividends, can be realised. However, none of the Investment Manager or the Administrator or any of their agents makes any representation or warranty about, or any guarantee of, the operation, performance, settlement, clearing and/or registration of Investments or the credit risks associated with dealing in any Investments which the Fund may make.
7. **Custody Risk.** Custody services in many African countries remain undeveloped and, although the Investment Manager will endeavour to put into place control mechanisms, including the selection of agents to register Investments on behalf of the Fund and regular audits of entries on relevant registers to ensure that the Fund's interests continue to be recorded, there is a transaction and custody risk of dealing in Africa.

Although the Investment Manager will, so far as is possible, satisfy itself that each agent selected to provide for the safe custody of Investments is fit and proper and that arrangements are in place to safeguard the interests of the Investment Manager, Investment Manager will not be liable for the acts or omissions of any agent, nor for any losses suffered by the Fund as a result of the fraud, negligence, wilful default or the bankruptcy or insolvency of any agent. Upon the default of any agent, many of the protections which would normally be provided to an investment fund by a trustee, custodian or sub-custodian will not be available to the Fund.

It must be appreciated that the Fund will be investing in countries where the current law and market practice carries fewer safeguards than in more developed markets and that the Investment Manager can accept no liability for losses resulting from acting in accordance with such practice.

8. **Possible Business Failures.** The insolvency or other business failure of any one or more of the Fund's Investments could have an adverse effect on the performance and ability to achieve its, and therefore the Fund's objectives. Many of the target investment countries have enacted or are in the process of enacting laws on the insolvency of enterprises, but there is as yet no significant level of experience in how these laws will be implemented and applied in practice. The lack of generally available financing alternatives for companies in many of the target investment countries increases the risk of business failure.
9. **Accounting Practice.** Accounting standards in the countries where the Fund may invest may not correspond to International Financial Reporting Standards in all material respects. In addition, auditing requirements and standards differ from those generally accepted in the international capital markets and consequently information which would be available to investors in developed capital markets is not always obtainable in respect of companies in such countries.



**10. Quality of Information.** Investors in the countries where the Fund may invest generally have access to less reliable or less detailed information, including both general economic data and information concerning the operations, financial results, capitalisation and financial obligations, earnings and securities of specific enterprises. The quality and reliability of information available to the Fund will, therefore, be less than in respect of investments in Western countries. Obligations on companies to publish information are also more limited, thus further restricting opportunities for the Investment Manager to carry out due diligence. At present the Investment Manager will be obliged to make investment decisions and the Administrator investment valuations on the basis of financial information that will be less complete and reliable than that customarily available in the West. Also, the quality and reliability of official data published by the government and government agencies are generally not equivalent to that of more developed Western countries.

**11. Legal Risks.** Laws and regulations of the African region may not accord equivalent rights (or protection for such rights) relative to countries with more sophisticated laws and regulations. Additionally, court claims are often used in the furtherance of political aims. The Fund's Investments may be subject to such claims and may not be able to receive a fair hearing. Additionally, court judgments are not always enforced or followed by law enforcement agencies.

The rate of legislative change in certain of the countries where the Fund may invest is extremely rapid and the content of proposed legislation when eventually adopted into law is difficult or impossible to predict. Such proposed legislation may have an adverse effect on foreign investment. It is similarly difficult to anticipate the impact of legislative reforms on securities in which the Fund will invest. Although there is often significant political support for legislative change to bolster and facilitate the movement to a more developed market economy, it is not certain that legislation when enacted will advance this objective either consistently or in a coherent manner. In some cases, the magnitude of the changes taking place has resulted in a lack of confidence in the courts to give clear and consistent judgments. Legislation can be published by a variety of governmental bodies and remaining up to date and in complete compliance with legal rules and standards can often be difficult. There is also a lack of precedent in relation to market-oriented legal relations for many of the local currency instruments.

**12. Taxation.** Tax law and practice in countries in which the Fund may invest is not as clearly established as that of the Western nations. It is possible therefore that the current interpretation of the law or understanding of practice may change or, indeed, that the law may be changed with retrospective effect. Accordingly, it is possible that the Fund could become subject to taxation in the countries in which the Fund may invest that is not anticipated either at the date of this Memorandum or when Investments are made, valued or disposed of. In addition, in certain countries where the Fund may invest, the domestic tax burden is high and the discretion of local authorities to create new forms of taxation has resulted in a proliferation of taxes, in some cases imposed or interpreted retrospectively.

**13. Crime and Corruption.** Organised crime and corruption, including extortion and fraud, pose a risk to businesses in Africa. The Fund will only invest in projects where intensive due diligence was done and there is assurance that no corruption is found, or is considered a high risk, impacting the Investment. Only legal networks will be used in procuring new deals through the Fund trusted networks in Africa. In addition, the Fund will implement measures aimed at

preventing it from being used as a vehicle for money laundering as well as measures aimed at preventing the solicitation or payment of bribes. However, there can be no absolute assurance that these measures will be completely effective. If the Fund is associated with crime and/or corruption, its reputation, financial condition or prospects, and those of the Shareholders, could be materially adversely affected.

**14. Exchange and Currency Risk.** Many of the currencies in which the Fund may invest are neither freely convertible into one of the major currencies nor internationally traded. The local currencies may be convertible into other currencies only inside the relevant African countries where the limited availability of such other currencies may tend to inflate their values relative to the local currency in question. Such internal exchange markets can therefore be said to be neither liquid nor competitive. In addition, many of the currencies of countries in which the Fund may invest have experienced steady devaluation relative to freely convertible currencies.

The value of an investment in the Fund, whose units are denominated in U.S. dollars and whose distributions will be paid in U.S. dollars, will be affected by fluctuations in the value of the underlying currency of denomination of the Fund's Investments against the U.S. dollar or by changes in exchange control regulations, tax laws, withholding taxes and economic or monetary policies. The local currencies in which the Fund may be invested from time to time may experience substantially greater volatility against the U.S. dollar than the major convertible currencies of developed countries. Adverse fluctuations in currency exchange rates can result in a decrease in the net return and in a loss of capital for the Fund. Accordingly, investors must recognise that the value of units can fall as well as rise for this reason as can the ability to generate sufficient income to pay a distribution in U.S. dollars.

The Investment Manager may attempt to mitigate the risks associated with currency fluctuations by entering into forward, futures and options contracts to purchase or sell the currency of denomination of any Investment held by the Fund and any other currencies held by the Fund, to the extent such contracts are available on acceptable terms. Investors should realise that such contracts may not be available in all of the currencies in which the Investment Manager may invest from time to time and may in the event of major market disruptions or for other reasons be unenforceable.

**15. The Banking System.** In addition to being under-developed, the local banking systems in many of the countries in which the Fund may invest are subject to two main risks; first, the insolvency of a bank due to concentrated debtor risk and, second, the effect of inefficiency and fraud in bank transfers. In addition, banks have not developed the infrastructure to channel domestic savings to companies in need of finance who thereby can experience difficulty in obtaining working capital. Trade embargoes, sanctions and other restrictions ("**restrictions**") may, from time to time, be imposed by international bodies (for example, but not limited to, the United Nations) or sovereign states (for example, but not limited to, the United States) or their agencies on Investments held or to be held by the Fund. Such restrictions may result in an Investment or cash flows relating to an Investment being frozen or otherwise suspended or restricted ("**suspensions**"). The Fund and the Investment Manager will not be liable for any losses suffered by the Fund as a result of the imposition of such restrictions or as a result of suspensions being imposed on any Investment or any cash flows associated with any Investment.

16. **Independent Professional Advice.** Because of the risks involved, investment in the Fund is only suitable for sophisticated investors who are able to bear the loss of a substantial portion or even all of the money they invest in the Fund, who understand the high degree of risk involved, believe that the investment is suitably based upon their investment objectives and financial needs and recognise the potential illiquidity of such an investment which may affect redemption of units. Investors are therefore advised to seek independent professional advice on the implications of investing in the Fund.

## Management Risks

1. **Reliance on Key Personnel.** The success of the Fund depends in substantial part upon the skill and expertise of the members of the Investment Manager and others providing investment advice with respect to the Fund. There can be no assurance that these key investment professionals, in particular Alain Nkontchou, will continue to be associated with the Investment Manager or that their continued association with the Fund will guarantee the future success of the Fund. The loss of key personnel could have a material adverse effect on the Fund.
2. **Dependence on the Investment Manager.** The Fund is dependent upon the Investment Manager and its personnel, in particular Alain Nkontchou, with respect to the Investment of the Fund's capital and management of the assets and general administration of the Fund and Shareholders shall have no rights with respect to the administration, management or investment decisions of the Fund. The loss of the services of the Investment Manager may adversely affect the performance of the Fund.

Termination of the Investment Manager and Directors' appointments may only occur in limited circumstances pursuant to the terms of the Fund Documents. Any termination of a the Investment Manager's appointment as manager of the Fund, or termination of a Director as director of the Fund, may have material adverse consequences for the Fund in certain circumstances including, but not limited to, situations where government agencies, joint venture partners, lending counterparts or other parties have imposed conditions of ongoing manager involvement with Borrower Companies, as described elsewhere in this section.

Such consequences may include the acceleration of financing facilities made available to Borrower Companies or the triggering of the right for co-investors (to acquire the relevant Partnership's interest in the relevant Investment).

In addition, certain contract counterparties, lenders or other entities may impose conditions of ongoing control or equivalent restrictions on the Fund or the Borrower Companies. Such conditions may deem the relevant Investment Manager to 'control' the Fund and the termination of the Investment Manager's appointment may therefore have material adverse consequences on the Fund or a Borrower Company's rights and obligations under the relevant contracts.

3. **Board Participation.** The Fund may be represented on the boards of directors of certain Borrower Companies or may have its representative's serve as observers to such boards of directors. Although such positions in certain circumstances may be important to the Fund's investment strategy and may enhance the Investment Manager's ability to manage such Investments, they may also have the effect of impairing the Investment Manager's ability to sell the related securities when, and upon the terms, it may otherwise desire. The Investment Manager and the Fund may be subject to claims they would not otherwise be subject to as an investor, including claims of breach

of duty, securities claims and other director-related claims. In general, the Borrower Companies, and the Investment Manager will take out insurance policies to protect their representatives against such risks. In the instance where such insurance is inadequate, the Fund will indemnify the Investment Manager and its respective agents, advisors, affiliates, shareholders, members, managers, partners, officers, employees, directors and personnel against claims, liabilities, costs and expenses, including legal fees, incurred by them by reason of their activities on behalf of the Fund or the Shareholders.

## **Potential Conflicts of Interest Risks**

1. ***Conflicts generally.*** The Investment Manager, the Administrator, Prime Broker and the Custodian and their respective affiliates, which shall be deemed to include, in each case, their respective officers, directors, employees and entities owned by any of the aforementioned parties (“**Related Parties**”) may face certain conflicts of interests in relation to the Fund. These conflicts include, but are not limited to, the following:
  - i. The Investment Manager and each of its directors presently and will in the future, directly or indirectly, direct, sponsor or manage other investment funds or managed accounts in addition to the Fund. The Investment Manager and each of its directors may have financial or other incentives to favour some such investment funds or managed accounts over the Fund. The Investment Manager will make its own decisions for the Fund, which decisions may differ from time to time from those recommended by analysts of the Investment Manager for its other advisory clients.
  - ii. The Investment Manager believes that it will continue to have sufficient staff, personnel and resources to perform all of its duties with respect to the Fund. However, because some of the officers of the Investment Manager may have duties in connection with other investment funds and other matters, such officers may have conflicts of interest in the allocation of responsibilities, services and functions among the Fund and other entities similar to the Fund.
  - iii. The Fund may invest capital in investment funds and/or with other accounts managed by the Investment Manager and/or its affiliates. As a result, the Investment Manager may receive fees based on these investments directly from the Fund and, directly or indirectly, from the other investment funds or accounts. Notwithstanding such circumstances, the Investment Manager will act in accordance with its fiduciary duties to the Shareholders. Some or all of the Related Parties may be involved with other entities utilizing investment strategies similar to those of the Fund and with other business in general. The Investment Manager may cause the Fund to invest in securities in which some or all of the Related Parties have a financial interest, or to engage in transactions with brokers or others with whom some or all of the Related Parties have financial or other relationships.
  - iv. The Related Parties may engage for their own accounts, or for the accounts of others, in other business ventures of any nature, and the Fund has no right to participate in or benefit from the other management activities of the Investment Manager described above and the Related Parties shall not be obliged to account to the Fund for any profits or benefits made or derived therefrom, nor shall they have any obligation to disclose or refer to the Fund any of the investment or service opportunities obtained through such activities. Related

Parties may own Shares in the Fund, deal as principals with the Fund in the sale or purchase of Investments of the Fund or act as brokers, whether to the Fund or to third parties, in the purchase or sale of the Fund's investments and shall be entitled to retain any profits or customary commissions resulting from such dealings.

- v. The Investment Manager and/or its affiliates and/or its employees may from time to time have an interest, directly or indirectly, in a security, the purchase or sale of which by the Fund is recommended, or which in fact is purchased or sold by or otherwise traded for the Fund. Moreover, such recommendation, purchase, sale or trading may occur in connection with a transaction involving another investment fund or account managed by the Investment Manager. Accordingly, the Investment Manager may sell or recommend the sale of a particular security for certain accounts, including accounts in which it has an interest, and it or others may buy or recommend the purchase of such security for other accounts, including accounts in which it has an interest, and, thus, transactions in particular accounts may not be consistent with transactions in other accounts or with the Investment Manager's investment recommendations. For example, the Investment Manager may recommend that the Fund sell a security, while not recommending such sale for other accounts in order to enable the Fund to have sufficient liquidity to honour Shareholders' redemption requests. When there is a limited supply of Investments, the Investment Manager will use its reasonable efforts to allocate or rotate investment opportunities, but the Investment Manager cannot assure absolute equality among all of its accounts and clients.
  - vi. The Investment Manager, each of its affiliates and the Directors may engage in other business activities and manage the accounts of clients other than the Fund including those of other collective investment vehicles. The investment strategy for such other clients may vary from that of the Fund. The Investment Manager, each of its affiliates and the Directors are not required to refrain from any other activity, nor must they disgorge any profits from any such activity, including acting as general partner, investment manager or managing agent for investment vehicles with objectives similar to those of the Fund
2. **Existing relationships.** Enko has long-term relationships with a significant number of companies and their respective senior management. Enko also has relationships with numerous investors, including institutional investors and their senior management. The existence and development of these relationships may influence whether or not the Investment Manager undertakes a particular Investment on behalf of the Fund and, if so, the form and level of such Investment. Similarly, the Investment Manager may take the existence and development of such relationships into consideration in its management of the Fund and its Investments.
  3. **Incentive Fee.** The Investment Manager's Incentive Fee may create an incentive for the Investment Manager to make investments that are riskier or more speculative than would be the case in the absence of an Incentive Fee. However, this incentive may be tempered somewhat by the fact that losses will reduce the Fund's performance and thus the Investment Manager's compensation, and by the fact that such Investment Manager (and its key executives) has also made an investment in.
  4. **Diverse Membership.** The Shareholders may have conflicting investment, tax and other interests with respect to their Investments in the Fund. The conflicting interests of individual Shareholders may relate to or arise from, among other things, the nature of the Investments made by the Fund, the structuring or the acquisition of Investments and the timing of disposal of Investments. As a

consequence, conflicts of interest may arise in connection with the decision made by the Investment Manager, including with respect to the nature or structuring of Investments, that may be more beneficial for one Shareholder than for another Shareholder, especially with respect to Shareholders' individual tax situations. In selecting and structuring Investments appropriate for the Fund, the Investment Manager will consider the Investment and tax objectives of the Fund and its Shareholders as a whole, not of any Shareholder individually.

5. ***Conflicts with Investments.*** Officers and employees of the Investment Manager or its affiliates will serve as directors of certain Borrower Companies and, in that capacity, will be required to exercise their fiduciary responsibility to make decisions that consider the best interests of such related Investments and its investors. In certain circumstances, such as situations involving bankruptcy or near insolvency of an Investment, actions that may be in the best interest of the Investment may not be in the best interests of the Fund, and vice versa. Accordingly, in these situations, there will be conflicts of interests between the individual's duties as an officer or employee of the Investment Manager or its affiliates and such an individual's duties as a director of the Investment.
6. ***Management of the Fund.*** Members of the Investment Manager's team will devote such time to the Fund as the Investment Manager, in its sole discretion, deems necessary to carry out the operations of the Fund effectively. A number of members of the Investment Manager's team will spend a significant portion of their time on matters unrelated to the Fund. As a result, conflicts of interests will arise in time allocation.
7. ***Resolution of Conflicts.*** Any conflicts of interest that arise between the Fund, on the one hand, and the Investment Managers, their affiliates, any existing or future Enko-managed investment vehicle on the other hand, will be discussed and resolved on a case by case basis by the relevant parties, and in accordance with the Investment Manager's conflict management procedures established in accordance with the applicable regulatory requirements in terms of which the Investment Manager is regulated. Any such discussions and resolution plans will take into consideration the interests of the relevant parties and the circumstances giving rise to the conflict. All conflicts of interest involving the Fund, and the resolution plans thereof, will be reported to the Directors. Investors should be aware that such conflicts will not necessarily be resolved in favour of the Fund's interests. By acquiring Shares in the Fund, each Shareholder will be deemed to have acknowledged the existence of any such actual or potential conflicts of interest as detailed in this section, and to have waived any claim with respect to any liability arising from the existence of any such conflict.
8. ***Fair treatment of shareholders.*** As a general matter, the Directors owe certain fiduciary duties to the Company, which require them to, among other things, act in good faith and in what they consider to be in the best interests of the Company and in doing so, the Directors will act in a manner that ensures the fair treatment of Shareholders. In exercising their discretions (including in determining to cause the Company to enter into any side letters), the Directors will act in accordance with such fiduciary duties. This requires them to ensure that their actions (including, without limitation, in entering into side letters) do not result in the unfair treatment of Shareholders. For the purposes of the FCA, the Investment Adviser is required to treat all Shareholders fairly.

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## ADDITIONAL INFORMATION

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### Material Contracts

The following material contracts (not being contracts in the ordinary course of business) in relation to the Fund have been entered:

1. a Subscription Agreement between the Fund and each Shareholder pursuant to which a Shareholder subscribes for Class A and/or Class B Shares in the Fund;
2. the Investment Management Agreement between the Fund and the Investment Manager pursuant to which the Investment Manager was appointed Investment Manager of the Fund;
3. the Investment Adviser Agreement between the Investment Manager and the Investment Adviser pursuant to which the Investment Adviser will provide the Investment Manager with investment advice in connection with the management of the assets of the Fund;
4. the Custodian Agreement between the Fund and the Custodian, pursuant to which the Custodian was appointed a Custodian of the assets of the Fund;
5. the Primer Brokerage Agreement between the Fund and Prime Broker, pursuant to which the Primer Broker was appointed a Prime Broker of the Fund; and
6. the Administration Agreement between the Fund and the Administrator pursuant to which the Administrator was appointed Administrator to the Fund.

### Reports to the Shareholders

Shareholders will be sent copies of the audited financial statements each year prepared in accordance with International Financial Reporting Standards. In addition, Shareholders will receive from the Investment Manager unaudited monthly reports relating to the Fund's performance.

### Inquiries and Communication with the Fund

All communications and correspondence with the Fund and inquiries concerning the Fund and the Shares, including information concerning subscription and redemption procedures and current Net Asset Value, should be directed to the Administrator at the address set forth in the "DIRECTORY" appearing elsewhere in this Memorandum.

### Data Protection Notice

The following definitions shall apply to this section:

"Data Protection Legislation" means the EU General Data Protection Regulation 2016/679, the Cayman Islands Data Protection Law, 2017, and any other applicable legislation relating to privacy or data protection including any successor or replacement legislation to the foregoing and the terms

"personal data", "data subject", "controller" "processor" and "process" (and its derivatives) shall have the meanings given to them in the Data Protection Legislation;

Prospective investors should note that by completing the Subscription Agreement they are providing to the Fund personal information, which may constitute personal data within the meaning of the Data Protection Legislation. This personal data will be held and processed by the Fund (or any third party to whom it may delegate administrative functions) in compliance with Data Protection Legislation and this Data Protection Notice. By signing the Subscription Agreement, each investor acknowledges that it has been informed that such information will be held and processed by the Fund, its delegates and its or their duly authorised agents and any of their respective related, associated or affiliated companies obtaining, holding, using, disclosing and processing the data for any one or more of the following purposes:

- (a) to manage and administer the investor's holding in the Fund and any related accounts on an on-going basis;
- (b) for any other specific purposes where the investor has given specific consent;
- (c) to carry out statistical analysis and market research; and
- (d) to comply with legal and regulatory obligations applicable to the investor and the Fund.

Data Protection Legislation permits the Fund to process personal data because the processing is:

- (a) necessary for the purposes of the legitimate interests of the Fund, which are to run and administer the Fund, to discharge legal obligations, to store and disclose information where necessary and to evaluate, develop and improve the Fund's services;
- (b) necessary for the performance of a contract with an investor and/or director; or
- (c) necessary in order to comply with a legal obligation to which the Fund is subject.

For the purposes set out above, it may be necessary for the Fund (or any third party, functionary, or agent appointed by the Fund) to:

- (a) disclose personal data to third party service providers, affiliates, agents or functionaries appointed by the Fund or its agents to provide services to investors;
- (b) transfer personal data outside of the EEA to countries or territories which do not offer the same level of protection for the rights and freedoms of prospective investors in European Union including without limitation the United States.

If the Fund discloses or transfers personal data to such third party or outside of the EEA it will it do so in accordance with Data Protection Legislation. The Fund does not carry out any automated decision-making or profiling with personal data.

Pursuant to Data Protection Legislation, investors and other applicable data subjects have a right:

- (a) of access to their personal data kept by the Fund;
- (b) to amend and rectify any inaccuracies in their personal data held by the Fund by making a request to the Fund in writing;
- (c) to be informed about the processing of their personal data;
- (d) to request the Fund deletes their personal data if we no longer have a right to processing;
- (e) to withdraw consent to processing of their personal data (to the extent processing is based on consent);
- (f) to data portability (moving some of their personal data elsewhere) in certain limited circumstances;



- (g) to complain to the data protection supervisory authority in their jurisdiction if they have concerns as to how their personal data is being processed;
- (h) not to be subject to a decision based on automated processing and to have safeguards put in place if they are being profiled based on their personal data; and
- (i) to object to their personal data being processed in certain circumstances.

The Fund will only keep personal information as long as required for the purposes set out in this Data Protection Notice or as required to comply with any legal obligations to which the Fund is subject being the longest of the following periods:

- (a) a minimum of six years;
- (b) as long as is necessary for the relevant activity or as long as is set out in any relevant agreement an investor enters into with the Fund;
- (c) the length of time it is reasonable to keep records to demonstrate compliance with professional or legal obligations;
- (d) any retention period that is required by law; or
- (e) the end of the period in which litigation or investigations might arise in respect of an investment in the Fund.

The Fund is a Data Controller within the meaning of Data Protection Legislation and undertakes to hold any personal information provided by investors in confidence (with appropriate technical, physical, electronic, and administrative safeguards in place) and in accordance with Data Protection Legislation.

The Investment Services Provider and its affiliates may also act as a Data Controller within the meaning of Data Protection Legislation of an investor's personal information in connection with the performance of its legal and contractual obligations and in furtherance of their legitimate business interests as administrator of the Fund. For further information, the Investment Services Provider and its affiliates' privacy notice can be accessed at the Registered Office address of the Fund at 33, Edith Cavell Street, Port Louis, 11324 Mauritius.

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## NOTICE TO INVESTORS IN SPECIFIC JURISDICTIONS

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### **Notices to investors in specified jurisdictions**

This section sets out the appropriate disclaimers for Investors in different jurisdictions.

#### **South Africa**

The Fund is not a registered "collective investment scheme" under the Collective Investment Scheme Control Act, 2002, and nothing in this Memorandum should be construed as constituting offering to "members of the public" an opportunity to invest in a collective investment scheme in South Africa.

#### **United Kingdom**

Interests in the Fund are only available for purchase by professional investors, being investors that are considered to be a professional client or may, on request, be treated as a professional client, within the meaning of Annex II to Directive 2004/39/EC (MiFID).

In the UK, when distributed in, from or into the United Kingdom, this Memorandum is only intended for investment professionals, high net worth companies, partnerships, associations or trusts and personnel of any of the foregoing, certified sophisticated investors, and self-certified sophisticated investors (each within the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005), persons outside the European Economic Area receiving it electronically, persons outside the UK receiving it non-electronically and any other persons to whom it may be communicated lawfully.

The interests of the Fund are only being sold in circumstances which have not resulted and will not result in an offer to the public in the UK within the meaning of section 102B of the Financial Services and Markets 2000 Act ("FSMA"), as amended, save in circumstances where it is lawful to do so without an approved prospectus (within the meaning of section 85 FSMA) being made available to the public before the offer is made.

This Memorandum is not available for general distribution in, from or into the UK because the Fund is an unregulated collective investment scheme whose promotion is restricted by Section 21 of the Financial Services and Markets Act 2000. When distributed in, from or into the UK this Memorandum is only intended for investment professionals, high net worth companies, partnerships, associations or trusts and investment personnel of any of the foregoing, certified sophisticated investors, and self-certified sophisticated investors (each within the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005), persons outside the European Economic Area receiving it electronically, persons outside the UK receiving it non-electronically and any other persons to whom it may be communicated lawfully. No other person should act or rely on it. Persons distributing this Memorandum in, from or into the UK must satisfy themselves that it is lawful to do so.

#### **United States of America**

The Shares have not been approved or disapproved by any U.S. federal, state, or other U.S. securities commission or regulatory authority, nor has any such commission or regulatory authority passed upon the accuracy or adequacy of this Memorandum. Any representation to the contrary is a criminal offense.

The Shares have not been registered under the Securities Act, or the securities laws of any state of the United States, nor is such registration contemplated. The Shares will be offered and sold under the

exemption provided by Section 4(a)(2) of the Securities Act and other exemptions of similar import in the laws of the states and jurisdictions where the offering will be made.

The Shares may not be sold or transferred unless they are registered under the Securities Act or an exemption from registration is available thereunder and under any other applicable securities law registration requirements. Purchasers of Shares will be required to agree that the Shares will not be transferred without such registration or an exemption therefrom. The Fund has not been and will not be registered as an investment company under the Investment Company Act.

The Directors will file a notice with the U.S. National Futures Association claiming an exemption from registration as a “commodity pool operator” (a “CPO”) with the U.S. Commodity Futures Trading Commission (the “CFTC”) pursuant to CFTC Rule 4.13(a)(3). Unlike a registered CPO, the Directors are not and will not be required to deliver a CFTC disclosure document to investors in the Fund, nor will it be required to provide investors with certified annual reports that satisfy the requirements of CFTC rules applicable to registered CPOs. In addition, by virtue of reliance on CFTC Rule 4.13(a)(3), the Directors will be exempt pursuant to CFTC Rule 4.14(a)(5) from registration with the CFTC as a commodity trading advisor with respect to advice they provide to the Fund, and as such they will not be required to satisfy certain disclosure and other requirements under CFTC rules.

The Directors will rely on the exemption under CFTC Rule 4.13(a)(3) with respect to the Fund on the basis that, among other things (i) each purchaser of interests will be (A) a “qualified eligible person” as defined in CFTC Rule 4.7(a), (B) an “accredited investor” as defined in Rule 501(a) of Regulation D promulgated under the Securities Act, (C) a trust that was formed by an accredited investor for the benefit of a family member, or (D) a “knowledgeable employee” as defined in Rule 3c-5 promulgated under the Investment Company Act; (ii) at all times, either: (x) the aggregate initial margin, premiums and required minimum security deposits for retail forex transactions required to establish the Fund’s commodity interest positions will not exceed 5% of the Fund’s net asset value, or the aggregate net notional value of such positions will not exceed 100% of the Fund’s liquidation value, after taking into account unrealized profits and unrealized losses on any commodity interest positions, or (y) the aggregate net notional value of the Fund’s commodity interest positions does not exceed 100% of the Fund’s liquidation value, after taking into account unrealized profits and unrealized losses on any commodity interest positions; and (iii) Shares in the Fund will be exempt from registration under the Securities Act and are or will be offered and sold without marketing to the public in the United States of America.

#### *For Florida Residents Only*

The Shares have not been registered under the Florida securities act. If sales are made to 5 or more investors in Florida, any Florida investor may, at his option, void any purchase hereunder within a period of 3 days after he (i) first tenders or pays to the Fund, an agent of the Fund, or an escrow agent the consideration required hereunder or (ii) receives a copy of this Memorandum, whichever occurs later. To accomplish this, it is sufficient for a Florida investor to send a letter or telegram to the Fund within such 3 day period, stating that he is voiding and rescinding the purchase. If an investor sends a letter, it is prudent to do so by certified mail, return receipt requested, to ensure that the letter is received and to evidence the time of mailing.

#### **Switzerland**

The distribution of Shares in Switzerland will be exclusively made to, and directed at, qualified investors (the “Qualified Investors”), as defined in the Swiss Collective Investment Schemes Act of 23

June 2006, as amended (“CISA”) and its implementing ordinance (the “Swiss Distribution Rules”). Accordingly, the Fund has not been and will not be registered with the Swiss Financial Market Supervisory Authority (FINMA).

## **1. Representative**

The representative in Switzerland is FundRock Switzerland SA, Route de Cité-Ouest 2, 1196 Gland, Switzerland.

## **2. Paying agent**

The paying agent in Switzerland is Banque Heritage S.A..

## **3. Location where the relevant documentation can be obtained**

The Prospectus, the Articles of Association and annual financial statements can be obtained free of charge from the representative in Switzerland.

## **4. Place of performance and jurisdiction**

The place of performance and jurisdiction is the registered office of the representative in Switzerland with regards to the Shares distributed in and from Switzerland.

## **5. Payment of retrocessions**

The Fund/Management Company and its agents do not pay any retrocessions to third parties as remuneration for distribution activity in respect of Shares of the Fund in or from Switzerland.

## **6. Payment of rebates**

Upon request, the Fund/Management Company and its agents may pay rebates directly to investors in relation of distribution of the Fund in or from Switzerland. The rebates aim at reducing the fees or costs incurred by the relevant investor. Such rebates are possible provided that the following conditions are met: (i) they are paid from fees received by the investment manager and are not an additional charge on the fund assets; (ii) the criteria on which they are granted are objective; (iii) all the investors meeting the criteria referred to under (ii) and requesting such rebates may also benefit from these rebates according to the same conditions applicable to the previous investors.

The objective criteria referred to above are the following:

- ( the volume subscribed by the investor or the total volume of their existing investment in the Fund or in the product range of Fund/Management Company, when applicable;
- ( the amount of the fees generated by the investor;
- ( the investment behavior shown by the investor e.g. expected investment period;
- ( the support and/or the assistance of the investor over the launching of the Fund;

At the request of the investor, the Fund/Management Company must disclose the amounts of such rebates. Such disclosure is free of charge.

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## DIRECTORY

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<b>Fund's Registered Office</b>	c/o IQ EQ Fund Services (Mauritius) Ltd, 33 Edith Cavell Street, 11324, Port-Louis, Mauritius
<b>Investment Manager</b>	Enko Fund Managers Limited Premier Business Centre, 10th Floor, Sterling Tower 14, Poudriere Street, Port-Louis, Mauritius
<b>Investment Adviser</b>	Enko Capital Management LLP 1 Knightsbridge Green London, SW1X 7QA United Kingdom
<b>Administrator</b>	IQ EQ Fund Services (Mauritius) Ltd 33, Edith Cavell Street, 11324, Port-Louis, Mauritius
<b>Directors of the Fund</b>	Mr. Alain Nkontchou Mr. Cyrille Nkontchou Mr. Thirumagen Vaitilingon Mr. Druvnath Damry Mr. Christoph Avenarius
<b>Directors of the Investment Manager</b>	Mr. Alain Nkontchou Mr. Cyrille Nkontchou Mr. Abdool Qaiyoom Goolam Dustagheer Mr. Druvnath Damry
<b>Custodian</b>	Standard Chartered Bank (Mauritius) Limited 19 Bank Street, 6 <sup>th</sup> Floor, Standard Chartered Tower, Cybercity, Ebene 72201 Mauritius

**Prime Broker**  
Standard Chartered Bank (UK)  
1 Basinghall Avenue  
London, EC2V 5DD  
United Kingdom

**Auditors**  
Grant Thornton  
9<sup>th</sup> Floor, Ebene Tower  
52 Cybercity  
Ebène 72001  
Republic of Mauritius

**Legal Advisors**  
BLC Robert & Associates  
2<sup>nd</sup> Floor, The AXIS  
26, Cybercity  
Ebene Mauritius

Cummings Pepperdine  
Green Park House  
15 Stratton Street  
London W1J 8LQ  
United Kingdom

Webber Wentzel  
90 Rivonia Road  
Sandton, 2196  
South Africa

Alston & Bird  
90 Park Avenue  
New York, NY 10016  
United States

## APPENDIX 1

### AIFMD Disclosure Document

**Dated: May 21, 2020**

Article 23(1) and (2) of the Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on Alternative Investment Fund Managers (the "**AIFMD**") requires that AIFMs shall for each of the AIFs that they market in the EEA make available to AIF investors, in accordance with the AIF rules or instruments of incorporation, certain information before they invest in the AIF, as well as any material changes thereof.

This document contains the information required by Article 23(1) and (2) of the AIFMD to be made available to investors in the **Fund** before they invest in the Fund or cross-refers to the relevant document available to investors that contains such information.

This document refers to, is part of and should be read in conjunction with, the Memorandum.

Capitalised terms used in this document have the same meaning as in the Memorandum. This document does not update or amend any part of the Memorandum unless set out below in Definitions".

In relation to offers in the EEA, the Shares are not intended to be offered, or otherwise made available, to any person categorised as (i) a "retail client" (as defined in the Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments, as implemented into relevant local law ("MiFID II")); or (ii) a "customer" (within the meaning of Directive 2002/92/EC on Insurance Mediation), where such customer does not qualify as a "professional client" (as defined in MiFID II).

#### **Definitions:**

"**AIF**" means an alternative investment fund (or AIF) for the purposes of and as defined in AIFMD;

"**AIFM**" means an alternative investment fund manager (or AIFM) for the purposes of and as defined in AIFMD;

"**AIFMD**" means the Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on Alternative Investment Fund Managers;

"**AIFMD Regulation**" means European Commission Regulation 231/2013 of 19 December 2012 supplementing AIFMD with regard to exemptions, general operating conditions, depositaries, leverage, transparency and supervision;

"**AIFMD Rules**" means (a) any applicable legislation in an EEA state that implements the AIFMD into the relevant EEA state's national law; (b) any applicable rule that is made by any relevant EEA regulatory authority for the purposes of implementing the AIFMD; and (c) any directly applicable EU regulation made under the AIFMD.



REGULATORY REFERENCE	INFORMATION OR DOCUMENT AND REFERENCE
<b>AIFMD Article 23(1)</b>	
(a) description of the investment strategy and objectives of the AIF;	Please see Memorandum: "Investment Policy".
if the AIF is a feeder AIF, information on where the master AIF is established;	Not applicable.
if the AIF is a fund of funds, information on where the underlying funds are established;	Not applicable.
a description of the types of assets in which the AIF may invest;	Please see Memorandum: "Investment Policy".
the investment techniques that the AIF, or the AIFM on behalf of the AIF, may employ and all associated risks;	Please see Memorandum: "Investment Policy" and "Certain Risk Factors".
any applicable investment restrictions;	Please see Memorandum: "Investment Policy".
the circumstances in which the AIF may use leverage;	Investments and redemptions. Please see Memorandum: "Investment Policy".
The types and sources of leverage Permitted and the associated risks;	Loans from securities broker-dealers and financial institutions secured by securities or cash. The amount of collateral required by the lenders is subject to change per each agreement. Please see Memorandum: "Investment Policy".
any restrictions on the use of leverage and any collateral and asset reuse arrangements; and	Leverage is used for investments and redemptions. Collateral is in the form of securities or cash. The Fund has no asset reuse arrangements. Please see Memorandum: "Investment Policy".
the maximum level of leverage which the AIFM is entitled to employ on behalf of the AIF;	No maximum limit. Please see Memorandum: "Investment Policy".
(b) a description of the procedures by which the AIF may change its investment strategy or investment policy, or both;	Material changes require a 75% approval from existing shareholders. Please see Memorandums: "Investment Policy" and "General Information".

REGULATORY REFERENCE	INFORMATION OR DOCUMENT AND REFERENCE
(c) a description of the main legal implications of the contractual relationship entered into for the purpose of investment, including information on jurisdiction, the applicable law and the existence or absence of any legal instruments providing for the recognition and enforcement of judgments in the territory where the AIF is established;	Please see Memorandum: "Subscriptions and Redemptions".
(d) the identity of the AIFM, the AIF's depositary, the auditor and any other service providers and a description of their duties and the investors' rights;	<p>Please see Memorandum: "Management".</p> <p>For the purposes of the AIFMD, the Investment Manager is the AIFM of the Fund. The Fund is a non-EEA AIF managed by a non-EEA AIFM.</p> <p>The Investment Manager has appointed the Investment Adviser with the responsibility for providing the Investment Manager with trading execution and advice in connection with the management of the assets of the Fund, pursuant to the terms of the Investment Adviser Agreement, details of which are provided in "Management".</p> <p>Absent a direct contractual relationship between a Shareholder and a service provider to the Fund, Shareholders generally have no direct rights against the relevant service provider and there are only limited circumstances in which a Shareholder may potentially bring a claim against the relevant service provider. Instead, the proper plaintiff in an action in respect of which a wrongdoing is alleged to have been committed against the Fund by the relevant service provider is, prima facie, the Fund itself.</p>
(e) a description of how the AIFM complies with the AIFMD's requirements relating to professional liability risk;	To the extent required by the AIFMD Regulations, the AIFM will hold appropriate additional own funds and/or professional indemnity insurance to cover any liability which may arise as a result of its activities as AIFM to the Fund.
(f) a description of:	
any AIFM management function delegated by the AIFM;	For the purposes of AIFM the following is not a delegation but an appointment.

REGULATORY REFERENCE	INFORMATION OR DOCUMENT AND REFERENCE
	<p>Please see Memorandum: "Management".</p> <p>For the purposes of the AIFMD, the Investment Manager is the AIFM of the Fund. The Fund is a non-EEA AIF managed by a non-EEA AIFM.</p> <p>The Investment Manager has appointed the Investment Adviser with the responsibility for providing the Investment Manager with trading execution and advice in connection with the management of the assets of the Fund, pursuant to the terms of the Investment Adviser Agreement, details of which are provided in "Management".</p>
any safe-keeping function delegated by the depositary;	Not applicable.
the identity of each delegate appointed; and	<p>For the purposes of AIFM the following is not a delegation but an appointment.</p> <p>Please see Memorandum: "Management".</p> <p>For the purposes of the AIFMD, the Investment Manager is the AIFM of the Fund. The Fund is a non-EEA AIF managed by a non-EEA AIFM.</p> <p>The Investment Manager has appointed the Investment Adviser with the responsibility for providing the Investment Manager with trading execution and advice in connection with the management of the assets of the Fund, pursuant to the terms of the Investment Adviser Agreement, details of which are provided in "Management".</p>
any conflicts of interest that may arise from such delegations;	<p>For the purposes of AIFM the following is not a delegation but an appointment.</p> <p>Please see Memorandum: "Management".</p> <p>For the purposes of the AIFMD, the Investment Manager is the AIFM of the Fund. The Fund is a non-EEA AIF managed by a non-EEA AIFM.</p> <p>The Investment Manager has appointed the Investment Adviser with the responsibility for providing the Investment Manager with trading execution and advice</p>

REGULATORY REFERENCE	INFORMATION OR DOCUMENT AND REFERENCE
	in connection with the management of the assets of the Fund, pursuant to the terms of the Investment Adviser Agreement, details of which are provided in "Management".
(g) a description of the AIF's valuation procedure and of the pricing methodology for valuing assets, including the methods used in valuing any hard-to-value assets;	Please see Memorandum: "Shares of the Fund" and "Additional Information".
(h) a description of the AIF's liquidity risk management, including the redemption rights of investors in normal and exceptional circumstances, and the existing redemption arrangements with investors;	Please see Memorandum "Shares of the Fund".
(i) a description of all fees, charges and expenses, and the maximum amounts directly or indirectly borne by investors;	<p>Please see Memorandum: "Fees and expenses" and "Shares of the Fund".</p> <p>Further details of all fees, charges and expenses, and the maximum amounts directly or indirectly borne by investors will be made available on request.</p> <p>There is no formal cap on the level of such fees, charges and expenses.</p>
(j) a description of how the AIFM ensures a fair treatment of investors;	Please see Memorandum: "Certain Risk Factors"
whenever an investor obtains preferential treatment or the right to obtain preferential treatment, a description of:	Not applicable.
that preferential treatment;	Not applicable.
the type of investors who obtain such preferential treatment; and	Not applicable.
where relevant, their legal or economic links with the AIF or AIFM;	Not applicable.
(k) the latest annual report	Please see Memorandum: "Additional Information".

REGULATORY REFERENCE	INFORMATION OR DOCUMENT AND REFERENCE
(l) the procedure and conditions for the issue and sale of units or shares;	Please see Memorandum: "Subscriptions and Redemptions".
(m) the latest net asset value of the AIF or the latest market price of the unit or share of the AIF;	All communications and correspondence with the Fund and enquiries concerning the Fund and the Shares, including information concerning subscription and redemption procedures and current Net Asset Value, should be directed to the Administrator.
(n) Where available, the historical performance of the AIF;	Please see Memorandum: "Additional Information".
(o) the identity of any prime broker;	Standard Chartered Bank (UK).
A description of any material arrangements of the AIF with its prime brokerage firm and the way any conflicts of interest are managed;	Not applicable.
the provision in the contract with the depositary on the possibility of transfer and reuse of AIF assets; and	Not applicable.
information about any transfer of liability to the prime brokerage firm that may exist; and	Not applicable.
(p) a description of how and when the information required under Art. 23(4) and Art. 23(5) of the AIFMD will be disclosed.	<p>Art. 23(4) requires the Fund to disclose information relating to:</p> <ul style="list-style-type: none"> <li>(i) the percentage of the Fund's assets that are subject to special arrangements arising from their illiquid nature;</li> <li>(ii) any new arrangements for managing the liquidity of the Fund; and</li> <li>(iii) the current risk profile of the Fund and the risk management systems employed by the Fund to manage those risks.</li> </ul> <p>The information shall be disclosed as part of the Fund's or the Investment Manager's periodic reporting to investors and may (in the case of the information described in (i) and (iii)) be contained in, or be an accompaniment to, the Fund's annual report.</p>

REGULATORY REFERENCE	INFORMATION OR DOCUMENT AND REFERENCE
	<p>Art. 23(5) requires the Fund to disclose on a regular basis:</p> <p>(i) any changes to:</p> <ul style="list-style-type: none"> <li>(a) the maximum level of leverage that the Investment Manager may employ on behalf of the Fund; and</li> <li>(b) any right of reuse of collateral or any guarantee granted under the leveraging arrangement; and</li> </ul> <p>(ii) the total amount of leverage employed by the Fund.</p> <p>The information shall be disclosed as part of the Fund's or the Investment Manager's periodic reporting to investors and may (in the case of the information described in (ii)) be contained in, or be an accompaniment to, the Fund's annual report.</p>
<b>AIFMD Article 23(2)</b>	
An AIFM must inform investors before they invest in the AIF of any arrangement made by the depositary to contractually discharge itself of liability.	Not applicable.
The AIFM must also inform investors without delay of any changes with respect to depositary liability.	Not applicable.