# **OFFERING MEMORANDUM**

Offer by

#### **Re7 OPPORTUNITIES FUND**

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

relating to an offering of Participating Shares in the Fund

26 February 2024

Initial Price per Participating Share of each Class: Class A Shares – USD 1,000

Minimum Initial Subscription: Class A Shares – USD 100,000

This document serial is issued for your subscription of Participating Shares. You, and each your agents, assigns and representatives are prohibited and may not circulate this document to any other person and must immediately return or securely dispose of this document to the Investment Manager if you do not wish to apply for any Participating Shares.

This Offering Memorandum is distributed on a confidential basis in connection with a private offering of Participating Shares of Re7 Opportunities Fund, none of which will be issued to any person other than a person to whom a copy of this Offering Memorandum is delivered to. No person receiving a copy of this Offering Memorandum in any territory may treat the same as constituting an offer to him, unless in the relevant territory such an offer could lawfully be made to him without compliance with any registration, qualification or other legal requirements.

The contents of this Offering Memorandum are not to be construed as a recommendation or advice to any prospective subscriber in relation to the subscription, purchase, holding or disposition of Participating Shares. Prospective subscribers should consult their professional advisers accordingly.

This Offering Memorandum may be updated from time to time. Prospective subscribers should ask the Directors if any supplements to this Offering Memorandum or any later Offering Memorandum have been issued before subscribing for Participating Shares.

This document contains certain particulars of the Fund for the purpose of giving information to the recipients hereof. The Participating Shares are offered on the basis of the information and representations contained in this Offering Memorandum. Any other information given, or representations made by any person must be regarded as unauthorised. Any distribution or reproduction of all or any part of this Offering Memorandum, or the divulgence of its contents other than as specifically set forth herein, is unauthorised.

The Directors of the Fund, collectively accept full responsibility for the accuracy of the information contained in this Offering Memorandum and confirm having made reasonable enquiry, which to the best of their knowledge and belief there are no facts the omission of which would make any statement within this Offering Memorandum misleading.

# Significant Information

Capitalised terms not otherwise defined herein have the meanings ascribed to them in the Offering Memorandum and Articles of Association, copies of which will be made available to each prospective subscriber upon request. This Offering Memorandum does not purport to be, and should not be construed as, a complete description of the Offering Memorandum and Articles of Association nor the investment prospects and risks associated with subscribing for Participating Shares. The Offering Memorandum and Articles of Association should be reviewed for complete information concerning the rights, privileges and obligations of the Shareholders, please ask the Directors or Investment Manager for a copy of such if you are not in possession at the time you are reviewing this Offering Memorandum.

The Participating Shares being offered hereby have not been approved by the United States Securities and Exchange Commission ("SEC"), the Cayman Islands Monetary Authority (the "Monetary Authority") or any other governmental authority and neither the SEC, the Monetary Authority nor any such other authority has passed upon the accuracy or adequacy of this Offering Memorandum. Any representation to the contrary is a criminal offense.

The Offering Memorandum and Articles of Association of the Fund give powers to the Fund to compulsorily redeem Shares held by any person at the Fund's option, at any time and in the complete and unfettered discretion of the Fund. Without limiting the generality of the foregoing, the Directors may require the redemption of Participating Shares held by any person in breach of any law or requirement of any country or governmental authority or by any person or persons in circumstances which, in the opinion of the Directors, might result in the Fund, the Investment Manager or any other service provider to the Fund or any Shareholder of the Fund (or any person connected with any of them) breaching any law or requirement of any country or governmental authority, incurring any liability to taxation or suffering any other pecuniary disadvantage which the Fund, the Investment Manager or any other service provider to the Fund or any Shareholder of the Fund (or any person connected with any of them) might not otherwise have incurred or suffered or which might result in the Fund, the Investment Manager or any other service provider to the Fund or any Shareholder of the Fund (or any person connected with any of them) becoming subject to additional regulation in any country or being required to comply with any registration or filing requirements in any jurisdiction with which it would not otherwise be required to comply.

Investment in the Participating Shares is speculative and involves significant risk. Investors should understand such risks and have the financial ability and willingness to accept them for an extended period of time. An investment should form only a part of a complete investment program and an investor must be able to bear the loss of its entire investment. See "Investment Considerations and Risks Factors"

Certain information contained in this Offering Memorandum constitutes "forward-looking statements", which can be identified by the use of forward-looking terminology such as "may", "will", "should", "expect", "anticipate", "project", "estimate", "intend", "continue", "target" or "believe" or the negatives thereof or other variations thereon or comparable terminology. Due to various risks and uncertainties, including those described in "Investment Considerations and Risks Factors", actual events or results or the actual performance of the Fund may differ materially from those reflected or contemplated in such forward-looking statements.

Potential subscribers of Participating Shares should inform themselves as to (a) the possible tax consequences, (b) the legal requirements and (c) any foreign exchange restrictions or exchange control requirements which they might encounter under the laws of the countries of their citizenship, residence, incorporation or domicile and which might be relevant to the subscription, holding or disposal of Participating Shares. In making a decision whether to invest in Shares of the Fund, investors must rely on their own examination of the person or entity creating the securities and the terms of the offering, including the merits and risks involved. No information or advice herein contained shall constitute advice to a prospective shareholder in respect of his personal position.

No action has been taken to permit the distribution of this Offering Memorandum or the offering of Participating Shares in any jurisdiction where action would be required for such purpose. The distribution of this Offering Memorandum and the offering of Participating Shares may be wholly or partly restricted in certain jurisdictions. It is the responsibility of any persons in possession of this Offering Memorandum and any persons wishing to make application for Participating Shares on the basis of or pursuant to this Offering Memorandum to inform themselves of and to observe fully the applicable laws and regulations of any relevant jurisdiction.

This Offering Memorandum does not constitute an offer or solicitation to anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation or is unlawful without compliance with additional registration or filing requirements. Ownership of Participating Shares by any such person may cause the Fund to redeem compulsorily any Shares held.

The Directors accept no responsibility for, and are not obliged to ascertain whether or not any person owning any Participating Shares would result in breach of any such law or requirement or bring about any such disadvantage.

Statements made in this Offering Memorandum are based on the law and practice in force at the date hereof and are subject to changes therein. During the course of this offering and prior to sale, each offeree of Participating Shares and its offeree representative(s), if any, are invited to question the Fund concerning the terms and conditions of the offering and to obtain additional information, to the extent the Fund has such information or can acquire it without unreasonable expense or effort, concerning this offering or to verify the accuracy of information contained in this Offering Memorandum. Any information given or representation made by any dealer, salesman or other person and not contained herein should be regarded as unauthorised and, accordingly, should not be relied upon. Neither the delivery of this Offering Memorandum nor the offer, issue or sale of Participating Shares shall, under any circumstances, constitute a representation that the information contained in this Offering Memorandum is correct as of any time subsequent to the date hereof.

This Offering Memorandum is strictly confidential and intended to be read only by the person to whom it has been delivered to enable that person to evaluate an investment in the Fund. It is not to be reproduced or distributed to any other persons except that a potential investor may provide a copy to its professional advisors.

Except as outlined in any data protection policy included in the Subscription Agreement, any information forwarded to the Fund by a potential investor will be treated on a confidential basis. If required to do so by law or regulation, or if, in consultation with the Investment Manager, the Fund deems it necessary to protect or preserve the assets of the Fund, the Fund may pass on that information to a relevant third party. In addition, the Fund may disclose information relating to the Shareholders as is necessary to allow any potential service provider to the Fund to complete such service provider's pre-appointment due diligence or other procedures (for example, in the event of a change of the Administrator, the Fund may disclose information relating to the Shareholders to the potential administrator of the Fund if necessary). By subscribing for Participating Shares, each subscriber is deemed to have consented to such release of confidential information pursuant to Section 3(2)(b)(i) (or any amendment of that provision) of the Confidential Information Disclosure Act (as revised) of the Cayman Islands.

There will not be any public market for the Participating Shares, and there is no obligation on the part of any person to register the Participating Shares under any securities laws. The Offering Memorandum and Articles of Association provide for restrictions on dealing with Shares.

The Fund may be subject to anti-money laundering and other regulations in multiple jurisdictions. Under such regulations, the Fund may be required to implement an internal anti-money laundering compliance program; any information obtained as part of the Fund's anti-money laundering or other compliance procedures (including records of the Fund) may be required to be disclosed to anti-money laundering or taxation authorities in such jurisdictions.

It is the responsibility of any person in possession of this Offering Memorandum and any person wishing to apply for the Participating Shares pursuant to this Offering Memorandum to inform themselves of, and to observe, all applicable laws and regulations of any relevant jurisdiction.

### **Restrictions on Sales in Selected Jurisdictions**

#### Australia

No placement document, prospectus, product disclosure statement or other disclosure document has been lodged with the Australian Securities and Investments Commission ("ASIC"), in relation to this offering. This Offering Memorandum does not constitute a prospectus, product disclosure statement or other disclosure document under the Corporations Act 2001 (the "Corporations Act") of Australia, and does not purport to include the information required for a prospectus, product disclosure statement or other disclosure document under the Corporations Act.

Any offer in Australia of the Participating Shares may only be made to persons (the "**Exempt Investors**") who are "sophisticated investors" (within the meaning of section 708(8) of the Corporations Act), "professional investors" (within the meaning of section 708(11) of the Corporations Act) or otherwise pursuant to one or more exemptions contained in section 708 of the Corporations Act so that it is lawful to offer the Participating Shares without disclosure to investors under Chapter 6D of the Corporations Act.

The Participating Shares applied for by Exempt Investors in Australia must not be offered for sale in Australia in the period of 12 months after the date of allotment under this offering, except in circumstances where disclosure to investors under Chapter 6D of the Corporations Act would not be required pursuant to an exemption under section 708 of the Corporations Act or otherwise or where the offer is pursuant to a disclosure document which complies with Chapter 6D of the Corporations Act. Any person acquiring Participating Shares must observe such Australian on-sale restrictions.

#### Canada

### Representations of Investors

Each Canadian investor who executes an application form or subscription agreement represents to the Fund and any dealer from whom such subscription is received that such investor and any ultimate investor for which such initial investor is acting as agent: (a) is entitled under applicable provincial securities laws to purchase such Participating Shares without the benefit of a prospectus qualified under such securities laws, (b) is basing its investment decision solely on this document and not on any other information concerning the Fund or the offering of Participating Shares, (c) has reviewed and acknowledges the terms referred to below under the heading "Canadian Resale Restrictions", and (d) is in compliance with the following:

- the investor is an "accredited investor" as defined Section 1.1 of National Instrument 45-106 *Prospectus and Registration Exemptions* ("**NI 45-106**") and is not a person created or being used solely to purchase or hold securities as an accredited investor as described in paragraph (m) of the definition of "accredited investor" in section 1.1 of NI 45-106:
- the investor is either purchasing Participating Shares as principal for its own account, or is deemed to be purchasing the Participating Shares as principal for its own account in accordance with the applicable securities laws of the province in which such investor is resident, by virtue of being either:
  (i) a trust company or trust corporation as further described in subsection (p) of the definition of "accredited investor" in Section 1.1 of NI 45-106; or (ii) a person acting on behalf of a fully managed account managed by that person as further described in subsection (q) of the definition of "accredited investor" in Section 1.1 of NI 45-106;
- the investor acknowledges and agrees that the offering of Participating Shares was made exclusively under this document and was not made through an advertisement of the Participating Shares in any printed media of general and regular paid circulation, radio, television or telecommunications:
- 4 the investor acknowledges that the Participating Shares are being distributed in Canada on a private placement basis only and that any resale of Participating Shares must be in accordance

with the requirements of applicable securities laws, which will vary depending on the relevant jurisdictions; and

the investor acknowledges and agrees that its name and other specified information, including the amount of Participating Shares purchased, will be disclosed to the relevant Canadian securities regulatory authorities and may become available to the public in accordance with the requirements of applicable securities and freedom of information laws. The investor consents to the disclosure of such information. If required by applicable securities laws or stock exchange rules, the investor agrees to execute, deliver and file or assist the Fund in obtaining and filing such reports, undertakings and other documents relating to the purchase of the Participating Shares by the investor as may be required by any securities commission, stock exchange or other regulatory authority.

#### Cayman Islands

The Fund may not make an invitation to the public in the Cayman Islands to subscribe for the Participating Shares unless the Fund is listed on the Cayman Islands Stock Exchange. "Public" for these purposes shall have the same meaning as "public in the Islands", as defined in the Mutual Funds Act (as revised) ("MF Act"). However, Participating Shares may be beneficially owned by persons resident, domiciled, established, incorporated or registered pursuant to the laws of the Cayman Islands. The Fund will not undertake business with any person in the Cayman Islands except in the furtherance of the business of the Fund carried on exterior to the Islands.

### Europe

The Fund and the Investment Manager have complied with, and intend to continue to comply with the requirements of the Alternative Investment Fund Managers Directive ("AIFMD") of the European Union. Accordingly, direct or indirect offering or placement by or on behalf of the Fund or the Investment Manager (including by any intermediary, distribution agent, placement agent or other person) of Participating Shares may be made to or with investors in member states of the European Union in accordance with the applicable requirements under the AIFMD or the applicable requirements under the private placement regime in each relevant member state. The Fund and the Investment Manager may accept subscriptions for Participating Shares from investors domiciled or with a registered office in the member states of the European Union in accordance with the applicable laws and regulations of the European Union and the relevant member states. The Fund and the Investment Manager reserve the right to take such steps, including making such amendments to this Offering Memorandum, as they reasonably deem to be appropriate in their sole discretion, in order to comply with any applicable requirements under the AIFMD or under the private placement regime in the relevant member state.

### **Hong Kong**

The contents of this document have not been reviewed by any regulatory authority in Hong Kong. You are advised to exercise caution in relation to the offer. If you are in any doubt about any of the contents of this document, you should obtain independent professional advice.

Shares may not be offered or sold in Hong Kong by means of this Offering Memorandum or any other document other than in circumstances which do not constitute an offer to the public for the purposes of the Hong Kong Securities and Futures Ordinance or any other applicable legislation in Hong Kong. This Offering Memorandum is distributed on a confidential basis and may not be reproduced in any form or transmitted to any person other than the person to whom it has been sent. No interest in the Fund will be issued to any person other than the person to whom this Offering Memorandum has been sent.

#### Indonesia

This Offering Memorandum may not be distributed in the Republic of Indonesia and the Participating Shares may not be offered or sold in the Republic of Indonesia or to Indonesian citizens wherever they are domiciled, or to Indonesian residents in a manner which constitutes a public offer under the laws of the

Republic of Indonesia. This Offering Memorandum has not been and will not be registered as a prospectus in the Republic of Indonesia with the Indonesian Capital Market Supervisory Board and Financial Institution (Badan Pengawas Pasar Modal Dan Lembaga Keuangan or Bapepam-Lk).

#### Japan

No information, disclosures or other filings concerning the Participating Shares have been submitted to the Financial Services Agency of Japan and/or the Kanto Finance Bureau, and the Participating Shares are not offered, nor available for placement or subscription, in Japan whether to the public or on a private or restricted placement basis, without prejudice to the right of any resident of Japan to actively seek to subscribe to the Participating Shares in a jurisdiction outside of Japan pursuant to an offer validly made in such jurisdiction (and not in Japan) in accordance with relevant laws.

Each holder of the Participating Shares shall not, directly or indirectly, offer or sell any Participating Shares into Japan except pursuant to an exemption from the registration requirements under the Financial Instruments and Exchange Act of Japan and otherwise in compliance with any other applicable laws, regulations and ministerial guidelines of Japan.

#### Korea

This Offering Memorandum is not, and under no circumstance is to be construed as, a public offering of securities in Korea. Neither the Fund nor the Investment Manager is making any representation with respect to the eligibility of any recipients of this Offering Memorandum to acquire the Participating Shares under the laws of Korea, including but without limitation the Foreign Exchange Management Act and regulations thereunder. The Participating Shares have not been registered under the Securities and Exchange Act of Korea and none of the Participating Shares may be offered, sold or delivered, or offered or sold to any person for re-offering or resale, in Korea or to any resident of Korea except pursuant to applicable laws and regulations of Korea.

#### Malaysia

The offering made under this Offering Memorandum does not constitute, and should not be construed as constituting an offer or invitation to subscribe for or purchase any securities in Malaysia. The Fund, by distribution of this Offering Memorandum, is not making and has not made available any securities for subscription or purchase in Malaysia. This Offering Memorandum is being distributed in Malaysia for information purposes only and does not constitute, and should not be construed as offering or making available the Participating Shares for subscription or purchase in Malaysia.

### People's Republic of China

No invitation to offer, or offer for, or sale of, the Participating Shares will be made to the public in China (which, for such purposes, does not include Hong Kong or the Macau Special Administrative Region of the People's Republic of China or Taiwan) or by any means that would be deemed public under the laws of China. The information relating to the Participating Shares contained in this Offering Memorandum has not been submitted to or approved by the China Securities Regulatory Commission or other relevant governmental authorities in China. The Participating Shares may only be offered or sold to Chinese investors that are authorised to buy and sell securities denominated in foreign exchange. Potential investors resident in China are responsible for obtaining all relevant approvals from the Chinese government authorities, including but not limited to the State Administration of Foreign Exchange, before purchasing or subscribing for the Participating Shares.

# The Philippines

The Participating Shares being offered or sold hereunder have not been registered with the Securities and Exchange Commission of the Philippines under the Philippines Securities Regulation Code. Any future offer or sale of the Interests is subject to the registration requirements of the Philippines Securities Regulation Code unless such offer or sale qualifies as an exempt transaction thereunder.

### Singapore

The Fund is not registered as an authorised or recognised fund with the Monetary Authority of Singapore ("MAS"). The offer of Participating Shares which is the subject of this Offering Memorandum is not allowed to be made to the retail public in Singapore. This Offering Memorandum is not a prospectus as defined in the Securities and Futures Act (Chapter 289) of Singapore ("SFA"). Accordingly, statutory liability under the SFA in relation to the content of prospectuses would not apply. Investors should consider carefully whether the investment is suitable for them.

This Offering Memorandum has not been registered as a prospectus with the MAS. The offer of Participating Shares which is the subject of this Offering Memorandum is only allowed to be made pursuant to exemptions from prospectus requirements under the SFA and not to the retail public. Recipients of the Offering Memorandum in Singapore should note that the offering of the Participating Shares (as defined in this Offering Memorandum) is subject to the terms of the Offering Memorandum and the SFA. Accordingly the Participating Shares may not be offered or sold, or be made the subject of an invitation for subscription or purchase whether directly or indirectly, nor may the Offering Memorandum or any other document or material in connection with the offer or sale, or invitation for subscription or purchase of such Participating Shares be circulated or distributed, whether directly or indirectly, to any person in Singapore other than to persons permitted to receive such offers under applicable exemptions, and pursuant to, and in accordance with the conditions of any other applicable provision of the SFA. The holding of Participating Shares and any subsequent sale by investors of their Participating Shares, if subscribed for or purchased in Singapore, are subject to the restrictions and conditions stipulated under the SFA.

#### Switzerland

The Fund is considered a foreign investment scheme pursuant to Art. 119 of the Swiss Federal Collective Investment Schemes Act ("CISA"). No application has been submitted to the Federal Financial Market Supervisory Authority ("FINMA") to obtain approval within the meaning of Art. 120 CISA to publicly advertise, offer or distribute the investment in or from Switzerland, and no other steps have been taken in this direction. As a result, the investment is not registered with FINMA. Any offer or sale must therefore be in strict compliance with Swiss law, and in particular with the provisions of the CISA and its implementing ordinances, and FINMA circular 2013/9 on distribution of collective investment schemes. Pursuant to the CISA and its implementing ordinances, the Participating Shares may not be offered, marketed or distributed to the public in or from Switzerland, but only to qualified investors according to art. 10 of CISA.

Any representation of the Fund in Switzerland (if any) will be advised separately as Swiss Representative of the Fund. Any fund documentation, including this Offering Memorandum, the Offering Memorandum and Articles of Association and annual reports issued by the Fund from time to time may be obtained free of charge from the Swiss representative. The Fund's paying agent in Switzerland (if any) will be advised separately.

Retrocessions are deemed to be payments and other soft commissions paid by the Investment Manager and its representatives for distribution activities in respect of Participating Shares. In respect of distribution in Switzerland, the granting of retrocessions is permitted, irrespective of the contractual relationship between the recipient of the retrocession and the investor (asset management agreement, advisory agreement, execution only) and irrespective of whether the service qualifies as distribution or is not deemed to be distribution pursuant to Art. 3 CISA. In respect of distribution in Switzerland, the Investment Manager and its representatives could pay retrocessions for distribution activities to distributors or distribution partners. The recipients of the retrocessions must ensure transparent disclosure and inform investors, unsolicited and free of charge, about the amount of remuneration they may receive for distribution. On request, the recipients of retrocessions must disclose the amounts they actually receive for distributing the collective investment schemes of the investors concerned.

Rebates are defined as payments by the Investment Manager and their representatives directly to investors from a fee or cost charged to the Fund with the purpose of reducing the said fee or cost to a contractually agreed amount. In respect of distribution in or from Switzerland, investors may be granted rebates on the fees or costs provided that rebates are paid from fees received by Investment Manager and therefore do

not represent an additional charge on the fund assets; rebates are granted on the basis of objective criteria; all investors who meet these objective criteria and demand rebates are also granted these within the same timeframe and to the same extent.

The objective criteria for the granting of rebates by the Investment Manager are, without limitation, the volume subscribed by the investor or the total volume they hold in the collective investment scheme or, where applicable, in the product range of the promoter; the amount of the fees generated by the investor; the investment behaviour shown by the investor (e.g. expected investment period); the investor's willingness to provide support in the launch phase of a collective investment scheme. This shall not be treated as an exhaustive list. At the request of the investor, the Investment Manager must disclose the amounts of such rebates free of charge.

#### Taiwan

The Fund has not been registered with or authorised by the Securities and Futures Bureau of the Taiwan Financial Supervisory Commission ("FSC"). Accordingly, the Participating Shares may not be offered to the public in Taiwan and no general advertisement or public solicitation in respect of the Participating Shares may take place in Taiwan. The Participating Shares may be offered or distributed by way of a private placement in Taiwan to certain qualified investors pursuant to the relevant provisions and requirements of the Securities Investment Trust and Consulting Law (SITC Law), Articles 52 to 54 of the Regulations Governing Offshore Funds and by virtue of an order issued by the FSC pursuant to Article 11 of the SITC Law. Any offer of Participating Shares by way of private placement must comply fully with the applicable laws and regulations in Taiwan. Any recipient of this Offering Memorandum shall not distribute it or otherwise promote the Fund in Taiwan and no person in Taiwan other than the person to whom the copy of this Offering Memorandum has been addressed may treat the same as constituting an invitation to him to invest. In addition, the person who acquires Participating Shares via private placement shall not transfer such Participating Shares to Taiwanese persons except for certain permitted transferees.

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

The Participating Shares described in this Offering Memorandum have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the "Securities Act") or any similar law, rule or regulation in any other jurisdiction (including without limitation any law, rule or regulation of any of the states of the United States of America). In addition, the Fund has not been and will not be registered under the U.S. Investment Company Act of 1940, as amended (the "Investment Company Act"), or any similar law, rule or regulation in any other jurisdiction. Accordingly, the Participating Shares may not be offered or sold in the United States of America, including its territories and possessions ("United States" or "US"), or, directly or indirectly, to or for the benefit of a U.S. Person (defined herein), except in a transaction which does not result in a violation of applicable United States federal or state securities laws.

The Participating Shares have not been approved or disapproved by the United States Securities and Exchange Commission (the "SEC"), any state securities commission or other regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of this offering or the accuracy or adequacy of these offering materials. Any representation to the contrary is unlawful.

#### Other Jursidictions

The absence of a discussion in this Offering Memorandum regarding sales restrictions of the Participating Shares in any particular jurisdiction does not imply that the Participating Shares may or may not be purchased in such jurisdiction by prospective subscribers. Jurisdictions not addressed herein may or may not permit the purchase of the Participating Shares by prospective subscribers who are subject to the laws and regulations of such jurisdictions. Prospective subscribers should consult their own professional advisors with respect to the purchase of the Participating Shares.

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#### **DEFINITIONS**

For the purposes of this Offering Memorandum, the following expressions have the following meanings:

"Administration Agreement" the administration agreement by which the Fund has

appointed the Administrator to provide administrative

services to the Fund.

"Administrator" NAV Fund Services (Cayman) Ltd., in its capacity as

administrator of the Fund, or such other successor entity

appointed.

"Advisory Fee" means the Advisory Fee payable to the Investment Advisor

as described in this Offering Memorandum.

"Business Day" means any day when the banks in the Cayman Islands, the

United Kingdom and the United States are ordinarily open

for business;

"Class" classes of Participating Shares issued at the discretion of

the Directors from time to time without consent of, or

notification to, existing Shareholders.

"Companies Act" means the Companies Act (Revised) of the Cayman

Islands and any statutory amendment or re-enactment thereof and where any provision of the Companies Act is referred to, the reference is to that provision as amended

by any law for the time being in force;

"Custodian" in its capacity as custodian of the Fund, such entity as

appointed from time to time.

"Directors" and "Board of Directors" means the directors of the Fund for the time being or, as

the case may be, the directors assembled as a board or as a committee thereof and "Director" means any one of the

Directors;

"Eligible Investor" means a Person eligible to subscribe for and hold

Participating Shares, being a Person who (i) is not a restricted Person (as determined from time to time by the Directors) and (ii) in the case of a Person who is a U.S. Person, an "accredited investor", as that term is defined in

Regulation D under the Securities Act.).

"FATCA" means (i) sections 1471 to 1474 of the U.S. Internal

Revenue Code of 1986 and any associated legislation, regulations or guidance, or similar legislation, regulations or guidance enacted in any jurisdiction which seeks to implement similar tax reporting and/or withholding tax regimes; (ii) any intergovernmental agreement, treaty, regulation, guidance or any other agreement between the Cayman Islands (or any Cayman Islands government body) and the US, the United Kingdom or any other jurisdiction (including any government bodies in such jurisdiction),

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entered into in order to comply with, facilitate, supplement or implement the legislation, regulations or guidance described in subparagraph (i); and (iii) any legislation, regulations or guidance in the Cayman Islands that give effect to the matters outlined in the preceding subparagraphs.

"Fiscal Year"

a calendar year ending 31 December, or such other date nominated by the Directors.

"Fund"

Re7 Opportunities Fund, a Cayman Islands exempted company incorporated with limited liability.

"ITC Regulations"

refer to The Tax Information Authority (International Tax Compliance) (Common Reporting Standard) Regulations, 2015 of the Cayman Islands as amended.

"Gross Negligence"

a standard of conduct beyond negligence whereby that person acts with reckless disregard for the consequences of a breach of a duty of care owed to another.

"Initial Offer Period"

in relation to the Participating Shares offered pursuant to this Offering Memorandum, the relevant period during which Participating Shares in the Fund may be purchased at the relevant initial price or such earlier or later period at the discretion of the Directors.

"Investment Advisor"

Falcon Investment Management Ltd. ("Falcon"), a company incorporated under the laws of the United Kingdom appointed to provide non-discretionary investment advice and certain other services in respect of the Fund on the terms as set out in the Investment Advisory Agreement.

"Investment Advisory Agreement"

means the Agreement between the Fund, the Investment Advisor and the Investment Manager.

"Investment Management Agreement"

means any agreement for the time being subsisting between the Fund and the Investment Manager and relating to the appointment and duties of the Investment Manager in respect of the Fund and the management of the Fund's investments.

"Investment Manager"

FCM (Cayman) Ltd., an exempted company, limited by shares, with unlimited duration, incorporated in the Cayman Islands.

"Lock Up Period"

in relation to a Class or Classes of Participating Shares, such period as may be determined by the Directors, during which a Share of a particular Class may not be redeemed without the consent of the Directors, or may be redeemed upon payment of a fee advised.

"Management Fee"

the Management Fee payable to the Investment Manager as described in this Offering Memorandum.

"Memorandum and Articles of Association"

the Offering Memorandum of association and articles of association of the Fund, as amended from time to time.

"Monetary Authority"

the Cayman Islands Monetary Authority.

"Net Asset Value"

the net asset value of the Fund or the particular Class or Series of Participating Shares (as the case may be) calculated as described in this Offering Memorandum.

"Offering Memorandum"

this offering memorandum as supplemented or amended

from time to time.

"Performance Fee"

the Performance Fee payable to the Investment Manager

as described in this Offering Memorandum.

"Performance Period"

the period over which the Performance Fee is calculated and payable, being the annual periods in each calendar year commencing on 1 January.

"Redemption Date"

the first Business Day of every calendar quarter and/or such other Business Days as the Directors may, either generally or in any particular case, determine.

"Redemption Price"

the price at which the Participating Shares will be

redeemed.

"Series"

a series of Participating Shares within a Class.

"Shareholder"

a person who is registered on the Register of Participating Shareholders of the Fund as the holder of a Share.

"Shares" or "Participating Shares"

redeemable, limited voting, participating shares of par value USD 0.01 each in capital of the Fund which may be issued in various series and which have the rights as set out in and are offered pursuant to this Offering Memorandum.

"Subscription Agreement"

with respect to each Shareholder, the executed Subscription Agreement entered into between such Shareholder and the Fund with respect to the purchase of Participating Shares.

"Subscription Date"

the first calendar day of every calendar month and/or such other calendar days as the Directors may, either generally or in any particular case, determine.

"Subscription Price"

the price at which the Participating Shares will be issued.

"United States" or "US"

means The United States of America, its territories and possessions including the States and the District of Columbia.

"U.S. Dollar(s)" and "US\$"

"U.S. Person"

the lawful currency of the United States of America.

means any individual or entity that would be a U.S. Person under Regulation S of the Securities Act. The Regulation S definition of U.S. Person includes: (a) any natural person resident in the United States; (b) any partnership or corporation organized or incorporated under the laws of the United States; (c) any estate of which any executor or administrator is a U.S. person; (d) any trust of which any trustee is a U.S. person; (e) any agency or branch of a foreign entity located in the United States; (f) any nondiscretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary for the benefit or account of a U.S. person; (g) any discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary organized, incorporated, or (if an individual) resident in the United States; and (h) any partnership or corporation if: (i) organized or incorporated under the laws of any foreign jurisdiction; and (ii) formed by a U.S. person principally for the purpose of investing in securities not registered under the Act, unless it is organized or incorporated, and owned, by accredited investors (as defined in Rule 501(a) under the Securities Act) who are not natural persons, estates or trusts. Any U.S. citizen or "resident alien" within the meaning of U.S. income tax laws as in effect from time to time. Currently, the term "resident alien" is defined under U.S. income tax laws to generally include any individual who (i) holds an Alien Registration Card (a "green card") issued by the U.S. Citizenship and Immigration Services or (ii) meets a "substantial presence" test. The "substantial presence" test is generally met with respect to any current calendar year if (i) the individual was present in the U.S. on at least 31 days during such year and (ii) the sum of the number of days on which such individual was present in the U.S. during the current year, 1/3 of the number of such days during the first preceding year, and 1/6 of the number of such days during the second preceding year, equals or exceeds 183 days. With respect to persons other than individuals: (i) a corporation or partnership created or organized in the United States or under the laws of the United States or any state; (ii) a trust where (a) a U.S. court is able to exercise primary supervision over the administration of the trust and (b) one or more U.S. persons have the authority to control all substantial decisions of the trust; and (iii) an estate which is subject to U.S. tax on its worldwide income from all sources.

"Valuation Date"

the last calendar day of every calendar month and/or such other Business Days as the Directors may, either generally or in any particular case, determine.

#### SUMMARY OF OFFERING MEMORANDUM

The following is a summary only and is qualified in its entirety by the more detailed information appearing elsewhere in this Offering Memorandum and in the Fund's Memorandum and Articles of Association, a copy of which is available upon request.

#### The Fund

The Fund was incorporated as a Cayman Islands exempted company with limited liability on 27 July 2022 and has established a Class of Participating Shares for investors to subscribe to. The Participating Shares shall participate on a pro rata basis in the Fund's portfolio. The structure of the Fund and the Participating Shares being offered is described further herein.

The Fund has issued one class of voting non-participating shares (the "Management Shares"), to be held by Re7 Group Limited (together with its affiliates, "Re7").

Pursuant to this Offering Memorandum, the Fund is offering Shares of the Fund in a private placement to certain "qualified" investors. The Fund may establish multiple classes of Participating Shares, which may have terms that differ from those governing the Participating Shares, without obtaining the consent of Participating Shareholders. Although the Participating Shares of the Fund will not be separate and distinct with respect to their assets and liabilities, the Fund may, in the future, create new Classes of Participating Shares which may be a separate series with separate and distinct liabilities from the Participating Shares described in this Offering Memorandum. Each Class may establish multiple series.

### **Minimum Investment**

The minimum initial subscription amount per investor must be USD 100,000. Subsequent purchases by existing Shareholders will be subject to a minimum purchase requirement of USD 100,000, or such lesser amount as may be approved by the Directors in their sole and absolute discretion. Shares are issued in Series as described below under "Issue and Redemption of Participating Shares". The minimum investment and holding amounts set forth in this Offering Memorandum may be adjusted by the Directors from time to time, in their sole discretion, to account for currency alterations or similar changes.

In accordance with Cayman Islands law, at no time may the Directors accept initial subscriptions below the equivalent of CI\$ 80,000 (approximately USD 100,000) or such other amount stipulated by Cayman Islands law.

# **Summary of Investment Objectives**

The investment objective of the Fund is capital appreciation on a portfolio of crypto currency assets. The Fund will invest in liquid tokens on the secondary market to achieve its objective but may also purchase private securities issued by companies or projects related to the blockchain industry.

### **Subscriptions**

This Offering Memorandum relates both to an initial offering during the Initial Offer Period and to subsequent issues of Participating Shares.

Participating Shares will be available for issue on any Subscription Date at the Subscription Price. Applications received before 5:00 p.m. (Eastern Time) on the Business Day falling at least five (5) Business Days prior to a Subscription Date will be dealt with on that Subscription Date. Applications received after such time will be dealt with on the next following Subscription Date, unless specifically approved by the Directors. The Fund will issue Participating Shares in Series, with a new Series of each such Class being offered each Subscription Date. The Subscription Price per Share of each Series of each Class will be USD

1,000.

Applications should be made on the Subscription Agreement. Subscription Agreements, duly completed, should be sent to the Fund at the address set out in the Subscription Agreement.

At the discretion of the Fund's Directors, the Fund may accept securities in lieu of cash for a part or the whole of an application to subscribe for Shares. Any securities which are accepted in lieu of cash will be valued in accordance with the principles in determining Net Asset Value.

Notification in writing will be dispatched to applicants of the acceptance or rejection of such application. If the application is successful, Shareholders will be notified of the number of the Participating Shares issued to them. No Share Certificate will be issued.

# Redemptions

Shareholders will have the right to require all or a portion of their Shares to be redeemed on a Redemption Date at the Redemption Price then prevailing, provided that the Redemption Date in respect of such Shares cannot occur during any Lock Up Period. In respect of a Class A Share, there will be a Lock Up Period of 1 year commencing on the issue of such Share or, in each case, such shorter period as the Directors may determine. Additional Lock Up Periods may apply to other Classes of Participating Shares created in the future. Where a Shareholder has been issued Shares at different times and subsequently makes a partial redemption, the Participating Shares shall be redeemed on a "first issued, first redeemed" basis i.e. Shares subscribed earlier in time will be redeemed prior to Shares subscribed later in time.

The Redemption Price will be the Net Asset Value per Share of the corresponding Series of corresponding Class as at the Valuation Date immediately preceding the applicable Redemption Date, less all applicable fees and reserves.

In order for a redemption request to take effect on a particular Redemption Date, a written redemption request must be received by the Administrator not later than 5:00 p.m. (United Kingdom time) on the Business Day falling at least 30 calendar days before the relevant Redemption Date or such later day as the Directors in its discretion may decide. Redemption requests received after such time will be processed on the next following Redemption Date. No redemption fees will be charged.

If compliance with a Shareholder's request for redemption would result in the Shareholder holding Shares with an aggregate Net Asset Value of less than USD 100,000, the Shareholder's request may be rejected or the whole of his holding compulsorily redeemed.

Requests for redemption once made may not be withdrawn (except with the written consent of the Directors) or if there is a suspension of determination of the Net Asset Value of the Fund.

In addition, the Fund reserves the right to mandatorily redeem any or all of a Shareholder's Shares at any time, for any reason.

Any amount payable to a Shareholder in connection with requests for redemption will be paid by wire transfer (in accordance with written details to be supplied by the Shareholder) at the Shareholder's expense and risk. The Fund will normally ensure that it has sufficient liquid assets available to enable redemption proceeds to be forwarded forthwith to a Shareholder who has requested a redemption of all or part of his holding of Participating Shares. The details of where such monies are to be forwarded must be set out in the Subscription Agreement. This may be changed from time to time by written instructions of the Shareholder. Failure to complete that section of such Subscription Agreement may result in delays in the receipt of redemption proceeds since the Fund will reserve the right to insist on instructions with regard to payment being received by the Fund in writing under the verified signature of the Shareholder.

Notwithstanding the previous paragraph, the Fund may defer payment of the Redemption Price if it is unable to do so because of circumstances beyond its control, in which case it will pay such Redemption Price as soon as possible.

The Fund may pro-rate all redemption requests on any Redemption Date to limit total redemptions to Shares representing 50% of the total Net Asset Value of the Participating Shares in issue on the relevant Redemption Date. Any outstanding redemption requests will be carried forward to the next following Redemption Date where they will be dealt with prior to any subsequent requests (subject to further deferral if the requests carried forward themselves exceed 50% of the total Net Asset Value of the Participating Shares on that next following Redemption Date).

The Fund may also pro-rate or suspend redemption requests on any Redemption Date where these requests would cause a breach in any of the Investment Restrictions, for example, where a large redemption would impact maximum leverage. Any pro-rating or suspension of redemptions in this respect must be approved in writing by the Investment Manager in consultation with the Investment Advisor.

Participating Shares shall be treated as having been redeemed only with effect from full payment of the relevant Redemption Price. Upon the removal of the name of a Shareholder from the Register of Members with respect to a redemption, and the payment of the relevant Redemption Price, the relevant Participating Share shall be cancelled, but shall be available as a Participating Share for re-issue and until re-issue shall form part of the unissued share capital of the Fund.

Further, the Fund, the Investment Manager and the Administrator reserve the right to refuse or to advise the Fund to refuse to make any redemption payment to a Shareholder if any of them suspects or is advised that the payment of any redemption proceeds to such Shareholder might result in a breach or violation of any applicable anti-money laundering or other laws or regulations by any person in any relevant jurisdiction, or such refusal is considered necessary or appropriate to ensure the compliance by the Fund, the Investment Manager or the Administrator with any such laws or regulations.

SINCE THE REDEMPTION PRICE OF PARTICIPATING SHARES IS TIED TO THE VALUE OF THE UNDERLYING ASSETS OF THE FUND, IT SHOULD BE NOTED THAT THE PRICE AT WHICH AN INVESTOR MIGHT REDEEM HIS SHARES MAY BE MORE OR LESS THAN THE PRICE AT WHICH HE SUBSCRIBED FOR THEM DEPENDING ON WHETHER THE VALUE OF THE UNDERLYING ASSETS HAS APPRECIATED OR DEPRECIATED BETWEEN THE SUBSCRIPTION DATE AND THE REDEMPTION DATE.

#### **Side Letters**

The Fund and/or the Investment Manager or their associates may enter into side letter arrangements with investors granting an investor preferred economic and other terms as compared to other Shareholders. These may include, but are not limited to, rebates of fees and/or charges payable to the Investment Manager or its associates, the reservation of capacity in the Fund, the provision of additional liquidity, co-investment opportunities, redemption terms or additional information to the investor. The Investment Manager or its associates may also agree to consult with or obtain prior approval from particular investors before taking certain actions.

### **Fees and Expenses**

The Investment Manager shall receive a management fee (the "Management Fee") equal to 2% per annum of the Net Asset Value of the Participating Shares, payable monthly in arrears.

The Investment Manager shall receive a performance fee (the "Performance Fee") in exchange for the services it renders to the Fund.

The Performance Fee will be deemed to accrue annually as at the first calendar day of each calendar year period and will be calculated and be payable annually in arrears (the "**Performance Period**") at the following rates:

1. 20% of any increase in the relevant Net Asset Value per Share during each Performance Period in respect of that Performance Period.

By way of example, for an increase of 10% of the Net Asset Value per Share during the relevant Performance Period, the Performance Fee payable will be 20% of the 10% of the increase.

The Investment Advisor shall receive an advisory fee (the "Advisory Fee") from the Investment Management payable monthly in arrears.

# Suitability

The circulation and distribution of this Offering Memorandum and offering of Participating Shares in certain countries is restricted by law. Persons into whose possession this Offering Memorandum may come are required to inform themselves of and to observe any restrictions and/or any additional requirements as to suitability or investor qualification.

### **Dividend Policy**

The Fund does not expect to pay dividends or other distributions with respect to the Participating Shares.

#### "Master-Feeder" Structure

The Fund may, in the future, reorganise all or part of it into a "master-feeder" fund structure. The reorganisation would be effected by the formation of a feeder fund, which would invest all of its assets into the Fund (the "Master Fund") which would be a separate vehicle. All of the portfolio investments would be held at the Master Fund level. If the Master Fund structure were to proceed, investment activities will be carried out at the Master Fund level. However, the Master Fund would be managed by adopting the same investment strategies and by the same group of managers.

# Listing of the Fund

The Fund and its Shares may, in the future, become listed on a stock exchange. Shareholder consent would not be required to the Fund implementing a listing and arranging for all documents and matters to be attended to.

### **Reports to Shareholders**

Shareholders will receive annual audited financial statements of the Fund within 6 months of the end of the Fiscal Year.

In addition to the above, the Shareholders will receive the following information from the Investment Manager: (a) a report setting out: (i) the percentage of the Fund's assets which are subject to special arrangements; (ii) any new arrangements for liquidity management as determined by the Investment Manager from time to time; and (iii) the current risk profile of the Fund and the risk management systems employed by the Investment Manager in relation thereto (the "Risk Management Report"); and (b) a report setting out: (i) any changes to the leverage limit employed in respect of the Fund; (ii) any changes to the re-use of collateral or any guarantee granted under current leverage arrangements entered into by the Fund; and (iii) total leverage employed by the Fund (the "Leverage Report"). Please note that it is not intended that any leverage will be employed outside of hedging and capital optimization purposes.

Shareholders shall receive the Risk Management Report at least at the same time as the publication of the

annual report and at such times as any new arrangements are entered into pursuant to paragraph (a)(ii). The Leverage Report shall be periodically disclosed to Shareholders of the Fund and on no less than an annual basis.

On occasion, the Fund and the Investment Manager may be requested to disclose information of a particular form or in a particular format to one or more investors as result of their legal, regulatory, or structural requirements. In such instances the Fund and the Investment Manager will make all reasonable efforts to ensure the same level of information is available to all investors.

# **Consolidation and Rollup Provision**

Consolidation and rollup provision here means, At the end of period (generally Annually), the shares of each series held by a Shareholder (other than the series of Shares issued upon such Shareholder's initial subscription for Shares (the "Initial Series")) will be redeemed and the proceeds thereof used to subscribe for Shares of the Initial Series. Shares may be rolled into the Initial Series based upon the Net Asset Value per Share of the series being converted and the Net Asset Value per Share of the Initial Series at such time, provided however, that no such roll-up shall occur with respect to a series of Shares if at the end of a month either the Net Asset Value per Share of such Series is below its Prior High NAV per Share or the Net Asset Value per Share of the Initial Series is below its Prior High NAV per Share.

#### The Administrator

NAV Fund Services (Cayman) Ltd. Is acting as Administrator of the Fund.

NAV Consulting, Inc. has been engaged as the NAV Calculation Agent of the Fund (the "NAV Calculation Agent") pursuant to a Service Agreement entered into with the Fund (the "NAV Calculation Agreement"). The NAV Calculation Agent is responsible for, among other things, calculating the Fund's Net Asset Value and performing certain other accounting, back-office, data processing and related professional services all as described in the NAV Calculation Agreement.

NAV Fund Services (Cayman) Ltd. (the "Administrator") acts as the Administrator of the Fund pursuant to a Service Agreement entered into with the Fund (the "Administration Agreement," the Administrative Agreement and the NAV Calculation Agreement referred to collectively as the "NAV Agreements"). The Administrator is responsible for, among other things: (i) maintaining the register of Participating Shareholders of the Fund and processing the issuance of Participating Shares of the Fund; (ii) disseminating financial information to Shareholders; (iii) processing requests for redemption of Participating Shares; (iv) keeping books and records of the Fund; and (v) performing other services in connection with the administration of the Fund as described in the Administration Agreement.

#### The Auditor

RSM Cayman Ltd will serve as Auditor of the Fund.

#### **Risk Factors**

Investment in the Fund involves significant risks. Each Shareholder should understand that all investments have a risk factor. Therefore, there can be no guarantee against loss resulting from an investment in the Fund and there can be no assurance that the Fund's investment policy will be successful or that its investment objective will be attained. These risks are outlined in the section headed "Investment Considerations and Risk Factors" and Shareholders are urged to read this section carefully prior to investing.

#### INVESTMENT OBJECTIVES

The Fund's investment objective is capital appreciation and staking yield generation on a portfolio of crypto currency assets. The Fund will invest in liquid tokens on the secondary market to achieve its objective, but may also purchase securities issued by private companies or projects related to the blockchain industry

The main products invested in will be digital assets (commonly called *crypto tokens*, *cryptocurrencies* or *crypto*), over-the counter (OTC) products tied to or referencing digital assets and or equity securities and presale instruments for the foregoing (commonly called SAFTs) via the private markets).

The proceeds from the sale of each Participating Share in the Fund will be invested in the same underlying portfolio of assets.

The base currency of the Fund is the United States dollar (USD); however, the investment objectives of the Fund may be performed in different currencies.

The Investment Manager may adopt additional investment techniques and acquire other financial instruments for the benefit of the Fund, provided that doing so is consistent with its investment objectives and the investment restrictions described in this Offering Memorandum.

The Investment Manager may invest the Fund's assets fully in cash, cash equivalents or fiduciary deposits where it considers that to do so is required in order to protect the interests of investors.

To the extent required by applicable regulations, the Investment Manager shall employ an appropriate liquidity management system and adopt documented procedures to enable it to monitor the liquidity risk of the Fund and seek to ensure that the liquidity profile of its investments enable it to meet redemption requests in relation to the Fund in normal circumstances. In addition, there are procedures that seek to allow the Fund to manage its liquidity in exceptional circumstances. The Investment Manager's liquidity management procedures shall be reviewed on at least an annual basis. To the extent required by applicable regulations, the Investment Manager shall conduct stress testing on an on-going basis under normal and exceptional liquidity conditions, having regard to a range of issues, including the Fund's investment strategy, the fact that Participating Shares in the Fund may not be purchased or held by persons who are not experienced in investment matters and the fact that the Fund provides for quarterly Redemption Dates and such other redemption days as may be applicable according to this Offering Memorandum.

The Fund may hedge currency risks when the Investment Manager believes such action to be in the best interests of the Fund.

The following investment restrictions shall apply to the Fund:

- 1. Maximum leverage: 150% maximum gross exposure; and
- 2. Maximum percentage of Fund assets to be held in illiquid positions: 15% (illiquid meaning > 12 months to liquidate).

Note that illiquid positions means investments that are subject to transfer restrictions, such as lockup periods, or that are not listed on a trading exchange or other marketplace with sufficient liquidity, as determined by the Investment Manager in its sole discretion, to achieve its investment objectives.

If there is a breach of the above restrictions, the Investment Manager shall as soon as reasonably practicable take such steps to remedy the breach as it considers appropriate, having regard to the interests of the Shareholders, but shall not be under any further liability in respect of the breach. The investment restrictions may be changed by the Directors of the Fund on giving one month's prior written notice to the Shareholders. The Directors will notify the Shareholders forthwith on any notification by the Fund in this regard.

The Fund's investment objective and investment strategies may be changed without the approval of Participating Shareholders, however Shareholders will be given notice of any material changes and then the opportunity to redeem before such material changes take effect.

NO ASSURANCE CAN BE GIVEN THAT THE FUND WILL ACHIEVE ITS INVESTMENT OBJECTIVE.

NO ASSURANCE CAN BE GIVEN THAT ANY OF THESE INVESTMENT STRATEGIES WILL BE PROFITABLE OR THAT ANY FUND INVESTMENT SELECTED BY THE INVESTMENT MANAGER WILL ACHIEVE ITS INVESTMENT OBJECTIVES.

#### INVESTMENT CONSIDERATIONS AND RISK FACTORS

All investments risk the loss of capital. No guarantee or representation is made that the Fund will achieve its investment objective. The Fund may utilise high risk digital assets and securities including low credit quality and distressed securities, which may be illiquid, and may utilise highly speculative investment techniques including short-selling, high leverage, futures, swaps and notional principal contracts, currency speculation, short-sales and uncovered option transactions. Accordingly, an investment in the Fund is speculative and involves considerations and risk factors which prospective subscribers should consider before subscribing. An investment in the Fund should form only a part of a complete investment program and an investor must be able to bear the loss of its entire investment. In addition, prospective subscribers should consult their own tax advisors regarding the potential tax consequences of the Fund's activities and investments.

### INVESTMENT PRACTICES AND SPECIFIC PORTFOLIO RISK FACTORS

# **Investment Objective**

There is no guarantee that in any time period, particularly in the short term, the Fund's portfolio of assets will achieve appreciation in terms of capital growth. Investors should be aware that the value of Participating Shares may fall as well as rise.

Investment in the Fund involves significant risks. Whilst it is the intention of the Investment Manager to implement strategies which are designed to minimise potential losses, there can be no assurance that these strategies will be successful. It is possible that an investor may lose a substantial proportion or all of its investment in the Fund. As a result, each investor should carefully consider whether it can afford to bear the risks of investing in the Fund.

# **Business Risks**

The Fund will invest substantially all of its available capital (other than capital the Investment Manager determines to retain in cash or cash equivalents) in digital assets and securities and other intangible investment instruments. While most of these instruments are traded in public markets, markets for such instruments in general are subject to fluctuations and the market value of any particular investment may be subject to substantial variation. In addition, such digital assets and securities may be issued by unseasoned companies and may be highly speculative. No assurance can be given that the Fund's investment portfolio will generate any income or will appreciate in value.

# **Recent Financial Market's Dislocation and Illiquidity**

The upheaval in the U.S. financial markets and the European Markets in recent years has illustrated that the current environment is one of extraordinary and possibly unprecedented uncertainty and instability for all market participants. Financial markets around the world and their participants, including the Fund, the counterparties through which the Fund executes its transactions, and other financial institutions with which the Fund has contractual relationships in connection with its investments, have been negatively affected by such market turmoil. The nature of any resulting market, legal, regulatory, reputational and other unforeseen

risks that will affect market participants in the future cannot be predicted. The impact of such risks on the markets in which the Fund operates cannot be determined, but could adversely affect the business of the Fund, restrict the ability to acquire, sell or liquidate investments at favourable times and/or favourable prices, restrict the Fund investment and trading activities and impede the Fund's ability effectively to achieve its investment objectives.

# **Concentration Risk**

Although the Investment Manager may diversify the Fund's investment portfolio, other than as specified in the section headed "Investment Restrictions" in this Offering Memorandum it is not obliged to do so or to utilize common diversification techniques in the proportion of assets that it may invest on behalf of the Fund and, consequently, the Fund may at certain times hold relatively few investments. The investment of a large percentage of the Fund Assets in a concentrated number of investments may cause the Fund's Net Asset Value per Share to fluctuate more than that of a diversified investment fund. The Fund could be subject to significant losses if it holds a large position in a particular investment that declines in value or is otherwise adversely affected, including default of the issuer.

# **Temporary Change of Strategy Risk**

In response to market, economic, political, or other conditions, the Investment Manager may temporarily use a different investment strategy for the Fund either for its core positioning or its trading overlay. Such a strategy could include investing a relatively significant amount of the Fund's assets in cash or high-quality money market securities. If the Investment Manager does so, it could affect the Fund's performance and the investment objective in relation to the Fund might not be achieved.

### **Effect of Substantial Redemptions**

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

A substantial redemption may be so large as to trigger restrictions on the amount of the money which can be redeemed in any given month. This contractual restriction can lead to all or part of the assets being locked for a month or more which would put those assets subject to the same risks as the other assets.

# **Importance of the Investment Manager**

The Investment Manager ultimately makes decisions for the Fund in investing the Fund Assets. The Fund's success depends, to a large extent, upon the Investment Manager's ability to choose appropriate investments. In certain circumstances, FCM (Cayman) Ltd may be replaced with a new investment manager, potentially including an affiliate of, Re7 or the Re7 Group Ltd. FCM (Cayman) Ltd may also terminate the Investment Management Agreement in certain circumstances, which potentially could require the Fund to appoint a new investment manager and negotiate a similar arrangement with such new investment manager. There can be no assurance that any such process, or any dispute or deadlock that could arise between FCM and the Re7 Group Ltd, will not cause disruption to the management of the Fund, potentially including with respect to any time-sensitive investing activities. If the Investment Manager ceases to participate in the operations of the Fund for any reason, the operations, objectives and activities of the Fund may be adversely affected.

# **Limited Track Record of the Investment Manager**

The Investment Manager has a limited operating history. The limited nature of the Investment Manager's track record will reduce the accuracy and scope of assessment possible.

### **Potential Conflicts of Interests**

Potential conflicts of interests exist in the structure and operation of the Fund. See further under the section headed "Potential Conflicts of Interests" in the Offering Memorandum.

# Lack of Formal Segregation of Assets and Liabilities between Classes

Please note that the assets attributable to one class of Participating Shares of the Fund will not be legally segregated or isolated from the liabilities attributable to any other class of Participating Shares of the Fund. Therefore, Shareholders of one class have a potential risk exposure to the trading performance of the other classes to the extent that the other classes trade on margin, use leverage or otherwise incur liabilities which could exceed their assets.

### **Performance Fee Risk**

The Performance Fee may create an incentive for the Investment Manager and/or the Portfolio Manager(s) to cause the Fund to make investments that are riskier or more speculative than would be the case if the Investment Manager were paid only a fixed fee. Since the Performance Fee is calculated on a basis that includes unrealized appreciation of the Fund Assets, such fee may be greater than if it were based solely on realized gains.

# **Dividend/Distribution Policy**

The Fund does not expect to pay dividends or other distributions with respect to the Participating Shares. Payments of dividends on Participating Shares is not guaranteed. Those who anticipate the need for income from dividends from their investments should not invest in the Fund.

# **Market and Liquidity Risks**

The Investment Manager may employ various techniques to attempt to reduce a portion of the risks inherent in their respective trading strategies. The ability to achieve the desired effect through a particular technique is dependent upon many factors, including the liquidity of the market at the desired time of execution. The value and volatility of trading in these markets depends in part on general public interest and public opinion concerning economic conditions as well as the liquidity provided by market makers and specialists. The liquidity of the market may also be affected by a halt in trading on a particular futures, digital asset or securities exchange or exchanges. Illiquid markets may make it difficult for issuers in which the Fund invests to get an order executed at a desired price.

### **Trading Strategies May Not Be Successful**

There can be no assurance that any trading method employed by the Investment Manager will produce profitable results and the past performance of these trading methods is not necessarily indicative of their future profitability. Profitable trading is often dependent on anticipating trends or trading patterns, or on convergence of mis-priced assets. In addition, markets experiencing random price fluctuations, rather than defined trends or patterns, may generate a series of losing trades. There have been periods in the past when the markets have been subject to limited and ill-defined price movements, and such periods may recur. Any factor which may lessen major price trends (such as governmental controls affecting the markets) may reduce the prospect for future trading profitability. Any factor which would make it difficult to execute trades, such as reduced liquidity or extreme market developments resulting in prices moving the maximum amount allowed in a single day could also be detrimental to profits or cause losses. Increases in margin levels on digital assets or securities (including options) may occur in the future. Such increased margin and other potential regulatory changes may adversely impact the trading strategies. No assurance can be given that the trading techniques and strategies of the Investment Manager will be profitable in the future.

### Failure of Brokers/Custodians Risk

The Brokers/Custodians will have custody of the assets of the Fund, including their margin deposits. Financial difficulty, fraud, or misrepresentation at any one of these institutions could impair the operational capabilities or capital position of the Fund.

### Increased/Enhanced Exposure Risk

The Fund (if permitted in terms of this Offering Memorandum) leverages its investment positions by borrowing funds, which will typically be secured by the Fund's digital assets and securities and other assets, from securities broker-dealers, banks, or others. Borrowing money to purchase digital assets and securities may provide the Fund with the opportunity for greater capital appreciation in respect of a Fund but, at the same time, will increase the Fund's exposure to capital risk and higher current expenses. Moreover, if the assets under management are not sufficient to pay the principal of, and interest on, the debt when due, the Fund could sustain a total loss of its investment. As such, the Fund's exposure to capital risk is enhanced.

# **Price Movement Risk**

The leverage provided by custodians/brokers and most third parties allow for taking large foreign exchange positions with relatively low amounts. Therefore, a relatively small price movement in an unfavorable direction in the exchange rate could result in immediate and substantial losses for a Fund's investments.

### **GDPR**

Under the GDPR, data controllers are subject to additional obligations including, amongst others, accountability and transparency requirements whereby the data controller is responsible for, and must be able to demonstrate compliance with the rules set down in the GDPR relating to data processing and must provide data subjects with more detailed information regarding the processing of their personal data. Other obligations imposed on data controllers include more enhanced data consent requirements and the obligation to report any personal data breach to the relevant supervisory authority without undue delay. Under the GDPR, data subjects are afforded additional rights, including the right to rectify inaccurate personal information, the right to have personal data held by a data controller erased in certain circumstances and the right to restrict or object to processing in a number of circumstances. The implementation of GDPR may result in increased operational and compliance costs being borne directly or indirectly by the Fund. Further, there is a risk that the measures will not be implemented correctly by the Fund or its service providers. If there are breaches of these measures by the Fund or any of its service providers, the Fund or its service providers could face significant administrative fines and/or be required to compensate any data subject who has suffered material or non-material damage as a result as well as the Fund suffering reputational damage which may have a material adverse effect on its operations and financial conditions.

### **Legal Claims**

Where the trading of Digital Assets (e.g. digital assets, cryptocurrencies and tokens) and use of the Crypto Networks (e.g. blockchain protocols and smart contracts) violates any foreign or domestic statute or regulation, or a government or individual asserts intellectual property claims against the crypto network source code or related algorithms, the Fund could be adversely affected.

It is unlikely that the Fund cannot verify the legitimacy of claims to ownership of Digital Asset investments. To the extent that any individual, institution, government or other authority asserts a claim of ownership or wrongful possession over the Digital Assets in the custody of the Fund, there may be adverse financial effects. Regardless of the result of any legal action, confidence in Digital Assets and the Crypto Network may adversely affect an investment in the Fund.

Crypto exchanges often operate in jurisdictions where it may be difficult to successfully pursue claims in the courts or enforce in the courts a judgement obtained by the Fund in another country. Certain less developed countries generally lack the fully developed legal systems and practices found in countries with more developed market economies. These legal risks may adversely affect the Fund and its operations and investments.

# **Uninsured Losses**

Though the Fund may seek to insure its Digital Asset holdings, this may not be possible. This could be due to a lack of available policies, or due to excessive costs to obtain insurance that would cover potential losses. If an uninsured loss occurs or a loss exceeds policy limits, the Fund could lose a portion or all of its assets.

### No Operating History and Dependence On Management

The Fund has no operating history. There can be no assurance that the Fund will achieve its investment objective. The past performance of the Investment Manager may not be indicative of the future performance of the Fund. Although the overall supervision of the Fund is vested in the Board of Directors of the Fund, the Fund's investment performance could be materially affected if certain key people were to die, become ill or disabled or otherwise cease to be involved in the active management of the Fund.

### Reliance on Key Individuals

The success of the Fund is dependent on the expertise of the Investment Manager. The loss of one or more individuals could have a material adverse effect on the performance of the Fund.

# **Performance-Based Profit Allocations**

The fees paid to the Investment Manager include performance-based fees, if any, subject to a high water mark. These fees may create an incentive for the Investment Manager to make Fund investments that are riskier or more speculative than would be the case in the absence of such performance-based arrangements.

### **Dividends and Distributions**

The Fund does not intend to pay dividends or other distributions, but intends instead to reinvest substantially all of the Fund's income and gain. Accordingly, an investment in the Fund may not be suitable for investors seeking current returns for financial or tax planning purposes as holders of Participating Shares will likely only be able to realize a return on investment, including a return of their principal, through redemptions by the Fund.

# Lack of Transferability of Fund Shares

The Participating Shares offered hereby have not been registered under securities laws and are subject to restrictions on transfer contained in such laws. There will not be any secondary market for the Participating Shares.

### **Redemption Risks of Fund Assets**

The Fund may pay redemption proceeds in kind. To the extent the Fund meets a Shareholder redemption request with a distribution in kind of one or more Fund assets such Shareholder will continue to be subject to the investment risks associated with such Fund assets and will be subject to any limitations or notice requirements imposed by the terms of such Fund assets on redemption or liquidation. Thus, although the Fund's obligations to meet a Shareholder's redemption request are fulfilled on the date the Fund distributes Fund assets with a value equal to the redemption value owed to such Shareholder, the Fund assets distributed in kind to such Shareholder will continue to fluctuate in value after redemption, will be subject to

any management or performance fees and expenses of such Fund asset and the Shareholder's ability to realise the cash value of such Fund assets may be significantly delayed or limited. Distributions in kind of Fund assets are subject to the valuation risks associated with such Fund assets.

# Potential Clawback of redemption proceeds of Participating Shares

Under certain circumstances, redemption proceeds paid to a Shareholder can be lawfully recalled by the Fund liquidator or other authorised person. If a Shareholder acts as nominee or otherwise does not retain the redemption proceeds received from the Fund, then the Shareholder may be compelled to repay the Fund, even if the Shareholder has distributed redemption proceeds to beneficiaries.

# <u>Turnover</u>

The Fund's activities involve investment in assets which may invest on the basis of certain short-term market considerations. The turnover rate within these assets is expected to be significant, potentially involving substantial brokerage commissions and fees.

### Hedging

There can be no assurance that any hedging transactions, if any, will achieve their objective.

# **Cross Liability**

Although the assets and liabilities of each Series of the Participating Shares and other Classes will be tracked, for bookkeeping purposes, separately from the assets and liabilities of any other Series of each such Class, for legal purposes there is cross liability between the Series within and between the Participating Shares. Thus, the assets of one Series of Participating Shares can be used to satisfy the liabilities of any other Series of such Class, or to satisfy the liabilities of any other Series of any other Class. There is no guarantee that the assets of any particular Series of a Class will not be used to satisfy the liabilities of any other Series of that Class or another Class.

### Risks relating to FATCA

Sections 1471-1474 of the United States Internal Revenue Code of 1986, as amended (commonly known as the Foreign Account Tax Compliance Act or "FATCA") provides that a 30% withholding tax will be imposed on certain payments to foreign financial institutions, such as the Fund, including interests and dividends from securities of U.S. issuers and gross proceeds from the sale of such securities, unless the Fund complies with FATCA.

Although the Fund will attempt to satisfy any obligations imposed on it and to avoid the imposition of any FATCA withholding, no assurance can be given that the Fund will be able to achieve this and/or satisfy such FATCA obligations. If the Fund becomes subject to a 30% FATCA penalty withholding on most types of income from U.S. investments as a result of the FATCA regime, the value of the Participating Shares held by Shareholders in the Fund may suffer material losses.

The fund's ability to comply with FATCA will depend on each Shareholder providing the Fund with information that the Fund requests concerning the Shareholder or its direct and indirect owners. If a Shareholder fails to provide the Fund with any information the Fund requests, and, in the opinion of the Directors or the Investment Manager, as the case may be, holding of Participating Shares by such person (whether directly or beneficially) will result in the Fund incurring any liability to taxation or suffering a pecuniary disadvantage which the Fund might not otherwise have incurred or suffered, or the Fund being exposed to any liability, penalty or regulatory action, then the Directors, may exercise its right to request a transfer of Participating Shares to another person or to compulsorily redeem the Participating Shares held by such Shareholder. Any such transfer or compulsory redemption will be done in accordance with applicable laws and regulations, and

the discretion to do so will be exercised by the Investment Manager acting in good faith and on reasonable grounds.

# No separate counsel; No independent verification

BGA Law (Cayman) Limited acts as legal counsel to the Fund as to matters of Cayman Islands laws. BGA Law (Cayman) Limited does not represent investors in the Fund, and no independent counsel has been retained to act on behalf of the Shareholders or any Directors. BGA Law (Cayman) Limited is not responsible for any acts or omissions of the Fund or the Investment Manager (including their compliance with any guidelines, policies, restrictions or applicable law, or the selection, suitability or advisability of their investment activities) or any administrator, accountant, custodian/prime broker or other service provider to the Fund. This Offering Memorandum is based on information furnished by the Directors, BGA Law (Cayman) Limited has not independently verified that information.

### **Digital Asset Risks**

As indicated under "Investment Objectives" the Fund will seek to invest in Digital Assets. Risks include but are not limited to the following:

- The Crypto Network
- Crypto Exchanges
- Loss or Destruction of Digital Assets
- Buying and Selling Digital Assets
- Regulatory Risk
- Volatility, Valuation and Liquidity Risk
- Delays in Redemptions
- Irrevocable Digital Asset Transactions
- Third Party Wallet and Storage Providers
- Lack of Segregation in Crypto Wallets
- Cyber Crime Risk
- Reliance on Digital Asset Service Providers
- Crypto Network Integrity and Security
- Mining and Forking
- Legal Claims
- Uninsured Losses

The following paragraphs provide further detail surrounding the risks associated with investing in Crypto assets, as listed above.

# **The Crypto Network**

Digital assets are a relatively new product and technology and are not yet widely adopted, and the acceptance of cryptocurrencies as a means of payment for goods and services is limited. Banks and other established financial institutions may refuse to process funds for any Digital Asset-related transactions, and may refuse to maintain accounts for persons or entities transacting in these assets. Cryptocurrencies are not legal tender in most jurisdictions, and have no intrinsic value. The price of cryptocurrencies is based on the agreement of the parties to a transaction, which may or may not be based on the market value of the cryptocurrency at the time of the transaction. There is also a high level of uncertainty surrounding the future of the Crypto industry.

The growth and adoption of the crypto and blockchain industry, is subject to a high degree of uncertainty. The factors affecting the further development of the cryptocurrency industry, as well as blockchain networks, include, without limitation:

- Worldwide growth in the adoption and use of Bitcoin, Ethereum, and other blockchain technologies;
- Government and quasi-government regulation of Bitcoin, Ethereum, Polygon, and other blockchain assets and their use, or restrictions on or regulation of access to and operation of blockchain networks or similar systems;
- The maintenance and development of other open-source software protocols such as the Bitcoin, Ethereum and other networks;
- Changes in consumer demographics and public tastes and preferences;
- The availability and popularity of other forms or methods of buying and selling goods and services, or trading assets including new means of using fiat currencies or existing networks;
- General economic conditions and the regulatory environment relating to cryptocurrencies; and
- A decline in the popularity or acceptance of Bitcoin, Ethereum, or other blockchain-based coins across blockchain networks.

### **Cyber Attacks**

Blockchain networks, applications and other interfaces which will utilize them, as well as tokens and applications built upon the networks that will utilize it, are still in the early stages and are some are unproven, and there can be no assurances that some of the blockchain networks that the Fund invests in will be uninterrupted or fully secure which may result in a complete loss of investments, Further, blockchains may also be the target of malicious attacks seeking to identify and exploit weaknesses in the software which may result in the loss or theft of or diminution of value of the digital assets.

# **Regulatory Risks**

Regulation of Digital Assets, blockchain technologies, and cryptocurrency exchanges currently is undeveloped, likely to rapidly evolve, varies significantly among international, federal, state, and local jurisdictions and is subject to significant uncertainty. Various legislative and executive bodies in the United States, United Kingdom and in other countries may in the future, adopt laws, regulations, guidance, or other actions, which may severely impact the development and adoption of the Crypto Networks.

As blockchain networks and blockchain assets have grown in popularity and in market size, U.S. federal and state agencies have begun to take interest in, and in some cases regulate, their use and operation. In the case of virtual currencies, state regulators like the New York Department of Financial Services have created new regulatory frameworks. Others, as in Texas, have published guidance on how their existing regulatory regimes apply to virtual currencies. Some states, like New Hampshire, North Carolina, and Washington, have amended their state's statutes to include virtual currencies into existing licensing regimes. Treatment of virtual currencies continues to evolve under federal law as well. The Department of the Treasury, the Commission, and the Commodity Futures Trading Commission (the "*CFTC*"), for example, have published guidance on the treatment of virtual currencies<sup>1</sup>. The Internal Revenue Service (the "*IRS*") has released guidance treating virtual currency as property that is not currency for U.S. federal income tax purposes, although there is no indication yet whether courts or federal or state regulators will follow this classification<sup>2</sup>. Both federal and state agencies have instituted enforcement actions against those violating their interpretation of existing laws.

The regulation of non-currency use of blockchain assets is also uncertain. The CFTC has publicly taken the position that certain blockchain assets are commodities, and the Commission, including Chairman Gary Gensler, has issued several public reports or comments stating federal securities laws require treating some blockchain assets as securities.<sup>3</sup> To the extent that a domestic government or quasi-governmental agency exerts regulatory authority over a blockchain network or asset, such network or asset may be materially and adversely affected.

Crypto Networks also face an uncertain regulatory landscape in many foreign jurisdictions. In August 2017, Canada issued guidance stating the sale of cryptocurrency may constitute an investment contract in accordance with Canadian law for determining if an investment constitutes a security. In July 2016, the Russian Ministry of Finance indicated that it supports a proposed law that bans cryptocurrencies domestically. Russia has since issued several releases indicating they may begin regulating cryptocurrencies and licensing miners and entities engaging in initial coin offerings. In July 2016, the European Commission released a draft directive that proposed applying counterterrorism and anti-money laundering regulations to virtual currencies, and, in September 2016, the European Banking authority advised the European Commission to institute new regulation specific to virtual currencies, with amendments to existing regulation as a stopgap measure. On September 4, 2017, China issued a guidance prohibiting the practice of using cryptocurrency for capital fundraising. Additional reports have surfaced that China is considering regulating cryptocurrency businesses by enacting a licensing regime. In April 2019, China's National Development Reform Commission listed crypto-mining among a variety of industries it intends to eliminate. In September 2017, the Financial Services Commission of South Korea released a statement that initial coin offerings would be prohibited as a fundraising tool. In December 2018, South Korea's Financial Services Commission stated that six bills related to the regulation of cryptocurrencies had been submitted to the National Assembly. One of the bills would require all persons in charge of a cryptocurrency transfer business to register with the Financial Services Commission. In June 2017, India's government ruled in favor of regulating cryptocurrencies. In April 2018, the Reserve Bank of India issued a statement to all entities regulated by the Reserve Bank, stating that they must cease all activities related to cryptocurrency. In 2018, Australia passed legislation which requires digital currency exchange providers to register with AUSTRAC (the Australian Transaction Reports and Analysis Centre). Various foreign jurisdictions may, in the near future, adopt laws, regulations or directives that affect Digital Assets and Crypto Networks, including deeming that Digital Assets constitute securities under the laws of such jurisdiction, or that the use of thereof violates applicable law. Such laws, regulations or directives may conflict with each other and may directly, negatively, and materially impact Digital Assets.

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<sup>&</sup>lt;sup>1</sup> A Virtual Primer on Virtual Currencies, CFTC (Oct. 17, 2017),

 $http://www.cftc.gov/idc/groups/public/documents/file/labcftc\_primercurrencies 100417.\ pdf.$ 

<sup>&</sup>lt;sup>2</sup> I.R.S. Notice 2014-21, 2014-16 I.R.B. 938 (Apr. 14, 2014).

<sup>&</sup>lt;sup>3</sup> A Virtual Primer on Virtual Currencies, CFTC (Oct. 17, 2017),

http://www.cftc.gov/idc/groups/public/documents/file/labcftc\_primercurrencies100417. pdf.

The slowing or stopping of the development, general acceptance and adoption and usage of blockchain networks and blockchain assets may deter or delay the acceptance and adoption of Crypto Networks may decrease the value of Digital Assets.

The application of distributed ledger technology is novel and untested and may contain inherent flaws or limitations.

Blockchain is an emerging technology that offers new capabilities which are not fully proven in use. There are limited examples of the application of distributed ledger technology. In most cases, software used by blockchain asset issuing entities will be in an early development stage and still unproven. As with other novel software products, the computer code underpinning the blockchain networks may contain errors, or function in unexpected ways. Insufficient testing of smart contract code, as well as the use of external code libraries, may cause the software to break or function incorrectly. Any error or unexpected functionality may cause a decline in value of the Digital Assets and result in substantial losses.

# **Price Volatility**

The prices of blockchain assets such as Bitcoin, Ethereum and other blockchain assets have historically been subject to dramatic fluctuations and are highly volatile, and the market price of other Digital Assets may also be highly volatile. Several factors may influence the market price of Digital Assets, including but not limited to:

- Global blockchain asset supply;
- Global blockchain asset demand, which can be influenced by the growth of retail merchants' and
  commercial businesses' acceptance of blockchain assets like cryptocurrencies as payment for goods
  and services, the security of online blockchain asset exchanges and digital wallets that hold
  blockchain assets, the perception that the use and holding of blockchain assets is safe and secure,
  and the regulatory restrictions on their use;
- Expectations with respect to the rate of inflation;
- Changes in the software, software requirements or hardware requirements underlying the Crypto Network;
- Changes to the software, security, cost and adoption of the Crypto Network;
- Changes in the rights, obligations, incentives, or rewards for the various participants in the blockchains utilizing the Crypto Network;
- Interest rates;
- Currency exchange rates, including the rates at which digital assets may be exchanged for fiat currencies:
- Fiat currency withdrawal and deposit policies of blockchain asset exchanges on which Digital Assets may be traded and liquidity on such exchanges;
- Interruptions in service from or failures of any blockchain asset exchanges on which the Digital Assets may be traded, if any such exchanges exist at all;
- Activities of large holders, including private and registered funds, that may directly or indirectly invest in the Digital Assets;

- Monetary policies of governments, trade restrictions, currency devaluations and revaluations;
- Regulatory measures, if any, that affect the use of Digital Assets;
- The maintenance and development of Crypto Networks;
- New technologies and competing products and services;
- Global or regional political, economic or financial events and situations; and

A decrease in the price of a single blockchain asset may cause volatility in the entire blockchain asset industry and may affect other Digital Assets. For example, a security breach that affects user confidence in Bitcoin, Ethereum or Polygon, for example, may affect the industry as a whole and may also cause other Digital Assets to fluctuate.

### **Crypto Exchanges**

Crypto exchanges are largely unregulated and may therefore be more exposed to theft, fraud and failure than other more established regular exchanges used for other products. Note that some Crypto exchanges may be regulated in their own jurisdictions.

Exchanges generally require cash to be deposited in advance in order to purchase Digital Assets, and no assurance can be given that those deposited funds can be recovered. When Digital Assets are sold, there may be a delay in proceeds being received from the exchange. Participation in exchanges requires users to take on credit risk by holding Digital Assets in a third-party's account. Crypto exchanges may also impose daily, weekly, monthly or customer-specific transaction or distribution limits or suspend withdrawals entirely, rendering the exchange of Digital Assets for fiat currency or other Digital Assets difficult or impossible.

Crypto exchanges may be targets for cybercrime, hackers and malware. It is possible that while engaging in transactions with various global exchanges, any such exchange may cease operations due to theft, fraud, security breach, liquidity issues, or government investigation. In such cases, the Investment Manager might not be able to trade or transfer the assets of the [Fund as trading or transfers to and from exchange might be suspended. While affected exchanges may issue recommendations on actions to take following such events, such actions, even if taken as soon as can be reasonably expected, may not prevent loss to the Fund. It is also possible that exchanges may shut down or go offline voluntarily.

Any financial, security or operational difficulties experienced by such exchanges may result in an inability of the Fund to recover money or Digital Assets being held by the exchange, or to pay investors upon redemption. The Fund may be unable to recover Digital Assets awaiting transmission into or out of the Fund, all of which could adversely affect investments.

A Digital Asset may trade on a limited number of exchanges, and in some cases only on a single exchange. Trading on a single exchange may result in less favourable prices, low liquidity as well as significant reliance on one counterparty.

### **Loss or Destruction of Digital Assets**

Digital Assets are intended to be controlled only by the possessor of a unique private key. To the extent private keys relating to the Fund's Digital Asset holdings are lost, destroyed or otherwise compromised, the Fund will be unable to access the related Digital Assets. Private keys cannot necessarily be restored by the Crypto Network.

Any loss of private keys relating to digital wallets used to store the Fund's Digital Assets could adversely affect an investment in the Fund. Additionally, Digital Assets are transferred digitally, through electronic

media, with minimal or no control or regulation. To the extent a Digital Asset transfers erroneously to the wrong destination, there is a possibility that the Fund will be unable to recover the Digital Asset or its value. Such a loss could adversely affect the value of the Fund.

# **Buying and Selling Digital Assets**

Certain crypto exchanges may place limits on transactions, or there is a chance that the Fund may be unable to find a willing buyer or seller of a Digital Asset. To the extent the Fund experiences difficulty in buying or selling Digital Assets, investors may experience delays in subscriptions and/or redemptions, or there may be delays in liquidation of Digital Asset. Such a delay could adversely affect the value of the Fund.

The Fund may transact with private buyers or sellers, brokers and/or crypto exchanges. The Fund may take on credit risk every time it purchases or sells Digital Assets, and its contractual rights with respect to such transactions may be limited. Although transfers of Digital Assets or cash will be made to or from counterparties which the Investment Manager believes is trustworthy, it is possible that, through computer or human error, or through theft or criminal action, the Fund's Digital Assets or cash could be transferred in incorrect amounts or to unauthorised third parties. To the extent that the Fund is unable to seek a corrective transaction with such third party or is incapable of identifying the third party which has received the Digital Assets or cash, the Fund will be unable to recover incorrectly transferred Digital Assets or cash. There may never be any marketplace for certain digital assets. They may, therefore, be more exposed to fraud and failure than established, regulated exchanges for other products and have a negative impact on the Tokens. To the extent that any third party ascribes an external exchange value to Tokens (e.g., as denominated in a crypto or fiat currency), such value may be extremely volatile and diminish to zero.

# Crypto Staking

Crypto staking can generate above-average returns for crypto investors. As well as market and liquidity risk and potential for loss or theft of assets, there may also be additional risks associated with staking crypto. Some *stakable* assets come with locked periods during which you cannot access the staked assets. If the prices of the staked assets drop substantially and they cannot be unstaked, overall returns will be affected. Similar to lockup periods, some staking assets do not pay out staking rewards daily. As a result, stakers may have to wait before receiving rewards. In addition, the tax treatment of staking activities is uncertain. Certain stakable assets in the Fund may be delegated to nodes that are managed by an affiliate of Re7 Group and other stakable assets may be delegated to nodes managed by outside unaffiliated parties.

### **Regulatory Risk**

Regulatory schemes may not be fully developed at the date of the Fund's inception. Jurisdictions, in the near or distant future, may adopt laws, regulations, policies or rules which may directly or indirectly affect the Crypto network. Changes may be implemented which would affect the Crypto Network as a whole, or by restricting the rights to acquire, hold, own, sell, convert, exchange, trade or use Digital Assets. It is also possible that government authorities may claim ownership over Digital Assets, or law enforcement agencies may take direct or indirect investigative or prosecutorial action related to, for example, the use, ownership or transfer of Digital Assets, resulting in a change to its value or to the development of the crypto network.

Any additional regulatory obligations may cause the Fund to incur extraordinary, non-recurring expenses, and/or ongoing compliance expenses, possibly affecting an investment in the Fund in an adverse manner. If the Fund determines not to comply with such regulatory requirements, the Fund may be liquidated at a time that is disadvantageous to investors. To the extent the Fund limits or reduces the scope of certain activities, investors' rights or investment initiatives, in order to limit the applicability of government regulation and supervision, investment in the Fund may be adversely affected.

Digital Asset investments are inherently global, so even for Investment Manager drawing on a small pool of investor bases, global regulatory issues can have direct and indirect impact on the value of investments. Crypto exchange platforms, custodians, counterparties, and token issuers are rarely all located within a single jurisdiction.

These regulatory risks may adversely affect the Fund and its operations and investments.

# Volatility, Valuation and Liquidity Risk

The price of cryptocurrencies can be highly unpredictable and volatile when compared to other assets such as stocks, bonds and other tradable instruments. The prices and valuation of Digital Assets remains subject to any volatility experienced by crypto exchanges, and any such volatility can adversely affect an investment in the Fund.

The value of Participating Shares relates directly to the value of the Digital Assets held in the Fund and fluctuations in the price of Digital Assets could adversely affect the net asset value of the Participating Shares. There is no guarantee that the Fund will be able to achieve a better than average market price for Digital Assets or will purchase Digital Assets at the most favourable price available. The price of Digital Assets may be affected generally by the following which are both complex and difficult to predict:

- Digital Asset supply and demand;
- Rewards and transaction fees for the recording of transactions on the Blockchain;
- Availability and access to Crypto service providers, exchanges, Miners or other market participants;
- Perceived or actual network and market vulnerability;
- Inflation levels and interest rates; and
- Political, natural and economic events.

If public demand for Digital Assets were to decrease, or the Fund was unable to find a willing buyer, the price of Digital Assets could fluctuate rapidly, and the Fund may be unable to sell the Digital Assets in its possession. Investors seeking to redeem will remain subject to the risk of price fluctuations of Digital Assets until they are fully redeemed.

If the supply of Digital Assets available to the public were to increase or decrease suddenly due to, for example, a change in the source code, the dissolution of a crypto exchange, or seizure of Digital Assets by government authorities, the price of Digital Assets could fluctuate rapidly. Such changes in supply and demand could adversely affect the value of the Fund. In addition, governments may intervene, directly and/or through regulation, in the Digital Asset market, with the specific intention to effect or influence Digital Asset prices and valuation. Such decrease in demand may result in the termination and liquidation of the Fund at a time that may be disadvantageous to Investors, or may adversely affect the Fund's net asset value.

Any change in market and financial conditions, or other conditions beyond the Fund's control, may make investment and speculation in Digital Assets more attractive, which could limit the supply of Digital Assets and increase or decrease in liquidity.

# **Delays in Redemptions**

To the extent the Fund is unable to access, realise or distribute any Digital Asset on a Redemption Date for any reason, the Fund may delay payment of the portion of a redeeming Investor's Redemption Amount. In such instance, the amount payable by the Fund will reflect the value of the Redemption Amount as of the date that the Fund is able to access, realise, and/or distribute such future Digital Assets. A redeeming Investor may therefore receive redemption proceeds of lesser value than would be the case if the Fund had been able to access, realise or distribute the Digital Assets on a redemption date.

#### **Irrevocable Digital Asset Transactions**

Transactions that have been verified and recorded as a block on the blockchain, generally cannot be undone. Even if the transaction turns out to have been made in error, or due to theft of a user's Digital Assets, the transaction is not reversible. There is currently no governmental, regulatory, investigative, or prosecutorial authority or mechanism through which to bring an action or complaint regarding missing or stolen Digital Assets. The Fund may therefore be unable to replace missing Digital Assets or seek reimbursement for any erroneous transfer or theft of Digital Assets. Such loss could adversely affect the value of investments.

#### **Third Party Wallet and Storage Providers**

The Fund relies heavily on Custodians to execute trades on behalf of the Investment Manager and to safely hold custody of assets on behalf of the Fund. For Digital Assets, holding custody of investor assets presents significant risks for investors, as well as regulatory concerns.

The Fund may use third party wallet and storage providers to hold Digital Assets and as a consequence may have a high concentration of its Digital Assets in one location or with one third party wallet provider. This wallet may be prone to losses arising from hacking, loss of passwords, compromised access credentials, malware, or cyber-attacks.

The Fund is not required to maintain a minimum number of wallet providers to hold the Fund's Digital Assets. The Investment Manager will endeavour to undertake the appropriate level of due diligence on third party wallet providers, however it may not be possible to be made aware of all security vulnerabilities and risks.

Third party wallet providers may not indemnify the Fund against any losses of Digital Assets. Digital Assets held by third parties may be transferred into cold storage, in which case there could be a delay in retrieving such Digital Assets. Storage Providers may make no express or implied warranty, guarantee, or representation that the Services satisfy any legal or regulatory requirements applicable to the custody of Assets. There may also be costs incurred related to third party storage. Any security breach, incurred cost or loss of Digital Assets associated with the use of a third party wallet provider, may adversely affect investments.

The systems in place to secure the Digital Assets may not prevent the improper access to, or damage or theft of the Fund's Digital Assets. Security breaches could harm the Fund's reputation or result in the loss of some or all investments. Any such security breach or leak of non-public information relating to the security of Digital Assets may adversely affect an investment in the Fund.

### **Lack of Segregation in Crypto Wallets**

The Fund's Digital Assets may be combined with Digital Assets of other parties and so individual entitlements may not be identifiable as separate to those of other parties. If there is an irreconcilable shortfall in commonly held Digital Assets, the Fund may not receive its full entitlement and may share in that shortfall pro rata to its original share of the Digital Assets in the wallet. Digital Assets of the Fund may be registered in the name of a party holding Digital Assets on behalf of the Fund and they may not be segregated from other Digital Assets held by that party, and accordingly, if the party becomes insolvent, the Fund's assets may not be protected.

#### **Cyber Crime Risk**

The cybersecurity risks of cryptocurrencies and related wallets or exchanges include hacking vulnerabilities and a risk that publicly distributed ledgers may not be absolute. A cybersecurity event could result in a substantial, immediate and irreversible loss to the Fund. Even a minor cybersecurity event in a cryptocurrency is likely to result in downward price pressure on that product and potentially other cryptocurrencies. Hackers or malicious actors may launch attacks to steal, compromise, or secure Digital Assets, such as by attacking the crypto network source code, exchange servers, third-party platforms, cold and hot storage locations or software, or transaction history, or by other means.

As the Fund increases in size, it may become a more appealing target to hackers, malware, cyber-attacks or other security threats. There can be no assurance that security measures will be effective. At this time, there is no governmental, regulatory, investigative, or prosecutorial authority or mechanism through which to bring an action or complaint regarding missing or stolen Digital Assets. The Fund may therefore be unable to replace missing Digital Assets or seek reimbursement for any theft of Digital Assets.

The Fund will be required to interface with third parties, whose methods, practices and standards may be outside of the Fund's control or who may be under the influence of hackers. Events may occur where corrupted Digital Assets, viruses and/or attachments are introduced into the Fund's systems, which could compromise and adversely affect operations and investments.

Where a malicious actor, cyber-criminal, computer virus, hacker, or botnet obtains a majority of the processing power on a Crypto Network, alters the source code or Blockchain on which a Digital Asset relies or prevents the use, transfer, ownership, or integrity of a Digital Asset, an investment in the Fund could be adversely affected.

Digital assets on a distributed ledger present unique cybersecurity risks relating to the physical security of the asset. Digital ownership of assets is based on encryption techniques that generate units independent of a centralized repository of ownership, represented by access codes, which can be misappropriated or lost in ways that can be unrecoverable.

Given the type and extent of the security measures necessary to adequately secure Digital Assets, Investors may not fully know how the Fund stores or secures its Digital Assets or the Fund's complete holding of Digital Assets at any time.

#### Reliance on Digital Asset Service Providers

Due to governance and operational needs, there will be individuals who have information regarding the Fund's security measures. Any of those individuals may purposely or inadvertently leak such information. Further, several companies and financial institutions (including banks) provide support to the Fund related to the buying, selling, and storing of Digital Assets. In the case that service providers no longer support the Fund or cannot be replaced in a timely manner, an investment in the Fund may be adversely affected.

#### **Crypto Network Integrity and Security**

The source code used by a Digital Asset might contain bugs or security gaps resulting in substantial losses, theft, unauthorised transactions and the issuance of duplicate Digital Assets.

The development team and administrators of the crypto network's source code could propose amendments to the network's protocols and software that, if accepted and authorised, or not accepted, by the network community, could adversely affect the supply, security, value, or market share of Digital Assets and thus, an investment in the Fund. The Fund may also be adversely affected by a manipulation of the crypto network source code.

# **Mining and Forking**

If rewards and transaction fees are not properly matched to the efforts of Miners, Miners may not have an adequate incentive to continue mining or may require higher transaction fees in exchange for recording transactions. Miners ceasing operations may adversely affect the validation process for transactions make the crypto network more vulnerable. If a single Miner or a mining pool gains a majority share in the network's computing power, the integrity of the Blockchain may be affected. A Miner or mining pool may be able to reverse transactions, make double-spend transactions, prevent confirmations and/or prevent other Miners from mining valid blocks. Each of these scenarios could reduce confidence in the validation process or processing power of the network and adversely affect an investment in the Fund.

Blockchains may be more or less prone to different and competing blocks being created and built simultaneously by the network. The crypto network software and protocol try to resolve this by automatically giving priority to the longest chain at any time. As long as such splits are unresolved there are effectively two crypto networks operating at the same time, each with its own version of the transaction history. This may create a temporarily increased risk of receiving a double-spend transaction and may indicate general systemic risk to the integrity and security of the Crypto Network that may adversely affect an investment in the Fund.

If there is a Fork in the network resulting in a permanent chain split and two different Digital Assets, there is no guarantee that Miners, merchants, wallets, exchanges or other service providers will support, or that a market will develop for the new Digital Asset, which may also compete with the existing Digital Asset. These Forks may carry additional risks, such as causing a decline in Digital Asset value or the combined value of two versions of the Asset being less than the original value. Developers, service providers and users may choose one version of the Digital Asset over another, and the division of mining powers makes each of the resulting Blockchains less secure. This may adversely affect investments in the Fund.

THE FOREGOING LIST OF RISK FACTORS DOES NOT PURPORT TO BE A COMPLETE ENUMERATION OR EXPLANATION OF THE RISKS INVOLVED IN AN INVESTMENT IN THE FUND. PROSPECTIVE SUBSCRIBERS SHOULD READ THIS ENTIRE OFFERING MEMORANDUM AND THE PRIVATE PLACEMENT MEMORANDUM AND CONSULT THEIR OWN COUNSEL AND ADVISORS BEFORE DECIDING TO INVEST IN THE FUND.

#### Issue and Redemption of Participating Shares

#### Offering

Applications to purchase Shares should be made by completing the Subscription Agreement and sending such Subscription Agreement in accordance with the instructions set forth therein.

#### Issue

This Offering Memorandum relates both to an initial offering during the Initial Offer Period and to subsequent issues of Participating Shares.

Investment in Participating Shares is limited to Eligible Investors. An Eligible Investor is any person who:

- (a) is a sophisticated investor (i.e. someone who has the knowledge, expertise and experience in financial matters to evaluate the risks of investing in the Fund;
- (b) is aware of the risks inherent in investing in the assets in which the Fund will invest and the method by which these assets will be held and/or traded;
- (c) can bear the loss of their entire investment in the Fund;
- (d) is able to acquire and hold Participating Shares without violating applicable laws; and
- (e) is a "qualified investor" as defined under the Securities and Futures (Licensing and Conduct of Business) Regulations.

Investors must represent and warrant on the Subscription Agreement that they are Eligible Investors. Any transferee of Participating Shares will be required to warrant in like terms before any transfer is registered.

The initial series of Participating Shares may be subscribed for during the applicable Initial Offer Period at an Initial Price of USD 1,000 per Participating Share. This series of Participating Shares will be designated as "Series One" of Participating Shares. The Initial Offer Period in respect of Series One will commence at 9.00am (Eastern Time) on 1 March 2024 and will close at 5.00pm (Eastern Time) on 31 March 2024. The Directors may extend or shorten any open Initial Offer Period in respect of the Participating Shares offered pursuant to this Offering Memorandum.

Applications which are received together with application monies in cleared funds before 5:00 p.m. (United Kingdom time) on the Business Day falling at least one Business Day prior to the close of the Initial Offer Period shall be processed during the Initial Offer Period. Applications received thereafter will be dealt with on the next following Subscription Date, unless specifically approved by the Directors.

Following the close of the Initial Offer Period, Shares will be available for issue on any Subscription Date at the Subscription Price. Applications received before 5:00 p.m. (Eastern time) on the Business Day falling at least five (5) Business Days prior to a Subscription Date will be dealt with on that Subscription Date. Applications received after such time will be dealt with on the next following Subscription Date, unless specifically approved by the Directors. The Fund will issue Participating Shares in Series, with a new Series of each Subscription Date. The Subscription Price per Share of each Series of each Class will be USD 1,000.

The Fund offers a new Series of Participating Shares of each Class as of each Subscription Date. Except in certain circumstances, at the time the Performance Fee is determined each Performance Period, Shares of each Series of that Class will be converted into a single Series of Participating Shares of the respective Class.

The minimum initial subscription amount per investor must be USD 100,000. Subsequent purchases by existing Shareholders will be subject to a minimum purchase requirement of USD 100,000, or such lesser amount as may be approved by the Directors in their sole and absolute discretion. Shares are issued in Series as described below under "Issue and Redemption of Participating Shares". The minimum investment and holding amounts set forth in this Offering Memorandum may be adjusted by the Directors from time to time, in their sole discretion, to account for currency alterations or similar changes.

Applications should be made on the Subscription Agreement. Subscription Agreements, duly completed, should be sent to the Fund at the address set out in the Subscription Agreement.

Shares may not be issued during the period of any suspension (for details see the section headed "Valuation and Prices").

At the discretion of the Fund's Directors, the Fund may accept securities in lieu of cash for a part or the whole of an application to subscribe for Shares. Any securities which are accepted in lieu of cash will be valued in accordance with the principles in determining Net Asset Value.

Notification in writing will be dispatched to applicants of the acceptance or rejection of such application. If the application is successful, Shareholders will be notified of the number of the Participating Shares issued to them. No Share Certificate will be issued.

The Fund reserves the right to reject any application for Shares in whole or in part. If any application is not accepted in whole or in part, the application monies or (where an application is accepted in part only) the balance thereof will be returned (without interest) by wire to the applicant (or, in the case of joint applicants, the first named), at the expense of the applicant.

In addition, the Fund may at any time at its discretion temporarily discontinue, cease definitively or limit the issue of Participating Shares to persons or corporate bodies resident or established in certain countries or territories. The Fund may also prohibit certain persons or corporate bodies from acquiring Shares if such a measure is necessary or desirable for the protection of the Shareholders.

All instructions received by email from investors or Shareholders in respect of the subscription, transfer and redemption of Participating Shares (whether or not the original written applications or requests, as the case may be, are also required by the Investment Manager to follow such instructions sent by email) will generally be acted upon by the Investment Manager and the Administrator subject to the Investment Manager's absolute discretion not to, and instructing the Administrator not to do so until the original written instructions are received. The Investment Manager and Administrator may take any appropriate action to carry out such instructions upon receipt thereof notwithstanding any error, misunderstanding or lack of clarity in the instructions. None of the Investment Manager or the Administrator is obliged to verify the identity of the person sending the instructions.

None of the Investment Manager or the Administrator will be liable for any loss which the relevant investor or Shareholder may suffer arising from (a) their acting on any instructions sent by email which purport to be (and which they believe in good faith to be) from the relevant investor or Shareholder; or (b) the Investment Manager exercising its absolute discretion not to act, and instructing the Administrator not to act on such instructions sent by email; or (c) any instructions sent by email which are not received by the Investment Manager or the Administrator due to failed transmission thereof. The relevant investor or Shareholder will keep the Fund, the Investment Manager and the Administrator fully indemnified on demand against all actions, losses and expenses brought against, or incurred by, the Investment Manager, or the Administrator resulting from any of them acting, or failing to act, on such instructions or from the non-receipt of instructions sent by email due to failed transmission thereof.

# Redemption

Shareholders will have the right to require all or a portion of their Shares to be redeemed on a Redemption Date at the Redemption Price then prevailing, provided that the Redemption Date in respect of such Shares cannot occur during any Lock Up Period. In respect of a Class A Share, here will be a Lock Up Period of 1 year commencing on the issue of such Share or, in each case, such shorter period as the Directors may determine. Further Lock Up Periods may apply to other Classes of Participating Shares created in the future. Where a Shareholder has been issued Shares at different times and subsequently makes a partial redemption, the Participating Shares shall be redeemed on a "first issued, first redeemed" basis i.e. Shares subscribed earlier in time will be deemed to be redeemed prior to Shares subscribed later in time.

The Redemption Price will be the Net Asset Value per Share of the corresponding series of corresponding Class as at the Valuation Date immediately preceding the applicable Redemption Date, less all applicable fees and reserves.

In order for a redemption request to take effect on a particular Redemption Date, a written redemption request must be received by the Administrator not later than 5:00 p.m. (United Kingdom time) on the Business Day falling at least 30 calendar days before the relevant Redemption Date or such later day as the Directors in its discretion may decide. Redemption requests received after such time will be processed on the next following Redemption Date.

For the Participating Shares offered pursuant to this Offering Memorandum, no redemption fees will be charged.

If compliance with a Shareholder's request for redemption would result in the Shareholder holding Shares with an aggregate Net Asset Value of less than USD 100,000, the Shareholder's request may be rejected or the whole of his holding compulsorily redeemed.

Requests for redemption once made may not be withdrawn (except with the written consent of the Directors) or if there is a suspension of determination of the Net Asset Value of the Fund.

In addition, the Fund reserves the right to mandatorily redeem any or all of a Shareholder's Shares at any time, for any reason.

The Redemption Price will be the Net Asset Value per Share as of the applicable Redemption Date, less all applicable fees and reserves.

Any amount payable to a Shareholder in connection with requests for redemption will be paid by wire transfer (in accordance with written details to be supplied by the Shareholder) at the Shareholder's expense and risk. The Fund will normally ensure that it has sufficient liquid assets available to enable redemption proceeds to be forwarded forthwith to a Shareholder who has requested a redemption of all or part of his holding of Participating Shares. The details of where such monies are to be forwarded must be set out in the Subscription Agreement. This may be changed from time to time by written instructions of the Shareholder. Failure to complete that section of such Subscription Agreement may result in delays in the receipt of redemption proceeds since the Fund will reserve the right to insist on instructions with regard to payment being received by the Fund in writing under the verified signature of the Shareholder.

Except for redemption payments made in kind, and, except where the redeeming Shareholder gives alternative payment instructions, redemption proceeds will be paid by telegraphic or wire transfer at the cost and risk of the redeeming Shareholder to the bank account specified in the Shareholder's Subscription Agreement. Under normal market conditions, payment of redemption proceeds will generally be paid within 15 days after the relevant Redemption Date. The Fund may, in its discretion and subject to applicable law, make payment in respect of any redemption in kind by transferring title in certain of the Fund's Assets to the relevant Shareholder(s).

Notwithstanding the previous paragraph, the Fund may defer payment of the Redemption Price if it is unable to do so because of circumstances beyond its control, in which case it will pay such Redemption Price as soon as possible.

No redemption of Participating Shares may be effected during the period of any suspension (for details see the section headed "Valuation and Prices").

Participating Shares shall be treated as having been redeemed only with effect from full payment of the relevant Redemption Price. Upon the removal of the name of a Shareholder from the Register of Members with respect to a redemption, and the payment of the relevant Redemption Price, the relevant Participating Share shall be cancelled, but shall be available as a Participating Share for re-issue and until re-issue shall form part of the unissued share capital of the Fund.

Further, the Fund reserves the right to refuse and the Investment Manager and the Administrator reserve the right to refuse or to advise the Fund to refuse to make any redemption payment to a Shareholder if any of them suspects or is advised that the payment of any redemption proceeds to such Shareholder might result in a breach or violation of any applicable anti-money laundering or other laws or regulations by any person in any relevant jurisdiction, or such refusal is considered necessary or appropriate to ensure the compliance by the Fund, the Investment Manager or the Administrator with any such laws or regulations.

SINCE THE REDEMPTION PRICE OF PARTICIPATING SHARES IS TIED TO THE VALUE OF THE UNDERLYING ASSETS OF THE FUND, IT SHOULD BE NOTED THAT THE PRICE AT WHICH AN INVESTOR MIGHT REDEEM HIS SHARES MAY BE MORE OR LESS THAN THE PRICE AT WHICH HE SUBSCRIBED FOR THEM DEPENDING ON WHETHER THE VALUE OF THE UNDERLYING ASSETS HAS APPRECIATED OR DEPRECIATED BETWEEN THE SUBSCRIPTION DATE AND THE REDEMPTION DATE.

### **Transfer**

The Participating Shares are not transferable where to do so would be a breach of applicable securities law.

#### **REGULATORY MATTERS**

### **Cayman Islands Mutual Funds Act**

The Fund falls within the definition of a "mutual fund" in terms of the MF Act and accordingly is regulated in terms of the MF Act. However, the Fund is not required to be licensed or to employ a licensed mutual fund administrator to provide a principal office in the Cayman Islands since the minimum interest purchasable by a prospective subscriber in the Fund is equal to or exceeds CI\$80,000 (approximately US\$100,000) or its equivalent in any other currency. Accordingly, the obligations of the Fund are: (a) to register the Fund with the Managing Director of the Monetary Authority in accordance with terms of the MF Act; (b) to file with the Monetary Authority prescribed details of this Offering Memorandum and any material change to it; (c) to file annually with the Monetary Authority accounts audited by an approved auditor; and (d) to pay a prescribed registration fee and annual fee.

The Monetary Authority may at any time instruct the Fund to have its accounts audited and to submit them to the Monetary Authority within such time as the Monetary Authority specifies. In addition, the Monetary Authority may ask the Directors to give the Monetary Authority such information or such explanation in respect of the Fund as the Monetary Authority may reasonably require to enable it to carry out its duty under the MF Act. The Directors must give the Monetary Authority access to or provide at any reasonable time all records relating to the Fund and the Monetary Authority may copy or take an extract of a record to which it is given access. Failure to comply with these requests by the Monetary Authority may result in substantial fines being imposed on the Directors and may result in the Monetary Authority applying to the court to have the Fund wound up.

The Monetary Authority may take certain actions if it is satisfied that a regulated mutual fund is likely to become unable to meet its obligations as they fall due or is carrying on or is attempting to carry on business or is winding up its business voluntarily in a manner that is prejudicial to its investors or creditors. The powers of the Monetary Authority include, inter alia, the power to require the substitution of the Directors, to appoint a person to advise the Fund on the proper conduct of its affairs or to appoint a person to assume control of the affairs of the Fund. There are other remedies available to the Monetary Authority, including the ability to apply to the court for approval of other actions.

Neither the Monetary Authority nor any other governmental authority in the Cayman Islands has passed judgement—upon or approved the terms or merits of this Offering Memorandum. There is no investment compensation scheme available to investors in the Cayman Islands.

A MUTUAL FUND LICENSE ISSUED OR A FUND REGISTERED BY CIMA DOES NOT CONSTITUTE AN OBLIGATION OF CIMA TO ANY INVESTOR AS TO THE PERFORMANCE OR CREDITWORTHINESS OF THE FUND. FURTHERMORE, IN ISSUING SUCH A LICENCE OR IN REGISTERING A FUND, CIMA SHALL NOT BE LIABLE FOR ANY LOSSES OR DEFAULT OF THE FUND OR FOR THE CORRECTNESS OF ANY OPINIONS OR STATEMENTS EXPRESSED IN ANY PROSPECTUS. OR OFFERING DOCUMENT.

# **Cayman Islands Anti-Money Laundering Regulations**

In order to comply with regulations aimed at the prevention of money laundering, the Fund will require verification of identity from all prospective subscribers (unless in any case the Fund is satisfied that an exemption under the Anti-Money Laundering Regulations (as revised) of the Cayman Islands (the "Regulations") applies).

The Fund reserves the right to request such information as is necessary to verify the identity of a prospective Shareholder. In the event of delay or failure by the prospective Shareholder to produce any information required for verification purposes, the Fund may refuse to accept the subscription for Shares and, if so, any funds received will be returned without interest to the account from which the monies were originally debited.

If any person resident in the Cayman Islands knows or suspects or has reasonable grounds for knowing or suspecting that another person is engaged in criminal conduct or is involved with terrorism or terrorist property and the information for that knowledge or suspicion came to his attention in the course of his trade, profession, business or employment he is required to report such belief or suspicion to the relevant authorities pursuant to The Proceeds of Crime Act (as revised) of the Cayman Islands, and such report shall not be treated as a breach of confidence or of any restriction upon the disclosure of information imposed by any enactment or otherwise.

Pursuant to the Cayman Islands Anti-Money Laundering Regulations (Revised) and the Guidance Notes on the Prevention and Detection of Money Laundering and Terrorist Financing in the Cayman Islands (together, the "AML Regime") the Fund must appoint and has appointed suitably qualified and experienced individuals to the roles of AML Compliance Officer ("AMLCO"), Money Laundering Reporting Officer ("MLRO") and Deputy Money Laundering Reporting Officer ("DMLRO"). The Fund will pay a pro-rata fee for such services rendered to ensure compliance with AML Regulations.

The Fund has appointed an AMLCO, MLRO, and DMLRO of the Fund (collectively, the "Officers"). The Officers shall carry out their functions in accordance with the laws of the Cayman Islands.

The AMLCO shall act as point of contact with supervisory and other competent authorities, respond to the competent authorities requests for information relating to the Fund's Anti-Money Laundering Program, provide Anti-Money Laundering/Counter Terrorist Financing ("AML/CTF") compliance oversight of the Fund's activities (including the Fund's investment activity as well as investor-related anti-money laundering issues), establish and maintain appropriate systems and controls (including documented policies and procedures) to ensure compliance with Cayman AML/CTF laws/regulations, oversee audits/testing of the Administrator's AML/CTF program and KYC documentation, ensure procedures are in place and employees are aware of procedures for the reporting of suspicious activity to the MLRO/DMLRO, maintain logs/records relating to specified scenarios such as rejection of subscriptions and enhanced due diligence on politically exposed persons, advise the Directors of AML/CTF compliance issues that need to be brought to its attention and report periodically to the Directors regarding the state of the Fund's AML/CTF program and controls.

The MLRO shall receive internal suspicious activity reports presented by the Fund, the Administrator or the Investment Manager's staff or other service providers of the Fund as applicable and considering any such report in light of all other relevant information for the purpose of determining whether or not the information or other matter contained in the report gives rise to knowledge or suspicion of criminal conduct pursuant to the Anti-Money Laundering Regulations (as revised), the Proceeds of Crime Act (as revised) and the Guidance Notes on the Prevention and Detection of Money Laundering (as revised), file suspicious activity reports with the Financial Reporting Authority ("FRA") as required, maintain a log of all reports of suspicious activity (including where the filing of a suspicious activity report is not deemed necessary or appropriate), keep the Directors informed of all internal reports of suspicious activity and suspicious activity reports filed with the FRA, to the extent permitted by law and regulation.

In the absence of the MLRO, the DMLRO will be the final decision maker as to whether to file a suspicious activity report.

The Officers are subject to change without prior consent or notice to the Shareholders.

Shareholders may request the Fund provide further particulars of the Officers.

# Cayman Islands Ultimate Beneficial Ownership Requirements

The Cayman Islands introduced a requirement for reporting of the ultimate beneficial owner of interests in Cayman Islands entities, consistent with global initiatives to increase transparency. Cayman Islands entities are obtaining information from their investors on the beneficial owners which is reported by secure portal to the Cayman Islands authorities.

The Fund is out of scope and hence not required to identify its beneficial owners. However, circumstances may change and in the future, the Fund may be required to liaise with Shareholders to obtain information.

### **Cayman Islands Economic Substance Act**

As a result of the OECD'S global Base Erosion and Profit Shifting initiative and the EU Code of Conduct Group substance requirements, the Cayman Islands has enacted The International Tax Co-operation (Economic Substance) Act (as revised) ("ES Act") and issued related Regulations and Guidance Notes. As a member of the BEPS Inclusive Framework jurisdictions, the Cayman Islands is committed to meeting substantial activities requirements put in place by the OECD Forum on Harmful Tax Practices. Similar legislation has been introduced in numerous jurisdictions, including the Channel Islands and the British Virgin Islands. Under the ES Act, certain vehicles formed or registered in the Cayman Islands are required to have economic substance in the Cayman Islands. The requirement to show economic substance is primarily aimed at preventing base erosion and profit shifting. The ES Act applies to "relevant entities". Investment funds such as the Fund are specifically excluded from the definition of relevant entity and, as such, they are not within the scope of the ES Act. The definition of "investment fund" is broad and will include a wide range of investment funds, including those that are not licensed or registered with the Cayman Islands Monetary Authority. Accordingly, no current requirements are imposed on the Fund by the ES Act.

### Sanctions applicable to the Fund and the Shareholders

The Fund is subject to laws that restrict it from dealing with entities, individuals, organisations and/or investments which are subject to applicable sanctions regimes.

Accordingly, the Fund will require a subscriber to represent and warrant, on a continuing basis, that it is not, and that to the best of its knowledge or belief its beneficial owners, controllers or authorised persons ("Designated Persons") (if any) are not: (i) named on any list of sanctioned entities or individuals maintained by the U.S. Department of the Treasury's Office of Foreign Assets Control ("OFAC"), the U.S. Department of the Treasury's Financial Crimes Enforcement Network ("FinCEN"), the United Nations ("UN") Security Council, or pursuant to European Union ("EU") and/or United Kingdom ("UK") Regulations (as the latter are extended to the Cayman Islands by Statutory Instrument), (ii) operationally based or domiciled in a country or territory in relation to which sanctions imposed by the UN, OFAC, FinCEN, the EU and/or the UK apply, or (iii) otherwise subject to sanctions imposed by the UN, OFAC, FinCEN, the EU or the UK (including as the latter are extended to the Cayman Islands by Statutory Instrument) (collectively, a "Sanctions Subject").

Where the subscriber or a Designated Person is or becomes a Sanctions Subject, the Fund may be required immediately and without notice to the subscriber to inform the Cayman Islands Financial Reporting Authority, freeze the subscriber's accounts, monies, or economic resources, and to cease any further dealings with the subscriber and/or the subscriber's interest in the Fund until the subscriber ceases to be a Sanctions Subject, or a licence is obtained under applicable law to continue such dealings (a "Sanctioned Persons Event"). The Fund, the Directors, the Administrator and the Investment Manager shall have no liability whatsoever for any liabilities, costs, expenses, damages and/or losses (including but not limited to any direct, indirect or consequential losses, loss of profit, loss of revenue, loss of reputation and all interest, penalties and legal costs and all other professional costs and expenses) incurred by the subscriber as a result of a Sanctioned Persons Event.

In addition, should any investment made on behalf of the Fund subsequently become subject to applicable sanctions, the Fund may immediately and without notice to the subscriber inform the Cayman Islands Financial Reporting Authority and cease any further dealings with that investment until the applicable sanctions are lifted or a licence is obtained under applicable law to continue such dealings (a "Sanctioned Investment Event"). Should a Sanctioned Investment Event occur, the Fund may exercise its power to "side pocket" such investment.

# **Anti-Money Laundering Regulations of Other Jurisdictions**

The Fund and its affiliates may need to comply with the U.S. Patriot Act and other applicable U.S. and non-U.S. anti-money laundering laws. In addition, many jurisdictions are in the process of changing or creating anti-money laundering, embargo and trade sanctions, or similar laws, regulations, requirements (whether or not with force of law) or regulatory policies and many financial intermediaries are in the process of changing or creating responsive disclosure and compliance policies (collectively, the "Requirements") and the Fund could be requested or required to obtain certain assurances from investors subscribing for Shares, disclose information pertaining to them to governmental, regulatory or other authorities or to financial intermediaries or engage in due diligence or take other related actions in the future. It is the Fund's policy to comply with the Requirements to which they are or may become subject and to interpret them broadly in favour of disclosure.

To achieve this objective, each investor will be expected to represent its compliance with the applicable antimoney laundering laws. Each investor will be required to agree in the Subscription Agreement, and will be deemed to have agreed by reason of owning any Shares in the Fund, that it will provide additional information or take such other actions as may be necessary or advisable for the Fund (in the discretion of the Directors) to comply with any Requirements, related legal process or appropriate requests (whether formal or informal) or otherwise. Each investor by executing the Subscription Agreement consents, and by owning Shares is deemed to have consented, to disclosure by the Fund and its agent to relevant third parties of information pertaining to it in respect of the Requirements or information requests related thereto. Failure to honour any such request may result, in the discretion of the Investment Manager, in redemption by the Fund or a forced sale to another investor of such investor's Shares.

#### MANAGEMENT AND ADMINISTRATION

#### The Directors

The Directors are Benny Menashe, Laura McGeever and Jonathan Roney whose backgrounds are provided below.

#### **Benny Menashe**

Benny Menashe has a degree in Economics from Ben Gurion University with over 15 years of experience in prime brokerage and asset management. Benny began his career in 2006 with Finotec Trading UK, a leading prime broker based in London. Mr. Menashe joined FXCM in 2009 to work with the FX Institutional Sales and he returned to Finotec as the Chief Executive Officer in 2013. Benny's extensive knowledge and understanding of prime brokerage, risk management and business development has led him to start Falcon Investment Management in 2014.

### **Laura McGeever**

Laura McGeever, FCIS, CAMS, Acc. Dir., is a Director at Paradigm Governance Partners, a Cayman Islands based provider of governance and fiduciary services to the investment funds industry. Ms. McGeever is a Fellow of The Chartered Governance Institute (FCG) (formerly the Institute of Chartered Secretaries and Administrators), Certified Anti-Money Laundering Specialist (CAMS) and holds the Accredited Director designation granted by the Institute of Chartered Secretaries of Canada. Laura serves as an independent director on the Boards of alternative investment funds including hedge funds, crypto funds, venture capital, fund of hedge funds, and private equity vehicles (including governance and advisory committees). She is a Professional Director registered pursuant to the Cayman Islands Directors Registration and Licensing Act, 2014.

Prior to joining Paradigm, Ms. McGeever managed the Fund Secretarial department at Citco Trustees (Cayman) Limited providing regulatory compliance and governance support to key client relationships. Before Citco, she was a Chartered Secretary and compliance professional within the asset management team at Matheson law firm in Dublin, and prior to that Ms. McGeever worked with JPMorgan Fund Services (Ireland) Limited as a fund accountant / investor services associate.

Ms. McGeever has a first-class honours degree in International Business and Languages from Dublin City University, a Post Graduate Diploma in Management and Corporate Governance from the University of Ulster and completed the Executive Hedge Fund Programme through the Henley Business School as part of the University of Reading. Ms. McGeever has completed the Oxford Blockchain Strategy Programme in 2022 through the Saïd Business School, University of Oxford.

Ms. McGeever is the Board Secretary of the Cayman Islands Red Cross, a member of the Cayman Islands Directors Association (CIDA), 100 Women in Finance (Cayman Islands), and is a committee member of the ISCA Cayman branch. Ms. McGeever is also a notary public in the Cayman Islands.

Ms. McGeever holds Irish citizenship and is a permanent resident of the Cayman Islands.

Paradigm is licensed by the Cayman Islands Monetary Authority under the Cayman Islands Companies Management Law to provide fiduciary and governance services to Cayman Islands registered mutual funds.

### Jonathan Roney

Jonathan Roney FCA, BS (Hons) is a fund director at Paradigm Governance Partners a Cayman Islands based provider of governance and fiduciary services. At Paradigm Jonathan acts as a professional independent director where he sits on the boards of hedge funds, private equity funds, and investment management companies. He has acted as a director to Cayman Islands companies for more than 10 years

and has more than 20 years of experience in the financial services industry, 15 years spent offshore. Jonathan sits on a broad range of open and closed ended funds with strategies including equity, credit, quantitative, fund of funds, special situations, private equity, real estate and loan origination. He has extensive experience and knowledge of hedge fund governance, operations, fund administration and regulatory risk management. Prior to Paradigm, Jonathan spent 8 years at Intertrust Cayman within the Fund Services Governance Team where he both led the team and acted as a professional independent director. Before Intertrust Jonathan spent four years as the head of the Structured Finance and Liquidations teams at Citco Trustees Cayman having previously run the shadow NAV Accounting Team at KBC AIM, a UK based investment manager. His earlier roles included heading the Client Accounting and Liquidations team at Maples Finance, a Cayman based fiduciary business and at Deutsche Bank, London within their convertible bonds business. Jonathan is a Professional Director registered pursuant to the Directors Registration and Licensing Law 2014. He is also a fellow of the Institute of Chartered Accountants in England and Wales, has a bachelor's degree in Biochemistry from Imperial College, London and a member of the Cayman Islands Directors Association. Jonathan is a citizen of the United Kingdom and is a permanent resident of the Cayman Islands.

The Directors are responsible for the overall management of the Fund and the Participating Shares, including as part of the ordinary course of the Fund's business, the realisation and distribution of the assets to Shareholders in a wind down of the Fund's operations, but they have delegated certain functions as described herein. The Directors are entitled to receive fees out of the assets of the Fund, as described below under the section headed "Charges and Expenses". All actions referred to herein as being taken by the Fund are performed by the Directors or their delegates, including the Investment Manager, the Administrator and any broker or custodian, as or on behalf of the Fund only.

Amongst their other regulatory responsibilities, the Directors must observe the guidance issued by the Monetary Authority on the minimum expectations for the sound and prudent governance of a regulated mutual fund. The guidance is set out in the "Statement of Guidance for Regulated Mutual Funds – Corporate Governance" (the "SoG") published by the Monetary Authority in December 2013. The SoG sets out the key corporate governance principles pertaining to the Directors as a whole and to each individual Director. Whilst the SoG is stated to be a non-prescriptive and non-exhaustive guide to the Monetary Authority's expectations with regard to the governance of a regulated mutual fund such as the Fund, the Directors and each individual member thereof are committed to complying with the governance principles and standards of conduct set out in the SoG where applicable.

Under the terms of the Offering Memorandum and Articles of Association, the Directors shall be entitled, for the purpose of indemnity against actions, costs, claims, damages, expenses or demands to which they may be put as Directors in connection with the Fund (in the proper performance of its powers and duties under the Offering Memorandum and Articles of Association), to have recourse to the assets of the Fund save in respect of any action, cost, claim, damage, expense or demand which results from any act or omission occasioned by the fraud, wilful default, dishonesty or gross negligence of the Directors.

Except in respect of loss or damage caused by the Directors' fraud, wilful default, dishonesty or gross negligence, recourse against the Directors for loss or damage caused by their acts or omissions shall be limited to the assets of the Fund.

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

Paradigm Governance Partners is paid a fee for providing the services of Mr. Roney and Ms. McGeever as directors. If additional directors are elected, the Fund may compensate those directors (other than the Fund's Investment Manager or any persons affiliated with the Investment Manager) for services rendered in that capacity.

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

### **Investment Manager**

The Directors have appointed FCM (Cayman) Ltd to serve as the Investment Manager of the Fund, pursuant to an Investment Management Agreement between the Fund and the Investment Manager. Subject to the overall control and supervision of the Board of Directors of the Fund, certain personnel associated with the Re7 Group Ltd, in particular and Evgeny Gokhberg, are expected to be seconded by the Re7 Group Ltd as employees or contractors of the Investment Manager and the Investment Advisor and/or its applicable affiliate(s). Evgeny Gokhberg will be seconded to the Investment Advisor.

The Investment Manager is an exempted company, limited by shares, with unlimited duration, incorporated in the Cayman Islands pursuant to the Companies Act (Revised) on 2 December 2022. At that date the Investment Manager has no funds under management. The Investment Manager is registered in the Cayman Islands as a registered person pursuant to the Securities Investment Business Act (Revised) ("SIBA") and is regulated by the Monetary Authority.

Under the terms of the Investment Management Agreement, the services of the Investment Manager to the Fund are not deemed to be exclusive and the Investment Manager is free to render similar services to others.

The Investment Manager will provide information, in such form as may be considered satisfactory by the Fund, as to its policies and procedures in relation to investment-related Anti-Money Laundering ("AML") and Counter Terrorist Financing ("CTF") compliance, risk assessment and sanctions monitoring.

The Investment Manager will also undertake annual reporting directly to the Fund in relation to the discharge of the investment management functions including as it pertains to AML/CTF compliance, risk assessment and sanctions monitoring in relation to the investments/investment activity.

To the extent required by the Monetary Authority and SIBA, the Investment Manager 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 the Investment Manager to the Fund.

The Investment Manager shall receive a management fee and a performance fee as outlined below in the "Charges and Expenses" section of this Offering Memorandum and the Investment Management Agreement. The Investment Manager's remuneration policy shall apply to staff whole professional activities have a material impact on the Fund's risk profile and so shall cover senior management, risk takers, control functions and any employee receiving total remuneration that takes them in to the same remuneration bracket as senior management and risk takers and whose professional activities have a material impact on the risk profile of the Fund. Accordingly, such remuneration policy shall be consistent with, and promote, sound and effective risk management and shall not encourage risk-taking which is inconsistent with the risk profile of the Fund.

Subject to any the relevant regulators' approval, the Investment Manager may at its own expense receive administrative, accounting, reporting, technical or ancillary support or assistance from one or more affiliates and third-party service providers, and in particular to retain the services of one or several external investment advisers or consultants (the advice of whom are not binding on the Investment Manager) to advise the Investment Manager in the performance of its functions, duties and obligations pursuant to the Investment Management Agreement..

The Investment Manager will be responsible for the day-to-day management of the assets of the Fund, including in relation to making trading decisions on a discretionary basis or systematically through implementation of trading computer algorithms whatever the case may be. Under the Investment

Management Agreement, neither the Investment Manager nor any of its directors, officers or employees or affiliates will be responsible to the Fund for any loss or damage which the Fund may suffer as a result of or in the course of the discharge of its duties thereunder other than loss or damage arising by reason of the fraud, gross negligence or willful default of the Investment Manager or any of its directors, officers or employees. The Fund will indemnify the Investment Manager and its directors, officers or employees out of the assets of the Fund against all claims and demands which may be made against any of them in respect of any loss or damage sustained by any third party, other than loss or damage arising by reason of the fraud, gross negligence or willful default of the Investment Manager or its directors, officers or employees or affiliates. Provided that the Investment Manager has used reasonable care in the appointment, supervision and control of any person, firm or corporation to supply services in connection with the Investment Manager's duties under the Investment Management Agreement, the Investment Manager is entitled to rely on any reasonable advice, information or services thereby provided without liability to the for any loss suffered by the Fund as a result thereof.

In the event that the Investment Manager is required to delegate either its portfolio management or risk management functions in respect of the Fund to a third party at any time investors shall be notified of such delegation at the relevant time.

The Investment Manager (or any of its partners, managers, directors, officers, employees and affiliates) shall not be liable to the Fund, its affiliates or shareholders for any losses, damages, expenses or claims occasioned by any act or omission of the Investment Manager in connection with the performance of its services under the Investment Management Agreement, other than as a result of its own willful misconduct, negligence or reckless disregard of its duties under the Investment Management Agreement.

The Fund shall indemnify the Investment Manager and hold it harmless from any expense, loss, liability or damage arising out of any claims or liabilities which may be incurred in connection with their relationship with the Investment Management Agreement; excluding (to the extent permitted under applicable law) any expenses, losses, liabilities or damages which were a direct result of the Investment Manager's own negligence, willful misconduct or reckless disregard of its duties under the Investment Management Agreement.

The Investment Management Agreement is for an indefinite term and may ordinarily be terminated by either party giving not less than 2 months' prior written notice to the other party. The Investment Management Agreement is also terminable with or without notice in other circumstances as specified in the Investment Management Agreement.

The directors of the Investment Manager are Benny Menashe, Yaron Berenholtz, Leo Kassam and Miles Perryman.

### **Benny Menashe**

Benny Menashe's Biography can be found on page 37.

# Yaron Berenholtz

Yaron was born in Israel in 1973 and completed his legal studies at the year of 1997 in Westminster, London. He holds a Bachelor's Degree in Law (L.L.B.) and has been a member of the Israel Bar Association since 1998. Yaron specializes in local and international commercial and contract law, and is an expert in complex Commercial negotiation, international contract law, complexes deal structure, M&A, commercial litigation, trade and international insurance, mergers and liquidations of companies, tender law real estate transactions, and private Investments and fund raising around the world.

#### Leo Kassam

Leo Kassam serves as a professional independent director on the boards of alternative investment funds including hedge funds, fund of hedge funds, and private equity vehicles. In addition, Leo provides financial services, including consultancy, accounting and operations and compliance services to a variety of clients. Leo has an extensive background in audit, accounting and fund administration with over twenty years' experience servicing alternative investment funds and family offices. He has deep and broad expertise in the daily front to back operations of investment vehicles. He is well versed with various fund legal structures, complex hedge fund strategies and the regulatory frameworks of offshore financial jurisdictions.

Leo spent 14 years at UBS Fund Services/MUFG Investor Services, a fund administration firm with over \$400 billion in AuA where he was the Global Head of Operations and Deputy Chief Operating Officer. He had responsibility for core daily operating activities around the globe with emphasis on operational efficiency and direct responsibility for 130 staff. As a Managing Director, Leo was a member of the firm's Operating Committee and strategically involved in product development, business development, and relationship management. In addition, Leo served on the board of the Cayman legal entity of UBS/MUFG. In previous roles at UBS/MUFG, Leo had responsibility for key client relationships, as well as client facing product development, and overall sales support. Leo also served as chair of the firm's Valuation Committee. He played an integral role in the firm's Policies and Procedures and was also responsible for ensuring the firm's own regulatory requirements were being met.

Before UBS/MUFG, Leo was a Senior Account Manager at Fortis Prime Fund Solutions servicing a group of high profile multi-strategy hedge fund clients. Leo also spent 6 years in audit and assurance with Deloitte in Vancouver and the Cayman Islands specializing in the audits of financial institutions and hedge funds.

Leo holds a Bachelor of Commerce degree from the University of British Columbia and qualified as a Chartered Accountant in Canada in 1998. He holds the Accredited Director designation which was awarded by the Chartered Governance Institute of Canada. Leo is a citizen and permanent resident of the Cayman Islands and has resided there since 1999.

#### Miles Perryman

**Miles Perryman, LLB, Acc. Dir.** is a professional independent director employed with Paradigm Governance Partners Limited. Over the last fifteen years, Mr. Perryman has worked in the field of corporate governance / fiduciary services and served on the boards of hedge funds, managed account funds, general partners of private equity structures and structured finance vehicles.

Mr. Perryman initially practiced tax law in the corporate tax department of the global law firm, Allen & Overy LLP (1998-2007). In September 2007 Mr. Perryman moved to the Cayman Islands to work for Deutsche Bank (Cayman) Limited (2007-2019) in its fiduciary services division and subsequently with another Cayman governance services firm, Crestbridge (2019-2021). While working in the field of corporate governance / fiduciary services, Mr. Perryman has managed a team responsible for undertaking the governance of a portfolio of funds and structured finance entities. Mr. Perryman served as a director of a large managed account fund platform encompassing approx. fifty structures with c.\$3 billion aum., fund strategies included CTAs, quant, global macro, and long/short equity. Mr. Perryman also served as a director of a number of other hedge funds (strategies included credit, long/short equity, and multi-strategy) and general partners to private equity structures (principally focused on energy and infrastructure). Mr. Perryman also has experience of working with distressed entities including investment entities subject to litigation.

Mr. Perryman is a permanent resident of the Cayman Islands, a Solicitor of the Senior Courts of England & Wales (non-practising), a director registered under the Cayman Islands Directors Registration & Licensing

Act 2014 and a current member of the Cayman Islands Directors Association. Mr Perryman holds a law degree from the University of Warwick (1995), a Diploma in Legal Practice from The College of Law (1996) and is an Accredited Director with the Chartered Governance Institute (2014).

### **Evgeny Gokhberg**

Evgeny began his career in 2010 in London in a hedge fund Griffin Capital Management, where he was an analyst covering CEMEA stocks and subsequently became a portfolio manager. In 2012 Evgeny joined UBS Wealth Management where he worked as an investment advisor for five and a half years, managing cross asset portfolios. In 2015 he started getting involved into the Blockchain / Cryptocurrency ecosystem and in 2018 he joined an early stage blockchain start up Everledger, which he helped scale and raise funds for. Over the next two years he was developing algorithmic strategies and actively investing and participating in the DeFi sector. In 2020 he joined Deutsche Bank while staying heavily involved in the cryptocurrency market, managing both liquid and private market portfolios.

### **Investment Advisor**

The Investment Manager has retained the services of Falcon Investment Management Ltd. As its Investment Advisor with respect to the Fund and may, subject to the written approval of the Fund, retain other submanagers, investment advisors, sub-investment advisors, consultants and other third parties to assist it in its management of all or part of the investments and assets of the Fund, in particular (but without limitation) to give assistance, advice and recommendations to the Investment Manager in connection with the performance of its duties. However, the final discretionary management decisions are at the sole discretion of the Investment Manager, subject to the directions and instructions of the Board from time to time, and the Investment Manager will retain full responsibility for the performance of its duties under the Investment Management Agreement.

The fees, remuneration, commissions and reimbursement of expenses payable to the Investment Advisor, and any other sub-managers, investment advisors, sub-investment advisors, consultants and other third parties appointed by the Investment Manager, will be paid by the Investment Manager. The Investment Manager does not assume any responsibilities for activities not explicitly provided for in the Investment Management Agreement.

The Investment Advisor is a private limited company, limited by shares, formed in England and Wales on 23 October 2014 and is authorised and regulated by the UK Financial Conduct Authority.

The scope of services to be provided by the Investment Advisor are set out in the Investment Advisory Agreement.

The Principal of Falcon Investment Management Ltd. Is Benny Menashe. For his Biography, please refer to page 37.

#### Administrator

NAV Fund Services (Cayman) Ltd. Is acting as Administrator of the Fund.

NAV Consulting, Inc. has been engaged as the NAV Calculation Agent of the Fund (the "NAV Calculation Agent") pursuant to a Service Agreement entered into with the Fund (the "NAV Calculation Agreement"). The NAV Calculation Agent is responsible for, among other things, calculating the Fund's Net Asset Value and performing certain other accounting, back-office, data processing and related professional services all as described in the NAV Calculation Agreement.

NAV Fund Services (Cayman) Ltd. (the "Administrator") acts as the Administrator of the Fund pursuant to a Service Agreement entered into with the Fund (the "Administration Agreement," the Administrative Agreement and the NAV Calculation Agreement referred to collectively as the "NAV Agreements"). The Administrator is responsible for, among other things: (i) maintaining the register of Participating Shareholders of the Fund and processing the issuance of Participating Shares of the Fund; (ii) disseminating financial information to Shareholders; (iii) processing requests for redemption of Participating Shares; (iv) keeping books and records of the Fund; and (v) performing other services in connection with the administration of the Fund as described in the Administration Agreement.

The NAV agreements provide that the NAV Calculation Agent and the Administrator (referred to collectively as "NAV") shall not be liable to the Fund, any Shareholder, or any other person in absence of finding of wilful misconduct, gross negligence, or fraud on the part of NAV. Furthermore, the Fund shall indemnify and hold harmless the NAV Calculation Agent, the Administrator, their affiliates, and their respective officers, directors, shareholders, employees, agents and representatives (collectively, the "NAV Parties") from and against any liability, damages, claims, loss, cost or expense, including, without limitation, reasonable legal fees and expenses (individually, "Loss" and collectively, "Losses") arising from, related to, or in connection with the services provided to the Fund pursuant to the NAV Agreements, unless any such Losses are the direct result of the wilful misconduct, gross negligence or fraud of NAV. In no event shall NAV have any liability to the to the Fund, any Shareholder or any other person or entity which seeks to recover alleged damages or losses in excess of the fees paid to NAV by the by the Fund in the one year preceding the occurrence of any loss, nor shall NAV be liable for any indirect, incidental, consequential, collateral, exemplary or punitive damages, including lost profits, revenue or data, regardless of the form of the action or the theory of recovery, even if NAV has been advised of the possibility of such damages or such damages were foreseeable. Any claim brought against NAV in connection with the NAV Agreements will be barred unless it is initiated within one year of the earlier of the disclosure of the event which is the subject of such claim or the date that the party advancing such claim knew or could with due inquiry have known of such event.

NAV shall not be liable to the Fund, any Shareholder or any other person for the actions or omissions of any agent, contractor, consultant or other third party performing any portion of the services under the NAV Agreements absent a finding of gross negligence or fraud on the part of NAV in appointing such agent, contractor, consultant or other third party.

NAV shall not be liable to the Fund, any Shareholder or any other person for actions or omissions made in reliance on instructions from the Fund or advice of legal counsel.

The services provided by NAV are purely administrative in nature. NAV has no responsibilities or obligations other than the services specifically listed in the NAV Agreements. No assumed or implied legal or fiduciary duties or services are accepted by or shall be asserted against NAV. NAV does not provide tax, legal or investment advice. NAV has no duty to communicate with Fund other than as set forth in Exhibit B of the NAV Agreements. NAV does not have custody of the Fund Assets, it does not verify the existence of, nor does it perform any due diligence on the Fund's underlying investments including, investments in or via related or affiliated entities. In connection with the payment processing functions, NAV shall not be responsible for performance of the due diligence on payment recipient s other than in connection with payments for Investors' withdrawals from the Fund, which are subject to anti-money laundering review functions of the services.

The NAV Agreements also provide that it is the obligation of the Fund's management, and not of NAV, to review, monitor or otherwise ensure compliance by the Fund with the investment policies, restrictions or guidelines applicable to it or any other term or condition of the Fund's offering documents, including, without limitation, with its valuation policy or the Fund's stated investment strategy, and with laws and regulations applicable to its activities. The Fund's management's responsibility for the management of the Fund, including without limitation, the valuation of the Fund's Assets and liabilities, including, defining and maintaining the valuation policy and for fair valuing the Fund's Assets, the oversight of the services provided by NAV and the review of work product delivered by NAV shall not be affected by or limited by any of the

services provided by NAV.

The NAV Agreement provides that NAV is entitled to rely on any information, including valuation information, received by NAV from the Fund, the Fund's management, or other parties, including without limitation, broker-dealers and data vendors, without independent verification, audit, review, inquiry, or performing other due diligence and NAV shall not be liable to the Fund, any Shareholder or any other persons for losses suffered as a result of NAV relying on incorrect information. NAV has no responsibility to review, independently value, verify, compare to other pricing source, or otherwise perform due diligence on the valuation information. NAV may accept such information as accurate and complete without independent verification. Furthermore, NAV shall not be liable to the Fund, any Shareholder or any other person for any loss incurred as a result of an error or inaccuracy of any valuation information received from the Fund or from any pricing or valuation service or data service provider or delay, interruption in service or failure to perform of any pricing or valuation service or data service provider used by NAV.

The Fund acknowledges the challenges in performing Services for investments in cryptocurrency due to the nature of this asset class, including its anonymity and opaqueness among other factors. Due to these factors and the fact that cryptocurrency is in the early stages in its life, NAV may not have independent access to information in the same manner as it does for traditional assets and has to rely on the information provided by the management of the Fund.

The Fund agrees that NAV has no responsibility to verify, confirm or validate the existence, ownership or control of any cryptocurrency asset held by the Fund. To determine Fund's positions in cryptocurrency in connection with the Services, NAV will rely on the Fund's management representations about said positions. The representation by the Fund's management NAV is entitled to rely on, includes, without limitation, the position information of: 1. Cryptocurrency held in cold wallet, in the Fund's exchange account, or in the Fund's account with cryptocurrency custodian, 2. The initial coin offerings ("ICOs"), 3. Cryptocurrency traded overthe-counter, 4. Cryptocurrency received due to forks, airdrops or similar transactions, and 5. Cryptocurrency acquired from Fund's mining. If the Fund holds the cryptocurrency in a cold wallet, NAV may confirm the amount of cryptocurrency reported on the respective blockchain for the public key of the Fund, provided that given cryptocurrency has a public blockchain and a public key to such blockchain was given by the Fund or its Fund's management to NAV. Having said that, the Fund acknowledges that it is not possible for NAV to determine whether a public key belongs to the Fund. Provided that NAV receives read only access or read only API access, NAV may also confirm the Fund's holdings based on the information apparent via such read only access or read only API access to the Fund's exchange accounts or Fund's accounts hosted by cryptocurrency custodians. Having said that, the Fund acknowledges that it is not possible for NAV to determine whether the API key belongs to the Fund. Shall the Fund engage in investing in the ICOs, the holdings in the ICOs and pre-sales may not be visible to NAV between the time of funding and the closing of the ICO. Accordingly, to perform the Services, for the holdings in the ICOs and pre-sales, NAV will rely solely on the Fund's management representations regarding said positions. NAV may rely on the trade confirmations received from the Fund's managements and other counterparties for the OTC transactions. Shall the Fund engage in mining of cryptocurrency, NAV will not independently verify or otherwise perform any due diligence to determine that the cryptocurrencies acquired from mining were actually obtained as a result of Fund's mining activity and not from any other source. The Fund may receive assets due to forks, airdrop or similar transactions. NAV will not verify these transactions independently but will rely solely on the information provided by the Management for these transactions. NAV may include in the Fund's net asset value assets due to forks, airdrops and similar transactions based on the Fund's management representations, even though, these assets may not be reported by the exchanges in the Fund's exchange accounts or wallets. The assets due to forks, airdrops and similar transactions may be allocated to the Fund's exchange or wallet accounts with delays, however, there is a possibility that the Fund may not receive these assets during the Fund's lifetime. The Fund acknowledges and agrees that NAV will not be required to independently ascertain, confirm nor verify the accuracy of the representations, confirmations and other information relied on by NAV discussed in this paragraph in performing the Services. NAV shall not be liable to the Fund, Investors or any other persons for losses suffered as a result of NAV's reliance on the aforementioned representations and other information relied.

The Fund acknowledges challenges in obtaining valuation information for digital assets. To provide the Services, NAV will rely on prices published by the cryptocurrency exchanges. Each cryptocurrency may be traded on various cryptocurrency exchanges and there may be significant variations between the prices of the same cryptocurrency traded on different cryptocurrency exchanges. NAV will rely on the Fund's management to select the exchange to be used as a source for valuation of each cryptocurrency and to decide what valuation point to use. Before being listed on an exchange, any ICOs and cryptocurrency acquired from Fund's mining activities will be priced at cost or fair value as determined by the Fund's management. The cost of mining shall be determined by the Fund's management. The Fund acknowledges and agrees that NAV has no responsibility to independently verify or otherwise perform any due diligence on the cost of mining valuations. Once an ICO is listed on an exchange, NAV will rely on the Fund's management to select the source exchange and will use the prices published on that exchange. The Fund acknowledges and agrees that NAV has no responsibility to review, independently value, verify, compare to other pricing sources or otherwise perform due diligence on the cryptocurrency valuation information and makes no representations or warranties with respect to its accuracy.

The Fund agrees that it is the responsibility of the management of the Fund, and not NAV, to verify whether the exchanges selected by the Fund's management as a valuation source or used for trading are operating lawfully, including, whether they are required to be register with a regulator or whether they are registered.

The Service Agreement provides that the Services, including the anti-money laundering services provided by NAV, do not encompass monitoring of Fund's trading activity for the purposes of detecting or preventing Money Laundering. NAV Consulting, Inc. is not responsible for monitoring transactions effected by the Fund's management to ensure compliance with the applicable AML laws and regulations. NAV Consulting, Inc. does not monitor Fund's trading activities for the purposes of assuring compliance with OFAC Sanctions programs. For avoidance of doubt, for the purposes of this paragraph, trading shall include acquisition of cryptocurrency from mining, forks, airdrop and similar transactions or participating in an ICO. In addition, shall the Fund accept the payments for subscriptions or redemptions in-kind in cryptocurrency, the Fund acknowledges that NAV is not able to confirm, verify, or ascertain the source of in-kind payments in cryptocurrency due to the anonymity of cryptocurrency and the Fund agrees that NAV shall not be responsible for monitoring such transactions for the purposes of detecting or preventing Money Laundering.

The information on investor statements and other reports produced by NAV shall not be considered an offer to sell or a solicitation of an offer to purchase any Shares, nor may it be used to induce or recommend the purchase or holding of Participating Shares.

The NAV Agreements bar non-parties from asserting third party beneficiary claims against NAV.

The Fund pays NAV fees out of (its own assets), generally based upon the size of the Fund, in accordance with NAV's standard schedule for providing similar services, subject to a monthly minimum.

Either party may terminate the NAV Agreements on 60 days' prior written notice as well as on the occurrence of certain events. Shareholders may review the NAV Agreements by contacting the Fund; provided, that NAV reserves the right not to disclose the fees payable thereunder.

NAV is not responsible for the preparation of this Offering Memorandum or the activities of the Fund and therefore accepts no responsibility for any information contained in any other section of this Offering Memorandum.

Within the meaning of the applicable data protection laws, NAV acts as a Processor of the Fund's Personal Data. NAV engages its affiliate, Back Office IT Solutions, Pvt. Ltd. To perform some of the Services, which may include, processing of the Fund's Personal Data. As NAV Consulting, Inc. is located in the United States and Back Office IT Solutions Pvt. Ltd. In India, Fund's Personal Data is exported to and processed in the United States and India. For more information about how NAV collects, processes, uses and secures the Fund's Personal Data, please reference NAV's Privacy Notice at: <a href="https://www.navconsulting.net/Privacy-">https://www.navconsulting.net/Privacy-</a>

#### Policy.

### **Cayman Funds Contact Information**

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transfer.agency@navconsulting.net

#### Administrator

NAV Fund Services (Cayman) Ltd. 5<sup>th</sup> Floor, Harbour Place PO Box 30464 Grand Cayman KY1-1202 Cayman Islands T: +1.345.946.5006 F: +1.345.946.5007 F: +1.630.954.2881

transfer.agency@navcayman.net

### Where to Send Subscriptions, Redemptions, and Investor Correspondence:

NAV Fund Services (Cayman) Ltd. 5th Floor, Harbour Place PO Box 30464 Grand Cayman KY1-1202 Cayman Islands T: +1.345.946.5006 F: +1.345.946.5007

F: +1.630.954.2881

transfer.agency@navcayman.net

Please note email is always preferred to speed up response and avoid delays.

#### **Broker and Custodian**

The Fund may engage brokers and custodians as required on their usual terms.

The Investment Manager may receive goods or services from a broker or a dealer in consideration of directing transaction business on behalf of the Fund to such broker or dealer provided that (a) the goods or services are of demonstrable benefit to the Fund, and (b) the transaction execution is consistent with best execution and is not in excess of customary full service brokerage rates.

The Fund may be deemed to be paying for these services with "soft" or commission dollars. Although the Investment Manager believes that the Fund will demonstrably benefit from the services obtained with "soft" dollars generated by trades, the Fund does not benefit from all of these "soft" dollar services because the Investment Manager and other accounts managed by the Investment Manager or its affiliates also derive substantial direct or indirect benefits from these services, particularly to the extent that the Investment Manager uses "soft" or commission dollars to pay for expenses the Investment Manager would otherwise be required to pay itself.

The Investment Manager intends generally to consider the amount and nature of research, execution and other services provided by brokers, as well as the extent to which such services are relied on, and attempt to allocate a portion of its brokerage business on the basis of that consideration. The investment information received from brokers, however, may be used by the Investment Manager and its affiliates in servicing other

accounts and not all such information may be used by the Investment Manager in connection with the Fund. The Investment Manager believes that such an allocation of brokerage business may help the Fund to obtain research and execution capabilities and provides other benefits to the Fund.

The relationships with brokerage firms that provide "soft" dollar services to the Investment Manager may Influence the Investment Manager's judgement in allocating brokerage business and create a conflict of interest in using the services of those broker-dealers to execute brokerage transactions. The brokerage commissions that the Investment Manager pays to those firms, however, do not differ materially from and are not in excess of customary full brokerage commissions that it pays to other firms for comparable services.

#### **CHARGES AND EXPENSES**

#### **Management Fee**

Under the terms of the Investment Management Agreement, the Investment Manager will be entitled to receive the Management Fee payable monthly in arrears, out of the assets attributable to each Series of Participating Shares, equal to 2% per annum of the Net Asset Value of the Participating Shares of such Series. The Management Fee shall be calculated after any adjustments related to the profits, losses and expenses of hedging transactions, if any.

The Management Fee is payable to the Investment Manager, its affiliates and/or Portfolio Manager according

to the terms of the Investment Management Agreement.

#### **Performance Fee**

The Fund will also pay the Investment Manager, out of the assets attributable to each Series of Participating Shares, a Performance Fee for each Performance Period

The Performance Fee will be calculated on a share-by-share basis so that each Participating Share is charged a Performance Fee which equates precisely with that Participating Shares performance. This method of calculation is intended to ensure so far as possible that any Performance Fee paid to the Investment Manager is charged only to those Participating Shares which have appreciated in value.

The Performance Fee will be deemed to accrue annually as at the first calendar day of each calendar year period and will be calculated and be payable annually in arrears (the "Performance Period") at the following rates:

1. 20% of any increase in the relevant Net Asset Value per Share during each Performance Period in respect of that Performance Period.

By way of example, for an increase of 10% of the Net Asset Value per Share during the relevant Performance Period, the Performance Fee payable will be 20% of the 10% of the increase.

For administrative convenience, the Participating Shares liable to be charged Performance Fees will be issued on each Subscription Day in separate series. This is commonly known as the Series Accounting Method of Performance Fee calculation. The first series of Participating Shares of each class (i.e. the various series issued following the close of the Initial Offer Period) will be designated as "Series One" of the class in question.

The only reason for issuing Participating Shares in separate series is to achieve a fair allocation of the Performance Fee between all Shareholders irrespective of when a particular Shareholder subscribes for or redeems Participating Shares.

Separate accounts in the accounting records of the Fund will be kept for each series of Participating Shares. Profits and gains (realized and unrealized) of the Fund will be pro-rated and credited to such accounts and the losses, expenses, and liabilities of the Fund, including accrued and unpaid expenses of the Fund and the proceeds of redemption in respect of the relevant series of Participating Shares when paid, will be pro-rated and debited to such accounts. Net profits and gains and net losses will be allocated to each series of Participating Shares on each relevant Valuation Day based upon the relative aggregate Net Asset Value of each series of Participating Shares (before deduction of any accrued Performance Fee).

At the end of each Performance Period, except where there is a net operating loss during that Performance Period (the "Loss Carry Forward") per Participating Share (as defined below) in respect of the relevant Series One, each series of Participating Shares which is not subject to a Loss Carry Forward per Participating Share, will be converted into Participating Shares of the relevant Series One at the Net Asset Value per Share of the relevant Series One as at the relevant Valuation Day on the date of conversion. If on such date there is a Loss Carry Forward per Participating Share in respect of the relevant Series One, then each series of Participating Shares which is not subject to a Loss Carry Forward per Participating Share will be converted into Participating Shares of the first series of Participating Shares on which a Performance Fee is payable on such date. There will be no change in the Net Asset Value of the Participating Shares of any Shareholder as a result of the conversion of their Participating Shares to the relevant Series One or other series although a different number of Participating Shares of Series One or other series may be owned by the Shareholder following conversion as compared to before the conversion. This methodology ensures that a Performance Fee is only paid when the Net Asset Value per Share of a series of Participating Shares increases above the highest Net Asset Value from previous Performance Periods (the "Threshold Net Asset Value") per

Participating Share (as defined below). The conversion to Series One or other series will mean that most series of Participating Shares within the same class will eventually have the same Net Asset Value per Share.

The Threshold Net Asset Value per Participating Share in respect of each Performance Period will be the Starting Net Asset Value per Participating Share (as defined below) plus the Loss Carry Forward per Participating Share (if any). The Starting Net Asset Value per Participating Share of the relevant series will be the Net Asset Value per Share at the date of issue of that Participating Share (before deduction for any accrued Performance Fees) or, if issued in a previous Performance Period, the Net Asset Value per Share at the start of the current Performance Period. Participating Shares which are acquired in the secondary market will be treated as if they were issued on the date of acquisition (at the most recent Subscription Price) for these purposes.

The Loss carry Forward per Participating Share relates to the diminution in the Net Asset Value per Share during the previous Performance Period plus any accumulated Loss Carry Forward at the beginning of that previous Performance Period.

In the event that a Shareholder redeems or is compulsorily redeemed of any applicable Participating Share prior to the end of a Performance Period, any Performance Fee owing in respect of the positive performance of such Participating Share will be calculated and paid out of the redemption proceeds otherwise due to that Shareholder as though the applicable Redemption Day were the end of the relevant Performance Period. In the event of a partial redemption, applicable Participating Shares will be treated as redeemed on a "first in, first out" basis.

If the Investment Management Agreement is terminated by mutual consent during a Performance Period, the Performance Fee in respect of the then current Performance Period will be calculated and paid as though the date of termination were the end of the relevant Performance Period.

The Investment Manager may from time to time and at its sole discretion and out of its own resources decide to rebate to intermediaries and/or Shareholders part or all of its Performance Fees. Any such rebates may be applied in paying up additional relevant Participating Shares to be issued to the Shareholder or may (at the discretion of the Investment Manager) be paid in cash (by wire transfer).

Different levels of Performance Fees may apply to other classes of Participating Shares created in the future.

The Investment Manager or the Fund may rebate or waive any or all of the Management Fee, the Performance Fee and/or any subscription and redemption fees for any particular Shareholder. The Performance Fee is payable to the Investment Manager and/or its affiliates according to the terms of the Investment Management Agreement.

#### **Advisory Fee**

Under the terms of the Investment Advisory Agreement, the Investment Advisor will be entitled to receive the Advisory Fee payable monthly in arrears.

The Advisory Fee is payable to the Investment Advisor according to the terms of the Investment Advisory Agreement.

#### Auditor, Directors, Administrator and AMLCO/MLRO/DMLRO Fees

The Investment Manager will charge the Fund an annual administrative fee in an amount to be determined by the Investment Manager payable at such time as determined by the Investment Manager (the "Administrative Fee"), which Administrative Fee will be in respect of all fees of the Auditor in respect of the requisite annual audit of the Fund, Directors' fees and the fees of the Administrator in connection with the

Fund. The Investment Manager will be responsible for paying, for and on behalf of the Fund, all fees of the Auditor in respect of the requisite annual audit of the Fund, Directors' fees and the fees of the Administrator in connection with the Fund out of such Administrative Fee.

Pursuant to the Cayman Islands Anti-Money Laundering Regulations (Revised) and the Guidance Notes on the Prevention and Detection of Money Laundering and Terrorist Financing in the Cayman Islands (together, the "**AML Regime**") the Fund must appoint and has appointed suitably qualified and experienced individuals to the roles of AMLCO, MLRO and DMLRO.

#### **Broker and Custodian Fees**

The fees of any broker or custodian are payable proportionately out of the assets attributable to each Series of Participating Shares of each Class and shall be their customary fees together with any out-of-pocket expenses and disbursements.

### **Initial Expenses**

The Fund shall pay for all of the initial and organisational expenses relating to the Participating Shares. The organisational and initial offering expenses of the Fund may, at the Directors' option, be amortised over a period of up to 60 months notwithstanding their treatment under generally accepted accounting principles, and as a result, the Fund may not receive an unqualified opinion from its independent auditors.

### **General Expenses**

Other than the organisational expenses set forth above, only expenses incurred, paid or accrued by the Fund in its ordinary and usual course of business and other direct expenses of the Fund's operation will be charged to the Fund. Such expenses may include, but are not limited to, administrative costs (including but not limited to the cost of printing and distributing periodic reports and statements), interest on borrowed funds, auditing expenses other than in connection with the requisite annual audit of the Fund, legal expenses, insurance, licensing, accounting, brokerage and other commissions, margin, premium and interest expenses, fees and disbursements of transfer agents, registrars, custodians, sub-custodians and escrow agents, any expense or professional fees incurred in connection with structuring the acquisition or disposition of Fund assets, fees payable in the Cayman Islands on increases in the share capital of the Fund, the annual registration fee payable in the Cayman Islands for the Fund and its Directors, and all other investment related expenses. The Fund also shall pay all extraordinary expenses relating to the operation of the Fund including, without limitation, litigation or extraordinary regulatory expenses. No reimbursement shall be made to the Investment Manager for any expenses incurred with providing investment management services such as communication, travel, office rent and research.

#### POTENTIAL CONFLICTS OF INTEREST

Potential conflicts of interest exist in the structure and operation of the Fund's business. In particular, Benny Menashe is a director of the Fund and is also a director of the Investment Manager.

#### **Other Business Activities**

Re7, the Investment Manager, their affiliates and their respective members, partners, officers and employees and their respective affiliates, as well as the personnel that is seconded to the Investment Manager or Investment Advisor to perform portfolio management services, spend substantial time and attention on other business activities including investment management and advisory services for other clients and management of other investment vehicles. Further, they intend to engage in such business activities from time to time and may sponsor, manage or advise other pooled investment funds or separate accounts (collectively, "Other Clients") with overlapping investment objectives with those of the Fund.

Each Director may serve as a director of other investment vehicles. Accordingly, to the extent that the interests of the Fund and such other investment vehicles are inconsistent, such Director may have a conflict of interest

### **Allocation of Investment Opportunities**

The Investment Manager and its affiliates will seek to allocate investment opportunities and dispositions fairly over time among the Fund and Other Clients, taking into consideration diversification, investment objectives, existing investments, liquidity, contractual commitments or regulatory obligations and other considerations. Fund assets are generally offered in private offerings and it is not uncommon for Fund assets to become closed to new investments due to size constraints or other considerations. Also, the Fund or Other Clients may not be eligible investors in all potential Fund assets. Therefore, it is likely that the Fund's portfolio and those of Other Clients will have differences in the specific Fund assets held in their portfolios even when their investment objectives are the same or similar. These distinctions will result in differences in portfolio performance.

#### **Side Letter Agreements Regarding Investment Opportunities**

When purchasing Fund assets, the Investment Manager may have an opportunity to negotiate agreements that provide more advantageous investment terms for the Fund and Other Clients than may be available to other investors. Although the Investment Manager endeavours to negotiate the same terms on behalf of all clients, there may be situations where regulatory, investment objectives or other considerations result in differences among clients in the terms or the availability of the benefits of any such agreements. Furthermore, there may be circumstances where the benefit provided cannot be exercised by all clients simultaneously or at all. Also, while the Investment Manager may negotiate terms that it considers more advantageous overall, concessions may be required to obtain such terms.

### Fees Paid to the Investment Manager

Fees paid to the Investment Manager have not been established on the basis of an arm's-length negotiation between the Fund and the Investment Manager. Performance-based fees may create an incentive for the Investment Manager to approve and cause the Fund to make more speculative investments than it would otherwise make in the absence of such performance-based compensation. By executing the Subscription Agreement, and by owning Shares, each Shareholder is deemed to have independently agreed to such fees. Further, to the extent the Investment Manager may be consulted on the calculation of Net Asset Value which will determine the amount of any Performance Fee payable to the Investment Manager, the Investment Manager will have a conflict of interest as to the determination of valuation of Net Asset Value.

#### **Allocation of Expenses**

The Investment Manager and its affiliates may from time to time incur expenses on behalf of the Fund and one or more existing or subsequent entities for which the Investment Manager or its affiliates act as investment manager, general partner, managing member or in a similar capacity. Although the Investment Manager and its affiliates will attempt to allocate such expenses on a basis that they consider equitable, there can be no assurance that such expenses will in all cases be allocated appropriately.

#### Transactions between the Fund and Other Clients

The Investment Manager may cause the Fund to purchase securities from or sell securities to Other Clients when the Investment Manager believes such transactions are appropriate based on each party's investment objectives.

#### **Other Business Relationships**

The Investment Manager or its affiliates may have, and in the future may develop, business relationships that are independent of the investment management services provided to the Fund by the Investment Manager. These may include, but are not limited to, lending, depository, brokerage, risk management, investment advisory, security distribution or banking relationships with counterparties to transactions with the Fund or third parties that also provide investment management or other services to the Fund. Any such relationships may involve potentially material conflicts of interest. In addition, managers of funds included in the Fund's portfolios, their employees or affiliates may be clients of the Investment Manager or its affiliates or investors in funds they manage.

# **Prospective Consent of Participating Shareholders**

Pursuant to the terms of the Subscription Agreement of each Shareholder, each Shareholder will be deemed to have consented prospectively to any and all of the activities of the type or nature described in this Offering Memorandum, including, but not limited to, the activities described in "Potential Conflicts of Interest" whether or not such activities have or could have an effect on the Fund's affairs and no such activity will in and of itself constitute a breach of any duty owed by any person to the Fund or any Shareholder.

# **Proprietary Trading**

and Re7 and their personnel may trade in the Digital Assets, securities and derivatives markets for their own accounts and the accounts of their clients. In doing so, they may take positions opposite to, or ahead of, those held by the Fund or may be competing with the Fund for positions in the marketplace. Such trading may result in competition for investment opportunities or create other conflicts of interest on behalf of one or more such persons in respect of their obligations to the Fund. Records of this trading will not be available for inspection by Shareholders.

#### AMLCO/MLRO/DMLRO

One of the Directors, Benny Menashe has a conflict of interest in relation to his duty to the Fund as Director, and role as DMLRO. This Director will, at all times, pay regard to their obligations to act in the best interest of the Fund and the Investment Manager will ensure that all such potential conflicts of interests are resolved fairly and in the best interests of Participating Shareholders. The AMLCO and MLRO functions are delegated to another employee of the Investment Manager.

# **Prospective Consent of Participating Shareholders**

Each Shareholder will be deemed to have consented prospectively to any and all of the activities of the type or nature described herein, including, without limitation, the activities described in this "Potential Conflicts of Interest," whether or not such activities have or could have an effect on the Fund's affairs, and no such activity will in and of itself constitute a breach of any duty owed by any person to the Fund or any Shareholder.

#### **DIVIDENDS. REPORTS AND STATEMENTS**

#### **Dividend Policy**

The Fund does not expect to pay dividends or other distributions with respect to the Participating Shares. The dividend policy of the Fund with respect to the Participating Shares will be determined by the Directors from time to time upon the advice and recommendation of the Investment Manager.

### **Reports and Statements**

The Fund's Fiscal Year ends on 31 December in each year. It is intended that annual audited financial statements of the Fund will be sent to the Shareholders within 6 months of the end of each Fiscal Year. These statements will be prepared in accordance with U.S. GAAP or such other official standards as may be agreed between the Directors and the Auditors.

In addition to the above, the Shareholders will receive the following information from the Investment Manager or Portfolio Manager from time to time: (a) a report setting out: (i) the percentage of the Fund's assets which are subject to special arrangements; (ii) any new arrangements for liquidity management as determined by the Investment Manager from time to time; and (iii) the current risk profile of the Fund and the risk management systems employed by the Investment Manager in relation thereto (the "Risk Management Report"); and (b) a report setting out: (i) any changes to the leverage limit employed in respect of the Fund; (ii) any changes to the re-use of collateral or any guarantee granted under current leverage arrangements entered into by the Fund; and (iii) total leverage employed by the Fund (the "Leverage Report"). Please note that it is not intended that any leverage will be employed outside of hedging and capital optimization purposes.

Shareholders shall receive the Risk Management Report at least at the same time as the publication of the annual report and at such times as any new arrangements are entered into pursuant to paragraph (a)(ii). The Leverage Report shall be periodically disclosed to Shareholders of the Fund and on no less than an annual basis.

On occasion, the Fund and the Investment Manager may be requested to disclose information of a particular form or in a particular format to one or more investors as result of their legal, regulatory, or structural requirements. In such instances the Fund and the Investment Manager will make all reasonable efforts to ensure the same level of information is available to all investors.

#### **TAXATION**

This summary of the principal tax consequences applicable to the Fund and its Shareholders is based upon advice received from the Fund's Cayman Islands legal and tax advisors. Moreover, while this summary is considered to be a correct interpretation of existing laws in force on the date of this Offering Memorandum, no assurance can be given that courts or fiscal authorities responsible for the administration of such laws will agree with such interpretation or that changes in such laws will not occur. Accordingly, each prospective subscriber in the Fund should consult with its own tax advisor in order to understand the potential tax issues affecting the Fund and each investor. Further all laws, including laws relating to taxation in the Cayman Islands and other jurisdictions are subject to change without notice.

## The Fund and Cayman Islands Taxation

On the basis of present legislation, the Fund is not subject to taxation in the Cayman Islands. There are currently no Cayman Islands corporation, income, capital gains, profits or other taxes.

The Fund has applied for and expects to receive from the Governor-in-Council of the Cayman Islands an undertaking under section 6 of the Tax Concessions Act (as revised) that for a period of 20 years from the date of the undertaking: (a) no law that is thereafter enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciation will apply to the Fund or its operations and (b) no such tax in the nature of an estate duty or inheritance tax will be payable on the Participating Shares, debentures or other obligations of the Fund or by way of withholding in whole or in part of any relevant payment as defined in Section 6(3) of the Tax Concessions Act (as revised).

#### Shareholders of the Fund

Shareholders who are not otherwise subject to Cayman Islands taxes by reason of their residence, domicile or other particular circumstances should not become subject to any such taxes by reason solely of the ownership, transfer or redemption of the Participating Shares.

Persons interested in purchasing the Fund's Shares should inform themselves as to any tax consequences particular to their circumstances arising in the jurisdiction in which they are resident or domiciled for tax purposes in connection with the acquisition, ownership, redemption or disposition of the Fund's Shares.

The foregoing summary does not address tax considerations, which may be applicable to certain Shareholders under the laws of jurisdictions other than the Cayman Islands. The Fund has no present plans to apply for any certifications or registrations, or to take any other actions under the laws of any jurisdictions, which would afford relief to local investors therein from the normal tax regime otherwise applicable to an investment in the Participating Shares. The value of the Fund's investments may also be affected by repatriation and exchange control regulations. Tax may be withheld at source in certain countries in respect of dividends paid by the Fund's investments.

#### **USA FATCA and the OECD Common Reporting Standard**

The Cayman Islands has signed an inter-governmental agreement to improve international tax compliance and the exchange of information with the United States. A Model 1(b) (non-reciprocal) inter-governmental

agreement was signed with the United States (the "**IGA**"), which gives effect to the automatic tax information exchange requirements of the U.S. Foreign Account Tax Compliance Act ("**FATCA**").

The Cayman Islands has also committed, along with over 100 other countries, to the implementation of the OECD Standard for Automatic Exchange of Financial Account Information – Common Reporting Standard (the "CRS").

Cayman Islands regulations were introduced to implement FATCA and CRS in the Cayman Islands (the "**Regulations**") which require "reporting financial institutions" to identify and report information in respect of Participating Shareholders in the United States, the United Kingdom and each CRS "participating jurisdiction" (as identified in a list published by the Cayman Islands Tax Information Authority (the "**Cayman TIA**")).

The Fund (or its agent or service provider) is required to (i) register with the U.S. Internal Revenue Service ("IRS") to obtain a Global Intermediary Identification Number for FATCA, (ii) register with the Cayman TIA for FATCA and CRS, (iii) conduct due diligence on its investors to identify whether accounts are held directly or indirectly by "Specified U.S. Persons" and corresponding determinations for the CRS, and (iv) report information on such Specified U.S. Persons and corresponding determinations for the CRS to the Cayman TIA. The Cayman TIA will exchange the information reported to it with the IRS, HM Revenue & Customs ("HMRC") and other fiscal authorities of CRS "participating jurisdictions" ("Foreign Fiscal Authorities") annually on an automatic basis.

By investing (or continuing to invest) in the Fund, investors shall be deemed to acknowledge that:

- (i) the Fund (or its agent or service provider) may be required to disclose to the Cayman TIA certain confidential information in relation to the investor, including but not limited to the investor's name, address, tax identification number (if any), tax residence(s), social security number (if any) and certain information relating to the investor's investment;
- (ii) the Cayman TIA may be required to automatically exchange information as outlined above with the IRS, HMRC and other Foreign Fiscal Authorities;
- (iii) while not currently anticipated, the Fund (or its agent or service provider) may be required to directly disclose to the IRS, HMRC and other Foreign Fiscal Authorities certain confidential information when registering with such authorities and if such authorities contact the Fund (or its agent or service provider directly) with further enquiries;
- (iv) the Fund may require the investor to provide additional information and/or documentation which the Fund may be required to disclose to the Cayman TIA;
- (v) in the event an investor does not provide the requested information and/or documentation, whether or not that actually leads to compliance failures by the Fund, or a risk of the Fund or its investors being subject to tax or penalties under the relevant legislative or intergovernmental regime, the Fund reserves the right to take any action and/or pursue all remedies at its disposal including, without limitation the deduction or withholding of certain amounts from the Shareholder's applicable Net Asset Value from any redemption or dividend payment, compulsory redemption or withdrawal of the investor concerned, the adjustment of the Net Asset Value per Share held by the investor concerned, and the conversion of the relevant Shares into Shares of another class;
- (vi) no investor affected by any such action or remedy shall have any claim against the Fund (or its agent or service provider) for any form of damages or liability as a result of actions taken or remedies pursued by or on behalf of the Fund in order to comply with any of the IGAs, the CRS or any agreements, laws or regulations entered into or implemented by the

Cayman Islands for the purpose of ensuring and/or enhancing international tax transparency; and

(vii) the Fund (or its agent or service provider) will endeavour to satisfy the requirements imposed under FATCA, the IGA, CRS and the Regulations to avoid any withholding tax. In the event that the Fund (or its agent or service provider) is not able to comply with the requirements imposed by under FATCA, the IGA, CRS or the Regulations and the Fund does suffer withholding tax on its investments as a result of non-compliance, the Net Asset Value of the Fund may be adversely affected, and the Fund may suffer significant loss as a result.

Each prospective subscriber should consult with its own advisors as to the potential impact of FATCA and CRS on such investor.

# Consequences for Investors as a Result of USA FATCA and the OECD Common Reporting Standard

The Fund may take such action as it considers necessary in relation to an investor's holding or redemption proceeds, as a result of relevant legislation and regulations, including but not limited to the above as further detailed in the section of this Memorandum entitled "Risk Factors". Such actions may include, but are not limited to the following:

The disclosure by the Fund, the Administrator or such other service provider or delegate of the Fund, of certain information relating to an investor to the TIA or equivalent authority and any other foreign government body as required by the USA FATCA and the OECD Common Reporting Standard. Such information may include, without limitation, confidential information such as financial information concerning an investor's investment in the Fund, and any information relating to any shareholders, principals, partners, beneficial owners (direct or indirect) or controlling persons (direct or indirect) of such investor.

The Fund may compulsorily redeem any Shares/Units held by an investor in accordance with the terms of this Memorandum and may deduct relevant amounts from a recalcitrant investor so that any withholding tax payable by the Fund or any related costs, debts, expenses, obligations or liabilities (whether internal or external to the Fund) are recovered from such investor(s) whose action or inaction (directly or indirectly) gave rise or contributed to such taxes, costs or liabilities. Failure by an investor to assist the Fund in meeting its obligations pursuant to USA FATCA and the OECD Common Reporting Standard may therefore result in pecuniary loss to such investor.

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

### U.S. Federal Income Tax Issues

The acquisition, ownership, and disposition of Shares acquired pursuant to this Memorandum may have tax consequences under the tax laws of the United States. Such consequences for purchasers of Shares that

are residents of, or citizens of, or otherwise subject to taxation in the United States ("U.S. Holders") are not described in this Memorandum. Each U.S. Holder should consult its own financial adviser, legal counsel, or accountant regarding the U.S. federal income tax consequences of the acquisition, ownership, and disposition of Shares.

The Fund has not filed and will not file an election pursuant to Treasury Regulation section 301.7701-3(c) to be classified as either a partnership or a disregarded entity for U.S. federal income tax purposes. Accordingly, the Fund will be classified as a corporation for U.S. income tax purposes.

U.S. Holders should be aware that, based on current business plans and financial projections, the Fund believes there is a significant likelihood that it will be a "passive foreign investment company" ("**PFIC**") in current and future taxable years. U.S. Holders that hold Shares during any taxable year in which the Fund is characterised as a PFIC for U.S. income tax purposes will be subject to different and materially adverse U.S. tax consequences, including having gain realised on the sale of Shares (or gain realised on a deemed sale of Shares in any corporation owned by the Fund that is a PFIC) treated as ordinary income, rather than as capital gains income, and potentially having punitive interest charges apply to those gains. No determination has been made as to whether the Fund is, or will be, a PFIC. Each U.S. Holder should consult its own financial adviser, legal counsel, or accountant regarding the PFIC rules.

If the Fund is treated as a "controlled foreign corporation" ("**CFC**") under Section 957 of the Internal Revenue Code, any U.S. Holder that holds or is deemed to hold directly, indirectly or constructively 10% or more of the combined voting power of all our classes of stock will potentially will be subject to additional adverse tax consequences not described in this Memorandum. No determination has been made as to whether the Fund is, or will be, a CFC. Each U.S. Holder should consult its own financial adviser, legal counsel, or accountant regarding the CFC rules.

Payments made within the U.S., or by a U.S. payor or U.S. middleman, of dividends on, and proceeds arising from certain sales or other taxable dispositions of the Shares may be subject to information reporting and backup withholding tax, at the rate of 28%, if a U.S. Holder (a) fails to furnish such U.S. taxpayer's correct U.S. social security or other taxpayer identification number (generally on Form W-9), (b) furnishes an incorrect U.S. taxpayer identification number, (c) is notified by the IRS that such U.S. Holder has previously failed to properly report items subject to backup withholding tax, or (d) fails under certain circumstances to certify, under penalty of perjury, that such U.S. Holder has furnished its correct U.S. taxpayer identification number and that the IRS has not notified such U.S. Holder that it is subject to backup withholding tax. Each U.S. Holder should consult its own financial adviser, legal counsel, or accountant regarding the information reporting and backup withholding tax rules.

THE ABOVE SUMMARY IS ONLY A GENERAL DISCUSSION AND IS NOT INTENDED TO CONSTITUTE A COMPLETE ANALYSIS OF ALL TAX CONSIDERATIONS APPLICABLE TO A U.S. HOLDER WHO ACQUIRES SHARES. THE ABOVE SUMMARY IS NOT MEANT TO BE TAX, FINANCIAL OR LEGAL ADVICE. EACH PROSPECTIVE INVESTOR IS URGED TO CONSULT HIS/HER TAX ADVISOR WITH SPECIFIC REFERENCE TO HIS/HER OWN TAX SITUATION AND POTENTIAL CHANGES IN THE APPLICABLE LAW, AS WELL AS THE APPLICABILITY OF U.S., FOREIGN STATE OR LOCAL TAXES TO THE PROPOSED INVESTMENT.

Anything contained in this summary concerning any U.S. federal tax issue is not intended or written to be used, and it cannot be used by a U.S. Holder, for the purpose of avoiding federal tax penalties under the Internal Revenue Code. This summary was written to support the promotion or marketing of the transactions or matters addressed by this Memorandum. Each U.S. Holder should seek U.S. federal tax advice, based on such U.S. Holder's particular circumstances, from an independent tax adviser.

## **United Kingdom**

As at the date of this Offering Memorandum, the Fund has applied to HMRC in the United Kingdom to recognise Participating Shares as a reporting fund in accordance with the UK Offshore Funds Regulations. Under this regime, where reporting fund status is obtained, a U.K. tax resident Investor that holds Participating Share in the Fund will be taxed on any accrued gain at the time of sale, redemption or other disposal of their Participating Share as capital gains, and not as an offshore income gain. Any undistributed income that has been subject to tax will be treated as capital expenditure.

# Other jurisdictions

It is possible that certain dividends, interest and other income received by the Fund from sources within certain countries may be subject to withholding taxes imposed by such countries. The Fund may also be subject to capital gains taxes or other taxes in some of the countries where it purchases and sells securities or otherwise conducts business. It is impossible to predict in advance the rate of tax that will be paid since the amount of the assets of the Fund to be invested in various countries is uncertain.

#### **VALUATION AND PRICES**

#### Calculation of Net Asset Value

The final Net Asset Value of each Series of Participating Shares of each Class will be calculated by the Administrator, as being the total assets attributable to such Series less the total liabilities attributable to such Series as at the close of business in the relevant market or markets on each Valuation Date in accordance with the following provisions:

The Net Asset Value per Share of the Fund or of each class of Participating Shares of the Fund or of each series of Participating Shares of the Fund will be determined by the Administrator, except when the determination of same has been suspended (in accordance with this Offering Memorandum and the Offering Memorandum and Articles of Association), on each Valuation Date and is calculated to four decimal figures by aggregating the value of the assets owned or contracted for by the Fund or of a particular class of Participating Shares of the Fund or of a particular series of Participating Shares of the Fund, net of any relevant taxes and converted into the relevant Base Currency of the particular Fund or of the particular class of Participating Shares of the Fund or of the particular series of Participating Shares of the Fund and subtracting (i) all of the liabilities of the Fund or of that class of that Fund or of that series of that Fund (including accrued liabilities and such provisions and allowances for contingencies as the Directors or any relevant Administrator (as the case may be) consider(s) appropriate in respect of the costs and expenses payable by the Fund or of that particular class of Participating Shares of that Fund or of that particular series of Participating Shares of that Fund) and (ii) such proportion of the amount paid up on the Voting Shares as the Fund shall determine, and dividing the resulting sum by the number of Participating Shares of that Fund or of that particular class of Participating Shares of that Fund or of that particular series of Participating Shares of that Fund outstanding at the close of business on that Valuation Date.

In general, the assets of the Fund or of each class of Participating Shares of the Fund or of each series of Participating Shares of the Fund will be valued as follows:

- On each Valuation Date, the value of any investment in any special purpose vehicle will be the final (a) net asset value of the special purpose vehicle in question reported by or on behalf of the special purpose vehicle in question on the relevant Valuation Date ("Final NAV") or, if not available, the most recent estimated net asset value of the special purpose vehicle in question based on preliminary returns reported by the special purpose vehicle in question on the relevant Valuation Date ("Estimated NAV"). All values assigned to assets and liabilities by the relevant party shall be final and conclusive as to all holders of Participating Shares in the Fund. The Net Asset Value per Share will be based on an Estimated NAV when a Final NAV is unavailable. The Directors or any relevant Administrator will obtain confirmation from the special purpose vehicle in question regarding its net asset value calculations (whether it is supplying an Estimated NAV or a Final NAV) prior to the determination of the Net Asset Value per Share. Once the Directors or any relevant Administrator have/has finalised the Fund's Net Asset Value per Share as of any Valuation Date, whether or not based on an Estimated NAV, no adjustments or restatements of such Net Asset Value per Share will be performed, even if the Final NAV for particular assets differs from the Estimated NAV used to value such assets. Thus, in the event that there is a difference between an Estimated NAV and a Final NAV, any necessary adjustments will affect, and be reflected in, the Net Asset Value per Share reported in subsequent periods only. Accordingly, any purchase or redemption of Participating Shares in the Fund will be at Net Asset Value per Share as of the Valuation Date coinciding with or immediately preceding the relevant Subscription Day or the relevant Redemption Day (as the case may be).
- (b) The value of any investment which is quoted, listed or normally dealt in on a securities exchange or similar electronic system shall be calculated by reference to the price appearing to the Directors or any relevant Administrator (as the case may be) to be the latest closing price as published by the relevant exchange or clearing house for such amount of such investment as the Directors or any

relevant Administrator (as the case may be) may consider in the circumstances to provide a fair criterion, provided that:

- (i) if an investment is quoted, listed or normally dealt in on more than one securities exchange or similar electronic system, the Directors or any relevant Administrator (as the case may be) shall adopt the latest closing price as published by the relevant exchange or clearing house which in their opinion provides the principal market for such investment;
- (ii) in the case of an investment which is quoted, listed or normally dealt in on a market but in respect of which for any reason, prices on that market may not be available at any relevant time, the value therefor shall be certified by a person, firm or association making a market in such investment and qualified, in the opinion of the Directors or any relevant Administrator (as the case may be), to provide such a certificate; and
- (iii) there shall be taken into account interest on interest-bearing investments up to the relevant Valuation Date.
- (c) The value of any investment, which is not quoted, listed or normally dealt in on a market shall be the value thereof ascertained by or on behalf of the Directors in good faith. For this purpose:
  - (i) the value of such investment shall be the amount expended in the acquisition thereof; and
  - (ii) in valuing such investments the Directors or any relevant Administrator (as the case may be) may consider, inter alia, the fundamental analytical data relating to the investments, the nature and duration of restrictions on disposition of the investments and the forces, which influence the market in which the investments are purchased and sold.
- (d) The value of any future contracts, index futures contracts and options which are dealt in on a market shall be calculated by reference to the price appearing to the Directors or any relevant Administrator (as the case may be) to be the settlement price as determined by the market in question provided that where it is not the practice of the relevant market to quote a settlement price or if such settlement price is not available for any reason, such value shall be calculated in such manner as the Directors or any relevant Administrator (as the case may be) shall determine.
- (e) Currency and futures forwards and currency and futures options shall be valued at bid or offer values (as appropriate) in accordance with procedures determined by the Directors or any relevant Administrator (as the case may be), as at such time on the Valuation Date as shall be determined by the Directors or any relevant Administrator (as the case may be).
- (f) Certificates of deposit acquired at their nominal value plus accrued interest (if any) shall be valued at cost plus accrued interest from the date of acquisition on the nominal value at the coupon rate.
- (g) Certificates of deposit acquired at a discount or premium on the sum of the nominal value and accrued interest at the date of acquisition shall be valued at their cost plus accrued interest from the date of acquisition on the nominal value at the coupon rate, and adjusted by an amount equal to the discount or premium at which they were acquired divided by the number of days unexpired at the date of acquisition and multiplied by the number of days elapsed from the date of acquisition to the relevant Valuation Date.
- (h) Interest-bearing securities shall be valued at cost plus accrued interest from the date of acquisition and adjusted by an amount equal to any discount or premium on the sum of the nominal value and accrued interest at the date of acquisition divided by the number of days unexpired at the date of acquisition and multiplied by the number of days elapsed from the date of acquisition to the relevant Valuation Date.

- (i) In the case of any security or other property which in the opinion of the Directors or any relevant Administrator (as the case may be) it would not be appropriate to value as above provided, the value thereof shall be determined in such manner as the Directors or any relevant Administrator (as the case may be) shall from time to time determine.
- (j) In the case of any asset realised or contracted to be realised at a known value the net proceeds, discounted at a rate considered appropriate by the Directors or any relevant Administrator (as the case may be), of such realisation shall be taken into account in lieu of any other method of determining the value of the asset concerned.
- (k) The value of any such securities or other assets listed above shall be determined having regard to the full amount of any currency premium or discount which may be relevant.
- (I) Values expressed in a currency other than the relevant Base Currency will be translated into the relevant Base Currency at the average of the last available buying and selling price for such currency.

The liabilities of the Fund or of a particular class of Participating Shares of the Fund or of a particular series of Participating Shares of the Fund shall be deemed to comprise:

- (a) all bills and accounts payable;
- (b) all fees and expenses payable and/or accrued;
- (c) all contractual obligations for the payment of money or the acquisition of property;
- (d) all provisions authorised or approved by the Directors or any relevant Administrator (as the case may be) for taxes or contingencies; and/or
- (e) all other liabilities of Fund or of that particular class of Participating Shares of that Fund or of that particular series of Participating Shares of that Fund of whatsoever kind and nature, except liabilities represented by outstanding Participating Shares and surplus of the Fund or of that particular class of Participating Shares of that Fund or of that particular series of Participating Shares of that Fund.

In determining the Net Asset Value and Net Asset Value per Share of the Fund or of a particular class of Participating Shares of the Fund or of a particular series of Participating Shares of the Fund, the Directors or any relevant Administrator (as the case may be) will follow the valuation policies and procedures adopted by the Fund as set out above. The Directors or any relevant Administrator (as the case may be) may also use and rely on industry standard financial models in pricing any relevant assets.

Prospective subscribers should be aware that situations involving uncertainties as to the valuation of portfolio positions may occur and could have an adverse effect on the net assets of the Fund or a particular class of Participating Shares of the Fund or a particular series of Participating Shares of the Fund. Absent bad faith or manifest error, the Net Asset Value and Net Asset Value per Share of the Fund or of a particular class of Participating Shares of the Fund or of a particular series of Participating Shares of the Fund as determined by the Directors or any relevant Administrator (as the case may be) is conclusive and binding on all Shareholders. With respect to the calculation of the Net Asset Values for each Series of Participating Shares, the Administrator will rely upon valuations provided to it by third parties. The Administrator shall not be liable for any errors in NAV calculations where such errors are the result of incorrect information provided by such third parties.

The Directors may, at any time and from time to time, suspend the determination of the Net Asset Value and/or the issuance and/or the redemption of Participating Shares (which for the avoidance of doubt, includes for a suspension implemented after the Redemption Date, a suspension for the payment of redemption monies) for the whole or any part of a period:

- during which any stock exchange, commodities exchange, futures exchange or over-the-counter market on which any significant portion of the investments of the Fund is listed, quoted, traded or dealt in is closed (other than customary weekend and holiday closing) or trading on any stock exchange or market is restricted or suspended; or
- when circumstances exist as a result of which in the opinion of the Directors on its behalf, it is not reasonably practicable for the Fund to dispose of investments or as a result of which any such disposal would be materially prejudicial to Shareholders; or
- when a breakdown occurs in any of the means normally employed in ascertaining the value of investments or when for any other reason the value of any of the investments or other assets of the Fund cannot in the opinion of the Directors on its behalf, reasonably or fairly be ascertained; or
- during which the redemption or realisation of the Fund's investments or the transfer of funds involved in such redemption or realisation cannot in the opinion of the Directors on its behalf, be effected at normal prices or normal rates of exchange.

All reasonable steps will be taken to bring any period of suspension to an end as soon as possible.

#### SHARE CAPITAL AND RIGHTS

The authorised share capital of the Fund is USD 50,000 divided into 100 management voting shares of a nominal or par value USD 1.00 each ("**Management Shares**") and 4,990,000 participating non-voting shares of a nominal or par value USD 0.01 each ("**Participating Shares**"). All one hundred Management Shares have been issued for cash at par and are held by the Re7 Group Ltd.

The holder of each Management Share shall have the right to one vote for each such share registered in his name. The Participating Shares do not confer on the holders thereof the right to receive notice of, attend or vote at general meetings of the shareholders except if, and only in respect of, a resolution affecting the class rights of such holders.

The authorised share capital of the Fund may be altered from time to time by resolution of the holders of Management Shares.

The Directors may, in their sole discretion, designate certain investments that do not have a readily ascertainable value or which are not freely transferable as "Special Investments". If the Investment Manager designates an existing investment as a Special Investment, Shareholders at that time may have a portion of their Class of Participating Shares automatically converted (on a pro rata basis) into Side Pocket Investment Shares, which are not redeemable at the option of the holder and carry no right to vote. Each Special Investment may be represented by a series of Side Pocket Investment Share.

### Winding Up

If the Fund is, or is likely to become, unable to pay its debts the Directors shall have power to present a winding up petition in the name of the Fund and/or to apply for the appointment of provisional liquidators in respect of the Fund.

Each Participating Share carries the right to a return of the nominal value paid up in respect of such share in priority to the repayment of the nominal value paid up on Management Shares.

Each Participating Share shall also entitle the holder thereof to share in surplus assets of the Fund available for distribution after the return of the nominal value paid up on all shares pro rata to their respective holdings. Holders of Management Shares have no right to share in any surplus.

# Alteration of the Offering Memorandum of Association and the Articles of Association

The Offering Memorandum of Association and the Articles of Association of the Fund shall not be rescinded, altered or amended unless the same is passed by a special resolution of the holders of the Management Shares being entitled so to vote in person or by proxy at a meeting of the Fund of which notice specifying the intention to propose such resolution has been duly given or by the written consent of the holders of the Management Shares.

#### Indemnification

The Articles of Association of the Fund contain provisions indemnifying and exempting the Directors and other officers and servants of the Fund from liability in the discharge of their duties except in certain circumstances. The Articles of Association also provide that the amount for which such indemnity is given shall immediately attach as a lien and charge on the property of the Fund and shall have priority over all other claims.

#### Variation of Rights

The Fund's Articles of Association provide that the rights attached to any class of Participating Shares may, subject to the laws of the Cayman Islands and unless otherwise provided by the terms under which the

Participating Shares of that class were issued, be varied or abrogated with the consent in writing of the holders of two-thirds of the issued shares of that class or with the sanction of a resolution passed at a separate meeting of the holders of the Participating Shares of such class by a majority of two-thirds of the votes cast at that meeting. The rights attached to the Participating Shares shall not, unless otherwise expressly provided by the terms of the issue of the Participating Shares, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith. If the Fund provides reasonable notice to holders of the Participating Shares of a proposed variation or abrogation in respect of the rights attached to any Class before a Redemption Date, then any member holding Participating Shares after the said Redemption Date is deemed to have irrevocably consented in writing to the proposed variation or abrogation and no meeting is required to be held.

### Variation of offering terms

Subject to applicable law, the Fund may amend this Offering Memorandum without the approval of Participating Shareholders, to vary the offering terms applicable to any Participating Shares (as distinct from the modification of the rights attaching to a Class, as discussed above) in any of the following ways:

- (a) by making any change that, in the opinion of the Directors, will not adversely affect the Shareholders in any material respect; or
- (b) by making a change that is necessary or desirable to satisfy any requirements, conditions or guidelines contained in any opinion, directive, order, statute, ruling or regulation of any relevant regulator, court of competent jurisdiction, government or government entity, including any tax authority, provided that such change is made in a manner that minimises, to the extent practicable, any adverse effect on the Shareholders; or
- (c) by making any change that the Directors consider may or is likely to adversely affect the Shareholders in a material respect (including amendments to the trading program, fees charged to the Fund by the Investment Manager and the liquidity terms of the Participating Shares), provided that any such amendment does not become effective until after the affected Shareholders have been given written notice of the change and have had the opportunity to redeem any Participating Shares so affected.

#### **FURTHER INFORMATION**

#### **Documents Available for Inspection**

Copies of the following documents are available for inspection by Shareholders during normal business hours on any Business Day at the office of the Administrator without charge:

- 1 the Offering Memorandum and Articles of Association of the Fund;
- 2 the Investment Management Agreement;
- 3 the most recent audited financial statements of the Fund (if any);
- 4 this Offering Memorandum and any updates thereof; and
- 5 circulars to holders of the Participating Shares issued by the Fund.

### Litigation

The Fund is not engaged in any litigation or arbitration and no litigation or claim is known to the Directors to be pending or threatened by or against the Fund.

#### **Disclosure of Interests**

Save as may be disclosed in this Offering Memorandum, no amount or benefit has been paid or given or is intended to be paid or given to any promoter of the Fund.