



## **COORDINATES ASIA FOCUS FEEDER FUND**

A CAYMAN ISLANDS EXEMPTED COMPANY INCORPORATED WITH  
LIMITED LIABILITY

Incorporation No.: **312885**

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### **PRIVATE PLACEMENT OF SHARES**

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### **CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM**

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**Coordinates Investment Management (Cayman) Limited**

Manager

**Coordinates Capital Management Limited**

Investment Adviser

SEPTEMBER 2016

PURSUANT TO AN EXEMPTION FROM THE COMMODITY FUTURES TRADING COMMISSION IN CONNECTION WITH POOLS WHOSE PARTICIPANTS ARE LIMITED TO QUALIFIED ELIGIBLE PERSONS, AN OFFERING MEMORANDUM FOR THIS POOL IS NOT REQUIRED TO BE, AND HAS NOT BEEN, FILED WITH THE COMMISSION. THE COMMODITY FUTURES TRADING COMMISSION DOES NOT PASS UPON THE MERITS OF PARTICIPATING IN A POOL OR UPON THE ADEQUACY OR ACCURACY OF AN OFFERING MEMORANDUM. CONSEQUENTLY, THE COMMODITY FUTURES TRADING COMMISSION HAS NOT REVIEWED OR APPROVED THIS OFFERING OR ANY OFFERING MEMORANDUM FOR THIS POOL.

## IMPORTANT NOTICES

This confidential private placement memorandum (the “**PPM**”) relates to the offer of up to 4,999,900 limited-voting redeemable participating shares of a nominal or par value US\$0.01 each (the “**Participating Shares**”) in the capital of Coordinates Asia Focus Feeder Fund (the “**Fund**”) to a limited number of Eligible Investors. This PPM should be read in conjunction with the memorandum of association and articles of association, as amended from time to time (the “**Articles**”) of the Fund.

By accepting this PPM, each recipient irrevocably agrees not to reproduce, circulate or distribute this PPM in whole or in part to any other persons, with the exception of professional advisers, without the prior written consent of the Fund.

No application has been made to any stock exchange to list the Participating Shares on a stock exchange. Save for the filing of this PPM with the Cayman Islands Monetary Authority (the “**Authority**”), neither this PPM nor any other offering or related document has been registered or filed in any jurisdiction in connection with the offer of the Participating Shares.

This PPM is distributed on a confidential basis in connection with a private offering of the Participating Shares, none of which will be issued to any person other than a person to whom this PPM is sent by or on behalf of the Fund. The offering contemplated in this PPM is not, and under no circumstances is it to be construed as, a public offering of the Participating Shares. This PPM constitutes an offering of the Participating Shares only in those jurisdictions, and to those persons, where and to whom they may be lawfully offered for sale.

The Directors accept responsibility for the information contained in this PPM. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this PPM is in accordance with the facts and does not omit anything likely to affect the import of such information.

The Participating Shares of the Fund are intended for a limited number of experienced and sophisticated investors. Participating Shares will be offered to qualified Non-U.S. persons and Permitted U.S. Persons. “United States” or “United States of America” means the United States of America, its territories and possessions and all areas subject to its jurisdiction. No securities commission or other regulatory authority has passed on the merits of the Participating Shares offered hereby nor has any such regulatory authority reviewed this PPM.

The Participating Shares have not been and will not be registered under the United States Securities Act of 1933, as amended (the “**Securities Act**”), or any state securities laws of the United States or the laws of any other jurisdiction. The Participating Shares will be offered and sold under the exemption provided by Section 4(a)(2) of the Securities Act and Regulation D promulgated thereunder and other exemptions of similar import in the Laws of the States of the United States and other jurisdictions where the offering will be made. The Fund will not be registered as an investment company under the United States Investment Company Act of 1940, as amended (the “**Investment Company Act**”). Consequently, investors will not be afforded the protections of the Investment Company Act. The Participating Shares are being offered and sold outside of the United States under the exemption provided by Regulations of the Securities Act.

By subscribing for any Participating Shares, each investor will be representing, among other things, that such investor has acquired such Participating Shares for the investor's own account, for investment and not with a view to distribution or resale.

No person is authorised to give any information or to make any representation not contained in this PPM in connection with the offering of these Participating Shares and, if given or made, any such information or representation may not be relied upon.

Neither the delivery of this PPM nor any offer or sale made in connection with this PPM shall, under any circumstances, constitute a representation or create any implication that there has been no change in the affairs of the Fund since the date hereof.

Prospective investors should inform themselves as to the legal requirements and tax consequences within the countries of their citizenship, residence and domicile for the acquisition, holding or disposal of the Participating Shares offered hereby and any foreign exchange or other restrictions that may be relevant to them.

This PPM has been prepared on the basis of the relevant legislation and regulations of the Cayman Islands and Hong Kong and their interpretations, which are believed to reflect accurately current interpretations by relevant authorities as at the date of this PPM. Relevant legislation and regulations, and their interpretation by relevant authorities, may be altered in the future.

No offer or invitation to the public in the Cayman Islands to subscribe for any Participating Shares in the Fund is permitted to be made. This PPM should be read in conjunction with the Articles of the Fund.

## **RISKS**

Investment in the Participating Shares entails significant investment and other risks, including possible adverse tax effects. Please refer to “Certain Risk Factors”, “Conflicts Of Interest” and “Taxation” set out in this PPM. Investors should purchase Participating Shares in the Fund only if they have the financial ability and willingness to accept the risks and lack of liquidity that are characteristic of investments such as the Participating Shares. The Participating Shares are subject to investment risks, including the possible loss of the amount invested.

Although separate classes of Shares may be established and maintained, the Fund is one legal entity and, in the event of the insolvency of any class, all of the assets of the Fund, regardless of the class to which they are attributable, will be available to meet all of the unsatisfied liabilities of the Fund.

Prospective investors are cautioned to consult their legal, financial, tax and other advisors prior to making any investment in the Participating Shares. Neither the Fund nor the Manager makes any representation or warranty whatsoever as to the suitability for any purchaser of an investment in the Participating Shares. Investors must rely upon their own representatives, including their own legal, tax, financial and other advisors, as to all legal and other matters concerning the Participating Shares and an investment, holding and disposal of interests, and any non-U.S. exchange restrictions that may be relevant therein.

The Participating Shares are offered subject to the right of the Directors to reject any subscription in whole or in part for any reason and for no reason.

If this PPM is translated into a language other than the English language, then in the event of an inconsistency between the English language version PPM and the foreign language PPM, the English language version PPM shall prevail.

## **LIQUIDITY**

Certain investments of the Fund may be, or may become relatively illiquid due to circumstances beyond the control of the Manager or its Affiliates. Such illiquid investments do not have a readily determinable Net Asset Value. The Fund permits subscriptions and redemptions as well as the calculating of the Management Fee and Profit Allocation on the basis of such values.

The proportion of any illiquid investments made by the Fund may expose Shareholders to the risk of material economic dilution as a result of a fair value/realisation value disparity between the fair valuation of the Fund's illiquid portfolio if this value is used for the purposes of calculating redemptions, subscriptions, the Management Fee, the Profit Allocation, and the realisation value of, and/or amounts actually realized with respect to, this illiquid portfolio.

## **MASTER FUND**

The Master Fund is not offering any securities and accordingly this PPM is not to be regarded as having been authorized or issued by the Master Fund. The Master Fund does not have an offering document or equivalent document. A copy of the Memorandum and Articles of Association of the Master Fund is available upon request from the Manager.

## DIRECTORY

### *Directors*

Lingfeng LI  
Julian Anthony FLETCHER  
Martin Joseph O' REGAN

### *Fund*

**Coordinates Asia Focus Feeder Fund**  
c/o Maples Corporate Services Limited  
PO Box 309  
Ugland House, Grand Cayman  
KY1-1104, Cayman Islands

### *Manager to the Fund and the Master Fund*

**Coordinates Investment Management (Cayman) Limited**  
c/o Maples Corporate Services Limited  
PO Box 309  
Ugland House, Grand Cayman  
KY1-1104, Cayman Islands

### *Master Fund*

**Coordinates Asia Focus Master Fund**  
c/o Maples Corporate Services Limited  
PO Box 309  
Ugland House, Grand Cayman  
KY1-1104, Cayman Islands

### *Investment Adviser to the Manager*

**Coordinates Capital Management Limited**  
3902, 39/F Central Plaza  
18 Harbour Road  
Wan Chai  
Hong Kong

### *Prime Brokers, Clearing Brokers and Custodians to the Master Fund*

**Deutsche Bank AG London**  
Winchester House  
1 Great Winchester Street  
London EC2N 2DB  
United Kingdom

**Standard Chartered Bank**  
1 Basinghall Avenue,  
London,  
EC2V 5DD,  
United Kingdom

### *Administrator to the Fund and the Master Fund*

**State Street Cayman Trust Company, Ltd**  
P.O. Box 31113  
45 Market Street, Suite #3307  
Gardenia Court, Camana Bay  
Grand Cayman, KY1-1205  
Cayman Islands

### *Auditor to the Fund and the Master Fund*

**Ernst & Young Ltd.**  
62 Forum Lane, Suite 6401  
Camana Bay  
P.O. Box 510  
Grand Cayman KY1-1106  
Cayman Islands

### *Administrator's Delegate to the Fund and the Master Fund*

**State Street Asia Limited**  
68th Floor  
Two International Finance Centre  
8 Finance Street, Central  
Hong Kong

### *International Legal Advisor to the Manager and the Investment Adviser as to Hong Kong law*

**DLA Piper Hong Kong**  
17th Floor, Edinburgh Tower  
The Landmark  
15 Queen's Road Central  
Hong Kong

### *Cayman Islands Law Counsel to the Fund and the Master Fund*

**Maples and Calder**  
53rd Floor  
The Center  
99 Queen's Road Central  
Hong Kong



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## 1. KEY FEATURES OF THE FUND

The following is a summary of the key features of the Fund. This summary should be read in conjunction with the entire PPM, the Articles and the Subscription Agreement. Investors should seek independent professional advice.

| Feature                      | Commentary                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | PPM Section / Reference |
|------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|
| <b>Fund Structure:</b>       | <p>The Coordinates Asia Focus Feeder Fund (the "<b>Fund</b>") was incorporated on 28 June 2016 as an exempted company incorporated with limited liability under the laws of the Cayman Islands.</p> <p>The Fund offers redeemable, limited-voting, participating shares ("<b>Participating Shares</b>") for subscription. The Fund's Initial Offer Period will be the period as the Directors may from time to time determine.</p> <p>Thereafter, Participating Shares will be offered for subscription as of each Subscription Day.</p> <p>The Coordinates Asia Focus Master Fund (the "<b>Master Fund</b>") was incorporated on 28 June 2016 as an exempted company incorporated with limited liability under the laws of the Cayman Islands.</p> <p>References throughout this PPM to the Fund's program, investment approach, investment restrictions, risks, trading and other related activities are construed as referring to the Master Fund, unless the context otherwise requires. Where appropriate, references to the Master Fund should be understood to mean the Master Fund or the Fund, as the context requires.</p> | 3                       |
| <b>Base Currency:</b>        | The performance of the Fund and the Master Fund will be reported, fees will be calculated, and all subscriptions and redemptions will be transacted, in US Dollars (US\$).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | 6                       |
| <b>Investment Objective:</b> | <p>The Fund will invest substantially all of its assets (to the extent not retained in cash) in the participating shares of the Master Fund.</p> <p>The investment objective of the Fund is to consistently generate risk-adjusted returns by investing in global market opportunities with asymmetrical risk-reward driven by Asian economic themes.</p> <p><b>There can be no assurance that the Fund or the Master Fund will achieve its investment objective and losses may be incurred.</b></p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | 2                       |
| <b>Investment Strategy:</b>  | <p>The Fund seeks to accomplish its investment objective by employing a sophisticated analytical framework and by undertaking proprietary trading strategies, including both directional macro strategies and market neutral relative value strategies. The Fund takes long and short positions in diverse securities, derivatives and other instruments. Trading strategies are implemented on a leveraged basis and are conducted primarily in liquid fixed income and foreign exchange securities and their derivatives, and may also be conducted in (including, without limitation) equities, credit and commodities, and their derivatives.</p> <p>The Fund pursues investment opportunities on a global basis with a strong focus to the driving forces from Asia. The Fund will have complete flexibility in the instruments and markets in which it invests and the techniques it uses to achieve its investment objective.</p>                                                                                                                                                                                             | 2                       |



| Feature | Commentary                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | PPM Section / Reference |
|---------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|
|         | <p>The investment opportunities available to the Fund vary considerably over time and the Manager will exercise its expertise to analyse new instruments and financial markets. The full range of instruments and markets in which the Fund will take positions may change from time to time. Similarly, the Fund is expected to develop new types of investment strategies. As a result, the full set of strategies to be employed by the Fund may vary over time. The trading strategies described below are not exclusive.</p> <p>In general, the Fund focuses on investment opportunities driven by three types of themes:</p> <ol style="list-style-type: none"> <li>1. Long-term and secular themes, which typically last five years or longer:<br/><br/>The driving forces of these themes are the powerful adjustments that markets experience as a result of rotating sources of economic growth or significant imbalance. One example is China's transition from an investment driven economy to a consumption driven economy. Another ongoing example is the economic convergence and financial integration of East Asian economies.</li> <li>2. Medium-term themes, which typically last between six months to five years:<br/><br/>The driving forces of these themes are either the natural expansions and contractions of business cycles, or major policy initiatives. One example of such themes is "Abenomics" advocated by Japanese Prime Minister Shinzo Abe and all the subsequent economic initiatives. Another example is the internationalization initiative of Chinese Renminbi and all subsequent cross-border capital flows.</li> <li>3. Short-term themes, which typically last from days to six months:<br/><br/>The driving forces of these themes include the short-term economic fluctuations (such as de-stocking and re-stocking of manufacturing sectors) and events (such as central bank meetings, political elections, bond auctions and stock buybacks).</li> </ol> <p>The Fund, through the Master Fund, will primarily adopt a balanced investment approach in portfolio building, using directional macro, relative-value market neutral, and tail-risk hedging strategies:</p> <ol style="list-style-type: none"> <li>1. Directional macro strategies:<br/><br/>Returns from these trades are the result of change in valuation for each particular market. The Fund takes positions in assets when market valuations significantly deviate from levels justified by fundamentals, and when there are identifiable timeframes that the deviation will be reversed.</li> <li>2. Relative-value market neutral strategies:<br/><br/>These trades involve taking long and short positions in securities that are closely related to each other along many but not all dimensions.</li> <li>3. Tail-risk hedging strategies:</li> </ol> |                         |

| Feature                         | Commentary                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | PPM Section / Reference |
|---------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|
|                                 | <p><i>Tail-risk</i> refers to a systemic event in which a sudden rise of global risk premium drives most financial markets into distress. Tail-risk hedging trades are those trades making positive returns in such events. They also tend to have negative correlation to the general performance of equity market. The Fund will not attempt to maintain a negative correlation to the equity market. Instead, it will opportunistically enter into tail-risk hedging positions when the carrying cost is modest to flat.</p> <p>The Manager will generate its trading ideas through the following process:</p> <p>Firstly, the secular macro views are developed in a top-down manner, primarily based on internal research and analysis. The Manager will actively monitor under what circumstances would these trends slow down or accelerate;</p> <p>Secondly, primarily based on external research, the Manager will examine the assets that fall under its expertise and examine whether, within reasonable assumptions, any particular theme has been underpriced or overpriced, and assess the factors and events that would accelerate or slow down the re-pricing process.</p> <p>The Fund may, from time to time, hold a relatively “concentrated” securities portfolio with higher convictions. The Manager aims to manage the portfolio resulting in a low correlation with the market. The Manager has the discretion to allocate the Fund's assets depending on market conditions and the Manager's judgment as to how to achieve the Fund's investment objectives.</p> <p>The Master Fund may invest directly or indirectly in the Investments.</p> |                         |
| <b>Investment Restrictions:</b> | <p>The Articles do not contain any restrictions on the investment powers of the Fund or the Master Fund. However, the Directors of the Fund and the Master Fund have resolved that the Fund's and the Master Fund's investment strategy will be subject to certain investment policies. Please refer to Section 2 "About the Fund" for a full description of the investment restrictions applicable to the Fund.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | 2                       |
| <b>Eligible Investors:</b>      | <p>Shareholders must be Non-U.S. Persons or Permitted U.S. Persons and otherwise be permitted to invest in the Fund under the terms of this PPM. Each Permitted U.S. Person must be an Accredited Investor, a Qualified Purchaser and a Qualified Eligible Person. Each Non-U.S. Person must be a Qualified Eligible Person.</p> <p>The Directors may decline, in their sole discretion, to accept in whole or in part a subscription application for Participating Shares from any prospective investor, including (but not limited) to circumstances in which the Fund does not receive evidence satisfactory to it that the sale of the Participating Shares to such an investor will not result in a risk of legal, regulatory, pecuniary, taxation or material administrative disadvantage to the Fund, the Master Fund and/or the other holders of Participating Shares.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | Definitions             |
| <b>The Manager and the</b>      | <p>Coordinates Investment Management (Cayman) Limited (the "<b>Manager</b>"), an exempted company incorporated in the Cayman Islands, is the investment manager to the Fund and Master Fund.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | 3                       |

| Feature                                                   | Commentary                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | PPM Section / Reference |
|-----------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|
| <b>Investment Adviser:</b>                                | <p>Coordinates Capital Management Limited (the “<b>Investment Adviser</b>”), a company incorporated in Hong Kong, is the investment adviser to the Manager in respect of the Fund and the Master Fund. The Investment Adviser is licensed by the Hong Kong Securities and Futures Commission (the “<b>SFC</b>”) for carrying out Type 9 (Asset Management) regulated activities.</p> <p>The directors of the Investment Adviser and principals responsible for providing investment advisory services to the Manager are Lingfeng LI (Chief Investment Officer (“<b>CIO</b>”) managing all investment aspects) and Takeki FUKUSHIMA (Chief Risk Officer managing all non-investment aspects, including risk management oversight).</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                         |
| <b>Capital Structure of the Fund and the Master Fund:</b> | <p>The authorised share capital of the Fund is US\$50,000.00 divided into 100 voting, non-redeemable Fund Management Shares of a nominal or par value of US\$0.01 each and 4,999,900 limited-voting redeemable Participating Shares of a nominal or par value of US\$0.01 each.</p> <p>The investment objective of the Fund may be implemented through one or more Classes. Initially, Participating Shares will be issued under this PPM in the following Classes:</p> <ul style="list-style-type: none"> <li>(i) Class S Shares;</li> <li>(ii) Class A Shares;</li> <li>(iii) Class B Shares;</li> <li>(iv) Class C Shares; and</li> <li>(v) Class MM Shares.</li> </ul> <p>Class S Shares, Class A Shares, Class B Shares and Class C Shares are available for general subscription.</p> <p><b>Class S Shares</b></p> <p>Class S Shares are available for general subscription during the Initial Offer Period, until the Initial Closing Date or such other date as determined by the Manager in its sole discretion (the “<b>Class S Shares Closing Date</b>”).</p> <p><b>Class B Shares and Class C Shares</b></p> <p>After the Class S Shares Closing Date, Class B Shares and Class C Shares will be offered for subscription on each Subscription Day on or before the Class B Shares Closing Date (subject to the Class B Shares Additional Subscription).</p> <p>“<b>Class B Shares Closing Date</b>” is the earlier of: (i) the date on which the Fund has received and accepted aggregate subscription applications for Class B Shares of more than US\$100,000,000 (or such other amount as determined by the Manager in its sole discretion); and (ii) the third Subscription Day following the Initial Closing Date (or such other date as determined by the Manager in its sole discretion). Notwithstanding the Class B Shares Closing Date, within twenty-four (24) months after the Initial Closing Date, a Shareholder of Class B Shares may subscribe for additional Class B Shares of up to 100% of the number of Class B Shares held by such Shareholder as at the Class B Shares Closing Date (the “<b>Class B Shares Additional Subscription</b>”).</p> | 2, 12                   |

| Feature                                                   | Commentary                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | PPM Section / Reference                        |                                    |                                      |                |                |                                                |   |
|-----------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------|------------------------------------|--------------------------------------|----------------|----------------|------------------------------------------------|---|
|                                                           | <p><b>Conversion from Class C Shares to Class B Shares</b></p> <p>On or before the Class B Shares Closing Date, a Shareholder of Class C Shares who has a cumulative subscription amount of US\$ 5,000,000 or more is entitled to convert its Class C Shares to Class B Shares as of the Subscription Day on which such Shareholder's cumulative subscription amount reaches US\$ 5,000,000.</p> <p>A conversion from Class C Shares to Class B Shares will be effected by the Fund redeeming the Class C Shares to be converted at their Net Asset Value and applying the redemption proceeds to the purchase of the new Class B Shares. The Soft Lock-up Period and any Redemption Charge applicable to such Class C Shares will be waived in the event of such conversion.</p> <p><b>Class A Shares</b></p> <p>Class A Shares will be offered for general subscription after the Class B Shares Closing Date on each subsequent Subscription Day.</p> <p><b>Class MM Shares</b></p> <p>Class MM Shares are only available for subscription by Management Affiliated Investors.</p> <p>All the Fund Management Shares and the Master Fund Management Shares are held by the Manager.</p> <p>The Participating Shares are entitled to all of the benefits of, and bear all the risks of, the Fund's investments, in accordance with their terms.</p> <p>The voting rights of Participating Shares are limited and are restricted to those matters that are set out in the Articles. Other than as explicitly set out in the Articles, Participating Shares have no voting rights as to the management of the Fund. Holders of Participating Shares are not entitled to vote, except in the event of proposed amendments to the Fund that vary the Share Rights of the Participating Shares in a manner considered by the Directors to be materially adverse to the Shareholders.</p> |                                                |                                    |                                      |                |                |                                                |   |
| <b>Subscription for Participating Shares:</b>             | <p>Persons interested in subscribing to the Fund must complete, execute and return a Subscription Agreement to the Administrator's Delegate.</p> <p>Subscriptions will be accepted on a monthly basis.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | 6                                              |                                    |                                      |                |                |                                                |   |
| <b>Minimum Investment Amount/ Minimum Holding Amount:</b> | <p>The minimum investment amount per subscriber is as follows, unless otherwise determined by the Directors (always subject to all applicable legal requirements):</p> <table border="1"> <thead> <tr> <th>Class</th><th>Minimum Initial Investment Amount*</th><th>Minimum Additional Investment Amount</th></tr> </thead> <tbody> <tr> <td>Class S Shares</td><td>US\$35,000,000</td><td>N/A<br/>(Class S will be closed after the Class</td></tr> </tbody> </table>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | Class                                          | Minimum Initial Investment Amount* | Minimum Additional Investment Amount | Class S Shares | US\$35,000,000 | N/A<br>(Class S will be closed after the Class | 6 |
| Class                                                     | Minimum Initial Investment Amount*                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | Minimum Additional Investment Amount           |                                    |                                      |                |                |                                                |   |
| Class S Shares                                            | US\$35,000,000                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | N/A<br>(Class S will be closed after the Class |                                    |                                      |                |                |                                                |   |

| Feature         | Commentary                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                                                                        |  | PPM<br>Section /<br>Reference |                |               |               |                |               |                                                                                        |                |               |             |                 |             |             |       |                          |                |                |                |               |                |               |                |               |                 |             |  |  |  |
|-----------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------|--|-------------------------------|----------------|---------------|---------------|----------------|---------------|----------------------------------------------------------------------------------------|----------------|---------------|-------------|-----------------|-------------|-------------|-------|--------------------------|----------------|----------------|----------------|---------------|----------------|---------------|----------------|---------------|-----------------|-------------|--|--|--|
|                 | <table><tr><td></td><td></td><td>S Shares Closing Date)</td></tr><tr><td>Class A Shares</td><td>US\$1,000,000</td><td>US\$1,000,000</td></tr><tr><td>Class B Shares</td><td>US\$5,000,000</td><td>US\$1,000,000<br/>(Subject to the conditions of Class B Shares Additional Subscription)</td></tr><tr><td>Class C Shares</td><td>US\$1,000,000</td><td>US\$500,000</td></tr><tr><td>Class MM Shares</td><td>US\$100,000</td><td>US\$100,000</td></tr></table> <p>*Or such lesser amount as the Directors in their sole discretion determines in any particular case or generally (subject to the minimum investment amount prescribed in the Mutual Funds Law).</p> <p>The Minimum Holding Amount for Participating Shares is as follows:</p> <table><tr><th>Class</th><th>Minimum Holding Amount**</th></tr><tr><td>Class S Shares</td><td>US\$10,000,000</td></tr><tr><td>Class A Shares</td><td>US\$1,000,000</td></tr><tr><td>Class B Shares</td><td>US\$5,000,000</td></tr><tr><td>Class C Shares</td><td>US\$1,000,000</td></tr><tr><td>Class MM Shares</td><td>US\$100,000</td></tr></table> <p>** or such lower aggregate Net Asset Value as the Directors may in their discretion determine in any particular case or generally.</p>       |                                                                                        |  | S Shares Closing Date)        | Class A Shares | US\$1,000,000 | US\$1,000,000 | Class B Shares | US\$5,000,000 | US\$1,000,000<br>(Subject to the conditions of Class B Shares Additional Subscription) | Class C Shares | US\$1,000,000 | US\$500,000 | Class MM Shares | US\$100,000 | US\$100,000 | Class | Minimum Holding Amount** | Class S Shares | US\$10,000,000 | Class A Shares | US\$1,000,000 | Class B Shares | US\$5,000,000 | Class C Shares | US\$1,000,000 | Class MM Shares | US\$100,000 |  |  |  |
|                 |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | S Shares Closing Date)                                                                 |  |                               |                |               |               |                |               |                                                                                        |                |               |             |                 |             |             |       |                          |                |                |                |               |                |               |                |               |                 |             |  |  |  |
| Class A Shares  | US\$1,000,000                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | US\$1,000,000                                                                          |  |                               |                |               |               |                |               |                                                                                        |                |               |             |                 |             |             |       |                          |                |                |                |               |                |               |                |               |                 |             |  |  |  |
| Class B Shares  | US\$5,000,000                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | US\$1,000,000<br>(Subject to the conditions of Class B Shares Additional Subscription) |  |                               |                |               |               |                |               |                                                                                        |                |               |             |                 |             |             |       |                          |                |                |                |               |                |               |                |               |                 |             |  |  |  |
| Class C Shares  | US\$1,000,000                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | US\$500,000                                                                            |  |                               |                |               |               |                |               |                                                                                        |                |               |             |                 |             |             |       |                          |                |                |                |               |                |               |                |               |                 |             |  |  |  |
| Class MM Shares | US\$100,000                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | US\$100,000                                                                            |  |                               |                |               |               |                |               |                                                                                        |                |               |             |                 |             |             |       |                          |                |                |                |               |                |               |                |               |                 |             |  |  |  |
| Class           | Minimum Holding Amount**                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                                                                                        |  |                               |                |               |               |                |               |                                                                                        |                |               |             |                 |             |             |       |                          |                |                |                |               |                |               |                |               |                 |             |  |  |  |
| Class S Shares  | US\$10,000,000                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                                                                        |  |                               |                |               |               |                |               |                                                                                        |                |               |             |                 |             |             |       |                          |                |                |                |               |                |               |                |               |                 |             |  |  |  |
| Class A Shares  | US\$1,000,000                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                                                                        |  |                               |                |               |               |                |               |                                                                                        |                |               |             |                 |             |             |       |                          |                |                |                |               |                |               |                |               |                 |             |  |  |  |
| Class B Shares  | US\$5,000,000                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                                                                        |  |                               |                |               |               |                |               |                                                                                        |                |               |             |                 |             |             |       |                          |                |                |                |               |                |               |                |               |                 |             |  |  |  |
| Class C Shares  | US\$1,000,000                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                                                                        |  |                               |                |               |               |                |               |                                                                                        |                |               |             |                 |             |             |       |                          |                |                |                |               |                |               |                |               |                 |             |  |  |  |
| Class MM Shares | US\$100,000                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                                                                                        |  |                               |                |               |               |                |               |                                                                                        |                |               |             |                 |             |             |       |                          |                |                |                |               |                |               |                |               |                 |             |  |  |  |
| Redemption:     | <p>A Redemption Notice may generally be submitted to redeem Participating Shares. Redemptions for Class S Shares, Class A Shares, Class B Shares and Class C Shares shall be subject to the Minimum Redemption Amount of US\$500,000 and Class MM Shares shall be subject to the Minimum Redemption Amount of US\$100,000, unless otherwise determined by the Directors from time to time.</p> <p>Class S Shares may not be redeemed as of any Redemption Day, during the thirty (30) months' period immediately following the date of issue of the Class S Shares (the "<b>Hard Lock-up Period</b>"), subject to the absolute discretion of the Directors in consultation with the Manager to permit a redemption in whole or in part.</p> <p>To redeem Class B Shares and Class C Shares during the applicable time period (the "<b>Soft Lock-up Period</b>"), a redemption charge of 3.0% of the amount of redemption proceeds due (the "<b>Redemption Charge</b>") will be imposed on Class B Shares or Class C Shares that are redeemed before the expiry of the applicable Soft Lock-up Period, subject to the sole discretion of the Directors, in consultation with the Manager, to waive all or part of the Redemption Charge otherwise</p> |                                                                                        |  | 6                             |                |               |               |                |               |                                                                                        |                |               |             |                 |             |             |       |                          |                |                |                |               |                |               |                |               |                 |             |  |  |  |

| Feature                 | Commentary                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | PPM Section / Reference |                     |                |                                                                         |                |                                                                         |  |
|-------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|---------------------|----------------|-------------------------------------------------------------------------|----------------|-------------------------------------------------------------------------|--|
|                         | <p>payable generally or specifically by any one or more redeeming Shareholders on any relevant Redemption Day as may be deemed appropriate by the Directors.</p> <table><tr><th>Class</th><th>Soft Lock-up Period</th></tr><tr><td>Class B Shares</td><td>The 12 months' period immediately following the date of issue of Shares</td></tr><tr><td>Class C Shares</td><td>The 24 months' period immediately following the date of issue of Shares</td></tr></table> <p>Class A Shares and Class MM Shares are not subject to any lock-up period.</p> <p>To redeem Class S Shares (after the expiry of the applicable Hard Lock-up Period), Class A Shares, Class B Shares, Class C Shares and Class MM Shares as at a Redemption Day, a completed and executed Redemption Notice must be submitted to the Administrator, by facsimile or email, no later than 4:00 p.m. (Hong Kong time) on a Business Day that is at least thirty (30) calendar days before the relevant Redemption Day.</p> <p>If a Redemption Notice to redeem Participating Shares as at the next available Redemption Day is submitted with less than thirty (30) calendar days' notice, the Redemption Notice will roll over into the next calendar quarter and be processed as at the next available Redemption Day, subject to Directors' discretion to shorten or waive the redemption notice period.</p> <p>The Redemption Day will be the first Business Day of each calendar quarter, or such other day or days as the Directors in consultation with the Manager and the Administrator, may from time to time determine.</p> <p>The Directors have the right to compulsorily redeem Participating Shares at any time and for any reason.</p> | Class                   | Soft Lock-up Period | Class B Shares | The 12 months' period immediately following the date of issue of Shares | Class C Shares | The 24 months' period immediately following the date of issue of Shares |  |
| Class                   | Soft Lock-up Period                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                         |                     |                |                                                                         |                |                                                                         |  |
| Class B Shares          | The 12 months' period immediately following the date of issue of Shares                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                         |                     |                |                                                                         |                |                                                                         |  |
| Class C Shares          | The 24 months' period immediately following the date of issue of Shares                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                         |                     |                |                                                                         |                |                                                                         |  |
| Redemption Gate:        | Class S Shares, Class A Shares, Class B Shares, Class C Shares and Class MM Shares are subject to a redemption gate.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | 6                       |                     |                |                                                                         |                |                                                                         |  |
| Key Man Redemption Day: | Please refer to Section 5 "Subscription and Redemption of Participating Shares: Key Man Redemption Day" for a description of certain Key Man provisions applicable to the Fund                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | 5                       |                     |                |                                                                         |                |                                                                         |  |
| Fees and Expenses:      | <p><b>Management Fee</b></p> <p>The Fund will pay to the Manager an annual Management Fee, in return for the management services provided to the Fund by the Manager.</p> <p>The annual Management Fee is calculated monthly in arrears at the end of each calendar month at the respective percentage below (the "<b>Management Fee Percentage</b>") of the Net Asset Value (before deduction for any accrued Profit Allocation and the deduction of that month's Management Fee) of the relevant Class/Series of Participating Shares of the Fund and shall be calculated on a pro rata basis. The Management Fee is payable monthly in arrears as soon as practicable</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | 5                       |                     |                |                                                                         |                |                                                                         |  |

after the end of each calendar month.

| <b>Class</b>    | <b>Management Fee Percentage<br/>(per annum)</b> |
|-----------------|--------------------------------------------------|
| Class S Shares  | 1.5%                                             |
| Class A Shares  | 2.0%                                             |
| Class B Shares  | 1.5%                                             |
| Class C Shares  | 1.75%                                            |
| Class MM Shares | 0.5%                                             |

The Manager may, in its sole discretion, waive, rebate or decrease the Management Fee that is payable in whole or in part, in respect of each, or any one or more Class and/or Series, or for certain Shareholders within each Class and/or Series at any time.

**Subscription Fee**

There is no subscription fee for subscription applications for Participating Shares (subject to the sole discretion of the Manager).

**Redemption Charge**

Class B Shares and Class C Shares are subject to the 3% Redemption Charge for redemptions requested made during the applicable Soft Lock-up Period.

No Redemption Charge applies to redemptions of Class S Shares, Class A Shares or Class MM Shares.

The Redemption Charge is intended to defray costs associated with unwinding positions and will be retained by the Fund for the benefit of the remaining investors.

A Redemption Notice received by the Fund during the Soft Lock-up Period will be processed subject to the applicable Redemption Charge.

The Directors, in consultation with the Manager, reserves the right to waive or reduce, from time to time, the Redemption Charge, either in whole or in part of a Shareholder's Participating Shares.

No Redemption Charge is payable pursuant to a compulsory redemption of Participating Shares by the Fund.

**Other Services Providers**

The Master Fund will pay expenses for the establishment of the Fund and Master Fund, including, without limitation: expenses relating to the establishment of the Fund and Master Fund in the Cayman Islands, the registration of the Fund and the Master Fund as regulated mutual funds in the Cayman Islands, the registration of the Directors with the Authority, the negotiation and preparation of the contracts to which the Fund and Master Fund are a party, the costs of preparing, translating and printing this PPM and the fees and expenses of its professional advisers.

**Operating Expenses**

In addition to the fees stated above, the Fund will bear various ongoing costs (attributable to the Fund from the Master Fund).

| Feature            | Commentary                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | PPM Section / Reference |                              |                |       |                |       |                |       |                |       |                 |     |   |
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| Profit Allocation: | <p>For each Calculation Period, subject to applicable Cayman Islands laws, the Fund shall allocate to the holder of the Fund Management Shares a Profit Allocation in respect of each Series and/or Class of Participating Share.</p> <p>For each Calculation Period, the Profit Allocation in respect of each Series and/or Class of Participating Shares of the Fund is equal to the profit allocation percentage (the "<b>Profit Allocation Percentage</b>") of the realized and unrealized appreciation in the Net Asset Value per Participating Share (adjusted for any redemptions of Participating Shares in the Series or Class made during the respective Financial Year) during that Calculation Period above the current <b>Base Net Asset Value</b> per Participating Share. The Profit Allocation Percentage will vary depending on the Class of the Participating Shares, as outlined below:</p> <table><tr><th>Class</th><th>Profit Allocation Percentage</th></tr><tr><td>Class S Shares</td><td>15.0%</td></tr><tr><td>Class A Shares</td><td>20.0%</td></tr><tr><td>Class B Shares</td><td>15.0%</td></tr><tr><td>Class C Shares</td><td>15.0%</td></tr><tr><td>Class MM Shares</td><td>Nil</td></tr></table> <p>The holder of the Fund Management Shares may waive, rebate or decrease in whole or in part, the Profit Allocation allocable in respect of each, or any one or more Class and/or Series, or for certain Shareholders within each Class and/or Series at any time, including in particular during any wind down of the Fund's business.</p> <p><b>Consolidation of Participating Shares</b></p> <p>In respect of those Series of Participating Shares of a Class which have their Calculation Periods aligned and their Profit Allocation calculated and allocable on the same date, after the last Valuation Day in each Calculation Period, all such Series of Participating Shares in a Class upon which a Profit Allocation has been allocated in respect of the relevant Calculation Period will be consolidated into a single Series as soon as practicable, being the oldest Series of such Class upon which a Profit Allocation has been allocated in respect of the relevant Calculation Period. The Base Net Asset Value for all Participating Shares of the consolidated Series will be the Net Asset Value per Participating Share of the consolidated Series as at the last Valuation Day in the relevant Calculation Period, after allocation of the Profit Allocation.</p> <p>The Administrator may, upon the consent of the Directors, determine that a particular Series should not be consolidated even where a Profit Allocation is allocated, so as to ensure proper records are kept of any Redemption Charge applicable to such Series of Participating Shares.</p> | Class                   | Profit Allocation Percentage | Class S Shares | 15.0% | Class A Shares | 20.0% | Class B Shares | 15.0% | Class C Shares | 15.0% | Class MM Shares | Nil | 5 |
| Class              | Profit Allocation Percentage                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                         |                              |                |       |                |       |                |       |                |       |                 |     |   |
| Class S Shares     | 15.0%                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                         |                              |                |       |                |       |                |       |                |       |                 |     |   |
| Class A Shares     | 20.0%                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                         |                              |                |       |                |       |                |       |                |       |                 |     |   |
| Class B Shares     | 15.0%                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                         |                              |                |       |                |       |                |       |                |       |                 |     |   |
| Class C Shares     | 15.0%                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                         |                              |                |       |                |       |                |       |                |       |                 |     |   |
| Class MM Shares    | Nil                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                         |                              |                |       |                |       |                |       |                |       |                 |     |   |



| Feature                                  | Commentary                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | PPM Section / Reference |
|------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|
| <b>Reports and Financial Statements:</b> | <p>The Fund will prepare its annual financial statements in accordance with IFRS.</p> <p>Copies of the audited financial statements of the Fund, which will be made up to the end of each Fiscal Year, the first being 31 December 2017, will be made available to holders of Participating Shares within one hundred and twenty (120) days after the end of the relevant Fiscal Year (subject to reasonable delays in the event of the late receipt of any necessary financial statements from any Person in which the Fund holds Investments).</p> <p>General operating statements of the Fund will also be made available to holders of Participating Shares within the period of thirty (30) days following the end of the applicable calendar quarter.</p> <p>In addition, the Administrator will provide each Participating Shareholder with a monthly unaudited investor statement (which details the number of Participating Shares held by each Shareholder and the Net Asset Value of that holder's Participating Shares) within the period of fifteen (15) days following the end of the applicable calendar month.</p> | 12                      |
| <b>Significant Risks:</b>                | <p>An investment in the Fund will entail considerable risks, due in part to the investment strategies and techniques that the Manager may use, the relative absence of regulatory oversight and the limitations on redemption by the holders of Participating Shares. Prospective investors should carefully review the section entitled "<i>Certain Risk Factors</i>," evaluate the merits and risks of an investment in the Fund in the context of their overall financial circumstances, and discuss the potential risks in detail with their professional, legal, tax and financial advisers.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | 5                       |
| <b>Tax Treatment:</b>                    | <p>Withholding taxes or other taxes may be assessed in jurisdictions from which the Fund derives income. The Master Fund may trade and hold through subsidiaries or other tax optimization structures in order to maximize the tax efficiency of, and other efficiencies with respect to, the Fund's investments.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | 10                      |
| <b>Distributions and Reinvestment:</b>   | <p>The Directors do not currently intend to declare any dividends on the Participating Shares and dividends and other income received by the Master Fund from investments will be reinvested by the Master Fund. The Manager will be permitted to reinvest, in its discretion, any and all proceeds received from the disposition of or distributions received on the investments. The Directors reserve the right however, to declare dividends on the Participating Shares, subject to all applicable laws.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | 8                       |

## 2. ABOUT THE FUND

### Investment Objective

The Fund will invest substantially all of its assets (to the extent not retained in cash) in the participating shares of the Master Fund.

The investment objective of the Fund is to consistently generate risk-adjusted returns by investing in global market opportunities with asymmetrical risk-reward driven by Asian economic themes.

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

The business of the Fund includes the realisation and distribution of the Fund's and/or the Master Fund's assets to Shareholders during a wind down of the Fund's and/or the Master Fund's operations.

An investment in the Fund is speculative and involves a high degree of risk, and there can be no assurance that the Fund or the Master Fund will achieve its investment objectives. Prospective investors could lose all or a substantial portion of their investment in the Fund.

### Investment Strategy

The Fund seeks to accomplish its investment objective by employing a sophisticated analytical framework and by undertaking proprietary trading strategies, including both directional macro strategies and market neutral relative value strategies. The Fund takes long and short positions in diverse securities, derivatives and other instruments. Trading strategies are implemented on a leveraged basis and are conducted primarily in liquid fixed income and foreign exchange securities and their derivatives, and may also be conducted in (including, without limitation) equities, credit and commodities, and their derivatives.

The Fund pursues investment opportunities on a global basis with a strong focus to the driving forces from Asia. The Fund will have complete flexibility in the instruments and markets in which it invests and the techniques it uses to achieve its investment objective.

The investment opportunities available to the Fund vary considerably over time and the Manager will exercise its expertise to analyse new instruments and financial markets. The full range of instruments and markets in which the Fund will take positions may change from time to time. Similarly, the Fund is expected to develop new types of investment strategies and, as a result, the full set of strategies to be employed by the Fund may vary over time. The trading strategies described below are not exclusive.

In general, the Fund focuses on investment opportunities driven by three types of themes:

1. Long-term and secular themes, which typically last five years or longer:

The driving forces of these themes are the powerful adjustments that markets experience as a result of rotating sources of economic growth or significant imbalance. One example is China's transition from an investment driven economy to a consumption driven economy. Another ongoing example is the economic convergence and financial integration of East Asian economies.

2. Medium-term themes, which typically last between six months to five years:

The driving forces of these themes are either the natural expansions and contractions of business cycles; or major policy initiatives. One example of such themes is "Abenomics" advocated by Japanese Prime Minister Shinzo Abe and all the subsequent economic initiatives. Another example is the internationalization initiative of Chinese Renminbi and all subsequent cross-border capital flows.

3. Short-term themes, which typically last from days to six months:

The driving forces of these themes include the short-term economic fluctuations (such as de-stocking and re-stocking of manufacturing sectors) and events (such as central bank meetings, political elections, bond auctions and stock buybacks).

The Fund, through the Master Fund, will primarily adopt a balanced investment approach in portfolio building, using directional macro, relative-value market neutral, and tail-risk hedging strategies:

1. Directional macro strategies:

Returns from these trades are the result of change in valuation for each particular market. The Fund takes positions in assets when market valuations significantly deviate from levels justified by fundamentals, and when there are identifiable timeframes that the deviation will be reversed.

2. Relative-value market neutral strategies:

These trades involve taking long and short positions in securities that are closely related to each other along many but not all dimensions.

3. Tail-risk hedging strategies:

*Tail-risk* refers to a systemic event in which a sudden rise of global risk premium drives most financial markets into distress. Tail-risk hedging trades are those trades making positive returns in such events. They also tend to have negative correlation to the general equity market performance. The Fund will not attempt to maintain a negative correlation to the general equity market. Instead, it will opportunistically enter into tail-risk hedging positions when the carrying cost is modest to flat.

The Manager will generate its trading ideas through the following process:

Firstly, the secular macro views are developed in a top-down manner, primarily based on internal research and analysis. The Manager will actively monitor under what circumstances would these trends slow down or accelerate;

Secondly, primarily based on external research, the Manager will examine the assets that fall under its expertise and examine whether, within reasonable assumptions, any particular theme has been underpriced or overpriced, and assess the factors and events that would accelerate or slow down the re-pricing process.

The Fund may, from time to time, hold a relatively “concentrated” securities portfolio with higher convictions. The Manager aims to manage the portfolio resulting in a low correlation with the market. The Manager has the discretion to allocate the Fund's assets depending on market conditions and the Manager's judgment as to how to achieve the Fund's investment objectives.

The Master Fund may invest directly or indirectly in the Investments.

### **Risk management**

The Manager employs disciplined risk management system in order to achieve the Fund's investment objective. The Manager will continuously examine investment thesis and risk reward and seek to avoid taking positions without convictions. The position size is expected to change depending on the investment thesis and convictions; therefore, return of the Fund is also anticipated to be volatile depending on the market conditions. The Manager will also closely monitor liquidity conditions in the markets to dynamically optimize the risk reward of its investment strategies.

Exposures of the Fund are constantly monitored and reviewed by the extensive risk management system, which includes VaR and stress tests based on historical data as well as scenario analysis to capture potential tail risk in the future. The Manager employs a strict stop-loss rule to limit downside risk but does not solely rely on a what-if action plan. Instead, it will constantly monitor liquidity of the markets and will design optimal exposure in advance through derivative products such as options so that the stop-loss rule is feasible and realistic. The following is a non-exhaustive list of aspects included in the risk management policy of the Fund.

- **Position Limits**

The Manager sets a limit on annual and monthly drawdowns. To make the limit feasible, the Manager sets a limit on VaR of the overall portfolio, as well as on that of each strategy. It seeks to keep the downside exposure within the target, and the VaR limits are constantly reviewed and updated depending on the market conditions. The risk management system also imposes a limit on a position size, based on the result of scenario analysis and stress tests, whose conditions are also constantly reviewed and revised.

- **Risk Monitoring**

The market risk of the Fund is primarily captured by VaR and stress tests, both of which are based on historical data. The Manager also closely monitors detailed risk indicators such as bucket exposure and skew exposure on top of ordinary aggregated Greeks such as delta, vega, gamma, etc. The Manager does not intend to impose a hard limit on these risk indicators, but applies scenario analysis to capture potential downside tail risks in order to restrict position size. The relationship between market exposures and investment thesis is constantly monitored and reviewed so that scenario analysis should properly capture the downside risk.

- **Liquidity**

The Manager constantly monitors liquidity conditions in the markets and will not allow its position size to become too large relative to the capacity of the market. The Manager employs derivative strategies such as options, hence its exposure varies with time as well as with the level of the market. The risk management system continuously monitors such time-and-level dependent exposures of the Fund and reviews the positions based on the liquidity conditions in the market. Optimization of such time-and-level dependent exposures may result in a few large exposures in the two-dimensional space.

- **Leverage**

The Manager may employ derivative strategies whose notional value could be significantly larger than the net asset value of the Fund, especially in front-end interest rate derivatives markets. The risk manager continuously monitors the liquidity conditions in the market and reviews the exposures of the Fund not only in spot space but also in two-dimensional time-and-level space explained above, by which the Manager seeks to dynamically control the liquidity of the positions. The risk management system avoids relying on single static leverage ratios, such as X-times of net asset value, to control liquidity of the Fund's assets so that it can dynamically maintain the liquidity of the positions under discontinuous market environments.

- **Diversification**

Diversification is one of the most important tools and the Manager seeks to diversify strategies in asset classes as well as in expected trade horizons. Optimization of the risk-reward may from time to time result in the Fund being concentrated in a few strategies, whose liquidity is constantly monitored and reviewed by the risk management system explained above. A VaR limit is set for a single strategy to avoid excessive concentration.

- **Tail Risk**

To reduce downside risk of tail events, the Manager monitors and reviews future stress through an extensive risk analysis system including scenario analysis. The Manager will not depend solely on a *what-if* action plan such as stop loss to limit its tail risk exposures. It seeks to mitigate downside tail risk by optimizing the exposure of the Fund in advance with derivative products both in time frame and in level frame in response to the market conditions.

- Counterparty Risk

The Manager also monitors its counterparty risk exposures and seeks to avoid concentration to one counterparty with which the Fund trades. The Manager reviews counterparty risk in terms of both credit exposure and market risk exposures.

### **Investment Restrictions**

The Articles do not contain any restrictions on the investment powers of the Fund or the Master Fund. However, the Directors of the Fund and the Master Fund have resolved that the Fund's and the Master Fund's investment strategy will be subject to the investment policies set out in this PPM.

The Master Fund focuses primarily on liquid products and listed products, but may in time invest in less liquid instruments. The Master Fund will seek to invest in plain vanilla derivatives such as swaps, swaptions, and futures, and avoid entering into transactions which are not actively traded in the market. It is expected that the Master Fund will not invest in illiquid products such as physical commodities, actual real estate, bond loans or distressed assets.

In general, the Master Fund targets to invest:

- (a) 70 percent of the latest Net Asset Value of the Master Fund in the Asia region;
- (b) 70 percent of the latest Net Asset Value of the Master Fund in FX and interest rates products.

The Manager will monitor the Fund's compliance with the above investment guidelines.

### **Borrowing Powers / Leverage**

The Manager may employ leverage at the Master Fund level, through borrowing including (but not limited to) by entering into margin lending agreements, and through the use of futures, forwards contracts, options and other derivative instruments, on a secured basis or an unsecured basis.

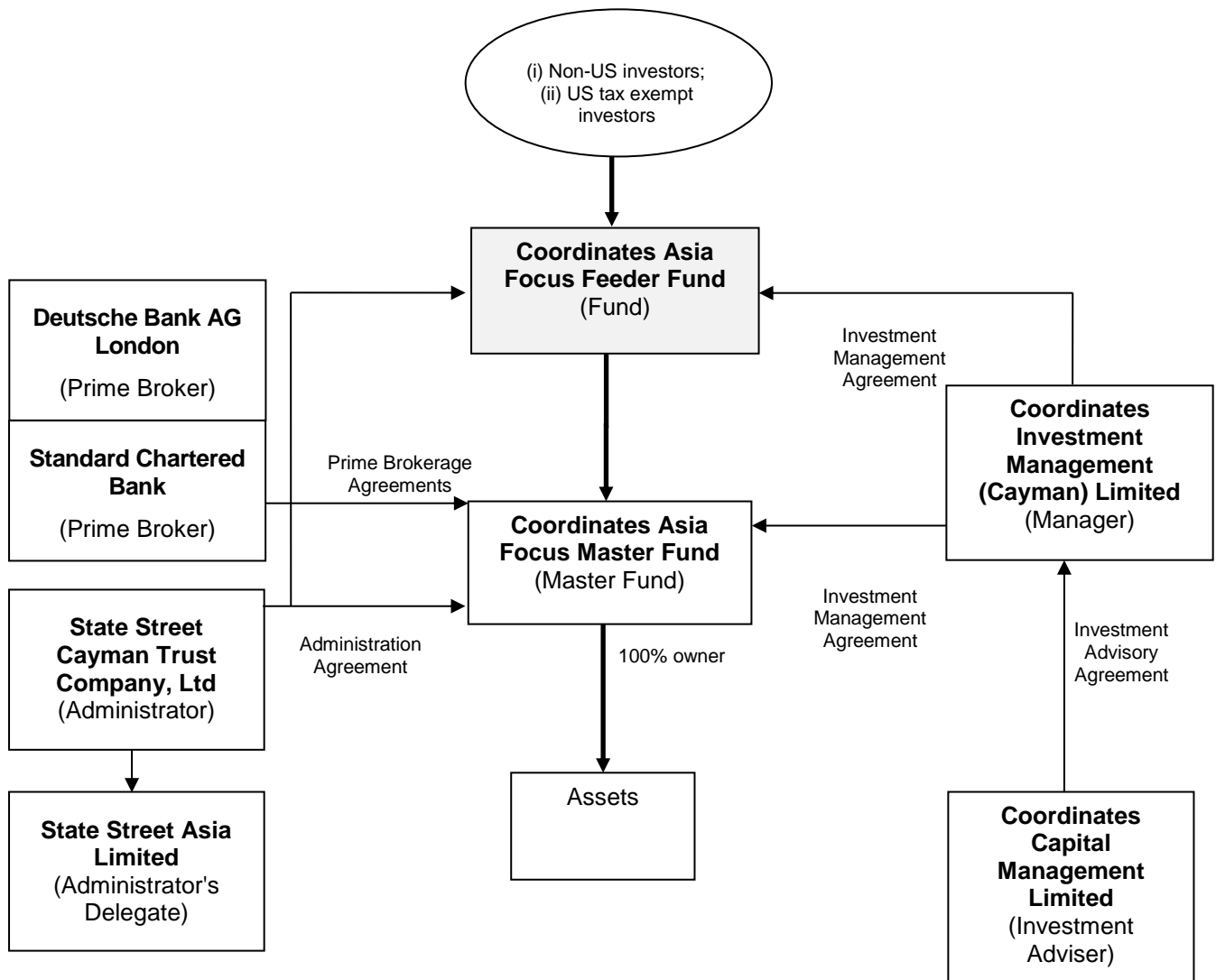
### **Changes to Investment Objective, Strategy or Policies and/or Investment Restrictions**

The investment objective, investment strategy or policies and/or investment restrictions of the Fund and the Master Fund may be changed by the Directors at their sole discretion and without approval of the Shareholders of the Fund. However, none of the investment objective, the investment strategy, the investment policies and/or the investment restrictions will be modified until at least thirty (30) calendar days' prior notice of the change has been provided to the Shareholders of the Fund by the Directors. Shareholders will be given the opportunity to redeem their Shares before any such change is implemented.

**THERE CAN BE NO ASSURANCE THAT THE FUND'S INVESTMENT STRATEGY WILL ACHIEVE PROFITABLE RESULTS. AS A RESULT OF INVESTMENT RISKS, AN INVESTOR MAY LOSE ALL OF THE CAPITAL IT HAS INVESTED IN THE FUND.**

## Structure of Fund

The structure of the Fund is depicted below:



## Summary of Key Terms

| Term                                        | Class S Shares                                                          | Class A Shares   | Class B Shares                                                                      | Class C Shares <sup>1</sup> | Class MM Shares  |
|---------------------------------------------|-------------------------------------------------------------------------|------------------|-------------------------------------------------------------------------------------|-----------------------------|------------------|
| <b>Minimum Initial Investment Amount</b>    | US\$35,000,000                                                          | US\$1,000,000    | US\$5,000,000                                                                       | US\$1,000,000               | US\$100,000      |
| <b>Minimum Additional Investment Amount</b> | N/A<br>(Class S will be closed after the Class S Shares Closing Date)   | US\$1,000,000    | US\$1,000,000 (Subject to the conditions of Class B Shares Additional Subscription) | US\$500,000                 | US\$100,000      |
| <b>Minimum Holding Amount</b>               | US\$10,000,000                                                          | US\$1,000,000    | US\$5,000,000                                                                       | US\$1,000,000               | US\$100,000      |
| <b>Minimum Redemption Amount</b>            | US\$500,000                                                             | US\$500,000      | US\$500,000                                                                         | US\$500,000                 | US\$100,000      |
| <b>Subscription Frequency</b>               | Monthly                                                                 | Monthly          | Monthly                                                                             | Monthly                     | Monthly          |
| <b>Subscription Notice Period</b>           | 3 Business Days                                                         | 3 Business Days  | 3 Business Days                                                                     | 3 Business Days             | 3 Business Days  |
| <b>Redemption Frequency*</b>                | Quarterly                                                               | Quarterly        | Quarterly                                                                           | Quarterly                   | Quarterly        |
| <b>Minimum Redemption Notice Period</b>     | 30 calendar days                                                        | 30 calendar days | 30 calendar days                                                                    | 30 calendar days            | 30 calendar days |
| <b>Hard Lock-up Period</b>                  | The 30 months' period immediately following the date of issue of Shares | N/A              | N/A                                                                                 | N/A                         | N/A              |

|                                 |       |       |                                                                         |                                                                         |      |
|---------------------------------|-------|-------|-------------------------------------------------------------------------|-------------------------------------------------------------------------|------|
| <b>Soft Lock-up Period</b>      | N/A   | N/A   | The 12 months' period immediately following the date of issue of Shares | The 24 months' period immediately following the date of issue of Shares | N/A  |
| <b>Redemption Charge**</b>      | Nil   | Nil   | 3%                                                                      | 3%                                                                      | Nil  |
| <b>Redemption Gate applies?</b> | Yes   | Yes   | Yes                                                                     | Yes                                                                     | Yes  |
| <b>Subscription Fee</b>         | Nil   | Nil   | Nil                                                                     | Nil                                                                     | Nil  |
| <b>Management Fee (p.a.)</b>    | 1.5%  | 2.0%  | 1.5%                                                                    | 1.75%                                                                   | 0.5% |
| <b>Profit Allocation</b>        | 15.0% | 20.0% | 15.0%                                                                   | 15.0%                                                                   | Nil  |

\* Subject to the applicable Hard Lock-up Period.

\*\* During the applicable Soft Lock-up Period.

† Conversion to Class B Shares is available if the cumulative subscription amount of a Shareholder of Class C Shares is equal to or exceeds US\$ 5,000,000 on or before the Class B Closing Date.



### **3. MANAGEMENT AND ADMINISTRATION**

#### **The Fund**

The Fund was incorporated on 28 June 2016 as an exempted company with limited liability under the laws of the Cayman Islands.

#### **The Master Fund**

The Master Fund was incorporated on 28 June 2016 as an exempted company with limited liability under the laws of the Cayman Islands.

#### **Relationship between the Fund and the Master Fund**

The Fund has been formed principally for the benefit of Eligible Investors, and will invest substantially all of its assets in the Master Fund.

The Master Fund will accept subscriptions from the Fund. The Master Fund may also accept subscriptions directly from investors and/or from additional feeder funds, from time to time.

#### **Trading and Investment Activities**

Trading will be conducted only at the Master Fund level or through wholly owned subsidiaries or other vehicles. References throughout this PPM to the Fund's investment policies, strategies, restrictions, risks, trading and other related activities are to be construed as referring to the Master Fund, unless the context otherwise requires.

Save for the investment into the Master Fund, no trading in Investments is conducted by the Fund.

#### **Directors of the Fund and the Master Fund**

The Directors of the Fund are Lingfeng LI, Julian Anthony FLETCHER and Martin Joseph O'REGAN.

#### **Lingfeng LI**

Mr. Li is an investment manager specializing in fixed income and macro strategies. He serves as the Managing Director and Chief Investment Officer of Coordinates Capital Management Limited which is based in Hong Kong.

Prior to working at Coordinates Capital Management Limited, Mr. Li was a core member of the investment team at Capula Investment Management between 2008 and 2015. Capula Investment Management is a London based global asset management firm with US\$10 billion AUM and with regional offices in the United States, Japan and Hong Kong. While he was based in London, he co-managed the Capula JPY and USD fixed income portfolios as well as the Capula Tail Risk fund, where he managed hedging extreme systemic risks for investors. In 2013, Mr. Li relocated to Hong Kong with Capula Investment Asia Limited to focus on global macro and emerging markets.

Prior to working at Capula Investment Management, Mr. Li served as a portfolio manager at Platinum Grove Asset Management (PGAM), a New York based hedge fund, between 2003 and 2007, where he managed PGAM Asian portfolios. His portfolios achieved consistent and outstanding excess returns, and successfully raised the AUM to US\$5 billion making it one of the largest fixed income hedge funds.

Prior to working at Capula and before joining PGAM, Mr. Li served as a director of global proprietary trading at Deutsche Bank, where he was responsible for investments in the East Asian markets.

Mr. Li obtained a Ph.D. in Economics from Yale University. He is a current board member of The International Center for Finance of Yale University. His academic research was presented at the annual conferences of American Finance Association, published in leading academic journals, and was cited by Wall Street Journal, Businessweek and The Economist.

**Julian Anthony FLETCHER**  
**(Director, Carne Global Financial Services (Cayman))**

Julian is a Cayman Islands fund director and experienced lawyer who brings a deep knowledge of Cayman operational and legal requirements to fund boards together with experience as a capital markets lawyer in North America.

Prior to joining Carne Julian was a Partner with the law firm Maurant Ozannes in the Cayman Islands. Between 1999 and 2004 he was an Associate with Shearman & Sterling LLP, working in the Securitization and Derivatives Group in New York and the Capital Markets Group in Toronto.

At Maurant Ozannes Julian specialized in working with hedge funds and private equity funds on a wide range of legal issues, including offshore structures, regulations, corporate governance, restructurings and finance transactions.

Julian obtained a Bachelor of Laws Degree with Honours from the University of Liverpool in 1998. He qualified as a Barrister with the Inns of Court School of Law in London in 1999, was admitted as an Attorney-At-Law in New York in 2001, was admitted as a Barrister in the British Virgin Islands in 2003 and as an Attorney-At-Law in the Cayman Islands in 2004.

**Martin Joseph O'REGAN**  
**(Managing Director, Solas Fiduciary Services Pte. Ltd.)**

Martin is a Managing Director with Solas Fiduciary Services Pte. Ltd. based in Singapore. He is a qualified accountant (CPA, ACCA) with over 20 years' experience. Martin's experience encompasses all aspects of audit, fiduciary, fund administration and banking services to hedge funds, fund of funds and other alternative investment vehicles - including private equity funds, fintech, infrastructure funds, property and real estate funds, discretionary and private funds.

Martin has held a number of senior positions in the financial services industry. Prior to joining Solas, Martin was based in Hong Kong and Singapore where he was a director with Intertrust Group with the mandate to continue the expansion of the fiduciary services in Asia, he was also a director with and headed the Alternative Funds Services business in Asia for Deutsche Bank. Before this he worked at Citi Fund Services in Bermuda, Apex Fund Services in Dubai and UBS Fund Services in both Cayman Islands and Hong Kong. Martin began his career with BDO Simpson Xavier Chartered Accountants in Ireland. He is also a member of the Institute of Certified Public Accountants in Ireland (CPA), the Association of Chartered Certified Accountants (ACCA), and the Chairman of the Singapore Fund Administrators Association (SFAA).

Martin is registered as a Director with the Cayman Islands Monetary Authority (CIMA), pursuant to the Directors Registration and Licensing Law, 2014.

The Directors have overall responsibility for managing and supervising the business of the Fund and the Master Fund. The Directors may delegate certain functions to other parties, subject to the ongoing supervision and monitoring of the Directors.

The holders of the Fund Management Shares (with respect to the Fund) or the Master Fund Management Shares (with respect to the Master Fund) (as applicable) may by ordinary resolution appoint new Directors or by ordinary resolution remove Directors from time to time. The Directors may also appoint new Directors from time to time.

The Directors shall serve until their death, resignation or removal in accordance with the Articles. The Articles do not stipulate a retirement age for Directors. A Director shall not be

required to be a Shareholder of the Fund. A vacancy on the Board may be filled by a majority vote of the remaining Directors.

The Directors of the Fund also serve as Directors of the Master Fund. Similar provisions apply with respect to the Board of the Master Fund.

In connection with the appointment of each of Julian Anthony FLETCHER and Martin Joseph O'REGAN as a Director of the Fund and a director of the Master Fund, each of the Fund and the Master Fund intends to separately enter into a director services agreement (each a **"Director Services Agreement"**) with each of Julian Anthony FLETCHER and Martin Joseph O'REGAN (as applicable) pursuant to which such individuals will receive a fee for the performance of their services.

### **The Manager**

The Fund and Master Fund (the **"Funds"**) have each appointed the Manager to manage the Funds.

Coordinates Investment Management (Cayman) Limited is the manager of the Master Fund and the Fund, and was incorporated on 28 June 2016 as an exempted company with limited liability in the Cayman Islands.

The Manager is registered with the Authority as an Excluded Person under the Securities Investment Business Law (2015 Revision) of the Cayman Islands and is therefore not subject to regulation by the Authority, nor is it subject to regulation by any other regulator.

All discretion exercised by the Manager as described in this PPM is exercised pursuant to the powers delegated to the Manager by the Directors from time to time, in the Investment Management Agreement or otherwise.

### **Directors of the Manager**

The directors of the Manager have overall responsibility for managing the business of the Manager. The Manager may delegate certain functions to other parties subject to the ongoing supervision of the Manager.

The directors of the Manager are Lingfeng LI and Min HUANG. The biography for Lingfeng LI is stated under "Directors of the Fund and the Master Fund" section set out above. The biography for Min HUANG is set out below.

### **Min HUANG**

Mr. Min Huang is a seasoned investor in financial markets.

Mr. Huang is the President and Chairman of Falcon Resources Limited which specializes in physical trading and contracting in mining and bulk commodities. He has extensive experiences in working with businesses in East Asia, South East Asia, Australia and South America. He founded Falcon Resources Limited in 2003. Prior to setting up Falcon, he worked at Guangzhou Steel Group and had carried out senior positions in various areas.

Mr. Huang graduated from Chongqing University with a B.A. degree in International Trade in 1993. He is also the seeding investor of Coordinates Asia Focus Feeder Fund.

### **The Investment Adviser**

The Manager has delegated management functions to the Investment Adviser.

The Investment Adviser was incorporated on 5 April 2016. It is licensed by the Hong Kong Securities and Futures Commission for carrying out Type 9 (Asset Management) regulated activities.

The directors of the Investment Adviser and principals responsible for providing investment advisory services to the Manager are Lingfeng LI (CIO, managing all investment aspects) and Takeki FUKUSHIMA (Chief Risk Officer managing all non-investment aspects, including risk including risk management oversight).

The biography for Lingfeng LI is stated under "Directors of the Fund and the Master Fund" section set out above. The biography for Takeki FUKUSHIMA is set out below.

### **Takeki FUKUSHIMA**

Mr. Fukushima has 20 years of distinguished career in securities business both on the sell-side and buy-side, and also as a regulator. Most recently he was the Chief Japan Rates Strategist for Citigroup Global Markets Japan from 2013, after spending 2 years as a market risk manager at UBS Japan. He traded G10 rates and FX as a proprietary trader at BNP Paribas London from 2007 to 2011. Prior to that, he was the Chief Japan Rates Strategist at Lehman Brothers running a team of 6 researchers between 2004 and 2007.

He started his career at the proprietary trading desk at Salomon Brothers in 1995 and later joined Tudor Capital Japan with the Salomon proprietary trading team. He also worked for Japan FSA as an inspector to develop inspection manual.

Mr. Fukushima received an M.A. in Applied Mathematics from University of Tokyo.

### **Prime Brokers to the Master Fund**

The Master Fund has appointed each of Deutsche Bank AG London ("**DB**") and Standard Chartered Bank ("**SCB**") as a prime broker (each a "**Prime Broker**" and together the "**Prime Brokers**") and custodian ("**Custodian**") pursuant to each of the prime brokerage agreement supplemented by DB's standard Terms and Conditions of Business, and SCB's standard Terms and Conditions of Business, respectively.

The Prime Brokers are service providers to the Master Fund and are not responsible for the preparation of this PPM or the activities of the Fund and/or the Master Fund and therefore accept no responsibility for any information contained in this PPM. The Prime Brokers will not participate in the investment decision-making process.

### **Deutsche Bank AG London**

It is contemplated that Deutsche Bank AG ("**DBAG**") will act as foreign exchange and fixed income prime broker to the Master Fund. In accordance with the prime brokerage agreements, DBAG will provide certain specified prime brokerage services and DBAG will receive fees for the prime brokerage services provided at agreed rates. The prime brokerage agreements will authorize the Master Fund within specified limits to act as DBAG's agent in executing certain transactions with identified counterparties. DBAG is authorised under German Banking Law (competent authority: Bundesanstalt für Finanzdienstleistungsaufsicht (the BaFIN)) and DBAG's London branch is authorised and subject to limited regulation by the Financial Services Authority (the FSA) for the conduct of UK business. DBAG is a service provider to the Master Fund and is not responsible for the preparation of this PPM or the activities of the Fund and/or the Master Fund and therefore accepts no responsibility for any information contained herein.

### **Standard Chartered Bank**

Standard Chartered Bank, together with its subsidiaries, is an international banking group which provides a range of banking products and services. At the date of this PPM, Standard Chartered Bank has a rating of A from Standard and Poor's for long-term credit and A-1 for short-term credit.

The Master Fund has appointed Standard Chartered Bank ("**SCB**") as the Prime Broker for Interest Rate derivatives and foreign exchange, and as Clearing Broker for Interest Rate Derivatives clearing on LCH.

SCB and the Master Fund will enter into a Rates Intermediation Agreement (the "**RIA**"), a Foreign Exchange Intermediation Agreement (the "**FIA**"), a Client Clearing Addendum (the "**CCA**") and an ISDA Master Agreement ("**ISDA**") and Credit Support Annex ("**CSA**"), each as governed by the laws of England and Wales, pursuant to which SCB agrees to provide intermediation services to the Master Fund. Subject to the terms and conditions of acceptance set by the RIA, and FIA, SCB agrees to accept transactions negotiated on SCB's behalf by the Master Fund with Counterparties. SCB will evidence such agreement by sending a designation notice (however described) to such Counterparty in accordance with the Master Give-Up Agreement entered into between SCB and each of the Counterparties.

Any collateral held by SCB in accordance with the terms of the ISDA and CSA is received with full title transfer, and accordingly, such collateral will not be client money pursuant to the FCA Rules and will not be subject to the protections conferred by the FCA Rules. The Master Fund's cash will not be segregated from SCB's own cash and will be used by SCB in the course of its investment business and the Master Fund will therefore rank as one of SCB's general and unsecured creditors in relation thereto.

SCB shall not be liable for any loss, damage, cost or expense incurred by the Master Fund under the terms of the RIA, FIA, CCA or the ISDA and CSA (including but not limited to any losses and debit balances in the Master Fund's account and any and all collateral required to be provided or maintained in respect of any of Fund's accounts), except to the extent such loss, damage, cost or expense is caused by the gross negligence or wilful default of SCB. In no event shall SCB be liable for any consequential or punitive damages incurred by the Master Fund.

The Master Fund and SCB, each as parties to the RIA, FIA, and CCA may terminate these agreements immediately upon giving notice in writing in accordance with the notice provisions of the agreements. Notwithstanding such notice, the terms of the agreements remain applicable to any transactions entered into pursuant to the agreements that are still outstanding.

Upon the occurrence of an Event of Default under the RIA, FIA, and CCA or under the terms of the ISDA and CSA, SCB's obligation to use reasonable endeavours to settle any outstanding transaction on behalf of the Master Fund are extinguished, and the outstanding obligations of each party under the RIA, FIA, and CCA, ISDA and CSA become immediately due and payable.

SCB is a service provider to the Master Fund and is not responsible for the preparation of this PPM (except for this section) or the activities of the Master Fund and therefore accepts no responsibility for any information contained in this PPM (except for this section). SCB will not participate in the Fund's investment decision-making process.

The Directors of the Master Fund reserves the right to change the prime brokerage and custodian arrangements described above by agreement with DB and SCB and/or, in its discretion, to appoint additional or alternative prime broker(s) and custodian(s) without notice to Shareholders. Shareholders will be notified in due course of any change to, or appointment of additional, prime broker(s) and custodian(s).

#### **Administrator to the Fund and Master Fund**

##### **State Street Cayman Trust Company, Ltd**

**State Street Asia Limited** ("**State Street Asia**") is part of the State Street Corporation, which is a U.S. worldwide financial services holding company. State Street Asia, a licensed mutual fund administrator with a branch office in Hong Kong, is the administrator of each of the Fund and the Master Fund (the "**Administrator**").

##### **Services**

State Street Asia has been appointed pursuant to an Administration Agreement entered into between State Street Asia and the Fund and another Administration Agreement with the Master Fund, respectively (the "**Administration Agreement**").

In accordance with the Administration Agreements, State Street Asia is responsible, under the overall supervision of the Directors of the Fund and the Master Fund (as applicable), for the day-to-day administration of the Fund and the Master Fund, namely: (i) calculating net asset value of the Fund and the Master Fund and the net asset value per Participating Share of each Class and Series (as the case may be) (the "**Net Asset Value**") in accordance with the Fund's and the Master Fund's valuation policies and procedures; (ii) maintaining the Fund's and the Master Fund's financial books and records so far as may be necessary to give a complete record of all transactions carried out by the Fund and the Master Fund; and (iii) providing registrar and transfer agency services in connection with the issuance, transfer and redemption of Shares.

The registrar and transfer agency services to be provided by State Street Asia will include: (i) verifying the identity of prospective investors in accordance with applicable anti-money laundering policies and procedures; (ii) maintaining the Fund's and the Master Fund's register of Shareholders; (iii) generally performing all actions related to the issuance, transfer and redemption of the Shares; (iv) providing the Net Asset Value of the Shares to Shareholders; (v) furnishing annual financial statements, as well as monthly Shareholder statements to shareholders; and (vi) performing certain other administrative and clerical services in connection with the administration of the Fund and the Master Fund as agreed between the Fund and the Master Fund, and the Administrator.

For the purposes of determining the Net Asset Value of the Fund and of the Master Fund and the Net Asset Value per Participating Share of each Class and Series, State Street Asia will follow the valuation policies and procedures adopted by the Fund as set out in the Section 7 "Valuation: Calculation of Net Asset Value". In calculating the Net Asset Value of the Fund and of the Master Fund, the Administrator shall, and shall be entitled to, rely on, and will not be responsible for the accuracy of, financial data furnished to it by the Prime Broker(s) appointed by the Master Fund, market makers and/or independent third party pricing services. The Administrator may also use and rely on industry standard financial models or other financial models approved by the Directors in pricing any of the Master Fund's securities or other assets. If and to the extent that the Directors or the Manager are responsible for or otherwise involved in the pricing of any of the Master Fund's portfolio securities or other assets, the Administrator may accept, use and rely on such prices in determining the Net Asset Value of the Fund and of the Master Fund and shall not be liable to the Fund or the Master Fund in so doing.

### ***Remuneration***

State Street Asia is entitled to remuneration from the Fund and the Master Fund at its customary rates as a percentage of the Net Asset Value of the Fund and the Master Fund at rates set out in the Administration Agreement payable quarterly in arrears. State Street Asia is entitled to reimbursement of its out-of-pocket expenses. State Street Asia is also entitled to additional remuneration in respect of exceptional matters in such amount as may be agreed between State Street Asia and the Fund and the Master Fund respectively.

### ***Delegation***

The Administrator may utilize the services of its affiliates in connection with the services provided by the Administrator to the Fund and the Master Fund, and currently utilizes **State Street Asia Limited** (the "**Administrator's Delegate**") to provide certain accounting and registrar and transfer agency services to the Fund and the Master Fund. All fees and expenses of the Administrator's Delegate will be paid by the Administrator out of its fee. The Administrator's Delegate's principal business office is located at 68th Floor, Two International Finance Centre, 8 Finance Street, Central, Hong Kong.

### ***Liability***

### ***Termination***

The Administration Agreement may be terminated by the Administrator or by the Fund (or the Master Fund) upon ninety (90) days' written notice, or immediately in certain other circumstances specified therein.

### ***Indemnity***

Under the Administration Agreement:

- (a) the Fund and the Master Fund has agreed to indemnify and hold harmless the Administrator against any liability, actions, proceedings, claims, demands, costs or expenses in connection therewith which may be incurred by the Administrator or which may be made against the Administrator in respect of the same sustained or suffered by any third party, except that the Administrator will not be indemnified against any liability to which it would be subject by reason of its gross negligence (as defined in the Administration Agreement), fraud or wilful misconduct; and
- (b) in the absence of gross negligence (as defined in the Administration Agreement), fraud or wilful misconduct in the performance of its duties under the Administration Agreement, the Administrator shall not be liable to the Fund and/or the Master Fund on account of anything done, omitted or suffered by the Administrator in good faith pursuant to the Administration Agreement in the performance of the services to be performed by the Administrator thereunder.

The Administrator in no way acts as guarantor or offeror of the Fund's Shares or the Master Fund's Shares or any underlying investment, nor is it responsible for the actions of the Fund's or the Master Fund's sales agents, its prime broker(s), custodian(s), any other brokers or the Manager.

The Administrator is not responsible for any trading decisions of the Fund and/or the Master Fund (all of which will be made by the Manager). The Administrator will not provide any investment advisory or management services to the Fund and/or the Master Fund and therefore will not be in any way responsible for the Fund's and/or the Master Fund's performance. The Administrator will not be responsible for monitoring any investment restrictions or compliance with the investment restrictions and therefore will not be liable for any breach thereof.

### **Auditor to the Fund and the Master Fund**

Ernst & Young Ltd. ("**Auditor**") is appointed as Auditor to the Fund and the Master Fund and will conduct audits in accordance with International Standards on Auditing.

Under the standard terms of the annual engagement letter which the Fund and the Master Fund will enter into with the Auditor, the Auditor's liability under such letter is expected to be capped based upon a multiple of fees paid to the Auditor under such letter, except to the extent finally determined to have resulted from the wilful or intentional neglect or misconduct or fraudulent behaviour by the Auditor. The annual engagement letter is also expected to contain a limitation of any liability to the Auditor's proportionate share thereof and other release and indemnity provisions relating to consequential loss, third party claims and fraudulent acts or omissions, misrepresentation or wilful default on the part of the Directors, employees or agents of the Fund and the Master Fund. The engagement letter will state that the Auditor's report can only be relied upon by those parties to whom they are addressed.

#### 4. FEES AND EXPENSES

##### Management Fee

The Fund will pay to the Manager an annual Management Fee, in return for the management services provided by the Manager to the Fund.

The annual Management Fee is calculated monthly in arrears at the end of each calendar month at the respective percentage below (the "**Management Fee Percentage**") of the Net Asset Value (before deduction for any accrued Profit Allocation and the deduction of that month's Management Fee) of the relevant Class / Series of Participating Shares of the Fund. The Management Fee is payable monthly in arrears as soon as practicable after the end of each calendar month (for those Participating Shares which are not issued as at the first Business Day of a calendar month, the respective Management Fee payable in arrears during the first calendar month shall be calculated on a pro rata basis):

| <b>Class of Participating Shares</b> | <b>Management Fee Percentage (per annum)</b> |
|--------------------------------------|----------------------------------------------|
| Class S Shares                       | 1.5%                                         |
| Class A Shares                       | 2.0%                                         |
| Class B Shares                       | 1.5%                                         |
| Class C Shares                       | 1.75%                                        |
| Class MM Shares                      | 0.5%                                         |

The Manager may, in its sole discretion, waive, rebate or decrease the Management Fee that is payable in whole or in part, in respect of each, or any one or more Class and/or Series, or for certain Shareholders within each Class and/or Series at any time including in particular during any wind down of the Fund's business. Any such rebates may be applied in paying up additional Participating Shares to be issued to such person or as otherwise decided by the Manager at its sole discretion.

The Manager will pay to the Investment Adviser a fee agreed between the parties. This fee is payable out of the Manager's fees and does not represent an additional cost to the Fund.

The Fund may issue different Classes of Participating Shares with respect to which the Management Fee and/or the Profit Allocation is further reduced or waived, and may permit certain Shareholders to participate in the Fund on different terms than other Shareholders.

The Management Fee will be payable from the Fund.

##### Subscription Fee

There is no subscription fee for subscription applications for Participating Shares (subject to the sole discretion of the Manager).

##### Redemption Charge

Class B Shares and Class C Shares are subject to a Redemption Charge for redemptions request made during the applicable Soft Lock-up Period, as follows:

| <b>Class of Participating Share</b> | <b>Soft Lock-up Period</b> | <b>Applicable Redemption Charge</b> |
|-------------------------------------|----------------------------|-------------------------------------|
|-------------------------------------|----------------------------|-------------------------------------|



|                |                                                                         |                                               |
|----------------|-------------------------------------------------------------------------|-----------------------------------------------|
| Class B Shares | The 12 months' period immediately following the date of issue of Shares | 3.0% of the amount of redemption proceeds due |
| Class C Shares | The 24 months' period immediately following the date of issue of Shares | 3.0% of the amount of redemption proceeds due |

No Redemption Charge applies to redemptions of Class S Shares, Class A Shares or Class MM Shares.

The Redemption Charge is intended to defray costs associated with unwinding positions and will be retained by the Fund for the benefit of the remaining investors.

A Redemption Notice received by the Fund during the Soft Lock-up Period will be processed subject to the applicable Redemption Charge.

The Manager reserves the right to waive or reduce, from time to time, the Redemption Charge, either in whole or in part of a Shareholder's Participating Shares.

No Redemption Charge is payable pursuant to a compulsory redemption of Participating Shares by the Fund.

#### **Administration Fees**

The Administrator will receive a monthly fee from the Master Fund, subject to a monthly minimum fee. Certain other out-of-pocket expenses of the Administrator, as well as applicable data, communication and technology-related charges may also be charged to the Master Fund in accordance with the Administration Agreement.

The Administrator is also entitled to additional remuneration in respect of other services outside the scope of services agreed in the Administration Agreement in such amount as may be agreed among the Fund, the Master Fund and the Administrator.

#### **Audit Fees**

The Auditor will be paid an annual service fee at the rates that are agreed from time to time with the Fund and the Master Fund on normal commercial terms.

#### **Directors Fees**

The Directors are entitled to remuneration as approved by the Directors on normal commercial terms.

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

#### **Establishment Expenses**

The Master Fund will pay expenses for the establishment of the Fund and the Master Fund, including, without limitation: expenses relating to the establishment of the Fund and Master Fund in the Cayman Islands, the registration of the Fund and the Master Fund as regulated mutual funds in the Cayman Islands, the registration of the Directors with the Authority, the negotiation and preparation of the contracts to which the Fund and Master Fund are a party, the costs of preparing, translating and printing this PPM and the fees and expenses of its professional advisers. The Master Fund anticipates expenses of approximately US\$ 200,000

for the establishment of the Fund and the Master Fund.

The Fund's and the Master Fund's financial statements will be prepared in accordance with IFRS, although it may elect to modify its treatment of such costs and expenses to accommodate its practical needs. For the purpose of calculating the Net Asset Value for subscription and redemption purposes, the Directors have decided to amortize such expenses over a period of 60 months because the Fund believes that such treatment is more equitable than expensing the entire amount during the first year of operations, as is required by IFRS. The Directors may make necessary adjustments in the annual financial statements in order for the financial statements to be in compliance with IFRS. If the Fund is terminated within 60 months of its commencement, any unamortized expenses will be recognized. If a Shareholder redeems all or a portion of its investment prior to the end of the 60 months' period during which the Fund is amortizing expenses, the Directors of the Fund may, but are not required to, accelerate a proportionate share of the unamortized expenses based upon the amount being redeemed and reduce the redemption proceeds by the amount of such accelerated expenses.

### **Operating Expenses**

The Fund will bear the costs of the following (attributable to the Fund from the Master Fund): (i) the costs and expenses of all transactions carried out by the Master Fund or on its behalf; (ii) the charges and expenses of legal advisers, the Administrator and Auditors; (iii) brokers' commissions (if any), borrowing charges on securities sold short and any issue or transfer taxes or stamp duties chargeable in connection with any securities transactions; (iv) all taxes and corporate fees payable to governments or agencies; (v) Directors' fees and expenses (including the fees of the Authority for registration of the Directors (where applicable)); (vi) interests on borrowings, including borrowings from the Prime Broker; (vii) communication expenses with respect to investor services including periodic investor meetings and all expenses of meetings of Shareholders and of preparing, printing and distributing financial and other reports, proxy forms, prospectuses and similar documents; (viii) the cost of insurance (if any) for the benefit of the Directors; (ix) litigation and indemnification expenses and extraordinary expenses not incurred in the ordinary course of business; (x) fees and expenses relating to software systems, tools, programs, or other technology utilized for fund accounting purposes with respect to the Fund and the Master Fund (including third party software licensing, implementation, data management and recovery services and custom development costs); (xi) the cost of obtaining and maintaining any future listing of the Shares on any stock exchange; and (xii) all other Fund organisational and operating expenses and/or Master Fund organisational and operating expenses attributable to the Fund.

## 5. PROFIT ALLOCATION

For each Calculation Period, subject to applicable Cayman Islands laws, the Fund shall allocate to the holder of the Fund Management Shares, a Profit Allocation in respect of each Series and/or Class of Participating Share.

For each Calculation Period, the Profit Allocation in respect of each Series and/or Class of Participating Share will be equal to the profit allocation percentage (the "**Profit Allocation Percentage**") of the realized and unrealized appreciation in the Net Asset Value per Participating Share (adjusted for any redemptions of Participating Shares in the Series or Class made during the respective Financial Year) during that Calculation Period above the current **Base Net Asset Value** per Participating Share. The Profit Allocation Percentage will vary depending on the Class of the Participating Shares, as outlined below:

| <b>Class</b>    | <b>Profit Allocation Percentage</b> |
|-----------------|-------------------------------------|
| Class S Shares  | 15.0%                               |
| Class A Shares  | 20.0%                               |
| Class B Shares  | 15.0%                               |
| Class C Shares  | 15.0%                               |
| Class MM Shares | Nil                                 |

The holder of the Fund Management Shares may, in its sole discretion, waive, rebate or decrease the Profit Allocation that is allocable in whole or in part, in respect of each, or any one or more Class and/or Series, or for certain Shareholders within each Class and/or Series at any time, including in particular during any wind down of the Fund's business.

The "**Base Net Asset Value**" in respect of a Participating Share of the relevant Class and/or Series is the greater of: (i) the Net Asset Value per Participating Share of the relevant Class and/or Series at the time of issue of that Participating Share (being the Subscription Price); and (ii) the highest Net Asset Value per Participating Shares in respect of which a Profit Allocation was payable as at the end of any previous Calculation Period (if any) during which such Participating Share was then in issue.

The Profit Allocation in respect of each Calculation Period will be calculated by reference to the Class/Series of the Net Asset Value of the Fund before deduction for any accrued Profit Allocations, but after deduction of the Management Fee (as described in the section headed "**Fees and Expenses**").

The holder of the Fund Management Shares will only be entitled to be allocated a Profit Allocation from the Fund. The Master Fund will not bear a profit allocation, but will instead bear its pro rata share of the Profit Allocation charged to the Fund.

In order to ensure that Shareholders bear the Profit Allocation according to the actual performance of their Participating Shares, having regard to the different times and prices at which such Participating Shares were acquired, a new Series of Participating Shares for each Class in the Fund will be issued at the Subscription Price on each Subscription Day.

### Calculation Period

The first Calculation Period in respect of a Participating Share is the period commencing on the Subscription Day for the purchase of the Participating Share and ending as at the close of business on the next to occur of: (i) 31 December of the same calendar year; (ii) the date on which such Participating Share is redeemed; and (iii) the date of termination of the Fund.

For subsequent periods, the Calculation Period will be the period commencing on the day following the last day of the preceding Calculation Period and ending as at the close of business on the next to occur of (i) 31 December of the year of the Calculation Period; (ii) the date on which such Participating Share is redeemed; and (iii) the date of termination of the Fund.

The Profit Allocation will be deemed to accrue on a monthly basis as at each Valuation Day.

The Profit Allocation, where applicable, is determined separately with respect to each Series of Participating Shares purchased by a holder of Participating Shares.

For the purposes of determining the impact of redemptions on Profit Allocation and Base Net Asset Value of Shareholders having multiple Series, redemptions will be deemed made on a "first in-first out" basis (unless otherwise requested by a Shareholder).

A Profit Allocation will be determined in the event that a holder of Participating Shares redeems all or any of its Participating Shares other than at the end of a Calculation Period with respect to such redeemed Participating Shares.

The Profit Allocation may be reduced, waived or calculated differently, but not increased with respect to any Shareholder.

The Profit Allocation for each existing Class of Participating Shares may not exceed the amount as set out in this PPM. The Directors reserve the right to establish additional Classes of Participating Shares from time to time.

### **Consolidation of Participating Shares**

In respect of those Series of Participating Shares of a Class which have their Calculation Periods aligned and their Profit Allocation calculated and allocable on the same date, after the last Valuation Day in each Calculation Period, all such Series of Participating Shares in a Class upon which a Profit Allocation has been allocated in respect of the relevant Calculation Period will be consolidated into a single Series as soon as practicable, being the oldest Series of such Class upon which a Profit Allocation has been allocated in respect of the relevant Calculation Period. The Base Net Asset Value for all Participating Shares of the consolidated Series will be the Net Asset Value per Participating Share of the consolidated Series as at the last Valuation Day in the relevant Calculation Period, after allocation of the Profit Allocation.

The Administrator may, upon the consent of the Directors, determine that a particular Series should not be consolidated even where a Profit Allocation is allocated, so as to ensure proper records are kept of any Redemption Charge applicable to such Series of Participating Shares.

## 6. SUBSCRIPTION AND REDEMPTION OF PARTICIPATING SHARES

### Subscriptions for Participating Shares

Subscriptions for Participating Shares may be made to the Fund as of any Subscription Day. The Directors have discretion to accept or reject any application, in whole or in part, to subscribe for Participating Shares. The terms on which different Classes of Participating Shares are issued may vary in certain respects including, but not limited to:

- the obligations attaching to that Class in relation to the Management Fee and/or the Profit Allocation;
- the rights and obligations of a Class in respect of subscriptions and redemptions;
- the Lock-up Period (if any) with respect to a Class; and
- Redemption Charge which may apply in relation to redemptions.

Participating Shares are being offered for subscription pursuant to this PPM.

Class S Shares, Class A Shares, Class B Shares and Class C Shares are available for general subscription.

### Class S Shares

Class S Shares are available for general subscription during the Initial Offer Period, until the Initial Closing Date or such other date as determined by the Manager in its sole discretion (the "**Class S Shares Closing Date**").

### Class B Shares and Class C Shares

After the Class S Shares Closing Date, Class B Shares and Class C Shares will be offered for subscription on each Subscription Day on or before the Class B Shares Closing Date (subject to the Class B Shares Additional Subscription).

**"Class B Shares Closing Date"** is the earlier of: (i) the date on which the Fund has received and accepted aggregate subscription applications for Class B Shares of more than US\$100,000,000 (or such other amount as determined by the Manager in its sole discretion); and (ii) the third Subscription Day following the Initial Closing Date (or such other date as determined by the Manager in its sole discretion). Notwithstanding the Class B Shares Closing Date, within twenty-four (24) months after the Initial Closing Date, a Shareholder of Class B Shares may subscribe for additional Class B Shares of up to 100% of the number of Class B Shares held by such Shareholder as at the Class B Shares Closing Date (the "**Class B Shares Additional Subscription**").

### *Conversion from Class C Shares to Class B Shares*

On or before the Class B Shares Closing Date, a Shareholder of Class C Shares who has a cumulative subscription amount of US\$ 5,000,000 or more is entitled to convert its Class C Shares to Class B Shares as of the Subscription Day on which such Shareholder's cumulative subscription amount reaches US\$ 5,000,000.

A conversion from Class C Shares to Class B Shares will be effected by the Fund redeeming the Class C Shares to be converted at their Net Asset Value and applying the redemption proceeds to the purchase of the new Class B Shares. The Soft Lock-up Period and any Redemption Charge applicable to such Class C Shares will be waived in the event of such conversion.

## **Class A Shares**

Class A Shares will be offered for general subscription after the Class B Shares Closing Date on each subsequent Subscription Day.

## **Class MM Shares**

Class MM Shares are only available for subscription by Management Affiliated Investors.

Within each class of Class S Shares, Class A Shares, Class B Shares, Class C Shares and Class MM Shares, Participating Shares issued on the same Subscription Day will be classified as a separate Series from Participating Shares issued on any other Subscription Day.

The Directors are authorized to offer Participating Shares of any Class, or to close the Fund or any Class to new subscriptions, on such basis and on such terms as the Directors may in their discretion determine.

Subject to this PPM, all Participating Shares of a particular Class will have the same Share Rights. However, the Net Asset Value per Participating Share may vary between different Series due to the differing dates of accrual of any applicable Management Fee, Profit Allocation and/or different dates of issue.

Fund Management Shares are not available for subscription pursuant to this PPM.

## **Subscriptions**

Where a prospective investor wishes to subscribe for Participating Shares on any Subscription Day, Participating Shares will be subscribed for at the Subscription Price.

In order to subscribe for Participating Shares as at any Subscription Day, duly completed and executed faxed or emailed copies of the Subscription Agreement or additional subscription agreement and other supporting documents for the relevant Participating Shares ("**Subscription Documents**"), must be received by the Administrator, and the associated subscription monies payable for the relevant Participating Shares in full in cleared funds must be wired to the Fund's subscription account (in accordance with the wire instructions as set out in the Subscription Agreement), by no later than 4:00 p.m. (Hong Kong time) at least three (3) Business Days prior to the relevant Subscription Day. The Fund may, with the consent of the Manager accept copies of the Subscription Agreement or additional subscription agreement and other supporting documents for Participating Shares after such time.

The Subscription Documents for the relevant Participating Shares (where required) may be sent to the Administrator, for the attention of **State Street Transfer Agent Department**, at the following:

1. Facsimile Transmission: Facsimile number: **+353-1 776 0825**
2. Email Transmission: [CoordinatesTA@statestreet.com](mailto:CoordinatesTA@statestreet.com)  
*(for submission of documents relating to subscription, trade queries or general investor information)*

Notwithstanding the method of communication, the Fund, the Administrator and/or the Administrator's Delegate may request original document(s). A subscriber must use the form document provided by the Fund in respect of the subscription, redemption or transfer, unless such condition is waived by the Fund, the Administrator and/or the Administrator's Delegate. A Subscription Agreement sent via email must contain a duly signed document as an attachment.

The Administrator will acknowledge receipt of any subscription or redemption request on behalf of the Fund, and in the event no acknowledgement is received from the Administrator within five (5) days of submitting the request, the applicant should assume that the subscription or

redemption request has not been received and they should contact the Administrator via telephone on **+353-1 776 9920** to confirm the status of their request.

None of the Fund, the Administrator and/or the Administrator's Delegate accepts any responsibility for any loss arising from the non-receipt or illegibility of any Subscription Agreement or additional Subscription Agreement (as the case may be) sent by facsimile or email or for any loss caused in respect of any action taken as a consequence of such facsimile or email believed in good faith to have originated from properly authorised persons.

Participating Shares will be issued at the Subscription Price as of each Subscription Day.

No interest will be payable from the date of receipt of clear funds to the Subscription Day.

Subscription Documents and subscription monies received after the deadline will be held over until the next Subscription Day. However, the Directors may, in their discretion, extend the deadline for receipt of any Subscription Documents and subscription monies generally or in any particular case.

Subscriptions may only be made in US dollars (US\$). Any bank charges in respect of telegraphic transfers will be deducted from subscription money and the net amount only invested in Participating Shares.

### **Subscription Price**

The Subscription Price of a Participating Share in each new Series of a Class will be US\$1,000 per Participating Share in a separate Series of such Class as of each Subscription Day.

### **Acceptance and confirmation of Subscription Applications**

The Directors reserve the right to reject any subscription in whole or in part in their absolute discretion. In this event, the balance of the amount paid by the applicant will be returned, without interest, as soon as practicable to the bank account of the applicant from which the subscription monies were received, as stated in the Subscription Agreement, and at the risk and cost of the applicant.

Fractions of up to four decimal places (0.00005 or above being rounded up) of a Participating Share may be issued for reporting purposes. Application moneys representing smaller fractions of a Participating Share will be retained by the Fund.

Participating Shares will be held in registered form. Share certificates will generally not be issued nor will any other documentation be issued, other than confirmation notices. Confirmation notices will include details of the Shares that have been allotted. Confirmation notices will be sent to subscribers after approval of their applications.

If an applicant does not receive a confirmation notice, it is the applicant's responsibility to contact the Administrator to ascertain the status of its subscription application. An applicant cannot assume a subscription is successful until it receives a confirmation notice from the Administrator.

Applicants should note that none of the Administrator, the Administrator's Delegate, the Fund or the Manager accepts any responsibility for any loss caused in respect of the Fund's failure to process any Subscription Agreement or additional Subscription Agreement (as the case may be) as a result of the occurrence of delayed clearance.

All amounts paid for the subscription of Participating Shares must originate from a bank account held in the name of the applicant, or in the case of joint applicants, one of the applicants. Third party payments will not be accepted.

The Directors reserve the right, from time to time, to resolve without prior notice to close the Fund to new subscriptions, either for a specified period or until they otherwise determine. During

any such period, Participating Shares will not be available for subscription and no Subscription Agreements or subscription monies will be accepted.

Although Participating Shares will not be issued until the applicable Subscription Day, subscription monies that are received are immediately deposited into the Fund without interest. Prior to the issue of Participating Shares on or after the applicable Subscription Day, the Administrator and/or the Administrator's Delegate may, at the direction of the Manager, release funds to the investment intermediaries of the Fund to ensure that an investment by the Fund can be effected on the relevant Subscription Day, provided that such funds have been subject to the necessary anti-money laundering requirements and cleared for use. Participating Shares shall be treated as having been issued with effect from the relevant Subscription Day although the subscription monies may be subject to investment risk prior to the relevant Subscription Day as disclosed above.

### **Redemption of Participating Shares**

Subject to any applicable Lock-up Period and any Redemption Gate, to redeem Participating Shares as at a Redemption Day, a completed and executed Redemption Notice must be submitted to the Administrator, by facsimile or email, no later than 4:00 p.m. (Hong Kong time) on a Business Day that is at least thirty (30) calendar days before the relevant Redemption Day. If given by facsimile or email initially, the Redemption Notice must be sent to the Administrator via fax on **+353-1 776 0825** or via email [CoordinatesTA@statestreet.com](mailto:CoordinatesTA@statestreet.com) to confirm the status of their request.

The Administrator will acknowledge receipt of any Redemption Notice on behalf of the Fund, and in the event no acknowledgement is received from the Administrator within five (5) days of submitting the request, the Shareholder should assume that the Redemption Notice has not been received and they should contact the Administrator via telephone **+353-1 776 9920** or via email [CoordinatesTA@statestreet.com](mailto:CoordinatesTA@statestreet.com) to confirm the status of their request.

If a Redemption Notice to redeem Participating Shares as at the next available Redemption Day is submitted with less than thirty (30) calendar days' notice, the Redemption Notice will roll over into the next calendar quarter and be processed as at the next available Redemption Day, subject to Directors' discretion to shorten or waive the redemption notice period.

The Redemption Day is the first Business Day of each calendar quarter, or such other day or days as the Directors in consultation with the Manager and the Administrator, may designate from time to time.

In special circumstances, redemptions may be subject to suspension or holdback, and may also be subject to a reserve for contingent liabilities of the Fund. See section 7 of this PPM.

Subject to the Articles and this PPM, Shareholders will have the right to request all, or a part, of their Participating Shares to be redeemed on a Redemption Day. Subject to the discretion of the Directors, if a partial redemption will result in a Shareholder holding Participating Shares having a value of less than the Minimum Holding Amount, the Manager may deem such request to have been made in respect of all the Shares held by that Shareholder.

Where a redemption request is accepted, Participating Shares shall be treated as having been redeemed with effect from the relevant Redemption Day irrespective of whether or not such redeeming Shareholder has been removed from the Register of Members or the Redemption Price has been determined or remitted. Accordingly, on and from the relevant Redemption Day, Shareholders in their capacity as such will not be entitled to or be capable of exercising any rights with respect to Participating Shares being redeemed save the right to receive the Redemption Price and any dividend which has been declared prior to the relevant Redemption Day but not yet paid (in each case with respect to the Participating Shares being redeemed). Such Shareholders will be treated as creditors of the Fund with respect to the Redemption Price and will rank accordingly in the priority of the Fund's creditors.

### **Redemption Price**



Participating Shares will be redeemed at the Redemption Price applicable on the Redemption Day less any relevant fees and charges.

The Redemption Price of a Participating Share of each Class and Series will be equal to the Net Asset Value of each Class and Series as at the Valuation Day immediately preceding the relevant Redemption Day which is determined in accordance with Section 7 of this PPM relating to "**Valuation**".

### **Redemption Gate**

Additionally, for Class S Shares, Class A Share, Class B Shares, Class C Shares and Class MM Shares, any Shareholder having submitted a valid notice (a "**Redemption Notice**") for the redemption of any portion of its Participating Shares (a "**Redeeming Shareholder**") may redeem only a maximum of 25% of the Net Asset Value of the Redeeming Shareholder's holdings in a Class of Participating Shares (the "**Redemption Limit**") as at the relevant Redemption Day (the "**First Redemption Day**"), unless otherwise determined by the Manager from time to time.

With respect to any such First Redemption Day, in the event that the Fund receives Redemption Notices from Redeeming Shareholders for redemption request exceeding the Redemption Limit, the Manager may:

- (i) satisfy such redemption request, if the Manager deems appropriate, and pay redemption proceeds within fifteen (15) calendar days after the Net Asset Value is finalized; or
- (ii) limit redemptions to a maximum amount designated by the Manager so that no more than the Redemption Limit (or a higher percentage, at the discretion of the Manager) of the aggregate Net Asset Value of the Participating Shares of the relevant Class is redeemed as of such Redemption Day, provided that the Manager shall issue a written notice, by email or fax, to the Redeeming Shareholders who are restricted by the Redemption Limit within three (3) Business Days of such First Redemption Day.

Each Redeeming Shareholder who has submitted a timely redemption request will receive a pro rata portion of the requested redemption. With respect to the unsatisfied portion of the Redemption Notice on the First Redemption Day ("**Unsatisfied Portion**"), the Redeeming Shareholder may elect on the initial Redemption Notice to either continue or cancel redemption of any Unsatisfied Portion on the following Redemption Day(s). If no election is made by the Redeeming Shareholder, the Automatic Redemption Process described below shall apply.

Subject to the Fund's discretion, following consultation with the Manager, to suspend the redemption of Participating Shares as described in the section headed "**Suspension of NAV Calculation, Transfers, Redemptions and Subscriptions**", the Unsatisfied Portion will be satisfied on immediately successive Redemption Days as follows ("**Automatic Redemption Process**"), unless the Redeeming Shareholder elects to cancel redemption of Unsatisfied Portion on the initial Redemption Notice:

- (a) on the Redemption Day immediately following the First Redemption Day, an amount equal to one-third of the Unsatisfied Portion;
- (b) on the next following Redemption Day, an amount equal to one-half of the remainder of the outstanding redemption request;
- (c) on the next following Redemption Day, the remainder of the outstanding redemption request.

A redeeming Shareholder may discontinue the Automatic Redemption Process by notifying the Administrator in writing ("**Discontinuation Notice**") no later than 4:00 pm (Hong Kong) time on a Business Day that is at least thirty (30) calendar days (or at such other time, as determined

by the Directors of the Fund) prior to the relevant Redemption Day with respect to which the Shareholder would like the Automatic Redemption Process to discontinue. For the avoidance of doubt, a Discontinuation Notice validly received by the Administrator will result in no redemption proceeds being paid to a Redeeming Shareholder with respect to the Redemption Day first occurring following the receipt by the Administrator of the Discontinuation Notice.

The Redemption Limit and the above described redemption restrictions are together the "**Redemption Gate**". The Manager, in consultation with the Directors, may waive or amend the Redemption Gate from time to time, in its sole discretion.

A Discontinuation Notice will have the effect of cancelling a Redeeming Shareholder's request to redeem Participating Shares, therefore rendering any future redemption requests subject to the Redemption Limit.

### **Lock-up Period**

Class S Shares may not be redeemed as of any Redemption Day, during the thirty (30) months' period immediately following the date of issue of the Class S Shares (the "**Hard Lock-up Period**"), subject to the absolute discretion of the Directors to permit a redemption in whole or in part.

To redeem Class B Shares and Class C Shares during the applicable time period (the "**Soft Lock-up Period**"), a Redemption Charge of 3.0% of the amount of redemption proceeds due will be imposed on Class B Shares or Class C Shares that are redeemed before the expiry of the applicable Soft Lock-up Period, subject to the sole discretion of the Directors in consultation with the Manager to waive all or part of the Redemption Charge otherwise payable generally or specifically by any one or more redeeming Shareholders on any relevant Redemption Day as may be deemed appropriate by the Directors.

| <b>Class</b>   | <b>Soft Lock-up Period</b>                                              |
|----------------|-------------------------------------------------------------------------|
| Class B Shares | The 12 months' period immediately following the date of issue of Shares |
| Class C Shares | The 24 months' period immediately following the date of issue of Shares |

Class A Shares and Class MM Shares are not subject to any lock-up period.

### **Redemption Charge**

Class B Shares and Class C are subject to the Redemption Charge for redemptions requested made during the applicable Soft Lock-up Period. Details of the Redemption Charge are described in the section headed "Redemption Charge" in Section 4 of the PPM.

### **Payment of Redemption Proceeds**

Redemption proceeds are equal to the Redemption Price per Participating Share. Any handling, administration or processing fees charged by the Fund, or any other professional party in relation to a redemption shall be deducted from the redemption proceeds.

Redemption proceeds net of bank charges, relevant conversion costs, and any fiscal charges, contingency reserves, Redemption Charge, if any, will be paid to the Redeeming Shareholder by telegraphic transfer to the pre-designated bank account in the name of the Shareholder. Redemption proceeds will be paid in US dollars (US\$) or such other currency acceptable to the Manager at the risk and expense of the Shareholder.

The Manager will be entitled to receive any Management Fee, Subscription Fee and Redemption Charge in respect of redeemed Participating Shares. Accordingly, as indicated

above, an amount on account of such Management Fee, Subscription Fee and Redemption Charge may be deducted from the redemption proceeds payable to Shareholders.

Generally, 95% of redemption proceeds are paid as soon as practicable, and generally within fifteen (15) calendar days after the Net Asset Value is finalized, provided that the Redemption Notice shall have been received by the Administrator pursuant to this PPM. The balance, if any, will generally be paid, without interest, to a Redeeming Shareholder following completion of the year-end audit next following or at such other earlier time as the Manager may determine.

Shareholders must specify settlement instructions in their initial Subscription Agreements. If a Redemption Notice changes the standing instruction provided in the initial subscription agreement, the Shareholder must specify the new settlement instructions and the onus is on the Shareholder to provide accurate bank account details. Administrative expenses incurred in effecting the payment of redemption proceeds will be borne by the Redeeming Shareholder. Shareholders must be aware that redemption proceeds will only be paid into an account in the name of the Shareholder. No payment to a third party is allowed. No interest will accrue on the redemption proceeds pending payment.

Redemption proceeds will not be paid in-specie, including shares of any subsidiary established by the Fund or the Master Fund to keep aside certain positions, subject to any change at the sole discretion of the Directors, provided that the Directors have fulfilled their fiduciary obligations to act in the best interest of Shareholders.

No redemption proceeds will be paid to the Redeeming Shareholder until the Administrator has received the Redemption Notice signed by the Shareholder or an authorized signatory of the Shareholder. Neither the Fund nor the Administrator shall be responsible for any mis-delivery or non-receipt of any facsimile or email. Facsimiles or emails sent to the Fund or the Administrator shall only be effective when actually received by the Fund or the Administrator. **Shareholders who submit redemption or email requests initially by facsimile to the Administrator are advised to contact the Administrator by telephone on +353-1 776 9920 or email [CoordinatesTA@statestreet.com](mailto:CoordinatesTA@statestreet.com) to confirm that the Administrator has received the facsimile or email Redemption Notice.**

### **Revocation of Redemption Notices**

A Redemption Notice is irrevocable unless the Manager determine otherwise.

Subject to the restrictions set out in this PPM, redemptions will generally be permitted at each Redemption Day or at such other times as the Board, in its sole discretion, determines either generally or in any particular case.

The Directors, in consultation with the Manager, may determine to waive or reduce any notice period or allow a Redemption Notice to be revoked. The Directors may also, in their sole discretion, waive the Redemption Charge.

### **Compulsory Redemption**

The Directors have a right to require any holder of Participating Shares to redeem his/her Participating Shares at any time and for any reason without limitation.

Without prejudice to the generality of the preceding paragraph, upon giving not less than five (5) calendar days' prior written notice to a Participating Shareholder, the Fund may compulsorily redeem all or some of the Participating Shares held by a Participating Shareholder at the Net Asset Value per Participating Share of the relevant Class as at the Valuation Day immediately prior to the date such redemption is to take effect. This may be done for any reason including but not limited to the following:

- (a) where the Participating Shares are held by or for the benefit (directly or indirectly) of any Restricted Person;

- (b) where the value at the Net Asset Value per Participating Share as at the last Valuation Day of all the Participating Shares held by a Participating Shareholder is less than the Minimum Holding Amount as a result of a redemption of Participating Shares by a Participating Shareholder; or
- (c) where any of the representations given by a Participating Shareholder in its Subscription Agreement or Additional Subscription Agreement under the Subscription Agreement were not true or have ceased to be true.

The redemption price for a Participating Share that is compulsorily redeemed will be the Redemption Price calculated as at the first Valuation Day following the decision of the Directors to redeem such Participating Shares compulsorily, less any applicable fiscal charges, fees and expenses incurred by the Fund as a result of the compulsory redemption.

### **Refusal of Redemptions**

The Fund may refuse to make any redemption payment to a redeeming Participating Shareholder if the Directors:

1. suspect or are advised that the payment of any redemption proceeds to such a redeeming Participating 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
2. such refusal is considered necessary or appropriate to ensure the compliance by the Fund, the Manager, the Investment Adviser, the Administrator, the Administrator's Delegate, the Prime Brokers or any of their respective delegates, with any applicable anti-money laundering or other laws or regulations in any relevant jurisdiction.

In special circumstances, redemptions may be subject to suspension or holdback, and may also be subject to a reserve for contingent liabilities of the Fund.

### **Procedures for Redemption**

The following forms of communication are acceptable to the Fund for submitting subscription, redemption, transfer or other instructions (such as change of address) to the Administrator's Delegate at the following:

1. Facsimile Transmission: Facsimile number: **+353-1 776 0825**
2. Email Transmission: [CoordinatesTA@statestreet.com](mailto:CoordinatesTA@statestreet.com)  
*(for submission of documents relating to redemption/withdrawal or transfer, trade queries or general investor information)*

Notwithstanding the method of communication, the Fund, the Administrator and/or the Administrator's Delegate reserves the right to ask for the production of original documents or other information to authenticate the communication.

In the case of mis-receipt or corruption of any message, you will be required to re-send the documents. Note that you must use the form document provided by the Fund in respect of the subscription, redemption or transfer, unless such condition is waived by the Fund, the Administrator and/or the Administrator's Delegate.

### **Key Man Redemption Day**

The Key Man, Lingfeng LI, is primarily responsible for identifying, executing and managing the Master Fund's portfolio of investments.

In the event that Lingfeng LI: (i) has ceased to devote substantially all of his/her respective time to the management of the Master Fund; and/or (ii) is otherwise unable or unwilling to continue to have responsibility for managing the assets of the Master Fund, at any time for any single period of longer than thirty (30) Business Days; and/or (iii) dies; and/or (iv) is deemed mentally incompetent; and/or (v) receives a criminal conviction on summary grounds; and/or (vi) is determined by any court or regulator to have acted fraudulently (each a "**Key Man Redemption Event**"), then there is a risk that the Fund's objective and strategy will no longer be able to be met.

If the Directors determine that a Key Man Redemption Event has occurred, they will promptly notify in writing all of the Participating Shareholders of the Key Man Redemption Event (the "**Key Man Notice**"). Following receipt of the Key Man Notice, any Participating Shareholder shall have the right to request to redeem all or a portion of its Participating Shares in the Fund as of the Key Man Redemption Day, as at the applicable Redemption Price per Participating Share.

The "**Key Man Redemption Day**" is the next Redemption Day immediately following the end of the month during which the Key Man Notice is issued.

A Participating Shareholder wishing to redeem its holding of Participating Shares as of any Key Man Redemption Day should send a completed and executed Redemption Notice in the form available from the Administrator to be received by the Administrator no later than 4:00 p.m. (Hong Kong time) on the Business Day prior to such Key Man Redemption Day, or such lesser period as the Directors may determine.

Any Redemption Charge will be waived in respect of any redemption of Participating Shares made as a result of the issue of a Key Man Notice.

If the Key Man Redemption Event is cured or reversed (for example by a Key Man being willing to perform his duties again) or a suitable replacement being identified by the Manager (such cure or reversal being at the discretion of the Manager), the Directors shall issue a notice to all Participating Shareholders notifying them that the Key Man Redemption Event has been cured or reversed (a "**Cure Notice**"). For any redemption request for Participating Shares received by the Fund following the issuance of a Key Man Notice and before the issuance of a Cure Notice: (i) such redemption shall be effected by the Fund as of the applicable Key Man Redemption Day; and (ii) any Redemption Charge will be waived in respect of such redemption. Any redemption request received after the issuance of a Cure Notice will be processed as at the next available Redemption Day.

The Manager will begin to take reasonable steps to realise investments in the Master Fund's portfolio for cash as soon as practicable after indications of Redemption Notices and/or withdrawal requests in the Fund and any other feeder fund of the Master Fund for the Key Man Redemption Day have been received. Redemption Notices to be effected as of any Key Man Redemption Day are likely to require the Manager to liquidate positions more rapidly than would otherwise be ordinarily desirable, which could adversely affect the realisable value of the Master Fund's assets.

## 7. VALUATION

### Calculation of Net Asset Value

The Net Asset Value of the Fund and the Master Fund, Net Asset Value of a Class or Series and Net Asset Value per Participating Share of a Class or Series is an important calculation as it determines the Redemption Price of Shares on the relevant Redemption Day and will affect the amount of the Management Fee and the Profit Allocation allocable to the Manager. The Net Asset Value of the Fund, Net Asset Value of a Class (or Series, if applicable) and Net Asset Value per Participating Share of a Class (or Series, if applicable) will be calculated monthly by the Administrator, in consultation with the Manager and under the direction of the Directors, in the manner described below as at each Valuation Point (except when determination of the Net Asset Value has been suspended in accordance with the Fund's Articles and this PPM). The Net Asset Value and the Net Asset Value per Participating Share will be denominated in US dollars (US).

For each Class and Series of Participating Shares, a separate internal account of the Fund (an **"Investment Account"**) may be established in the books of the Fund, to record (purely as an internal accounting matter) the allocation, on a differentiated basis, of the assets and liabilities of the Fund to the holders of Participating Shares of any such Class and/or Series in a manner consistent with the methodology set forth in this PPM or as otherwise determined by the Directors and/or the Manager and the rights otherwise attaching to the Participating Shares. An amount equal to the proceeds of issue of each Share will be credited to the relevant Investment Account. Any increase or decrease in the Net Asset Value of the portfolio of assets of the Fund attributable to the Shares being those costs, pre-paid expenses, losses, dividends, profits, gains and income which Directors determine relate to the Fund generally (disregarding for these purposes any increase in the Net Asset Value due to new subscriptions or decreases due to redemptions or any Designated Class Adjustments (as defined below) will be allocated to the relevant Investment Account based on the previous Net Asset Value of each such Investment Account. There will then be allocated to each Investment Account the **"Designated Class Adjustments"** being those costs, pre-paid expenses, losses, dividends, profits, gains and income which the Manager determines relate to a single Class and/or Series of Participating Shares (including any Management Fee and/or Profit Allocation).

The Net Asset Value per Participating Share of each Class and Series as at any Valuation Day shall be calculated by first determining the Net Asset Value of the Fund as a whole as follows:

- (a) the Net Asset Value of the Fund as at any Valuation Day shall be calculated by: (i) aggregating the value as at the Valuation Point of all the investments owned or contracted for by the Fund with the value of the other assets of the Fund; and (ii) deducting the fees, costs, expenses and other liabilities of the Fund which shall where appropriate be deemed to accrue from day to day;
- (b) the Net Asset Value of a Class and Series shall be calculated by apportioning the Net Asset Value of the Fund as at each Valuation Point (before deducting any fees, costs, expenses and other liabilities of the Fund) between each Class and Series by reference to the net assets of that particular Class and Series and deducting from the Net Asset Value of the Class or Series in question the fees, costs, expenses or other liabilities attributable or specific to that Class or Series; and
- (c) the Net Asset Value per Participating Share of a Class or Series shall be calculated by dividing the Net Asset Value of such Class or Series by the number of Participating Shares of the relevant Class or Series. The Net Asset Value of a Class or Series shall be rounded to the nearest US\$0.001 of the applicable currency in which that Class and Series are denominated (with amount US\$0.0005 or above being rounded up).

## Valuation of assets

Assets of the Fund and the Master Fund will be valued in accordance with the following policies and principles:

- (i) any security which is listed or quoted on any securities exchange or similar electronic system and regularly traded thereon will be valued at its last traded price on the relevant Valuation Day or, if no trades occurred on such day, at the closing bid price if held long by the Fund/the Master Fund and at the closing offer price if sold short by the Fund/the Master Fund, as at the relevant Valuation Day, and as adjusted in such manner as the Directors, in their sole discretion, thinks fit, and where prices are available on more than one exchange or system for a particular security the price will be the last traded price or closing bid or offer price, as the case may be, on the exchange which constitutes the main market for such security or the one which as the Directors in their sole discretion determines provides the fairest criteria in ascribing a value to such security;
- (ii) investments, other than securities, which are dealt in or traded through a clearing firm or an exchange or through a financial institution will be valued by reference to the most recent official settlement price quoted by that clearing house, exchange or financial institution. If there is no such price, then the average will be taken between the lowest offer price and the highest bid price at the close of business on any market on which such investments are or can be dealt in or traded, provided that where such investments are dealt in or traded on more than one market, the Directors may determine at their discretion which market shall prevail;
- (iii) any security which is not listed or quoted on any securities exchange or similar electronic system or if, being so listed or quoted, is not regularly traded thereon or in respect of which no prices as described above are available, will be valued at its probable realisation value as determined by the Manager in good faith, in consultation with the Administrator, having regard to its cost price, the price at which any recent transaction in the security may have been effected, and such other factors as the Directors in their sole discretion deem relevant in considering a positive or negative adjustment to the valuation;
- (iv) investments, other than securities, which are not dealt in or traded through a clearing firm or an exchange or through a financial institution will be valued on the basis of the latest available valuation provided by the relevant counterparty or a third party valuation obtained by the Administrator;
- (v) deposits will be valued at their cost plus accrued interest;
- (vi) any value (whether of an investment or cash) otherwise than in US Dollars will be converted into US Dollars at the rate (whether official or otherwise) which the Directors in their sole discretion deem applicable as at close of business on the relevant Valuation Day, having regard, among other things, to any premium or discount which they consider may be relevant and to costs of exchange.

The Directors may, at their discretion, permits any other method of valuation to be used if they consider that such method of valuation better reflects value and is in accordance with IFRS.

The Directors have delegated to the Administrator and/or the Administrator's Delegate the calculation and determination of the Net Asset Value of the Fund and the Master Fund and the Net Asset Value per Participating Share of each Class and, if applicable, series, subject to the overall supervision and direction of the Directors. In determining the Net Asset Value of the Fund and the Master Fund, and the Net Asset Value per Participating Share of each Class and series, the Administrator will follow the valuation policies and procedures adopted by the Fund and the Master Fund as set out above.

For the purpose of calculating the Net Asset Value of the Fund and the Master Fund, the Administrator /the Administrator's Delegate shall, and shall be entitled to, rely on, and will not be responsible for the accuracy of, financial data furnished to it by the Prime Broker(s) appointed by the Master Fund, market makers and/or independent third party pricing services. The Administrator /the Administrator's Delegate may also use and rely on industry standard financial models or other financial models approved by the Directors in pricing any of the Fund's and/or the Master Fund's securities or other assets. If and to the extent that the Directors or the Manager are responsible for or otherwise involved in the pricing of any of the Fund's portfolio securities or other assets, the Administrator /the Administrator's Delegate may accept, use and rely on such prices in determining the Net Asset Value of the Fund and the Master Fund and shall not be liable to the Fund and/or the Master Fund in so doing.

Determinations of Net Asset Value made by or on behalf of the Directors in good faith will be binding, absent manifest error.

Investors should note that, under the valuation basis described above, listed investments are expected to be valued at the closing price instead of price within the bid-ask spread as required under IFRS. This may lead to a different valuation than a valuation performed in accordance with IFRS. To the extent that the valuation basis adopted by the Fund deviates from the IFRS, the Directors may be required to make adjustments in the annual financial statements of the Fund in order to comply with IFRS, and if relevant, will include a reconciliation note in the annual financial statements of the Fund, to reconcile values shown in the annual financial statements determined under IFRS to those arrived at by applying the valuation rules of the Fund. To the extent that the valuation basis adopted by the Fund as detailed above deviates from IFRS, were the Directors not to make adjustments in the annual financial statements of the Fund for the annual financial statements to comply with IFRS, non-compliance with IFRS may result in the Auditor issuing a qualified or adverse opinion on the annual financial statements depending on the nature and level of materiality of the non-compliance.

The assets of the Fund will be deemed to include, in addition to other investment interests (if any) owned or contracted for by it: (a) all cash in hand, on loan or on deposit, including any interest accrued thereon; (b) all bills, demand notes and accounts receivable; (c) all dividends and distributions payable in stock, cash or other property receivable by the Fund (provided that the Fund, as applicable, may make adjustments with respect to fluctuations in the market value of securities); (d) all interest accrued on any interest-bearing instruments (except interest that is included in the valuation of such instruments); and (e) all other property of every kind and nature including prepaid expenses as determined from time to time by the applicable Directors.

The liabilities of the Fund attributable to each Class and Series will be determined by the applicable Directors and will include (a) all loans, bills and accounts payable, (b) accrued or payable expenses chargeable to the Fund, as applicable, (c) the current market value (determined as set forth above) of all short sale obligations, (d) all accrued liabilities to the Manager and the Administrator, (e) and all other liabilities and expenses, including without limitation such reserves as the applicable Directors may reasonably deem advisable for unknown or unfixed liabilities or contingencies.

The Fund's and the Master Fund's financial statements will be prepared in accordance with IFRS. To the extent that the valuation basis adopted by the Master Fund deviates from IFRS, the Directors, in consultation with the Manager, may make necessary adjustments in the annual report and financial statements of the Master Fund to comply with IFRS. The Directors may also make other adjustments to the Fund's financial statements solely to conform to current or future accounting standards for financial reporting purposes, and such adjustments will not affect the determination of the Net Asset Value of the Fund.

In such instances, the Directors of the Fund may decide to (i) avoid the qualification by recognizing the unamortized expenses or (ii) make IFRS-conforming changes for financial reporting purposes, but amortize expenses for purposes of calculating the Fund's Net Asset Value. The Directors, in consultation with the Manager, may also make other adjustments to the Fund's financial statements solely to conform to current or future financial reporting standards for financial reporting purposes, and such adjustments will not affect the



determination of the Net Asset Value of the Fund. There will be a divergence in the Fund's Net Asset Value at Fiscal Year-end and in the Net Asset Value reported in the Fund's financial statements in any year where, pursuant to clause (ii), IFRS-conforming changes are made only to the Fund's financial statements for financial reporting purposes. If the Fund is terminated within 60 months of its commencement, any unamortized expenses will be recognized. If a Shareholder redeems all or a portion of its investment prior to the end of the 60-month (or lesser) period during which the Fund is amortizing expenses, the Directors of the Fund may, but are not required to, accelerate a proportionate share of the unamortized expenses based upon the amount being redeemed and reduce the redemption proceeds by the amount of such accelerated expenses.

### **Suspension of NAV Calculation, Transfers, Redemptions and Subscriptions**

The Directors, in consultation with the Manager, may declare a suspension of (a) the determination of Net Asset Value of the Fund and the Participating Shares or any Class or Series of Participating Share and/or (b) the Subscription for Participating Shares and/or (c) transfers of Participating Shares and/or (d) the redemption of Participating Shares and/or (e) the payment of any amount to a Redeeming Shareholder in connection with the redemption of Participating Shares, in each case for the whole or any part of any period and in such circumstances as the Manager may determine, which may include, without limitation:

- (i) when any of the principal stock exchanges or markets on which a substantial portion of the Master Fund's or the Fund's investments through the Master Fund is quoted, are closed, other than for ordinary holidays, or during which dealings are substantially restricted or suspended;
- (ii) there exists any state of affairs as a result of which disposal of a substantial part of the investments of the Master Fund would not be reasonably practicable and might seriously prejudice the Shareholders or it is not reasonably practicable for the Manager fairly to determine the value of the Fund's or the Master Fund's Net Asset Value;
- (iii) there exists a breakdown in the means of communication normally employed in determining the price of any of the Fund's investments through the Master Fund or the current prices on any market or stock exchange on which such investments are quoted;
- (iv) any period when such suspension, in the discretion of the Directors, would be in the interests of the Fund or the Shareholders;
- (v) any period where, in the sole discretion of the Manager, the Master Fund is unable to accurately determine the fair value of its investments;
- (vi) during any period in which the Manager determines in good faith that there exist any circumstances that render the calculation of the Net Asset Value, acceptance of subscriptions for Participating Shares, redemptions, re-purchases or payment of the Redemption Price, impracticable or undesirable;
- (vii) where such limitation or suspension is required by law in applicable legal process;
- (viii) when the transfer of funds involved in the realisation or acquisition of any investments held by the Fund cannot, in the opinion of the Board, be effected at normal rates of exchange; or
- (ix) where the Master Fund declares a suspension of the determination of its Net Asset Value or redemption of its shares as a result of any of the factors listed above.

The Fund may withhold payment to any person whose Participating Shares have been tendered for redemption until after any suspension has been lifted. If a Redemption Notice is not withdrawn by a Participating Shareholder following declaration of a suspension, the redemption will be processed as of the Redemption Day next following the lifting of such suspension, unless the Manager determines otherwise.

All reasonable steps will be taken to bring any period of suspension to an end as soon as possible. The Fund will notify Shareholders of any such suspension and the subsequent lifting of the suspension as soon as reasonably practicable. In the event of any such suspension being imposed, the Manager may instruct the Administrator to cease accepting any Subscription Agreements or the processing of Redemption Notices. The Directors may, in their sole discretion, instruct the Administrator to reject any Subscription Agreements received prior to such suspension being imposed. Any applicants or Shareholders, as the case may be, may be required to resubmit their Subscription Agreements upon the lifting of the suspension. Any outstanding Redemption Notices in respect of which redemptions proceeds have not been paid will be held over and given priority over other, further Redemption Notices, once the suspension is lifted.

The Directors have the power, in the circumstances described above to suspend the calculation of Net Asset Value, redemptions of Participating Shares and the payment of redemption proceeds (each a “**Suspension**”). It is anticipated that any Suspension would ordinarily be temporary. However, there may be situations in which the circumstances giving rise to the Suspension continue to be present for a considerable period of time with the result that the Directors, in consultation with the Manager, consider it appropriate to keep the Suspension in place indefinitely. In certain circumstances, even where a Suspension has not been declared, the Directors may, in consultation with the Manager, make a determination that the investment strategy should no longer be continued. Without limitation to any other provisions of this PPM, during any such period of Suspension or having made such determination that the investment strategy should no longer be continued, the Manager may recommend to the Directors that the Master Fund be managed with the objective of returning the Fund's assets to Shareholders in an orderly manner (an “**Orderly Realisation**”).

The Directors may, in such circumstances, resolve to effect an Orderly Realisation should they determine that doing so is in the best interests of the Fund's Shareholders. Such Orderly Realisation shall not constitute a dissolution or winding up of the Fund for any purposes, but rather only the continued management of the Master Fund's portfolio so as to reduce such portfolio to cash (to the extent reasonably practicable, as advised by the Manager) and return such cash as well as all other assets of the Fund to the Shareholders. The Directors shall promptly communicate to Shareholders any resolution to proceed with an Orderly Realisation of the Fund. During an Orderly Realisation, the Directors may take such steps as are considered appropriate in the best interests of the Fund's stakeholders to effect the Orderly Realisation. The Directors, in consultation with the Manager shall establish what they consider to be a reasonable time by which the Orderly Realisation should be effected (the “**Realisation Period**”).

Any resolution to undertake an Orderly Realisation and the process thereof shall be deemed to be integral to the business of the Fund and may be carried out without recourse to a formal process of liquidation under the Companies Law or any other applicable bankruptcy or insolvency regime. The Directors, in consultation with the Manager, may resolve to cease the Orderly Realisation within the Realisation Period and recommence active trading if the circumstances permit a lifting of any applicable Suspension or, where no Suspension is in effect, if the circumstances are such that the investment strategy can then be continued. The Management Fee shall be payable and the Profit Allocation shall be allocable during an Orderly Realisation on the same basis as described under the heading “Manager's Fees” and “Profit Allocation” in this PPM. It is noted that the investment restrictions as set out in this PPM may not be applicable and/or may not be adhered to by the Manager during the Realisation Period as a result of the Manager's efforts to carry out an Orderly Realisation.

## **8. CERTAIN RISK FACTORS**

An investment in the Fund is speculative and involves a high degree of risk, and there can be no assurance that the Master Fund will achieve its investment objectives. Prospective investors could lose all or a substantial portion of its investment in the Fund. There is no guarantee that implementation of the investment objective or strategy with respect to the assets of the Master Fund will not result in losses to holders of Participating Shares. Accordingly, prospective investors should consider the following risk factors. These risk factors may not be a complete list of all risk factors associated with an investment in the Fund.

References in this Section 8 of the PPM to the trading activities of the Master Fund (and the risks associated with such activities) shall, where the context requires, be construed as references to the Master Fund acting through any SPV.

### **A. Risks associated with management**

#### **No operating history**

The Manager, the Investment Adviser, the Master Fund and the Fund are newly formed companies and therefore have no operating history. There is therefore no certainty that the investment team or the strategies that will be applied will be successful.

Whilst the investment management professionals have extensive experience in idea generation, evaluating and managing investments across public markets, portfolio construction and risk management, the past investment performance of such professionals and any entities with which they have been associated may not be indicative of the future results of an investment in the Fund.

#### **Profit Allocation**

The Profit Allocation allocable to the holder of the Fund Management Shares may create, indirectly, an incentive for the Manager to make investments that are riskier or more speculative than would be the case in the absence of a Profit Allocation. Prospective investors should note that the Management Fee and Profit Allocation payable and allocable, as the case may be, to the Manager and the holder of the Fund Management Shares (as applicable) is based in part upon unrealized gains (as well as unrealized losses), and that such unrealized gains and losses may never be realized by the Fund.

#### **Risk Management**

The Manager intends to apply a risk management approach that it believes is appropriate for the Master Fund. The application of any risk management approach involves numerous judgments and qualitative assessments. No risk management system is fail-safe, and no assurance can be given that the Master Fund's risk control framework will achieve its objectives. From time to time, without notice to the Participating Shareholders the Manager may modify or change the Master Fund's risk management system and procedures.

#### **Reliance on the Manager and Key Persons**

Although the Directors have the ultimate authority and responsibility for the management of the Master Fund, the decisions relating to the investment of the Master Fund's assets has been delegated to the Manager. The Master Fund's expertise in trading is therefore largely dependent on the continuation of an agreement with the Manager and the services and skills of its officers and employees. The loss of the Manager's services (or that of one of its key personnel) or any key persons could materially and negatively impact the value of the Master Fund as it may lead to the loss of the use of any proprietary investment methodology developed by the Manager or any key persons. Participating Shareholders will have no right or power to take part in the management of the Master Fund.

Furthermore, in the event that the Manager were to commit a fraud, were to be negligent, exercise poor judgment or were to intentionally or inadvertently deviate from the investment strategy or investment restrictions, the Fund and the Master Fund may suffer losses and its performance could be adversely and materially affected.

## **Related Parties**

The Articles, the applicable Investment Management Agreement, and the Master Fund's investment strategy and investment restrictions were not drafted based on arm's length negotiations, but instead were drafted by Affiliates or service providers of the Fund and the Master Fund. Because these arrangements were negotiated between related parties, their terms, including terms relating to compensation, contractual duties, conflicts of interest and the Manager's ability to engage in outside activities, including activities that compete with the Fund and the Master Fund, and limitations on liability and indemnification, may be less favorable than otherwise might have resulted if the negotiations had involved unrelated parties. Under the terms of this PPM, persons who acquire Participating Shares and their transferees will be deemed to have agreed to all of the terms of all agreements and arrangements with the Manager.

## **B. General Market Risks**

### **Market Risk**

Any investment made in a specific group of securities is exposed to the universal risks of the securities market. However, there can be no guarantee that losses equivalent to or greater than the overall market will not be incurred as a result of investing in such securities.

Markets generally, or any particular market or segment of a market in which the Master Fund has invested, could move against the Master Fund's portfolio and the Master Fund could suffer losses. The performance of the Master Fund's portfolio depends to a great extent on the accuracy of the assessments of the Manager on the future course of market price movements. There can be no assurance that the Manager will be able to predict accurately these price movements.

### **Economic Conditions**

Changes in economic conditions, including, for example, interest rates, inflation rates, employment conditions, competition, technological developments, political and diplomatic events and trends, and tax laws can affect substantially, adversely and materially the business and prospects of the Master Fund. None of these conditions is within the control of the Manager and no assurances can be given that the Manager will anticipate these developments.

### **Liquidity**

Under certain conditions liquidity of a particular market or security may be restricted, thus affecting the performance of the Master Fund. Lack of liquidity or market depth can affect the valuation of the Master Fund's assets as it looks to realize securities at quoted prices. The Directors may, in their absolute discretion, classify certain of the Master Fund's investments as illiquid on the basis that the Directors have determined that such investments: (i) do not have a readily ascertainable market value; and/or (ii) may be valued but are not freely transferable. Reduced liquidity may also make it difficult to purchase or sell specific securities at a favourable or desirable price or in a sufficient quantity to meet the investment objectives of the Master Fund. In addition, in the case of substantial redemptions, the Master Fund may be forced to sell its more liquid positions at a disadvantageous time, resulting in a greater percentage of the portfolio consisting of illiquid securities and assets for the continuing Shareholders.

## Exchange Fluctuations

Participating Shares will be issued and redeemed in US Dollars.

It may not be possible, or practicable to hedge successfully against currency risk exposure in all circumstances. Further, exchange rate fluctuations and the costs of the currency hedging arrangements utilized may prejudicially affect the Net Asset Value per Participating Share of such Classes or Series even where investment performance in respect of those Classes or Series is positive.

The Master Fund's underlying investments may be invested in securities and other investments denominated in currencies other than US\$. To the extent unhedged, the value of the Master Fund's assets will fluctuate with US dollar exchange rates as well as the price changes of the Master Fund's investments in the various local markets and currencies. Thus, an increase in value of the US dollar compared to the other currencies in which the Master Fund makes its investments will reduce, all other economic factors being constant, the effect of increases and magnify the effect of decreases in the prices of the Master Fund's securities in its local markets. Conversely, a decrease in the value of the US dollar will have the opposite effect on the Master Fund's non-US dollar securities. Transactions undertaken to hedge adverse currency exchange movements may also involve the risk that a counterparty to any transaction may default on its obligation thereunder. While the Master Fund will endeavour only to enter into transactions with counterparties who are reputable financial institutions, there is still a risk that a counterparty may default on its obligations.

A substantial portion of the Master Fund's assets may be invested in Investments denominated in a functional currency other than the US dollar. While the Manager does not intend to implement an active hedging strategy to protect against exchange rate fluctuations, the Manager may use hedging techniques for and on behalf of the Master Fund with the objective of protecting against loss through the fluctuation of the valuation of foreign currencies, particularly the forward markets in foreign exchange, currency options and currency futures.

While the markets for currency forward contracts are not currently regulated, they may in the future become subject to regulation under the Dodd Frank Reform Act (the "**Reform Act**"), a development which may entail increased costs and result in burdensome reporting requirements.

In addition, while the Master Fund seeks to hedge its foreign currency exposure, it may not always be practicable to do so. Moreover, hedging may not neutralize all currency risks. Furthermore, the Master Fund may incur costs in connection with conversions between various currencies. There can be no guarantee that instruments suitable for hedging currency or market shifts will be available at the time the Master Fund wishes to use them or will be able to be liquidated when the Master Fund wishes to do so. In addition, the Master Fund may choose not to enter into hedging transactions with respect to some or all of its positions.

Finally, for certain currencies there may not be a reliable and cost efficient method of hedging currency risk. Consequently, currency exchange rate fluctuations, currency devaluations and exchange control regulations may adversely and materially affect the performance of individual positions in the Master Fund's investment portfolio and the return realized on the Master Fund's investments.

## Market and Issuer Volatility

Markets are volatile and can decline significantly in response to adverse issuer-specific, political, regulatory, market or economic developments. While the Manager and the Investment Adviser may seek to take advantage of such volatility, such volatility may also adversely affect the Master Fund's performance.

The Master Fund will purchase securities of specific issuers. The value of an individual security or particular type of security can be more volatile than the market as a whole and can perform differently from the value of the market as a whole.

Price movements can occur as a result of multiple unpredictable factors such as market sentiment, as well as economic and political conditions. Volatility can cause historical or theoretical pricing relationships to be disrupted, causing otherwise comparatively low risk positions to incur losses. Lack of volatility can also result in losses for certain positions that profit from price changes.

### **Interest Rate Fluctuations**

The Fund will invest in interest rate markets. Unexpected fluctuations in interest rates could cause the corresponding prices of a position to move in directions that were not initially anticipated. To the extent that interest rate assumptions underlie the hedge ratios implemented in hedging a particular position, fluctuations in interest rates could invalidate those underlying assumptions and expose the Master Fund's assets to losses.

The Manager may attempt to minimize the exposure of the Master Fund's portfolio to interest rate changes through the use of interest rate swaps, interest rate futures and/or interest rate options. However, there can be no guarantee that the Manager will be successful in fully mitigating the impact of interest rate changes on the Master Fund's portfolio.

### **Investments in the Asia Pacific region**

The Fund's investment objective and investment strategy will be biased towards markets in the Asia Pacific region. Many of the laws that govern private and foreign investment, equity securities transactions and other contractual relationships in the Asia Pacific region, where the Fund will invest are new and largely untested. As a result, the Fund may be subject to a number of unusual risks, including inadequate investor protection, contradictory legislation, incomplete, unclear and changing laws, ignorance or breaches of regulations on the part of other market participants, lack of established or effective avenues for legal redress, lack of standard practices and confidentiality customs characteristic of developed markets and lack of enforcement of existing regulations. Furthermore, it may be difficult to obtain and enforce a judgment in certain countries in which assets of the Fund are invested. There can be no assurance that this difficulty in protecting and enforcing rights will not have a material adverse effect on the Fund and its operations. In addition, the income and gains of the Fund may be subject to withholding taxes imposed by foreign governments for which holders of Participating Shares may not receive a full foreign tax credit.

Regulatory controls and corporate governance of companies in developing countries confer little protection on minority shareholders. Anti-fraud and anti-insider trading legislation is often rudimentary or is largely unenforced. The concept of fiduciary duty to shareholders by officers and directors is also limited when compared to such concepts in more developed markets and there is generally a greater risk of fraud by officers or controlling shareholders of companies. In certain instances, management may take significant actions without the consent of shareholders and anti-dilution protection also may be limited.

There are differences between the accounting and auditing standards, reporting practices and disclosure requirements applicable in the Asia Pacific region and those generally accepted internationally. In many countries in which the Fund is likely to invest, less audited information is available for local companies than would be customary or required for companies in more developed countries. Tax rules may change unpredictably or be subject to unforeseeable interpretation or application without prior notice, which could have an adverse effect on the Fund.

There is also the possibility of nationalization, expropriation or confiscatory taxation, political changes, government regulation, social instability or diplomatic developments, including war or terrorist attacks. All of these factors could adversely affect the economy of countries in which the Fund will invest, make the prices of such countries' assets or securities generally more volatile than the prices of assets or securities in more developed countries and increase the risk of loss to the Fund.

## **Repatriation**

Repatriation of investment income, capital and the proceeds from sales of securities by investors such as the Master Fund may require governmental registration and approval in some jurisdictions in which the Master Fund invests. The Master Fund could be adversely and materially affected by delays in or a refusal to grant required governmental registration or approval for any such proposed repatriation.

## **Market Dislocation**

The economic downturn resulting from the global financial crisis may continue to cause significant dislocations, illiquidity and volatility in global financial markets and the general economy, and may adversely affect the instruments in which the Master Fund invests, which would, in turn, have an adverse effect on the Master Fund's returns. Such events may also restrict the ability of the Master Fund to sell or liquidate investments at favourable times or for favourable prices. There can be no certainty as to the duration of the current market dislocation.

## **Settlement and Liquidity Risks**

In certain countries in Asia in which the Master Fund intends to invest, there may be limited organized public trading markets for securities with little liquidity or transparency, resulting in relatively slow and cumbersome execution of transactions.

In particular, there may be no approved settlement procedure and trades may be settled by a free delivery of stock with payment of cash in an uncollateralized manner. This may give rise to a credit risk in relation to the counterparty. In general, there may be an increased risk of default and delay in settlement in such countries compared to the markets in more developed economies. As a result, the Master Fund may experience difficulty in realizing all entitlements attaching to the positions in which the Master Fund has invested.

No liquid secondary markets may exist for some of the instruments in which the Master Fund invests. Reduced secondary market liquidity may have an adverse effect on market price and the Master Fund's ability to dispose of particular instruments when necessary to meet its liquidity requirements or in response to specific economic events such as a deterioration in the creditworthiness of the issuer.

Reduced secondary market liquidity for certain instruments may also make it more difficult for the Master Fund to obtain accurate market quotations for the purpose of valuing its portfolio and calculating its Net Asset Value.

Market quotations are generally available on many instruments in which the Master Fund invests only from a limited number of dealers and may not necessarily represent the firm bids of those dealers or the prices for actual sales.

## **Less Information and Regulation**

The Fund may invest in the instruments in various jurisdictions, including emerging market jurisdictions which may have corporate governance and financial reporting standards that are relatively less regulated, when compared to developed markets. Accordingly, the Fund may not be able to obtain as much as disclosure in terms of financial and corporate due diligence, as well as not being provided the same level of governance protections, as compared to the regimes of other developed markets.

## **Political Instability and Political Developments**

The markets in the countries in which the Fund may invest have, in the past, experienced substantial price volatility which could have an adverse impact on the value of the investments. Periods of economic and political uncertainty may result in further volatility in the value of the investments. There can be no assurance that the investments will not be sold at prices below their acquisition costs.

## **Political Risks and Catastrophic Events**

The instruments that the Fund invest in may be adversely affected by political developments and catastrophic and other force majeure events such as fire, civil disturbances, terrorist activities, acts of war and other similar events. Political and economic instability in any of the countries in which the Fund invests could adversely affect the Investments. The Fund does not intend to obtain political risk insurance. In addition, in certain markets, any economic reforms enacted that lead to a more open market and encourage foreign investment may be curtailed or stalled by political opposition. Political opposition could lead to restrictions on foreign investment, including limitations on investment returns, and such restrictions would have an adverse effect on the Investments.

The value of the Fund can also be influenced by political developments. For example, the price of an investment can be negatively affected by changes to laws and tax legislation, restrictions on foreign investments and restrictions on the freedom of exchange transactions in countries in which the investment invests.

## **General Economic Conditions**

General economic conditions, including interest rates and the price and value of securities, may affect the value of the instruments that the Fund may invest in. The economies of the countries in which Investments are made may differ unfavorably from the economies of other regions with respect to the rate of growth of gross domestic product, the rate of inflation, capital reinvestment, resource self-sufficiency and balance of payments. There can be no assurance that the economies of the countries in which Investments will experience stable economic growth, if any. Changes in international trade, including trade barriers, commodity prices, foreign aid, global securities markets and foreign investment levels may have material adverse effects on the Fund. Further, the previous global credit crisis has had a significant negative impact on the markets in the countries which Investments are made.

### **C. Risks associated with the Master Fund's Investment Strategy**

#### **Investment Strategy Implementation**

The Master Fund has a very broad investment strategy and the Manager has broad discretion when selecting, acquiring and disposing of investments, including in determining the types of investments that it deems appropriate, the investment approach that it follows when making investments and the timing of investments. While the Board will periodically review the Manager's compliance with the Master Fund's investment strategy and investment restrictions, it will not review or approve individual investment decisions. It may be difficult or impossible to identify investments that are not consistent with investment strategy. Even where the Manager conforms to the investment strategy and investment restrictions, there is no guarantee that the Manager will be successful in implementing the Master Fund's investment strategy. Consequently, the Master Fund may not achieve its investment objective.

#### **Risks associated with the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect Programs (the "Stock Connect Programs")**

The Master Fund may trade certain eligible stocks listed on Shanghai Stock Exchange or on Shenzhen Stock Exchange through the Stock Connect Programs and thus is subject to the following risks: (i) the Stock Connect Programs are novel in nature; (ii) the relevant regulations of the Stock Connect Programs are untested and subject to change; (iii) there is no certainty as to how the regulations of the Stock Connect Programs will be applied; (iv) the Stock Connect Programs are subject to quota limitations which may restrict the Master Fund's ability to invest in China A-Shares through the Stock Connect Programs on a timely basis; (v) where a suspension in the trading through the Stock Connect Programs is effected, the Master Fund's ability to access the PRC market may be adversely affected; (vi) the Stock Connect Programs require the development of new information technology systems on the part of the stock exchanges and exchange participants and may be subject to operational risk; (vii) if the relevant



systems failed to function properly, trading in both Hong Kong and Shanghai markets through the Stock Connect Programs could be disrupted, and the Master Fund's ability to access the China A-Share market (and hence to pursue its investment strategy) may be adversely affected; (viii) applicable PRC regulations impose certain restrictions on selling and hence the Master Fund may not be able to dispose of holdings of China A-Shares in a timely manner; (ix) a stock may be recalled from the scope of eligible stocks for trading via the Stock Connect Programs, which may affect the investment portfolio or strategies of the Master Fund; (x) trading in securities through the Stock Connect Programs may be subject to clearing and settlement risk; (xi) if the relevant PRC clearing house defaults on its obligation to deliver securities/make payment, the Master Fund may suffer delays in recovering its losses or may not be able to fully recover its losses; (xii) the Master Fund may not be able to participate in some corporate actions in respect of the securities listed on the Shanghai Stock Exchange or the Shenzhen Stock Exchange in a timely manner; (xiii) the Master Fund may not be able to appoint proxies to attend or participate in shareholders' meetings in respect of the securities of the relevant stock exchange; and (xiv) the Master Fund's investments through the Stock Connect Programs are not covered by the Hong Kong's Investor Compensation Fund.

### **Leverage and Financing Risk**

The Master Fund may leverage its capital because the Manager believes that the use of leverage may enable the Master Fund to achieve a higher rate of return. Accordingly, the Master Fund may pledge its securities in order to borrow additional funds for investment purposes. The Master Fund may also leverage its investment return with options, short sales, swaps, forwards and other derivative instruments. The amount of borrowings which the Master Fund may have outstanding at any time may be substantial in relation to its capital. The Master Fund has not imposed any specific limit on leverage. The Master Fund may also engage in borrowing for operating purposes, including fund redemption requests, and may be leveraged as deemed appropriate by the Manager in connection with any direct investments made by the Master Fund.

While leverage presents opportunities for increasing the Master Fund's total return, it has the effect of potentially increasing losses as well. Accordingly, any event which adversely affects the value of an investment by the Master Fund would be magnified to the extent the Master Fund is leveraged. The cumulative effect of the use of leverage by the Master Fund in a market that moves adversely to the Master Fund's investments could result in a substantial loss to the Master Fund which would be greater than if the Master Fund were not leveraged.

In general, the anticipated use of short-term margin borrowings results in certain additional risks to the Master Fund. For example, should the securities pledged to brokers to secure the Master Fund's margin accounts decline in value, the Master Fund could be subject to a "margin call," pursuant to which the Master Fund must either deposit additional funds or securities with the broker, or suffer mandatory liquidation of the pledged securities to compensate for the decline in value. In the event of a sudden drop in the value of the Master Fund's assets, the Master Fund might not be able to liquidate assets quickly enough to satisfy their margin requirements.

### **Limited Diversification**

Subject to the Manager's risk framework, in the normal course of making investments on behalf of the Master Fund, the Manager may select investments for the Master Fund that potentially could be concentrated, for example, in a limited number or type of financial instruments or in any one asset class, issuer, industry, sector, strategy, emerging market or geographic region. Market conditions may create opportunities within certain investment strategies, which cause the Manager to increase the concentration of certain investment strategies. Such concentration of risk may expose the Master Fund to losses disproportionate to those incurred by the market in general if the areas in which the Master Fund's investments are concentrated are disproportionately adversely affected by price movements. Also, the use of a single Manager applying generally similar trading programs could mean lack of diversification and, consequentially, higher risk.

## **Speculative Nature of Certain Investments**

Certain investments by the Fund may be regarded as speculative in nature and involve increased levels of investment risk. An inherent part of a strategy may be to identify securities which are undervalued (or, in the case of short positions, overvalued) by the marketplace. Success of such strategy necessarily depends upon the market eventually recognizing such value in the price of the securities, which may not necessarily occur. Equity positions, including IPOs, may involve highly speculative securities.

## **Margin Risk**

When financial instruments are traded on a leveraged basis, the financial instrument can be purchased by depositing only a percentage of the instrument's face value and borrowing the remainder (margin). As a result, a relatively small adverse price movement in a financial instrument's value may result in immediate and substantial losses to the investor. Like other leveraged investments, any purchase or sale of a financial instrument on margin may result in losses in excess of the amount invested. The interest expense and other costs incurred in connection with such borrowing may not be recovered by appreciation in the investments purchased. In addition the Master Fund may be subject to additional risks, including the possibility of a "margin call", pursuant to which the Master Fund must either deposit additional funds with the broker or suffer mandatory liquidation of the pledged securities to compensate for the decline in value. In the event of a sudden, precipitous drop in the value of the Master Fund's assets, the Master Fund might not be able to liquidate assets quickly enough to pay off its margin debt. Such an event would adversely affect the Master Fund's investment.

## **Hedging Transactions**

The Master Fund may employ hedging strategies, including the use of options and other derivatives, short selling, interest rate instruments and arbitrage positions, in order to mitigate various risks, such as market and interest rate risks related to specific securities, issuers, sectors or markets. Hedging against a decline in the value of a portfolio position does not eliminate fluctuations in the value of portfolio positions or prevent losses if the values of such positions decline, but establishes other positions designed to gain from those same developments, thus, moderating the decline in the portfolio positions' value. Such hedge transactions also limit the opportunity for gain should the value of the portfolio position increase. The degree of correlation between price movements of the instruments used in a hedging strategy and price movements in the portfolio position being hedged may vary. Moreover, for a variety of reasons, the Manager may not seek or be able to establish sufficiently accurate correlation between such hedging instruments and the portfolio holdings being hedged. No assurance can be given that hedging strategies will be successful. It is possible that the assessments of the Manager underlying a hedge will prove inaccurate, or market conditions or other events could cause a hedge to be ineffective. For example, the Manager may choose to hedge a long exposure in one security by shorting another security, but the long position could fall in value at the same time as the short position rises in value, thereby compounding losses dramatically.

As a general matter, the Master Fund's portfolio will be exposed to basic risks relating to the financial markets and interest rates, as well as issuer and event risk and other risks attendant to its investment strategy, which risks will not be hedged as a matter of course. Neither the Master Fund nor the Manager is obligated, and will not attempt to hedge all market or other risks inherent in the Master Fund's position.

## **Value Driven Investing**

The Master Fund will seek to invest in undervalued securities. The identification of investment opportunities in undervalued securities is a difficult task, and there are no assurances that such opportunities will be successfully recognized or acquired. While investments in undervalued securities offer the opportunity for above-average capital appreciation, these investments involve a high degree of financial risk and can result in substantial losses. Returns generated from the Master Fund's investments may not adequately compensate for the business and

financial risks assumed. In addition, the Master Fund may be required to hold such securities for a substantial period of time before realizing their anticipated value. During this period, a portion of the Master Fund's capital would be committed to the securities purchased, thus possibly preventing the Master Fund from investing in other opportunities. In addition, the Master Fund may finance such purchases with borrowed funds and thus will have to pay interest on such funds during such waiting period.

### **Futures and Commodities**

The trading of commodities and commodity interests (e.g., futures contracts on commodities, securities indices or currencies) is highly speculative and may entail risks that are greater than the risks associated with investing in securities. Prices of commodity interests are generally more volatile than prices of securities. Futures trading will have effects on the Master Fund's portfolio similar to the effects of leverage. The Master Fund may participate in market price fluctuations of securities or commodity interests underlying futures (or options on futures), while investing only a small percentage of the value of those underlying securities or commodity interests. The Master Fund may open a futures position by placing with a futures commission merchant an initial margin that is small relative to the value of the futures contract, making the transaction "leveraged". If the market moves against the Master Fund's position or margin levels are increased, the Master Fund may be called upon to pay substantial additional funds on short notice to maintain its position. If the Master Fund were to fail to make such payments, its position could be liquidated at a loss, and the Master Fund would be liable for any resulting deficit in its account.

Futures positions may be illiquid because, among other things, most commodity exchanges limit fluctuations in certain futures contract prices during a single day. Once the price of a contract for a particular future has increased or decreased by an amount equal to the "daily limit", positions can be neither taken nor liquidated unless traders are willing to effect trades at or within the limit. Such an occurrence could prevent the Master Fund from liquidating unfavourable positions and subject it to substantial losses. In addition, the Master Fund may not be able to effect futures contract trade at favorable prices if trading volumes in those contracts is low.

The Master Fund's futures trading activities may involve futures and options traded in new or less-established markets. The risks of these activities may be greater than trading in futures on exchanges in more long-established markets.

### **Fixed Income Securities**

The Master Fund may invest in fixed income securities including, without limitation, bonds. The Master Fund will be subject to credit liquidity and interest rate risk. In particular, bonds below investment grade or unrated, are regarded as being predominantly speculative as to the issuer's ability to make payments of principal and interest. Investment in such securities involves substantial risk. Such securities are especially subject to adverse changes in general economic conditions, to changes in the financial condition of their issuers and to price fluctuations in response to changes in interest rates. Issuers of high yield debt may be highly leveraged or have enterprise risk that renders unavailable to them more traditional methods of financing. Therefore, the risks associated with acquiring the securities of such issuers generally are greater than is the case with issuers of higher quality. For example, during an economic downturn or a sustained period of rising interest rates, issuers of high yield bonds may be more likely to experience financial stress, especially if such issuers are highly leveraged. During such periods, such issuers may not have sufficient revenues to meet their interest payment obligations. The issuer's ability to service its debt obligations also may be adversely affected by specific issuer developments, or the issuer's inability to meet specific projected business forecasts, or the unavailability of additional financing. The risk of loss due to default by the issuer is significantly greater for the holders of high yield instruments because such securities may be unsecured and may be subordinated to the other creditors of the issuer. There can be no assurance that such events will not occur after the Master Fund purchases particular securities, in which case the Master Fund may experience losses and incur costs. Adverse

publicity and investor perceptions may also decrease the value and liquidity of securities with a low credit rating, especially in markets characterized by a low volume of trading.

### **Derivative Instruments**

The Master Fund may utilize derivative instruments (including but not limited to swaps) which seek to modify or replicate the investment performance of particular securities, commodities, currencies, interest rates, indices or markets on a leveraged or unleveraged basis. The use of derivative instruments presents various risks, including but not limited to:

- *Tracking* – When used for hedging purposes, an imperfect or variable degree of correlation between price movements of the derivative instrument and the underlying investment sought to be hedged may prevent the Master Fund from achieving the intended hedging effect or expose the Master Fund to the risk of loss.
- *Liquidity* – Derivative instruments, especially when traded in large amounts, may not be liquid in all circumstances, so that in volatile markets the Master Fund may not be able to close out a position without incurring a loss. In addition, daily limits on price fluctuations and speculative position limits on exchanges on which Fund may conduct its transactions in derivative instruments may prevent prompt liquidation of positions, subjecting the Master Fund to the potential of greater losses.
- *Leverage* – Trading in derivative instruments can result in large amounts of leverage. Thus, the leverage offered by trading in derivative instruments will magnify the gains and losses experienced by the Master Fund and could cause the Net Asset Value of the Master Fund to be subject to wider fluctuations than would be the case if the Master Fund did not use the leverage feature in derivative instruments. Leverage increases the risk of loss.
- *Over-the-Counter Trading* – Derivative instruments that may be purchased or sold by the Master Fund may include instruments not traded on an exchange. Over-the-counter ("OTC") derivatives, unlike exchanged-listed securities, are two-party contracts with price and other terms negotiated by the buyer and seller. The risk of non-performance by the obligor on such an instrument may be greater and the ease with which the Master Fund can dispose of or enter into closing transactions with respect to such an instrument may be less than in the case of an exchange traded instrument. In addition, significant disparities may exist between "bid" and "asked" prices for derivative instruments that are not traded on an exchange. Derivative instruments not traded on exchanges are also not subject to the same type of government regulation as exchange traded instruments, and many of the protections afforded to participants in a regulated environment may not be available in connection with such transactions.

### **Nature of Investments**

The Manager has broad discretion in making investments for the Master Fund. Investments may be affected by, among other things, business, financial market or legal uncertainties. There can be no assurance that the Manager will correctly evaluate the nature and magnitude of the various factors that could affect the value of and return on investments. Prices of investments may be volatile, and a variety of factors that are inherently difficult to predict, such as domestic or international economic and political developments, may significantly affect the results of the Master Fund's activities and the value of its investments. No guarantee or representation is made that the Master Fund's investment objective will be achieved.

### **Convergence Risk**

The Master Fund may pursue relative value strategies by taking long positions in instruments believed to be undervalued and short positions in instruments believed to be overvalued. In the event that the perceived mis-pricings underlying the Master Fund's trading positions were to fail to converge toward, or were to diverge further from, the Investment Adviser's expectations, the Master Fund may incur a loss.

## **Illiquid Investments**

The Master Fund may invest in securities which are subject to legal or other restrictions on transfer or for which no liquid market exists. The market prices, if any, for such securities tend to be volatile and may not be readily ascertainable and the Master Fund may not be able to sell them when they desire to do so or to realize what they perceive to be their fair value in the event of a sale. The sale of restricted and illiquid securities often requires more time and results in higher brokerage charges or dealer discounts and other selling expenses than does the sale of securities eligible for trading on national securities exchanges or in the over-the-counter markets. Restricted securities may sell at a price lower than similar securities that are not subject to restrictions on resale.

For any such investments, held by the Master Fund, the Net Asset Value of Participating Shares, and the amounts paid on redemption, may be based on the fair value of such investments and/or the ultimate proceeds upon realisation. Such investments could eventually be realized at significantly lower values or could be rendered valueless. In that event the Redeeming Shareholders will have received redemption proceeds from the Master Fund's other assets and non-Redeeming Shareholders will bear the loss of such assets, as well as the loss in value of any illiquid investments.

## **Uncertain Exit Strategies**

Due to the illiquid nature of certain positions which the Master Fund may acquire, the Investment Adviser is unable to predict with confidence what the exit strategy will ultimately be for certain positions, or that one will definitely be available. Exit strategies which appear to be viable when an investment is initiated may be precluded by the time the investment is ready to be realized due to economic, legal, political or other factors.

## **Forward Trading**

Forward contracts and options thereon, unlike futures contracts, are not traded on exchanges and are not standardized; rather banks and dealers act as principals in these markets, negotiating each transaction on an individual basis. Forward and "cash" trading is substantially unregulated; there is no limitation on daily price movements and speculative position limits are not applicable. The principals who deal in the forward markets are not required to continue to make markets in the currencies or commodities they trade and these markets can experience periods of illiquidity, sometimes of significant duration. There have been periods during which certain participants in these markets have refused to quote prices for certain currencies or commodities or have quoted prices with an unusually wide spread between the price at which they were prepared to buy and that at which they were prepared to sell. Disruptions can occur in any market traded by the Master Fund due to unusually high trading volume, political intervention or other factors. The imposition of controls by governmental authorities might also limit such forward (and futures) trading to less than that which the Manager would otherwise recommend, to the possible detriment of the Master Fund. Market illiquidity or disruption could result in major losses to the Master Fund.

## **Contingent Liabilities**

The Master Fund may from time to time incur contingent liabilities in connection with an investment. For example, the Manager may cause the Master Fund to purchase from a lender a revolving credit facility that has not yet been fully drawn. If the borrower subsequently draws down on the facility, the Master Fund would be obligated to fund the amounts due. The Master Fund may also enter into agreements pursuant to which it agrees to assume responsibility for default risk presented by a third party, and may, on the other hand, enter into agreements through which third parties offer default protection to the Master Fund.

## **Portfolio Turnover**

The Manager's trading decisions may be made on the basis of short-term market considerations. The portfolio turnover rate could be substantial, potentially involving substantial

brokerage commissions and fees. Increased portfolio turnover may not result in higher returns, but would result in higher costs.

### **Gains and Losses**

The Master Fund intends to make investments that will create long-term value. However, investments that the Master Fund makes may not appreciate in value and, in fact, may decline substantially in value. Accordingly, no assurance can be given that the Master Fund's investments will generate gains or income or that any gains or income that may be generated will be sufficient to offset any losses that may be sustained. Prospective investors should also note that the Management Fee payable to the Manager and the Profit Allocation allocable to the holders of the Fund Management Shares are based in part upon unrealised gains and that such unrealized gains may never be realised by the Master Fund.

### **Short Selling**

Short selling involves selling securities which are not owned and borrowing them for delivery to the purchaser, with an obligation to replace the borrowed securities at a later date. Short selling allows the investor to profit from declines in market prices to the extent such decline exceeds the transaction costs and the costs of borrowing the securities, and can also involve borrowing and other costs which can reduce profits or create losses in particular positions. The extent to which the Master Fund engages in short sales depends upon the Manager's investment strategy and opportunities. A short sale creates the risk of a theoretically unlimited loss, in that the price of the underlying security could theoretically increase without limit, thus increasing the cost to the Master Fund of buying those securities to cover the short position. There can be no assurance that the Master Fund will be able to maintain the ability to borrow securities sold short. In such cases, the Master Fund can be "bought in" (i.e., forced to repurchase securities in the open market to return to the lender). There also can be no assurance that the securities necessary to cover a short position will be available for purchase at or near prices quoted in the market. Purchasing securities to close out the short position can itself cause the price of the securities to rise further, thereby exacerbating the loss.

### **Necessity for Counterparty Trading Relationships: Counterparty Risk**

The Master Fund has established relationships to obtain financing, derivative exposure and prime brokerage services that permit the Master Fund to trade in a variety of markets or asset classes; however, there can be no assurance that the Master Fund will be able to maintain such relationships or establish additional relationships. An inability to establish or maintain such relationships would limit the Master Fund's trading activities and could create losses, preclude the Master Fund from engaging in certain transactions, financing, derivative intermediation and prime brokerage services and prevent the Master Fund from trading at optimal rates and terms. Moreover, a disruption in the financing, derivative intermediation and prime brokerage services provided by any such relationships before the Master Fund establishes additional relationships could have a significant impact on the Master Fund's business due to the Master Fund's reliance on such counterparties.

Some of the markets in which the Master Fund may effect transactions are not "exchange-based," including "over-the-counter" or "interdealer" markets. The participants in such markets are typically not subject to the credit evaluation and regulatory oversight to which members of "exchange-based" markets are subject. The lack of evaluation and oversight of over-the-counter markets exposes the Master Fund to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a dispute over the terms of the contract (whether or not bona fide) or because of a credit or liquidity problem, thus causing the Master Fund to suffer a loss. Such "counterparty risk" is accentuated for contracts with longer maturities where events may intervene to prevent settlement, or where the Master Fund has concentrated its transactions with a single or small group of counterparties. Generally, the Master Fund will not be restricted from dealing with any particular counterparties. The Manager's evaluation of the creditworthiness of the Master Fund's counterparties may not prove sufficient. The lack of a complete and "foolproof" evaluation of the financial capabilities of the

Master Fund's counterparties and the absence of a regulated market to facilitate settlement may increase the potential for losses by the Master Fund.

### **Counterparty Default**

The stability and liquidity of financing agreements, swap transactions, forward transactions and other over-the-counter derivative transactions depend in large part on the creditworthiness of the parties to the transaction. The Master Fund monitors on an on-going basis the creditworthiness of firms with which they have such arrangements. If there is a default by the counterparty to such a transaction, the Master Fund will under most normal circumstances have contractual remedies pursuant to the agreements related to the transaction. However, exercising such contractual rights may involve delays or costs which could result in the Net Asset Value of the Master Fund being less than if the Master Fund had not entered into the transaction. Furthermore, there is a risk that any of such counterparties could become insolvent and/or the subject of insolvency proceedings. If one or more of the Master Fund's counterparties were to become insolvent or the subject of insolvency proceedings in the United States (either under the Securities Investor Protection Act or the United States Bankruptcy Code), there exists the risk that the recovery of the Master Fund's securities and other assets from such prime broker or broker-dealer will be delayed or be of a value less than the value of the securities or assets originally entrusted to such prime broker or broker-dealer.

In addition, the Master Fund may use counterparties located in jurisdictions outside the United States. Such local counterparties are subject to laws and regulations in non-U.S. jurisdictions that are designed to protect their customers in the event of their insolvency. However, the practical effect of these laws and their application to the Master Fund's assets are subject to substantial limitations and uncertainties. Because of the large number of entities and jurisdictions involved and the range of possible factual scenarios involving the insolvency of a counterparty, it is impossible to generalize about the effect of their insolvency on the Master Fund and its assets. Investors should assume that the insolvency of any counterparty would result in a loss to the Master Fund, which could be material.

### **Sovereign Risks**

Governmental interference with international currency transactions, interest rates and/or with sovereign or other debt obligations through various means, including, regulation of the local exchange market, restrictions on foreign investment by residents, changes to banking and insurance laws, limits on flows of investment funds from abroad, debt moratoria, curtailment of contract rights, expropriation, confiscatory taxation, renunciation of foreign debt or nationalization of assets may expose the Master Fund to unanticipated losses.

### **Lending of Portfolio Instruments**

The Master Fund may lend instruments on a collateralized and an uncollateralized basis, from its portfolios to creditworthy securities firms and financial institutions. While a loan of instruments is outstanding, the Master Fund will continue to receive the equivalent of the interest, dividends or return paid by the issuer on the instruments, as well as interest on the investment of the collateral or a fee from the borrower. The risks in lending instruments, as with other extensions of secured credit, if any, consist of possible delay in receiving additional collateral, if any, or in recovery of the instruments or possible loss of rights in the collateral, if any, should the borrower fail financially.

### **Fundamental and Technical Analysis**

Fundamental research and analysis is subject to the risk that technical or other factors may dominate the market during certain periods.

Technical model is subject to the risk that unexpected fundamental or other factors may dominate the market during certain periods.

The influx of different market participants, structural changes in the markets, the introduction of new financial products and other developments could materially and adversely affect the profitability of investments made based upon technical analysis.

### **Difficulty in Translating Macro Economic Conclusions into Trading Positions**

The Manager may not necessarily be able to correctly identify a macro opportunity. Even though the Manager may be able to correctly do so, it is not necessarily the case that the Manager will be able to capitalize on the opportunity, and, may in fact, incur material and or additional losses, due to the Investment chosen in an attempt to exploit such opportunity due to:

(a) difficulty of identifying an efficient means of acquiring market exposure so as to profit from this conclusion and/or;

(b) Factors extraneous to that conclusion may influence the pricing of the chosen medium.

### **Directional Trading**

Certain strategies of the Manager may be designed to profit from forecasting absolute price movements in a particular instrument. Predicting future prices is inherently uncertain and the losses incurred, if the market moves against a position, will often not be hedged. The speculative aspect of attempting to predict absolute price movements is generally perceived to exceed that involved in attempting to predict relative price fluctuations.

### **Trade Execution Risk**

The Investment strategy may require the rapid and efficient execution of transactions. Inefficient execution can negatively impact, possibly materially, the profitability of positions.

### **Reliance on Corporate Management and Financial Reporting**

The investment strategies implemented by the Master Fund may rely on the financial information made available by issuers in which the Master Fund invests and such issuers' trustees or managers.

The Manager has no ability to independently verify the financial information disseminated by these third parties and is dependent upon the integrity of both the management of these third parties and the financial reporting process in general. Recent events have demonstrated the material losses that investors can incur as a result of corporate mismanagement, fraud and accounting irregularities.

### **Disparity between Quoted and Actionable Values**

The prices quoted by dealers for certain Investments for some purposes may differ materially from the prices at which such dealers are willing to execute transactions in such Investments. This disparity can result in unexpected losses when such Investments are bought or sold at prices that differ from those quoted by dealers.

### **No Limitations on Strategies**

Other than as specifically set forth above and in this PPM, there are no material limitations on the investment strategies which the Manager may use when investing assets on behalf of the Master Fund pursuant to the Manager's investment approach.

The Manager will opportunistically implement whatever strategies or discretionary approaches the Manager believes from time to time may be best suited to prevailing market conditions.



Over time, the strategies implemented on behalf of the Master Fund can be expected to expand, evolve and change, perhaps materially.

The Manager will not be required to implement any particular strategy or strategies and may discontinue employing any particular strategy on behalf of the Master Fund, whether or not such strategies are specifically described in this PPM, and without notice to Shareholders.

There can be no assurance that the various investment strategies which the Manager expects from time to time to employ for the Fund will be successful or that strategies that have been successful will continue to be profitable.

#### **D. Risks specific to some securities or instruments**

This section is not intended to cover all types of potential securities or instruments the Manager would invest in.

##### **Equity Securities Generally**

The Master Fund may invest in equity securities and equity derivatives. Numerous inter-related and difficult-to-quantify economic factors, as well as market sentiment, and subjective and extraneous political, climate-related and terrorist factors, influence the prices of equities. There can be no assurance that the Manager will be able to predict future price levels correctly.

##### **OTC Derivatives Market**

The Master Fund may enter into various OTC transactions involving or relating to, among other things, interest rates, currencies, or securities. Such transactions may include individually negotiated, non-standardized agreements between two parties.

OTC derivatives are not traded on exchanges; rather, banks and dealers act as principals in these markets. As a result, the Master Fund will be subject to the risk of the inability or refusal to perform with respect to such contracts on the part of any counterparties with which the Master Fund trades. OTC derivatives markets are generally not regulated by any governmental authority and are not guaranteed by an exchange or clearing house. Participants in OTC markets are not required to make continuous markets in the contracts they trade. Accordingly, OTC derivatives may not have continuously liquid markets. There can be no assurance that the Master Fund will be able to liquidate an OTC derivative at a favorable price, or, where relevant, at any time prior to its expiration.

In addition, if a counterparty to an OTC transaction becomes insolvent, the Master Fund may be unable to liquidate an OTC instrument. In addition, a failure by a dealer to take delivery of the underlying securities in connection with an OTC derivative transaction (for example, an option) would result in the loss of the premium paid by the Fund as well as the loss of the expected benefit of the transaction.

Please also refer to the risk factor “**OTC Derivatives and structured products**” below.

#### **E. Legal, Tax and Regulatory Risks**

##### **Regulations**

With the exception of registration under the Cayman Islands Mutual Funds Law, the Master Fund and the Fund are not currently registered pursuant to any other applicable law, rule or regulation including the Investment Company Act. Consequently, Participating Shareholders will not benefit from certain of the protections afforded by such other laws or regulations.

If the Directors of the Fund and/or the Master Fund determine that it is in the best interests of the Fund and/or the Master Fund (as applicable) to become registered pursuant to any other applicable law, rule or regulation (including the Investment Company Act) then the Fund and/or

the Master Fund (as applicable) shall take all necessary steps in order to achieve such registration.

Legal, tax and regulatory changes in various jurisdictions could occur during the lifetime of the Master Fund, the Fund and/or the Manager which may adversely affect it. Should any of those laws change, the legal requirements to which the Master Fund, the Fund and/or the Manager may be subject could differ materially from the current requirements.

### **OTC derivatives and structured products**

The international regulatory landscape for OTC derivatives and structured products is currently undergoing significant changes, in particular in relation to the requirements for clearing OTC transactions with central counterparties, trade reporting, the use of collateral and enhanced capital prudential and market conduct rules. New legislation relating to OTC derivatives has already been introduced in the U.S. in 2010 (in the form of the U.S. Dodd-Frank Wall Street Reform and Consumer Protection Act) and legislation has been published in the European Union, with further domestic legislation expected to be implemented. Over the next few years, it is expected that the trend for further regulation of the OTC derivatives market to continue in the US, the European Union, Hong Kong and many other jurisdictions in Asia and around the world, particularly in jurisdictions of those members of the G20 (including China, India, Indonesia, Japan and South Korea). Investors in the Master Fund should be aware that increased regulation of the OTC derivatives and structured products market could have substantial and adverse consequences for the Master Fund and its investors.

### **Tax**

Although it is the intention of the Directors to conduct the affairs of the Fund and the Master Fund as far as possible in such a manner as to mitigate the risk of the Fund and the Master Fund being considered to have a taxable presence in Hong Kong, the United States or any other jurisdiction, no assurance can be given that profits from the disposal or holding of investments will not give rise to a liability for profits tax, corporate tax or other similar taxes in Hong Kong, the United States or other jurisdictions. If the Fund or the Master Fund is deemed to have a taxable presence in the above jurisdictions, the Fund or the Master Fund, as the case may be, will be liable to tax in these jurisdictions. In the event the Fund or the Master Fund is required to pay profits, corporate or other taxes, the performance of the Fund would be negatively impacted and the value of the Participating Shares would decline. Although the Directors intend to operate the Fund and the Master Fund in such a way as to mitigate such tax risks, and do not intend to pay such taxes, the Fund or the Master Fund could nevertheless become subject to such taxes as a result of an audit or other legal measures by a taxing authority, in which event the Fund or the Master Fund could be subject to substantial penalties and interest, which could further adversely impact the Net Asset Value of the Fund and the Master Fund.

### **Exempt Offering**

The Fund offers Participating Shares on a continuing basis without registration under any securities laws, except as disclosed in this PPM.

While the Fund intends to rely on exemptions from such registration requirements that the Fund and the Manager believe are available in certain jurisdictions, there can be no assurance that factors such as the scope of disclosure, the manner in which such offers and sales are made, or changes in applicable law and regulation will not make such exemptions unavailable.

A violation of securities registration requirements could result in the rescission of investors' purchases of shares at prices higher than the current value, which potentially may affect the Fund's performance and business in a materially adverse manner.

### **Regulatory Approvals**

The Master Fund may be restricted in its investments in various countries as a foreign company and may require the approval of various regulatory bodies.

There is no guarantee that the policies of relevant regulatory authorities towards investment by foreign companies will remain unchanged.

Any adverse changes in such policies may have a significant impact on the Master Fund's ability to invest, or to dispose of Investments, in countries in which such restrictions or policies exist.

### **Market Disruptions; Governmental Intervention; Dodd-Frank Wall Street Reform and Consumer Protection Act**

The global financial markets have in the past few years gone through pervasive and fundamental disruptions that have led to extensive and unprecedented governmental intervention.

Such intervention has in certain cases been implemented on an "emergency" basis, suddenly and substantially eliminating market participants' ability to continue to implement certain strategies or manage the risk of their outstanding positions.

In addition, as one would expect given the complexities of the financial markets and the limited time frame within which governments have felt compelled to take action, these interventions have typically been unclear in scope and application, resulting in confusion and uncertainty which in itself has been materially detrimental to the efficient functioning of the markets as well as previously successful investment strategies.

The Master Fund may incur major losses in the event of disrupted markets and other extraordinary events in which historical pricing relationships become materially distorted. The risk of loss from pricing distortions is compounded by the fact that in disrupted markets many positions become illiquid, making it difficult or impossible to close out positions against which the markets are moving.

The financing available to the Master Fund from its dealers and other counterparties is typically reduced in disrupted markets. Such a reduction may result in substantial losses to the Master Fund. Market disruptions may from time to time cause dramatic losses for the Master Fund, and such events can result in otherwise historically low-risk strategies performing with unprecedented volatility and risk.

In response to the recent financial crises, the Obama Administration and the US Congress proposed sweeping reform of the US financial regulatory system. After over a year of debate, the Reform Act became law in July 2010. The Reform Act seeks to regulate markets, market participants and financial instruments that previously have been unregulated and substantially alters the regulation of many other markets, market participants and financial instruments. Because many provisions of the Reform Act require rulemaking by the applicable regulators before becoming fully effective and the Reform Act mandates multiple agency reports and studies (which could result in additional legislative or regulatory action), it is difficult to predict the impact of the Reform Act on the Master Fund, the Fund, the Manager, and the markets in which the Master Fund trades and invests. The Reform Act could result in certain investment strategies in which the Master Fund engages or may have otherwise engaged becoming non-viable or non-economic to implement. The Reform Act and regulations adopted pursuant to the Reform Act could have a material adverse impact on the profit potential of the Master Fund. Please also refer to the risk factor "**OTC Derivatives Markets**".

### **Foreign Account Tax Compliance Act**

The HIRE Act provisions relating to FATCA and regulations thereunder provide that, beginning on July 1, 2014 and to be implemented gradually in stages, a 30% withholding tax is imposed on certain payments of US source income and proceeds from the sale of property that could give rise to US source interest or dividends if the payee is an FFI,

unless such FFI enters into FFI Agreement with the IRS to disclose the name, address and taxpayer identification number of certain U.S. Persons that own, directly or indirectly, an interest in the FFI as well as certain other information relating to any such interest.

The Fund and the Master Fund intend to comply with the Cayman Islands IGA and any implementing Cayman Islands legislation and/or regulations to the extent necessary to avoid 30% FATCA withholding. Although the Fund and the Master Fund will attempt to satisfy the obligations imposed on them under FATCA and the Cayman Islands IGA to avoid the imposition of this withholding tax, no assurance can be given that the Fund and the Master Fund will be able to satisfy these obligations. If the Fund or the Master Fund become subject to withholding taxes as a result of FATCA, the return of all Shareholders may be materially affected. Moreover, the Fund will reduce the amount payable on any distribution or redemption to a Shareholder that fails to provide the Fund with the requested information. Furthermore, under FATCA the Manager may be required to compulsorily redeem Participating Shares held by any investor who fails to comply with information disclosure requests from the Manager in accordance with FATCA and the Cayman Islands IGA.

### **Limited Regulatory Oversight**

While the Fund and/or the Master Fund may be considered similar to investment companies, neither the Fund or the Master Fund is, or intends to be, registered under the US Investment Company Act, in reliance upon an exemption available to privately-offered investment companies. Accordingly, the provisions of the US Investment Company Act (which, among other matters, require investment companies to have disinterested directors, require securities held in custody to at all times be individually segregated from the securities of any other person and marked to clearly identify such securities as the property of such investment company and regulate the relationship between the advisor and the investment company) will not be afforded to the Fund, the Master Fund or the Shareholders. Further, the Manager and the Investment Adviser are not registered under the Investment Advisers Act as investment advisors. Accordingly, consistent with many funds managed by foreign (non-US based) advisors, the protections offered by such US-based legislation will not be available to the Shareholders. The Manager and the Investment Adviser are similarly exempted from the provisions of the Commodity Exchange Act. Accordingly, consistent with many funds managed by foreign (non-US based) advisors, the protections offered by such US-based legislation will not be available to the Shareholders. The Fund will trade on certain foreign security and/or futures exchanges as well as OTC markets. Such exchanges and markets are not subject to regulation by any US governmental agency and, accordingly, the protections afforded by such US-based legislation will not be available to such investments.

Notwithstanding the foregoing, the Reform Act may result in the Master Fund and the Fund being regulated in the United States on the basis of its trading activity in the OTC derivatives markets. Compliance with this new regulatory regime may entail burdensome reporting and registration requirements, minimum capital and variation margin requirements, adherence to business conduct standards, and recordkeeping requirements. The costs associated with such compliance may result in certain investment strategies in which the Master Fund engages or may have otherwise engaged becoming non-viable or non-economic to implement.

### **Regulatory Change**

The regulation of the non-US securities markets and of investment funds such as the Fund and the Master Fund has undergone substantial change in recent years, and such change is expected to continue for the foreseeable future.

The effect of regulatory change on the Fund is impossible to predict, and therefore may be substantial and have a materially adverse impact on the Fund.

There have recently been certain well-publicized incidents of regulators unexpectedly announcing regulatory changes or interpretations that prohibited strategies that had been implemented in a variety of formats for many years. For instance, in September 2008 the SEC

and various non-US regulatory bodies imposed temporary bans on short-selling in a variety of stocks, and adopted permanent regulations that may have the effect of making short-selling more difficult or costly.

These actions were generally regarded as disrupting market fundamentals and causing unexpected and volatile increases in the stock prices of a variety of issuers, as short sellers closed out their positions by buying securities.

Market disruptions like those experienced in the credit-driven equity market collapse in 2008, as well as the dramatic increase in the capital allocated to alternative investment strategies during recent years have led to increased governmental, as well as self-regulatory scrutiny of the hedge fund industry generally.

### **Revised Regulatory Interpretations Could Make Certain Strategies Obsolete**

In addition to proposed and actual accounting changes, there have recently been certain well-publicized incidents of regulators unexpectedly taking positions that prohibited strategies which had been implemented in a variety of formats for many years.

In the current unsettled regulatory environment, it is impossible to predict if future regulatory developments might adversely affect the Fund and the Master Fund.

### **Cayman Islands – Automatic Exchange of Financial Account Information**

The Cayman Islands has signed two inter-governmental agreements to improve international tax compliance and the exchange of information - one with the United States and one with the United Kingdom (the "**US IGA**" and the "**UK IGA**", respectively). The Cayman Islands has also signed, along with over 90 other countries, a multilateral competent authority agreement to implement the OECD Standard for Automatic Exchange of Financial Account Information – Common Reporting Standard (the "**CRS**" and together with the US IGA and the UK IGA, "**AEOI**").

Cayman Islands regulations were issued on 4 July 2014 to give effect to the US IGA and the UK IGA, and on 16 October 2015 to give effect to the CRS (collectively, the "**AEOI Regulations**"). Pursuant to the AEOI Regulations, the Cayman Islands Tax Information Authority (the "**TIA**") has published guidance notes on the application of the US and UK IGAs and the CRS.

All Cayman Islands "Financial Institutions" will be required to comply with the registration, due diligence and reporting requirements of the AEOI Regulations, unless they can rely on an exemption that allows them to become a "Non-Reporting Financial Institution" (as defined in the relevant AEOI Regulations). The Fund does not propose to rely on any reporting exemption and will therefore comply with such requirements of the AEOI Regulations.

The AEOI Regulations require the Fund to, amongst other things (i) register with the Inland Revenue Services of the United States of America to obtain a Global Intermediary Identification Number (in the context of the US IGA only), (ii) register with the TIA, and thereby notify the TIA of its status as a "Reporting Financial Institution"; (iii) conduct due diligence on its accounts to identify whether any such accounts are considered "Reportable Accounts", and (iv) report information on such Reportable Accounts to the TIA. The TIA will transmit the information reported to it to the overseas fiscal authority relevant to a reportable account (i.e. the IRS in the case of a US Reportable Account, HMRC in the case of a UK Reportable Account, etc.) annually on an automatic basis.

For information on any potential withholding tax that may be levied against the Fund, see also separate US tax disclosure.

By investing in the Fund and/or continuing to invest in the Fund, investors shall be deemed to acknowledge that further information may need to be provided to the Fund, the Fund's compliance with the AEOI Regulations may result in the disclosure of investor information, and investor information may be exchanged with overseas fiscal authorities. Where an investor

fails to provide any requested information (regardless of the consequences), the Fund reserves the right to take any action and/or pursue all remedies at its disposal including, without limitation, compulsory redemption or withdrawal of the investor concerned.

## **F. Risks with certain counterparties**

### **Custody Risk**

There are risks involved in dealing with custodians or brokers who settle fund trades. Securities and other assets deposited with custodians or brokers may not be clearly identified as being assets of the Master Fund, and hence the Master Fund may be exposed to a credit risk to such parties.

In some jurisdictions, the Master Fund may only be an unsecured creditor of its broker in the event of bankruptcy or administration of such broker. There may be practical or time problems associated with enforcing the Master Fund's rights to its assets in the event of the insolvency of any such party.

Recent losses incurred by some hedge funds in connection with the financial crisis and the bankruptcy of several large financial institutions illustrate the risks in derivatives trading and custody/brokerage arrangements. Assets held as collateral by the brokers in relation to facilities offered to the Master Fund and assets deposited as margin with the brokers may therefore be available to the creditors of such persons in the event of their insolvency.

The banking and financial systems in certain countries in Asia might not be well developed or well regulated. Delays in transfers by banks may result, as may liquidity crises and other problems arising as a result of the under-capitalization of the banking sector as a whole. A general banking crisis in any of the countries in which the Master Fund invests would have a material adverse effect on the Master Fund.

### **Counterparty Risk**

The Master Fund will transact most of its investments through financial institutions including brokers, dealers, banks, and etc. All purchases and sales of securities carry counterparty risks (the risk that the counter party might default) until the transactions are settled.

All financing transactions such as borrowing or lending of funds or securities will carry counterparty risks until such borrowing or lending has terminated and the relevant collateral is returned. Deposits of securities or cash with a custodian, bank or financial institution will carry counterparty risk.

Upon default by a counterparty, the Master Fund may be forced to unwind certain transactions and the Master Fund may encounter delays and difficulties with respect to court procedures in seeking recovery of the such assets.

These risks could differ materially where transactions are not exchange-traded transactions, which normally are backed by clearing organization guarantees, daily mark-to-market and settlement, and segregation and minimum capital requirements. Transactions entered directly between two counterparties may not benefit from such protections and expose the parties to the risk of counterparty default.

### **Institutional Risk**

Institutions, such as brokerage firms, banks and broker-dealers, generally have custody of the Master Fund's portfolio assets and may hold such assets in "street name". An unforeseen event such as bankruptcy or fraud at one of these institutions could impair the operational capabilities or the capital position of the Master Fund.

### **Recourse to All Assets/Cross-Class Liability**

The Fund and the Master Fund are each separate legal entities. Accordingly, all of the assets of the Fund and the Master Fund, including any Investments made by the Master Fund, are available to satisfy all liabilities and obligations of the Fund and the Master Fund respectively, regardless of the Class to which such assets or liabilities are attributable, and regardless of the fact that Investments may be held through special purpose trading subsidiaries.

If the Fund or the Master Fund become subject to a liability, parties seeking to have the liability satisfied may have recourse to the Fund's or the Master Fund's assets generally and not be limited to any particular asset, such as the asset representing the investment giving rise to the liability. This may result in the Manager disposing of assets the Master Fund in order to satisfy liabilities arising from other assets.

In practice, cross-class liability is only expected to arise where any Class becomes insolvent and cannot meet all of its liabilities. In this case, Participating Shareholders of one or more Classes or Series of Participating Shares may be compelled to bear the liabilities incurred in respect of other Classes or Series which such Participating Shareholders do not themselves own if there are insufficient assets in that other Class or Series to satisfy those liabilities. Accordingly, there is a risk that liabilities of one Class or Series may not be limited to that particular Class or Series and may be required to be paid out of one or more other Classes or Series.

### **Restriction on Auditor's Liability**

Cayman Islands law does not restrict the ability of auditors to limit their liability and consequently the engagement letter with the auditors may contain such provisions as well as provisions indemnifying the auditors in certain circumstances.

### **Counterparty risk in respect of Prime Brokers**

A large part of the Master Fund's assets will normally be held in accounts maintained for the Master Fund by its Prime Brokers. While the Prime Brokers are subject to various laws and regulations designed to protect their customers from the consequences of an insolvency of a Prime Broker, the actual extent of such protection may be limited due to uncertainties and contractual carve-outs. Investors should assume that the insolvency of any of the Master Fund's Prime Brokers would result in the loss of all or a substantial portion of the Master Fund's assets held by or through such Prime Broker.

### **Lack of segregation and rehypothecation risk**

The stability and liquidity of repurchase agreements, swap transactions, forward transactions and other over-the-counter derivative transactions depend in large part on the creditworthiness of the parties to the transactions. It is expected that the Manager will monitor on an ongoing basis the creditworthiness of firms (including the Prime Brokers and Custodians) with which the Master Fund will enter into repurchase agreements, interest rate swaps, caps, floors, collars or other over-the-counter derivatives. If there is a default by the counterparty to such a transaction, the Master Fund will under most normal circumstances have contractual remedies pursuant to the agreements related to the transaction. However, exercising such contractual remedies may involve delays or costs which could result in the Net Asset Value of the Master Fund being less than if the Master Fund had not entered into the transaction. Furthermore, there is a risk that any of such counterparties could become insolvent. If one or more of the Master Fund's counterparties were to become insolvent or the subject of liquidation proceedings in the United States (either under the Securities Investor Protection Act or the United States Bankruptcy Code), there is a risk that the recovery of the Master Fund's securities and other assets from such counterparty will be delayed or be of a value less than the value of the securities or assets originally entrusted to such counterparty.

In addition, the Master Fund may use counterparties located in various jurisdictions around the world. Such local counterparties are subject to various laws and regulations in various jurisdictions that are designed to protect their customers in the event of their insolvency. However, the practical effect of these laws and their application to the Master Fund's assets

will be subject to substantial limitations and uncertainties. Because of the large number of entities and jurisdictions involved and the range of possible factual scenarios involving the insolvency of a counterparty, it is impossible to generalize about the effect of their insolvency on the Master Fund and its assets. Investors should assume that the insolvency of any counterparty would result in a loss to the Master Fund, which could be material.

Prime Brokers may hold investments of the Master Fund in custody and use such assets as collateral subject to a security interest in favour of the Prime Brokers. The Prime Brokers may, at their option and instead of holding collateral in custody, also take full legal and beneficial ownership of investments transferred to them by the Master Fund in which case any such collateral will be held by the Prime Brokers absolutely as their property, in order to collateralize the Master Fund's obligations to the Prime Brokers. Any such collateral transferred to the Prime Brokers in this manner will not be segregated from other investments belonging to the Prime Brokers and may be available to creditors of the Prime Brokers in the event of their insolvency.

Any collateral may be sold, lent or otherwise used by the Prime Brokers for their own purposes, whereupon such collaterals will become the property of the Prime Brokers and the Master Fund will have a right against the Prime Brokers for the return of assets equivalent to the collateral so used. In relation to the Master Fund's right to the return of such collateral, the Master Fund will rank as an unsecured creditor and, in the event of the insolvency of the Prime Brokers, the Master Fund may not be able to recover such equivalent assets in full. In addition, the Master Fund's cash held with the Prime Brokers will not be segregated from the Prime Brokers' own cash and will be used by the Prime Broker in the course of their business and the Master Fund will, therefore, rank as an unsecured creditor in relation thereto in the event of the insolvency of the Prime Broker, the Master Fund may not be able to recover such equivalent assets in full.

Prime Brokers may also transfer collateral to accounts with different entities within the Prime Broker's group, which may be unregulated entities and hence not subject to the regulatory oversight to which the Prime Brokers are subject. The lack of regulatory oversight of such unregulated entities may increase the risk that the Master Fund may not recover all or part of its assets, or that the recovery of such assets is delayed.

Prime Brokers will trade with an exchange as a principal on behalf of the Master Fund in a "debtor-creditor" relationship, unlike other clearing broker relationships in which the broker is merely facilitator of the transaction. Such Prime Broker could, therefore, have title to all of the assets of the Master Fund associated with the Shares (for example, the transactions that the Prime Broker has entered into on behalf of the Master Fund as principal as well as the margin payments that the Master Fund provides). In the event of the insolvency of such Prime Broker, the Prime Broker could default on the transactions that it has entered into as principal and the Master Fund's assets associated with the Participating Shares could become part of the insolvent Prime Broker's estate, to the detriment of the Master Fund.

## **G. Other risks**

### **Foreign Taxation**

The Master Fund trades in markets located in many jurisdictions around the world with different tax regimes some which may subject the Master Fund to withholding or other taxation, which may impact the Master Fund's returns. Although not currently under review, it is possible that the taxing authorities of certain jurisdictions, will not agree with the tax positions taken by the Master Fund and will successfully assert a tax liability (plus interest and possibly penalties) against the Master Fund.

### **No Separate Counsel**

DLA Piper Hong Kong acts as international legal advisor to the Manager and the Investment Adviser. No separate counsel has been retained to act on behalf of the Participating Shareholders.



Maples and Calder acts as Cayman Islands law legal counsel to the Fund and the Master Fund.

In connection with the Fund's offering of Participating Shares and subsequent advice to the Fund, the Master Fund and/or the Manager and the Investment Adviser (respectively), DLA Piper Hong Kong and Maples and Calder (collectively, "**Counsel**") will not represent the Shareholders. No independent legal counsel has been retained to represent the Shareholders. Counsel's representation of the Fund, the Master Fund and/or the Manager is limited to specific matters (as applicable) as to which it has been consulted by the Fund, the Master Fund and/or the Manager (as applicable). There may exist other matters that could have a bearing on the Fund, the Master Fund and/or the Manager (as applicable) as to which Counsel has not been consulted. In addition, Counsel does not undertake to monitor compliance by the Manager and its Affiliates with the investment program, valuation procedures and other guidelines set forth herein, nor does Counsel monitor on-going compliance with applicable laws. In connection with the preparation of this PPM, Maples and Calder's responsibility is limited to matters of Cayman Islands law. Counsel does not accept responsibility in relation to any other matters referred to or disclosed in this PPM. In the course of advising the Fund and the Master Fund, there are times when the interests of Shareholders may differ from those of the Fund and the Master Fund. Counsel does not represent the Shareholders' interests in resolving these issues. In reviewing this PPM, Counsel has relied upon information furnished to it by the Fund and the Master Fund and has not investigated or verified the accuracy and completeness of information set forth herein concerning the Fund or the Master Fund.

#### **Disclosure of Investment Portfolio**

The Manager intends to give very limited transparency into the Master Fund's portfolio. Furthermore, the Master Fund's audited financial statements will not include a detailed listing of positions held by the Master Fund. Such confidentiality is maintained for the purpose of preventing third-parties from using information concerning the Master Fund or the Master Fund's position to its detriment. Consequently, Shareholders will have very limited information with which to evaluate the Manager's implementation of the investment strategy.

#### **Absence of Regulatory Oversight**

While the Fund and the Master Fund may be considered similar to investment companies, neither is required nor intends to register as such under the Investment Company Act, and, accordingly, the provisions of the Investment Company Act (which may provide certain regulatory safeguards to investors) are not applicable to investors in the Fund.

#### **No Participation in Management**

Except in certain limited circumstances, the Participating Shares are limited-voting and as such will not entitle any of the holders thereof to participate in the management of the Fund. The Manager holds all of the voting shares of the Fund and the Master Fund.

#### **Third-Party Service Providers**

Neither the Fund nor the Master Fund has any employees and is therefore reliant upon the performance of third-party service providers for administrative functions. In addition to the Manager, the Investment Adviser, the Administrator, the Administrator's Delegate and each Prime Broker will be performing services that are integral to the operations of the Fund and the Master Fund. Failure by any service provider to carry out its obligations to the Fund or the Master Fund in accordance with the terms of appointment could have a materially detrimental impact on the operations of the Fund and the Master Fund and could affect the ability of the Fund or the Master Fund to meet its investment objective. There can be no assurance that the termination of the Fund's or the Master Fund's relationship with any third-party service provider, and any delay in appointing a replacement for such service provider will not have an adverse effect on the Fund's or the Master Fund's performance.

#### **Effect of Redemptions**

If significant redemptions of Participating Shares are requested, it may not be possible to liquidate the Master Fund's investments at the time such redemptions are requested or may be able to do so only at prices which the Directors believe do not reflect the true value of such investments, resulting in an adverse effect on the return to the holders of Participating Shares. In addition, although it is expected on termination of the Master Fund to liquidate all of the Master Fund's investments and distribute only cash to the Participating Shareholders, there can be no assurance that this objective will be attained.

### **Subscription Monies**

Where a subscription for Participating Shares is accepted, the Participating Shares will be treated as having been issued with effect from the relevant Subscription Day notwithstanding that the subscriber for those Participating Shares may not be entered in the Fund's register of members until after the relevant Subscription Day. The subscription monies paid by a subscriber for Participating Shares will accordingly be subject to investment risk in the Fund from the relevant Subscription Day, if not earlier, as disclosed elsewhere in this PPM.

### **Operating Deficits**

The expenses of operating the Master Fund (including the fees payable to the Manager, the Administrator and other service providers) may exceed the Master Fund's income, thereby requiring that the difference be paid out of the Master Fund's capital, reducing the value of the Master Fund's investments and potential for profitability.

### **Calculation of Net Asset Value**

There is no assurance that the determination of the Net Asset Value as described above reflects the actual sales prices of the securities, even when such sales occur very shortly after the Valuation Day. If sales of investments result in fewer proceeds than estimated, the remaining Participating Shareholders will see the Net Asset Value of the Master Fund reduced.

### **Dividends and Distributions**

The Directors do not currently intend to pay dividends and other income or other distributions to Participating Shareholders, but intend instead to reinvest the Master 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. Subject to applicable laws, the Directors do however reserve the right to declare and pay dividends to Participating Shareholders.

### **Side Letters**

Subject to the Articles of the Fund, the Directors, in their sole discretion and without notice to the other Participating Shareholders of the Fund, may enter into side letters or agreements (to satisfy regulatory requirements or for any other reason) with certain investors granting them, among other things, fee waivers or reductions, different voting rights or restrictions, additional rights to reports or other information and other more favourable (or less favourable) investment terms than the terms associated with an investment by Participating Shareholders in the Fund pursuant to the terms offered pursuant to this PPM. The Fund has the power to create different Classes of Participating Shares for certain investors and may create additional Classes having different rights for the purposes of implementing such agreements. Neither the Fund nor the Manager has any obligation to disclose if or when they have entered into such side letters or their terms, or offer such additional rights, terms or conditions granted to other or all investors in the Fund.

### **Disclosure of Other Directorships**

The Directors and key management team of the Manager may serve as directors of other investment vehicles. Accordingly, to the extent that the interests of the Fund and such other investment vehicles are inconsistent, such Directors may have a conflict of interest.

## **Handling of Mail**

Mail addressed to the Fund or the Master Fund and received at the respective registered office will be forwarded unopened to the forwarding address supplied by the Fund, the Master Fund or the Manager to be dealt with. The Fund, the Master Fund, their Directors, officers, advisers or service providers (including the organization which provides registered office services in the Cayman Islands) will not bear any responsibility for any delay howsoever caused in mail reaching the forwarding address. In particular, the Directors will only receive, open or deal directly with mail that is addressed to them personally (as opposed to mail which is addressed generally to the Fund).

## **System Risk**

The Fund and the Master Fund rely to a significant extent on computer systems and software used by the Manager, the Administrator, each Prime Broker and other parties to develop and execute investment strategies, analyse investment opportunities, price the Master Fund's assets, execute and settle trades, conduct risk management, and operate and administer the business of the Fund and the Master Fund. Such systems and software may be subject to errors, defects, interruptions or failure. In the event of such malfunction, the Fund or the Master Fund may incur significant losses to the extent its or its service providers' ability to evaluate, make, hold, monitor, or dispose of investments, or to monitor risks or operate is affected. The Manager may not be in a position to verify the accuracy of the operation or results of the systems used by it or other service providers and may rely on erroneous computations or data, causing losses to the Fund or the Master Fund. The Manager and other service providers will not be liable to the Fund or the Master Fund for such errors, defects, interruptions or failure.

## **Reliance on Information from Third Parties**

In order to value the assets and liabilities of the Master Fund, the Manager and the Administrator will rely on information provided by outside parties, such as Bloomberg (and, in the case of the Administrator, information provided by the Manager or the Directors), and such persons may provide inaccurate, incomplete, out-dated or otherwise unreliable information. Accordingly, the valuation of the Master Fund's assets and liabilities may be inaccurate, causing the Master Fund to restate its accounts and causing losses to the Master Fund, the Fund and the Shareholders. The Manager and the Administrator will not be liable to the Fund, the Master Fund or the Shareholders for any loss resulting as a result of inaccurate, incomplete, out-dated or otherwise unreliable information provided by outside third parties (and, in the case of the Administrator, the Administrator will not be liable for information provided by the Manager or the Directors).

## **Operational Risks**

The Fund and the Master Fund rely on the Manager to establish appropriate systems and procedures to control operational risks relating to the management of the business of the Fund and the Master Fund, including the evaluation, making, holding, monitoring and divesting of the Master Fund's investments, the valuation of the Master Fund's assets, and the making up of the Fund's and the Master Fund's books and accounts. The Master Fund is dependent on third-parties, such as the Administrator and each Prime Broker and other specialist third party provides appointed by the Manager or the Investment Adviser, to monitor, process and book a large number of transactions and positions on a daily basis and it also relies heavily on the accuracy, integrity and continuous operation of their financial and data processing systems. Errors or failures occurring in the operation of the Fund or the Master Fund may cause the Fund or the Master Fund to suffer significant disruption as well as liability to third parties or other financial losses.

## **Litigation**

The Fund, the Master Fund or the Manager could be named as a defendant in a lawsuit or regulatory action, or become the subject of a regulatory investigation, stemming from the conduct of its business. In the event any litigation or investigation occurs, substantial amounts

of time may be required to be spent to defend against a claim or cooperate with such investigation. Any litigation or investigation, even one without merit, could result in significant costs and diversion of resources, which could materially and adversely affect the ability of the Manager to manage the Fund's or the Master Fund business or investments or result in judgments or fines to the Fund or the Master Fund.

### **Indemnification**

Each of the Master Fund and the Fund has, where applicable, entered into agreements with the Manager, the Administrator, the Auditor and each Prime Broker. Under certain circumstances, the Fund and the Master Fund, directly or indirectly, may be obligated to indemnify, among others, the Manager, the Investment Adviser, the Administrator, the Auditor and each Prime Broker. In addition, the Master Fund and the Fund are also required to indemnify each of their respective Directors for any liability incurred as a result of any act or failure to act in carrying out his functions, other than a liability that arose through such Director's gross negligence, willful default or actual fraud. Any indemnification by the Fund or the Master Fund would be made out of the assets of the Fund or, as the case may be, the Master Fund and could have a material adverse effect on the Net Asset Value of the Participating Shares.

### **"Master-feeder" structure**

The Fund generally invests through a "master-feeder" structure. The "master-feeder" fund structure presents certain unique risks to investors. The Master Fund is a single entity and creditors of the Master Fund may enforce claims against all assets of the Master Fund, whether these assets are attributable to the Fund (as a feeder fund) or otherwise. Given that the Master Fund will hold and make substantially all of the investments of the Fund, this may result in the loss of all or a significant portion of the Fund's assets. The use of a master-feeder structure may also create a conflict of interest in that the Master Fund may structure or dispose of an investment in a manner that may not take into account the tax considerations of the Fund.

### **Non-Disclosure of Positions**

In an effort to protect the confidentiality of its positions, the Master Fund may not generally disclose any or all of its positions to Shareholders on an ongoing basis, although the Manager, in its sole discretion, may permit such disclosure on a selective basis to certain Shareholders, if it determines that there are sufficient confidentiality agreements and procedures in place.

### **US Dollar Denominated Shares**

Shares issued in the initial period will be US dollar based, but new Classes in other currencies may be issued in the future. An investor whose local currency is not the US dollar will be subject to exchange rate risk.

### **Fund Expenses and Charges**

The Fund has substantial fees, charges, allocations and expenses, including the Management Fee and the Profit Allocation. The Fund will also pay other fees and expenses. The expenses of the Fund may be a higher percentage of net assets than many other private investment funds.

Moreover, please refer to "conflict of interest section" for risks associated with the Profit Allocation.

### **Possible Indemnification Obligations**

The Fund may indemnify the Administrator, the Auditor, the Prime Brokers, the Manager and other parties under various agreements against liability they or their respective affiliates against any liability they or their respective affiliates may incur in connection with their relationship with the Fund or the Master Fund (as the case may be).

Potential investors should refer Important Agreements for more details.

### **Possible Effect of Redemptions**

Large amounts of redemption requests could lead to the Manager to close positions more rapidly than desirable or, in undesirable market conditions, to raise the cash to fund redemption requests and achieve a market position that reflects a smaller asset base. These could adversely affect the Net Asset Value. The Fund could become significantly less liquid for non-Redeeming Shareholders following the satisfaction of one or more redemption requests.

### **Restriction on Transferability**

Participating Shares may only be transferred in accordance with the Articles, subject to written consent of the Directors, in consultation with the Manager, and such transfer restrictions applicable to certain jurisdictions, by using such form or forms as may from time to time be prescribed by the Manager and signed by both the transferor and the transferee.

### **Contingency Reserves**

The Directors, in consultation with the Manager, at any time in their discretion, could establish reserves for contingencies (including general reserves for unspecified contingencies).

The establishment of these reserves will not insulate any portion of the Fund's assets from being at risk, and such assets may still be traded by the Fund. A pro-rata portion of any reserve may be withheld from distribution to a Redeeming Shareholder.

### **Valuation Risk, Use of Estimates**

The Fund's Net Asset Value will be based to the extent possible on quotes provided by exchanges, brokers and other third-party pricing sources. Investors should note that the net asset value calculations of the Fund could be adjusted following the year-end audit.

**THE FOREGOING RISK FACTORS DO NOT PURPORT TO BE A COMPLETE EXPLANATION OF THE RISKS INVOLVED IN THIS OFFERING. POTENTIAL INVESTORS MUST READ THE ENTIRE PPM INCLUDING ALL ATTACHMENTS AND MUST CONSULT THEIR OWN PROFESSIONAL ADVISERS, BEFORE DECIDING TO INVEST IN THE FUND.**

## 9. CONFLICTS OF INTEREST

The following conflicts of interest will exist in respect of the Fund and each Class of Participating Shares that may be issued. The Fund may be subject to future or other actual or potential conflicts of interest in addition to those described below.

### Multiple Clients

There is no limitation with respect to the Manager's and its Affiliates' other activities and investments or with respect to the activities of other investment portfolios managed or advised by the Manager or its Affiliates. Accordingly conflicts of interest may occur. In the event of any potential conflict of interest, the Manager and its Affiliates will act in a manner which they in good faith believe to be or not opposed to the best interests of the Fund and consistent with their duty of fair dealing to others.

The Manager generally intends to allocate all investment opportunities that may be appropriate for the Master Fund and other clients in a manner that is fair and equitable to all clients over time taking into account the different investment mandates and investment strategies applicable to such clients, current investment positions of a client, the relative capitalization and cash availability of a client, the investment time horizon, leverage ratios and other considerations. In particular, because the Fund through the Master Fund will implement a particular strategy, whereas other clients may employ a broader range of strategies, the allocation of certain investments may not be made on a pro rata basis. For example, the Fund through the Master Fund may receive a higher allocation of certain investments, but no or only a limited allocation of other investments, as determined by the Manager in its discretion. Circumstances may occur, however, in which an allocation could have an adverse effect on the Fund or the other client with respect to the price or size of securities positions that may be obtained.

The Manager may purchase or sell securities on its own behalf or on behalf of other accounts or funds they advise or control (collectively, the "**Other Accounts**") which may differ from those purchased or sold for the Master Fund, even though their investment objectives may be the same or similar. It is possible that the activities or strategies used for the Other Accounts could conflict with the activities and strategies employed in managing the assets of the Master Fund and affect the prices and availability of the securities and instruments in which the Master Fund invests. The Manager will seek to resolve such conflicts of interest in a fair and equitable manner.

In some circumstances, the Manager, with prior written notification to the Directors, may offer co-investment rights to some Shareholders. But this may be offered only to some Shareholders, subsequent to which, those particular Shareholders could have greater transparency in those investments.

### Devotion of time and efforts

The management personnel of the Manager and its Affiliates may have conflicts of interest with the Fund as a result of other activities of Affiliates of the Manager with which such personnel are associated, which may require those management personnel to devote their time to matters unrelated to the business of the Fund. Accordingly, the management personnel will devote only such portion of their time to the affairs of the Fund as they in good faith consider necessary for the proper performance of their duties.

### Interest of Management Affiliated Investors in Fund Investments

The Management Affiliated Investors may, through other investments, including other investment funds, have interests in the securities in which the Fund invests, as well as interests in investments in which the Fund does not invest.

## **Transactions Involving the Manager**

The Manager may cause the Master Fund to purchase securities or other assets from or sell securities or other assets to, or engage in other transactions with, other clients or vehicles when the Manager believes such transactions are appropriate and in the best interests of the Master Fund. In the event the Manager wishes to reduce the investment of the Master Fund in a security or other asset, and increase the investment of other funds in such security or other asset, it may effect such transactions by directing the transfer of the securities or other assets between different funds. The Manager may also cause a particular fund to purchase or sell an investment that is being sold or purchased, respectively, at the same time by the Manager, an Affiliate, or another fund or advisory client. However, all such transactions would be done when they are in the best interest of the Fund, as per the sole discretion of the Manager and the Investment Adviser.

## **Non-Public or Confidential Information**

From time to time, the Manager and/or one or more of its Affiliates may come into possession of material, non-public information, and such information may limit the ability of the Master Fund to buy and sell investments, even if such information was obtained in the context of the investment activities of Other Accounts. The Master Fund will not be free to act upon any such information. Due to these restrictions and/or contractual restrictions imposed on any Affiliate of the Manager in connection with the management of Other Accounts, the Master Fund may not be able to initiate a transaction that it otherwise might have initiated and may not be able to sell an investment that it otherwise might have sold.

## **Brokerage Commissions / Soft Dollars**

Portfolio transactions for the Master Fund are allocated to brokers and dealers on the basis of best execution and in consideration of relevant factors, including, but not limited to: commission rates, reliability, financial responsibility, strength of the broker or dealer and ability of the broker or dealer to efficiently execute transactions, the broker's and/or dealer's facilities, and the broker's and/or dealer's provision or payment of the costs of brokerage or research products or services that are of benefit to the Fund, the Manager and Other Accounts. The Manager need not solicit competitive bids and does not have an obligation to seek the lowest available commission cost or spread.

Accordingly, if the Investment Adviser concludes that the commissions charged by a broker or the spreads applied by a dealer are reasonable in relation to the quality of services rendered by such broker or dealer (including, without limitation, the value of the brokerage and research products or services provided by such broker or dealer), the Master Fund may pay commissions or be subject to spreads to such broker-dealer in an amount greater than the amount another broker-dealer might charge or apply.

In negotiating commission rates the Manager may take into account one or more of the following factors: the financial stability and reputation of the broker, the quality of the investment research, investment strategies, special execution capabilities, clearance, settlement, custody, record keeping and other services provided by such broker, and any other factor(s) it deems fit.

From time to time, the Master Fund may pay a broker-dealer commissions (or markups or markdowns with respect to certain types of riskless principal transaction) for effecting transactions in excess of that which another broker-dealer might have charged for effecting the transaction in recognition of the value of the brokerage and research services provided by the broker-dealer. The Investment Adviser will effect such transactions, and receive such brokerage and research services, only to the extent that they fall within its internal policies, and the regulations of the markets in which it operates.

The Manager is expected to derive substantial direct or indirect benefit from these services, particularly to the extent the Manager uses soft dollars to pay for expenses which it would otherwise be required to pay. The investment information and soft dollar benefits received from

brokers may be used by the Manager in servicing other accounts, and not all such information and soft dollar benefits may be used by the Manager in connection with the Master Fund. The Manager is not required to allocate soft dollar benefits *pro rata* or on any other equitable basis among its accounts. Because many of these services and products could benefit the Manager, the Manager may have a conflict of interest in allocating Master Fund brokerage business, including an incentive to cause the Master Fund to effect more transactions than it might otherwise do in order to obtain those benefits.

The Investment Adviser's soft-dollar policies are broadly consistent with the guidance issued by the United States Securities and Exchange Commission Regarding Client Commission Practices under Section 28(e) of the United States Securities Exchange Act of 1934. The soft-dollars could be received only if the goods or services are of demonstrable benefit to the licensed or registered person's clients, and transaction execution is consistent with best execution standards and brokerage rates are not in excess of customary full-service brokerage rates. Goods and services may include: research and advisory services; economic and political analysis; portfolio analysis, including valuation and performance measurement; market analysis, data and quotation services; computer hardware and software incidental to the above goods and services; clearing and custodian services and investment-related publications. The goods and services may not include travel, accommodation, entertainment, general administrative goods or services, general office equipment or premises, membership fees, employee salaries, or direct money payments.

Disclosure and consent may be made or given in the client agreement or other investment management agreement (or an addendum thereto). Whichever form of document is used, it must include a specific statement describing the licensed or registered person's soft dollar practices. In addition, at least annually the client must be given a statement describing the licensed or registered person's soft dollar practices, including a description of the goods and services received by the Manager.

On a periodic basis, the Manager considers the amount and nature of research and research services provided by broker-dealers, as well as the extent to which such services are relied upon, and attempts to allocate a portion of the brokerage business of the Master Fund on the basis of that consideration. Broker-dealers sometimes suggest a level of business they would like to receive in return for the various products and services they provide. Actual brokerage business received by any broker-dealer may be less than the suggested allocation, but can exceed the suggested level, because total brokerage is allocated on the basis of all of the considerations described above. In no case will the Manager make binding commitments as to the level of brokerage commissions it will allocate to a broker-dealer, nor will it commit to pay cash if any informal targets are not met. A broker is not excluded from receiving business because it has not been identified as providing research products or services.

#### **Relationship with intermediaries and prime brokers**

The Manager may open "average price" accounts with brokers. In an "average price" account, purchase and sale orders placed during a trading day on behalf of the Master Fund, Other Accounts or Affiliates of the Manager are combined, and securities bought and sold pursuant to such orders are allocated among such accounts on an average price basis.

From time to time, the Manager may execute over-the-counter trades on an agency basis rather than on a principal basis. In these situations, the broker used by the Master Fund may acquire or dispose of a security through a market-maker (a practice known as "inter positioning"). The transaction may thus be subject to both a commission and a markup or markdown. The Manager believes that the use of a broker in such instances is consistent with its duty of obtaining best execution for the Master Fund. The use of a broker can provide anonymity in connection with a transaction. In addition, a broker may, in certain cases, have greater expertise or greater capability in connection with both accessing the market and executing a transaction.

The Master Fund has entered into prime brokerage and custodian agreements. Pursuant to the terms of such agreements, the services provided by the Prime Broker may include the



provision to the Master Fund of custody, margin financing, intermediation, clearing, settlement, stock borrowing and non-U.S. exchange facilities. The Master Fund is not committed to continue its relationships with the Prime Broker for any minimum period, and other or additional brokers may be selected to act as prime broker(s) or custodian(s) for the Master Fund.

From time to time, the personnel of the Manager, the Manager and their respective Affiliates may speak at conferences and programs for potential investors interested in investing in hedge funds which are sponsored by the Master Fund's Prime Brokers. Through such "capital introduction" events, prospective investors in the Master Fund have the opportunity to meet with the Manager. Neither the Manager nor the Master Fund compensates the Prime Brokers for organizing such events or for investments ultimately made by prospective investors attending such events. However, such events and other services (including, without limitation, capital introduction services) provided by a Prime Broker may influence the Manager in deciding whether to use such Prime Broker in connection with brokerage, financing and other activities of the Master Fund.

### **Turnover**

The Master Fund's investment program involves active management of the Master Fund's portfolio. The Master Fund's portfolio turnover and brokerage commission expenses may exceed those of other investment entities of comparable size.

### **Valuation**

The Manager, in consultation with the Directors, values the securities held by the Fund. The Manager may have a conflict of interest in that the Management Fee and the Profit Allocation may give it an incentive to value such assets at a higher valuation.

### **Personal Account Dealing**

Subject to applicable internal compliance policies and approval procedures, partners and employees of the Manager and/or the Investment Adviser and the Manager and/or the Investment Adviser may engage, from time to time, in personal trading of securities and other instruments, including securities and instruments in which the Master Fund may invest.

Neither the Manager nor the Investment Adviser shall have any obligation to engage in any transaction or investment for the Fund's account that the Manager, the Investment Adviser or their respective Affiliates or any of the members, officers, directors or employees of the Manager, the Investment Adviser or their respective Affiliates may engage in for their own accounts or the account of any other customer, except as otherwise required by applicable law.

### **Disclosure of other directorships**

The Directors and key management team of the Manager and Investment Adviser may serve as directors of other investment vehicles. Accordingly, to the extent that the interests of the Fund and such other investment vehicles are inconsistent, such directors may have a conflict of interest.

One or more Directors on the Board of the Fund are or may also be directors on the board of the Manager or the Investment Adviser.

### **Shareholders' Acknowledgment of Conflicts**

The above conflicts of interest are explicitly acknowledged and consented to by each Shareholder in the Subscription Agreement as a necessary condition to the Shareholder's admission to the Fund. Consent to the foregoing is an integral part of the consideration of each Shareholder being admitted to the Fund.

By acquiring a Participating Share, each Shareholder will be deemed to have waived any claim with respect to any liability arising from the existence of the foregoing.

Other present and future activities of the Manager or the Investment Adviser may give rise to additional conflicts of interest. In the event that a conflict of interest arises, the Manager and the Investment Adviser will attempt to resolve such conflicts in a fair and equitable manner.

## **10. TAXATION**

### **A. INTRODUCTION**

The income tax consequences to the Fund and its Shareholders under the laws of the Cayman Islands, Hong Kong and the United States are generally summarized below. This summary discusses certain principal income tax aspects and considers laws existing as applied at the date of this PPM, but no representation is made or intended by the Fund that changes in such laws or their application or interpretation will not be made in the future, which may be applied prospectively or retroactively. This summary is for informational purposes only and is not intended to be a complete description of all the complex tax rules involved.

**EACH PROSPECTIVE INVESTOR SHOULD CONSULT WITH AND RELY SOLELY UPON SUCH INVESTOR'S OWN TAX ADVISOR IN ORDER TO FULLY UNDERSTAND THE TAX CONSEQUENCES OF AN INVESTMENT IN THE SHARES.**

### **B. CAYMAN ISLANDS TAX CONSEQUENCES**

The Government of the Cayman Islands will not, under existing legislation, impose any income, corporate or capital gains tax, estate duty, inheritance tax, gift tax or withholding tax upon the Fund or its Shareholders. The Cayman Islands are not a party to any double taxation treaties with countries that are applicable to any payments made to or by the Fund and/or the Master Fund.

Each of the Fund and the Master Fund has applied for, and expects to obtain an undertaking from the Governor-in-Cabinet of the Cayman Islands that, in accordance with section 6 of the Tax Concessions Law (2011 Revision) of the Cayman Islands, for a period of 20 years from the date of the undertaking, no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciations shall apply to the Fund, the Master Fund or their operations and, in addition, that no tax to be levied on profits, income, gains or appreciations or which is in the nature of estate duty or inheritance tax, shall be payable (i) on or in respect of the shares, debentures or other obligations of the Fund/the Master Fund; or (ii) by way of the withholding in whole or in part of a payment of dividend or other distribution of income or capital by the Fund/the Master Fund, to its members or a payment of principal or interest or other sums due under a debenture or other obligation of the Fund/the Master Fund.

Although the Fund and the Master Fund are not subject to tax in the Cayman Islands, the Fund and/or the Master Fund may be liable for any taxes which may be withheld at source in other countries in respect of income or gains derived from its investments.

### **C. HONG KONG TAX CONSEQUENCES**

#### **The Fund / the Master Fund**

In general, exposure to Hong Kong profits tax will only arise if the Fund or the Master Fund is treated as carrying on a trade, profession or business in Hong Kong either on its own account or through another person acting on its behalf in Hong Kong (e.g. the Investment Adviser). If the Fund or the Master Fund is treated as carrying on a trade, profession or business in Hong Kong, a liability to profits tax, the rate of which is currently 16.5%, will only exist in respect of any profits which arise in or are derived from Hong Kong from that trade, profession or business.

Gains from sale of capital assets are not taxable in Hong Kong. Profits that are taxable may include profits arising from the disposal of securities listed on and executed through the Hong Kong Stock Exchange, unlisted securities where the purchase or sale contracts are effected (i.e. negotiated, concluded and/or executed) in Hong Kong and interest income arising from certain debt instruments where the loan funds were first made available to the issuer in Hong Kong. Interest on local bank deposits is statutorily exempt provided certain conditions are fulfilled. Dividend income is generally not taxable for Hong Kong profits tax purposes.

It should be noted that whilst gains of capital nature for Hong Kong profits tax purposes are excluded from taxation in Hong Kong, a tax exempt capital gain claim is generally quite contentious in Hong Kong so the Fund or the Master Fund may not be able to rely on a tax free capital gain claim.

There is no withholding tax on dividends or interest in Hong Kong.

The Revenue (Profits Tax Exemption for Offshore Funds) Ordinance 2006 was enacted on 10 March 2006 and amended by the Revenue (Profits Tax Exemption for Offshore Funds) Ordinance 2015 which was enacted on 16 July 2015 (together the "**Ordinance**") provides that where an offshore fund has its central management and control outside Hong Kong and does not carry on any other trade or business in Hong Kong, the profits derived by the fund from "specified transactions" carried out or arranged by "specified persons" will be exempted from Hong Kong profits tax if certain conditions are met. These conditions, as they pertain to the Fund / the Master Fund, are:

- (i) the Fund / the Master Fund must be a "non-resident" of Hong Kong. Whether the Fund / the Master Fund is regarded as non-resident of Hong Kong generally depends on the location where the "central management and control" of the Fund / the Master Fund is in fact exercised;
- (ii) the profits of the Fund / the Master Fund were derived from "specified transactions" or "incidental transactions" as defined in the Ordinance. "Specified transactions" include "transaction in securities"; "transaction in futures contracts"; "transaction in foreign exchange contracts"; "transaction consisting of the making of a deposit other than by way of money-lending business"; "transaction in foreign currencies"; and "transaction in exchange-traded commodities." The meaning of "securities" includes shares in a "private company" which is a "special purpose vehicle" or an "excepted private company";
- (iii) (1) the "specified transactions" have been carried out through or arranged by a "specified person" i.e., an authorised financial institution registered under the SFO in Hong Kong or a corporation holding any of Types 1 to 10 licenses issued by the Securities and Futures Commission under Part V of the SFO; or (2) the "non-resident" person is a "qualifying fund" for the purpose of the Ordinance, which includes a fund (i) that has more than four investors; (ii) in which the capital commitments made by investors exceed 90% of the aggregate capital commitments; and (iii) in which the portion of the net proceeds arising out of the transactions of the fund to be received by the originator (and the originator's associates) is agreed under an agreement governing the operation of the fund to be an amount not exceeding 30% of the net profits of the fund;
- (iv) the Fund / the Master Fund must not carry on any trade, profession or business in Hong Kong involving any transactions other than "specified transactions" or "incidental transactions" in the same year of assessment; and
- (v) Income arising from transactions incidental to the "specified transactions" does not exceed 5% of the total trading receipts of the Fund / the Master Fund.

It is the intention of the Directors and the Manager to conduct the affairs of the Fund / Master Fund as far as possible to comply with the conditions for exemption from profits tax. However, no assurance can be given that profits from certain investments will not give rise to a liability for profits tax in Hong Kong.

### **Stamp Duty**

If the Fund / the Master Fund acquires or disposes of Hong Kong stocks (as defined under the Hong Kong Stamp Duty Ordinance), Hong Kong stamp duty will be imposed at the current rate of 0.1% on the consideration or fair market value of the stocks, whichever is higher. Stamp duty is payable by both the purchaser and the seller upon such acquisition or disposal, thus the

total stamp duty payable for such transaction is 0.2%, borne equally by the purchaser and the seller.

## **The Investors**

For investors where the interests in the Fund represents capital assets to them for Hong Kong profits tax purpose, gains arising from the sale or other disposal of the interest in the Fund should be capital in nature and not taxable. For investors carrying on business in Hong Kong investing in securities for trading purpose (e.g., dealers in securities, financial institutions, insurance companies), such gains may be considered to be part of the investors' normal business profits and in such circumstances may be subject to Hong Kong profits tax (which is currently charged at the rate of 16.5% for corporations, and 15% for others) if the gains in question arise in or are derived from Hong Kong.

No Hong Kong stamp duty will be payable in respect of transactions in Participating Shares, provided the register of shareholders of the Fund will be maintained outside Hong Kong and the transfer of the Participating Shares is not registered in Hong Kong.

Distributions by the Fund should generally not be subject to Hong Kong profits tax in the hands of the Investors (whether by way of withholding or otherwise). The Ordinance, however, contains certain anti-avoidance provisions ("**Deeming Provisions**") to prevent abuse, or round-tripping, by Hong Kong resident persons taking advantage of the Hong Kong tax exemption under the Ordinance by investing in Hong Kong through an offshore vehicle. These Deeming Provisions apply to Hong Kong resident who alone or jointly with its/his associates, holds 30% or more of the direct or indirect beneficial interest in the offshore fund, (which is exempt from Hong Kong profits tax under the Ordinance), or holds any percentage where such Hong Kong resident is an associate of the offshore fund (a "Relevant Interest"). Under the Deeming Provisions, the Hong Kong resident investor would be deemed to have derived assessable Hong Kong sourced profits in respect of the proportion of the Hong Kong sourced profits earned by the offshore fund but for statutory tax exemption represented by the Hong Kong resident investor's Relevant Interest. Please note that this deemed taxable profits will arise even if the Hong Kong resident investors have not actually received any distribution from the Fund. The Deeming Provisions would not apply where the Fund is considered as bona fide widely held.

Investors should consult their own professional advisers on the possible taxation consequences of their subscribing for, buying, holding, transferring, selling, redeeming or otherwise disposing of Participating Shares.

## **D. UNITED STATES**

### **Circular 230 Notice**

**THIS SUMMARY IS NOT INTENDED OR WRITTEN TO BE USED, AND MAY NOT BE USED, BY ANY TAXPAYER IN ORDER TO AVOID PENALTIES WHICH MAY BE IMPOSED ON THE TAXPAYER UNDER UNITED STATES FEDERAL, STATE OR LOCAL TAX LAW. THIS SUMMARY WAS WRITTEN TO SUPPORT THE PROMOTION OR MARKETING OF THE FUND. EACH TAXPAYER SHOULD SEEK TAX ADVICE FROM AN INDEPENDENT TAX ADVISOR BASED ON THE TAXPAYER'S PARTICULAR CIRCUMSTANCES.**

The following is only a brief commentary on some of the US tax aspects. Permitted U.S. Persons who are eligible to invest should seek their own independent advice on the tax and other consequences of investing in the Fund. The following is not intended to be legal or tax advice.

The Master Fund will file an election with the Internal Revenue Service to be classified as a partnership, so that it will be treated as a partnership for US tax purposes. Under Section 7704 of the Internal Revenue Code of 1986, as amended (the "**Code**"), an entity that is classified as a partnership may be taxed as a corporation if it is a "publicly traded partnership." It is anticipated that the Master Fund will avoid taxation as a corporation as a publicly traded

partnership due to exceptions provided in Section 7704 of the Code and in the applicable Treasury Regulations.

The Fund will be treated as a corporation for U.S. federal income tax purposes. As an investor in the Master Fund, the Fund will be allocated a share of the items of income, gain, loss, deduction and credit realized by the Master Fund. In addition, the tax treatment of the Fund's activities will be characterized for U.S. federal income tax purposes by reference to the activities of the Master Fund. It is intended that the Master Fund's affairs will be conducted such that in general its income and gain will not be treated as effectively connected with the conduct of a U.S. trade or business or otherwise subject to regular U.S. federal income taxation on a net basis although no assurance can be given in this regard. If the Master Fund does not realize any such effectively connected income, the Fund will not be treated as realizing effectively connected income as a result of its investment in the Master Fund.

The Fund's allocable share of the Master Fund's U.S. source income that is not effectively connected with the conduct of a U.S. trade or business and is fixed, determinable, annual, and periodic ("**FDAP**") income, including U.S. source dividends and interest, will generally be subject to U.S. federal income tax withholding at a rate of 30%. However, U.S. source interest will not be subject to the 30% withholding tax if it qualifies as "portfolio interest". "Portfolio interest" is generally defined (with certain exceptions) as interest paid on registered debt obligations issued by a U.S. person or by the U.S. government with respect to which the person who is otherwise required to withhold tax has received a statement that the beneficial owner of the obligation is not a U.S. person. The exemption from withholding for portfolio interest is subject to certain related party ownership rules and other limitations and is not applicable to contingent interest within the meaning of Section 871(h) of the Code.

The Master Fund will be engaged in trading in stocks and securities, including trading in derivatives based on stocks and securities. Such trading generally will not be treated as the conduct of a U.S. trade or business when engaged in by a non-resident of the United States, such as the Master Fund, provided that the non-resident is not a "dealer" in stocks and securities. The Master Fund should not be a "dealer" for this purpose. Trading in commodities is subject to a similar exemption, provided that the commodities are of a kind customarily dealt in on an organized commodity exchange and if the transaction is of a kind customarily consummated at such place. Income from such activities that is equivalent to, or based on, interest or dividend type payments, generally will be subject to 30% withholding as FDAP when paid to the Master Fund. Under current law, however, income realized by a non-resident of the United States from certain notional principal contracts may be treated as non-U.S. source income that is not subject to regular U.S. federal income tax. Although it is expected that the Master Fund will qualify for the exemptions for trading activities of non-resident taxpayers described in this paragraph, the availability of such exemptions is dependent on the particular facts and circumstances of each taxpayer, and there can be no assurance that such exemptions will apply to the U.S. income realized by the Fund as a result of its participation in the Master Fund. Assuming the Master Fund is not treated as engaged in a U.S. trade or business, gains realized by the Master Fund and allocated to the Fund on the sale of stock or securities should not generally be subject to any U.S. federal income tax. However, gains from the sale of stock in a "United States real property holding company" (generally a U.S. corporation 50% or more of the assets of which consist of U.S. real property, excluding certain publicly traded corporations) will be treated as income effectively connected with the conduct of a U.S. trade or business and would be subject to regular U.S. federal income tax.

If the Fund were deemed engaged in a U.S. trade or business, as a result of its investment in the Master Fund or otherwise, the Fund would be subject to tax at regular U.S. corporate income tax rates on its income effectively connected with the U.S. trade or business (and may also be subject to the U.S. branch profits tax).

### **Taxation of Non-U.S. Participating Shareholders**

For U.S. federal income tax purposes, a Participating Shareholder of the Fund who is a non-U.S. person (as defined below) will not be subject to U.S. federal income taxation on dividends paid by the Fund in respect of the Participating Shares or gains recognized on the sale,

exchange or redemption of Participating Shares of the Fund, provided that the dividends or gains are not attributable to an office or fixed place of business maintained by the Participating Shareholder in the United States or otherwise effectively connected with the conduct of a trade or business by the Participating Shareholder in the United States.

For these purposes the term “non-U.S. person” means any person that is not a “U.S. person” for U.S. federal income tax purposes. A “U.S. person” means (1) a citizen or resident of the United States, (2) a partnership or corporation created or organized in the United States or under the laws of the U.S. or any political subdivision thereof, (3) an estate the income of which is subject to United States federal income taxation regardless of its source or (4) a trust if (a) it is subject to the primary supervision of a court within the United States and one or more United States persons have the authority to control all substantive decisions of the trust, or (b) it has a valid election in effect under applicable U.S. Treasury regulations to be treated as a U.S. person.

Special rules may apply in the case of non-U.S. investors (i) that have an office or fixed place of business in the United States to which dividends or gain in respect of the Participating Shares are attributable, (ii) that have a “tax home” in the United States or (iii) that are former citizens of the United States, “controlled foreign corporations”, non-U.S. insurance companies that hold Participating Shares of the Fund in connection with their U.S. business, non-U.S. personal holding companies, passive foreign investment companies or corporations which accumulate earnings to avoid U.S. federal income tax. Such persons are urged to consult their U.S. tax advisers before investing in the Fund.

In the case of Participating Shares of the Fund held in the United States by a custodian or nominee for a non-U.S. investor, U.S. backup withholding taxes may apply to dividends in respect of Participating Shares realized by such Participating Shareholder unless such Participating Shareholder properly certifies as to its non-U.S. status or otherwise establishes an exemption from backup withholding.

### **Taxation of U.S. Tax Exempt Investors**

The following is a summary discussion of certain U.S. federal income tax considerations relating to an investment in the Fund by U.S. tax-exempt organizations qualified under Section 501(c)(3) of the Code or U.S. pension trusts or governmental plans qualified under Section 401(a) of the Code (“**Tax Exempt Investors**”). The discussion is based on provisions of the Code, on the regulations promulgated thereunder and on published administrative rulings and judicial decisions now in effect, all of which are subject to change or different interpretations. This discussion is necessarily general and is not intended to be applicable to investors other than Tax Exempt Investors or to those Tax Exempt Investors who hold (directly, indirectly or constructively) a 10% or greater interest in the Fund. The actual tax and financial consequences of the purchase and ownership of Participating Shares will vary depending upon the investor’s circumstances. This discussion does not constitute tax advice, and is not intended to substitute for tax planning.

Special considerations apply to Tax Exempt Investors investing in the Fund. As discussed below, a Tax Exempt Investor’s income from an investment in the Fund generally should not be treated as resulting in “unrelated business taxable income” (“**UBTI**”) under current law so long as such investor’s acquisition of stock in the Fund is not debt financed. Income recognized by a Tax Exempt Investor is generally exempt from U.S. federal income tax except to the extent of the Tax Exempt Investor’s UBTI. UBTI is defined generally as income from a trade or business regularly carried on by a Tax Exempt Investor that is unrelated to its exempt purpose. Section 512(b) generally provides that in computing UBTI there shall be excluded all “dividends”, “interest” and, with certain exceptions, “gains or losses from the sale, exchange or other disposition of property”.

However, if a Tax Exempt Investor’s acquisition of stock in the Fund is debt financed, a Tax Exempt Investor’s “debt-financed income” will be included in computing UBTI and, consequently, all or a portion of such investor’s income attributable to the Fund would be included in UBTI regardless of whether such income would otherwise be excluded as dividends,

interest or other similar income. The Master Fund expects to borrow funds or incur debt (including purchasing securities on margin), directly or indirectly, that may result in income of the Fund being treated as debt-financed income under the UBTI rules. Generally, borrowing or debt incurred by a corporation is not attributed to its shareholders under current law, such that a Tax Exempt Investor in the Fund should not be attributed any borrowing or debt incurred by the Fund or the Master Fund (or treated as incurred by the Fund or the Master Fund). Accordingly, a Tax Exempt Investor's income from the Fund should not be treated as debt-financed income under the UBTI rules (assuming such investor has not itself borrowed to acquire its investment in the Fund) by reason of the Master Fund's or the Fund's direct or indirect borrowing, incurring debt or purchasing securities on margin.

United States tax law contains special provisions dealing with "passive foreign investment companies" ("**PFICs**"). The Fund will be a "PFIC" for U.S. federal income tax purposes. Shareholders in PFICs are subject to special rules for the taxation of "excess distributions" (which include both certain distributions by a PFIC and any gain recognized on a disposition of PFIC stock).

Pursuant to Treasury Regulations, a Tax Exempt Investor generally should not be taxable under Section 1291 on actual dividends or capital gains recognized with respect to the Fund to the extent the Tax Exempt Investor is not otherwise taxable under the UBTI provisions with respect to its stock in the Fund (for example, as debt-financed income). Consequently, a Tax Exempt Investor would be subject to tax under the PFIC rules in respect of excess distributions only in limited circumstances. Tax Exempt Investors acquiring Participating Shares should consult their own tax advisers as to the tax consequences of the ownership and disposition of the Participating Shares, including the application of the PFIC Rules to their particular situations.

### **Certain Reporting Requirements**

A Tax Exempt Investor that transfers cash to the Fund in exchange for Participating Shares may be required to file Form 926 (Return by U.S. Transferor of Property to a Foreign Corporation) with the IRS if (1) immediately after the transfer, such Tax Exempt Investor holds, directly or indirectly, at least 10% of the total voting power or the total value of the Fund, or (2) the amount of cash transferred by such Tax Exempt Investor (or its affiliates) during the 12-month period ending on the date of the transfer exceeds US\$100,000.00. Failure to file Form 926 properly under the circumstances described above will result in a penalty equal to 10% of the value of the cash transferred (not to exceed US\$100,000.00 unless such failure is unintentional).

Any U.S. person within the meaning of the Code owning 10% or more (taking certain attribution rules into account) of either the total combined voting power or total value of all classes of shares of a non-U.S. corporation such as the Fund will likely be required to file Form 5471 ("**Information Return of U.S. Persons With Respect to Certain Foreign Corporations**") with the IRS containing certain disclosure concerning the filing shareholder, other shareholders and the corporation. The Fund has not committed to provide all of the information about the Fund or its Shareholders needed to complete the return.

Certain U.S. persons within the meaning of the Code may have to file Form 8886 ("**Reportable Transaction Disclosure Statement**") with their U.S. tax return, and submit a copy of Form 8886 with the Office of Tax Shelter Analysis of the IRS if the Fund engages in certain "reportable transactions" within the meaning of recently issued U.S. Treasury Regulations. In certain situations, there may also be a requirement that a list be maintained of persons participating in such reportable transactions, which could be made available to IRS at its request. Losses above a certain threshold may constitute reportable transactions. If a U.S. person within the meaning of the Code recognizes a loss upon a disposition of Participating Shares, such loss could constitute a "reportable transaction" for such Shareholder, and such Shareholder would be required to file Form 8886.

In addition, Tax-Exempt Investors may also be required to file Form 8886-T ("**Disclosure by Tax-Exempt Entity Regarding Prohibited Tax Shelter Transaction**") if they are a party to a "prohibited tax shelter transaction." Generally, a prohibited tax shelter transaction is a listed



transaction (including a subsequently listed transaction), a confidential transaction, or a transaction with contractual protection. A tax-exempt entity is a party to such a transaction if it (1) facilitates the transaction by reason of its tax-exempt, tax indifferent or tax favoured status, (2) enters into a listed transaction and the tax-exempt entity's return reflects a reduction or elimination of liability for applicable federal employment, excise or UBTI taxes that is derived directly or indirectly from the tax consequences or tax strategy described in the published guidance that lists the transaction, or (3) is identified in published guidance, by type, class or role, as a party to a prohibited tax shelter transaction.

Although it is not anticipated that the Fund or the Master Fund will engage in reportable transactions or transactions that would be prohibited tax shelter transactions, it is possible that such transactions will occur. Accordingly, Participating Shareholders who are U.S. persons within the meaning of the Code (including Tax Exempt Investors) are urged to consult their tax advisers concerning Form 8886 and Form 8886-T based on their specific situations. Significant penalties apply to U.S. persons who fail to comply with foregoing reporting requirements.

According to the Hiring Incentives to Restore Employment Act, which was enacted on 18 March 2010, (the "**HIRE Act**"), a U.S. person (including a tax-exempt entity) who is a shareholder of a PFIC is required to file an annual report containing any information required by the IRS. The IRS has not yet implemented the requirement to file this report, but the requirement could be implemented at any time. U.S. persons should obtain their own tax advice in relation to these requirements.

### **Foreign Account Tax Compliance Act**

The HIRE Act provisions relating to foreign account tax compliance (referred to as "**FATCA**") and regulations thereunder provide that, beginning on July 1, 2014 and to be implemented gradually in stages, a 30% withholding tax is imposed on certain payments of US source income and proceeds from the sale of property that could give rise to US source interest or dividends if the payee is a "foreign financial institution" ("**FFI**") unless such FFI enters into an agreement (an "**FFI Agreement**") with the US Internal Revenue Service (the "**IRS**") to disclose the name, address and taxpayer identification number of certain U.S. Persons that own, directly or indirectly, an interest in the FFI as well as certain other information relating to any such interest. Under an FFI Agreement with the IRS, an FFI will also be required to withhold U.S. federal income tax on payments to certain account holders or investors that fail to provide information. The Master Fund and the Fund are FFIs that would be subject to these requirements.

However, the United States and the Cayman Islands have entered into an intergovernmental agreement (the "**Cayman Islands IGA**") relating to FATCA. Under the Cayman Islands IGA, investment funds such as the Fund and the Master Fund that are organized in the Cayman Islands will be required to register with the IRS in order to avoid 30% FATCA withholding on certain payments from U.S. sources, but will not be required to enter into an FFI Agreement with the IRS or report directly to the IRS on their United States accounts. Rather, such Cayman Islands investment funds will be required to provide information on their "U.S. Reportable Accounts" to the Cayman Islands tax authority, pursuant to enabling Cayman Islands legislation and regulations. Under the Cayman Islands IGA, the Cayman Islands will be required to share such information with the United States.

The Fund and the Master Fund intend to comply with the Cayman Islands IGA and implementing Cayman Islands legislation and/or regulations to the extent necessary to avoid 30% FATCA withholding. In that connection, Shareholders in the Fund will be required to provide information relating to their tax status and, if they are entities, the tax status of their direct and indirect owners. However, although the Fund and the Master Fund will attempt to satisfy the obligations imposed on them under FATCA and the Cayman Islands IGA to avoid the imposition of this withholding tax, no assurance can be given that the Fund and the Master Fund will be able to satisfy these obligations. If the Fund or the Master Fund become subject to withholding taxes as a result of FATCA, the return of all Shareholders may be materially affected. Moreover, the Fund will reduce the

amount payable on any distribution or redemption to a Shareholder that fails to provide the Fund with the requested information. Shareholders will be required to agree in advance to provide the Fund with tax information sufficient to enable the Fund and the Master Fund to comply with these requirements, and in some circumstances Shareholders may be required to waive the application of any privacy laws that protect them from making such disclosures. Moreover, under FATCA the Manager may be required to redeem the Participating Shares held by any investor who fails to comply with information disclosure requests from the Manager. Prospective investors are encouraged to consult with their own tax advisers regarding the possible implications of FATCA on their investments in the Fund.

## **E. PRC Taxation**

THIS SUMMARY IS NOT INTENDED OR WRITTEN TO BE USED, AND MAY NOT BE USED, BY ANY TAXPAYER IN ORDER TO AVOID TAXES WHICH MAY BE IMPOSED ON THE TAXPAYER UNDER PRC TAX LAW OR THE TAX LAW OF ANY OTHER COUNTRY OR JURISDICTION. THIS SUMMARY WAS WRITTEN TO SUPPORT THE PROMOTION OR MARKETING OF THE FUND. EACH TAXPAYER SHOULD SEEK TAX ADVICE FROM AN INDEPENDENT TAX ADVISER BASED ON THE TAXPAYER'S PARTICULAR CIRCUMSTANCES

### **At the Fund level**

#### **(1) Enterprise Income Tax – Resident vs. Non-resident**

On March 16, 2007, the National People's Congress, China's legislature, approved and promulgated a new Enterprise Income Tax Law (the "**EIT Law**"), which took effect on January 1, 2008 and superseded the Foreign Enterprise Income Tax Law (the "**FEIT Law**") and the Domestic-Invested Enterprise Income Tax Law. On December 6, 2007, the State Council approved the Detailed Implementation Regulations for the Implementation of the EIT Law (the "**DIR**"). Although the DIR aim to clarify the application of certain rules under the EIT Law, significant uncertainties remain. Such uncertainties may prevent the Fund from achieving certain tax results sought by the Fund when structuring its investments in China.

Under the EIT Law and the DIR, companies which were incorporated in the PRC and companies which were incorporated outside the PRC but with their place of effective management in the PRC (collectively, "**Tax Resident Enterprises**") are subject to Chinese EIT at the prevailing tax rate of 25% on a worldwide basis; and companies incorporated outside the PRC and whose place of effective management is outside the PRC ("**Non Tax Resident Enterprises**") would be subject to Chinese EIT only with respect to their income attributable to their respective establishment or place through which they carried on business activities in the PRC or the passive income such as capital gains, dividends, interest and royalties they receive from companies or individuals in the PRC.

A "place of effective management" refers to the place where the material and overall management and control over the business, personnel, accounts and assets of the enterprise is exercised. It is intended that the Fund will be managed in a way such that it would not be deemed to have a place of effective management in the PRC.

#### **(ii) Corporate Income Tax – Permanent Establishment Exposure**

Under the EIT Law, if the Fund carried on business activities through an establishment or place within the PRC, the Fund would be subject to Chinese EIT with respect to income attributable to the establishment or place. Establishment or place is a concept similar to the concept of

permanent establishment (“**PE**”) under the PRC’s bilateral tax treaties with other countries, but the threshold for constituting an establishment or place is much lower than that for PE.

It is intended that the Fund will be managed in a way such that it would not have a place or establishment in the PRC.

#### **At the Shareholder level**

If the Fund is not a PRC Tax Resident Enterprise, distributions from or gains derived from sale of the Fund to its foreign investors who are non-Tax Resident Enterprises should generally not be subject to PRC withholding tax (except under certain circumstances as stipulated in Circular Guoshuihan [2009] No. 698 relating to the direct or indirect transfer of a PRC Tax Resident Enterprise investee entity). If the Fund is considered a PRC Tax Resident Enterprise, dividends derived from the Fund and received by a foreign investor shall generally be subject to a PRC withholding tax at the rate of 10% of the gross dividend income. Capital gains arising from the sale or other disposal of the Fund by the foreign investors shall generally be subject to a PRC withholding tax at 10%. The above withholding tax rates are subject to the provisions in the tax treaties between the PRC and other countries (regions).

#### **F. OTHER TAX ISSUES**

The Fund may also invest in securities sourced to jurisdictions other than the Cayman Islands or Hong Kong and may be subject to income, withholding or other taxation in such other jurisdictions. Shareholders may be resident for tax purposes in many different jurisdictions and, accordingly, no attempt is made in this PPM to summarize the tax consequences for every investor who might become a Shareholder.

Prospective investors should therefore consult their professional advisors on the possible tax, exchange control or other consequences of subscribing for, acquiring, holding, transferring or redeeming Shares under the laws of the jurisdictions of their citizenship, residence, domicile or incorporation and in which they conduct business.

**There is no assurance that the tax status of the Fund, the Master Fund or Shareholders will not be changed as a result of amendments to relevant tax legislation. This summary is of a general nature only and is not intended to be, nor should it be construed to be, legal, financial or tax advice to any particular purchaser. Therefore, prospective purchasers should consult their own tax advisors with respect to their particular circumstances.**

#### **Other Jurisdictions**

Interest, dividend and other income gains realized by the Fund and/or the Master Fund from sources other than the Cayman Islands, may be subject to withholding and other taxes levied by the jurisdiction in which the income is sourced and/or in which the issuer is located. It is impossible to predict the rate of foreign tax that the Fund and/or the Master Fund will pay since the amount of the assets to be invested in various jurisdictions and the ability of the Fund and/or the Master Fund to reduce such taxes are not known.

#### **Future Changes in Applicable Law**

The foregoing description of the tax consequences of investing in the Fund is based on laws and regulations which are subject to change through legislative, judicial or administrative action. Other legislation could be enacted that would subject the Fund and/or the Master Fund to income taxes or subject Shareholders to increased income taxes.

#### **Other Taxes**

Prospective applicants should consult their own counsel regarding tax laws and regulations of any other jurisdiction which may be applicable to them.

THE TAX AND OTHER MATTERS DESCRIBED IN THIS PPM DO NOT CONSTITUTE, AND SHOULD NOT BE CONSIDERED AS LEGAL OR TAX ADVICE TO PROSPECTIVE APPLICANTS. PROSPECTIVE APPLICANTS SHOULD CONSULT LEGAL AND TAX ADVISERS IN THE COUNTRIES OF THEIR CITIZENSHIP, RESIDENCE AND DOMICILE TO DETERMINE THE POSSIBLE TAX OR OTHER CONSEQUENCES OF PURCHASING, HOLDING AND REDEEMING PARTICIPATING SHARES UNDER THE LAWS OF THEIR RESPECTIVE JURISDICTIONS.

## 11. CERTAIN REGULATORY CONSIDERATIONS

### Alternative Investment Fund Managers Directive

The European Union (the “EU”) has adopted the Directive on Alternative Investment Fund Managers (the “**AIFM Directive**”) which has subsequently been transposed into the laws of each EU Member State, together with Iceland, Lichtenstein and Norway (“**European Economic Area**”). Second level EU legislation was adopted by the European Commission on 19 December 2012. The AIFM Directive regulates alternative investment fund managers (“**AIFM**”) based in any European Economic Area jurisdiction and will prohibit AIFM from managing any alternative investment fund (“**AIF**”) unless authorisation is granted to the AIFM. In order to obtain such authorisation, and to be able to manage an AIF, an AIFM will need to comply with various obligations in relation to the AIF which may create significant additional compliance costs that may be passed on to investors in the AIF. Non-European Economic Area based AIFM are not regulated under the AIFM Directive unless they market AIF within the European Economic Area. The AIFM Directive applies certain reporting obligations on non-European Economic Area based AIFMs in respect of their AIFs if the AIFs are marketed within the European Economic Area. Aside from this obligation, non-European Economic Area based AIFM may market AIF, such as the Fund, within the European Economic Area according to each European Economic Area states’ existing national private placement laws. However, in due course, the marketing of shares in an AIF to investors in the European Economic Area might not be permitted unless the relevant non-European Economic Area based AIFM is authorised under the AIFM Directive.

Any regulatory changes arising from implementation of the AIFM Directive (or otherwise) that impair the ability of the Manager or Investment Adviser to manage the investments of the Fund, or limit the Fund’s or the Manager’s ability to distribute the Shares in the future, may materially affect the Master Fund’s ability to carry out its investment approach and achieve its investment objective.

The Participating Shares will not be marketed by or on behalf of the Investment Adviser to any investor in or from any European Economic Area member state.

### Investment Company Act

The Fund and the Master Fund will not be subject to registration under the Investment Company Act, in reliance upon the exemption from registration set forth in Section 3(c)(7) thereof, which in conjunction with Section 7(d) thereof and under current interpretations of the SEC, exempts from such registration any non-US issuer all of whose outstanding securities are beneficially owned either by Non-U.S. Persons or by U.S. Persons that are “Qualified Purchasers” (as defined in Section 2(a)(51) under the Investment Company Act). A “Qualified Purchaser” generally includes a natural person who owns not less than US\$5,000,000 in investments, a company acting for its own account or the accounts of other Qualified Purchasers which owns and invests on a discretionary basis not less than US\$25,000,000 in investments and certain trusts. The Subscription Agreement and Additional Subscription Agreement will include a representation that each U.S. Person subscribing for Participating Shares is a “Qualified Purchaser”, and the Subscription Agreements and the Articles will contain representations and restrictions on transfer designed to assure that these conditions will be met.

### Dodd Frank Act

The Dodd–Frank Wall Street Reform and Consumer Protection Act (the “**Dodd Frank Act**”) was signed into law in the US on July 21, 2010. The Dodd Frank Act implements a wide range of financial regulatory reform across many different aspects of the financial sector in the US, including introducing new exemptions to the registration requirements of the Investment Advisers Act of 1940 (the “**Investment Advisers Act**”) for advisers to certain privately offered investment funds.

Title IV of the Dodd-Frank Act – the Private Fund Investment Advisers Registration Act of 2010, provides exemptions from registration for an investment adviser that:

- (i) (1) has no place of business in the US; (2) has, in total, fewer than 15 clients in the US and investors in the US in private funds advised by the investment adviser; (3) has aggregate assets under management attributable to clients in the United States and investors in the United States in private funds advised by the investment adviser of less than US\$25 million; and (4) does not hold itself out generally to the public in the United States as an investment adviser (the "**Foreign Private Adviser Exemption**");
- (ii) is an investment adviser solely to private funds with less than US\$150 million in assets under management (the "**Private Fund Adviser Exemption**"); or
- (iii) is an investment adviser solely to venture capital funds (the "**Venture Capital Fund Adviser Exemption**").

The Investment Adviser relies on the Private Fund Adviser Exemption under the Investment Advisers Act. As a result, the Investment Adviser is subject to certain minimum regulatory, record keeping and compliance obligations in order to ensure ongoing compliance with the requirements of the Investment Advisers Act.

Should the Manager or Investment Adviser be required to register under the Investment Advisers Act or fall within any of the exemptions mentioned above (save the Foreign Private Adviser Exemption) as a result of the implementation of Title IV of the Dodd Frank Act, the Manager or the Investment Adviser (as the case may be) may be subject to increased regulatory, record keeping and compliance obligations and increased costs as a result.

## **US Commodity Exchange Act**

The Investment Adviser, as the operator of the Fund is registered with the National Futures Association ("**NFA**") as a Commodity Pool Operator ("**CPO**"). The Investment Adviser is seeking reliance on the "CFTC lite" regime under CFTC Regulation 4.7, which substantially reduces the disclosure, record keeping and reporting requirements of a CPO. The relief available under the "CFTC lite" regime is only available with respect to those funds in which each investor is a "qualified eligible person", as that term is defined in Commodity Futures Trading Commission ("**CFTC**") Regulation 4.7.

The Investment Adviser, as the trading adviser to the Fund is seeking exemption from registration with the NFA as a Commodity Trading Adviser ("**CTA**") on the basis that the Investment Adviser has fewer than fifteen clients.

## **ERISA Considerations**

The following is a summary of certain aspects of the laws and regulations applicable to retirement plan investments as in existence, all of which are subject to change. This summary is general in nature and does not address every issue under the Employee Retirement Income Security Act of 1974, as amended ("**ERISA**"), that may be applicable to the Fund or a particular investor.

The Fund may accept subscriptions for Shares from individual retirement accounts ("**IRAs**"), Keogh plans, pension or profit-sharing plans subject to Part 4 of Subtitle B of Title I of ERISA, entities whose underlying assets include "plan assets" by reason of a plan's investment in the entity (e.g., a group trust, separate account or fund of funds with significant (i.e., 25% or more) benefit plan investor ownership (all such entities are herein referred to as "**Benefit Plan Investors**"). The Directors do not anticipate that the assets of the Fund will be subject to ERISA, because the Directors intend to limit the investments in the Fund by Benefit Plan Investors to less than 25% (the "**25% Limit**") of the value of any class of Shares of the Fund. Generally, Benefit Plan Investors that are non-plan entities (e.g., hedge funds or other investment vehicles that fail to comply with the 25% Limit) will be considered to hold plan assets only to the extent of the percentage of their equity interests that are held by the other Benefit Plan Investors. No subscriptions for Shares made by Benefit Plan Investors will be accepted and no transfers of Shares will be permitted to the extent that the investment or transfer would result in the Fund exceeding this 25% Limit. In addition, because the 25% Limit is to be

calculated upon every subscription of Shares in or redemption (in whole or in part) from the Fund, the Directors have the authority to require the retirement or redemption (in whole or in part) of any Fund interest if the continued holding of such interest, in the opinion of the Board, could result in the Fund being subject to ERISA.

ERISA and the Code impose certain duties, obligations and responsibilities on persons who serve as fiduciaries with respect to employee benefit plans (“**Plans**”) or IRAs and prohibit acts of fiduciary self-dealing and certain transactions between Plans or IRAs and “parties-in-interest” or “disqualified persons” (as such terms are defined in ERISA and the Code). In the Fund’s Subscription Agreement, each Plan and IRA will be required to represent that its fiduciary has independently made the decision to invest in the Fund and has not relied as a primary basis for its investment decision on any advice from the Manager, any placement agent associated with the Fund or any Affiliate of either with respect to the investment in the Fund. Accordingly, fiduciaries of Plans or IRAs should consult their own investment advisers regarding the prudence of the investment and their own legal counsel regarding the consequences under ERISA and the Code of the investment in the Fund.

## **12. GENERAL INFORMATION**

### **Incorporation and Share Capital**

The Fund was incorporated on 28 June 2016 as an exempted company incorporated with limited liability under the laws of the Cayman Islands. The Fund has an authorised share capital of US\$50,000.00 divided into 100 voting, non-redeemable Fund Management Shares of a nominal or par value of US\$0.01 each and 4,999,900 limited-voting redeemable Participating Shares (which may be issued in various Classes) of a nominal or par value of US\$0.01 each.

The Master Fund was incorporated on 28 June 2016 as an exempted company with limited liability under the laws of the Cayman Islands. The Master Fund has an authorised share capital of US\$50,000.00 divided into 100 voting, non-redeemable Master Fund Management Shares of a nominal or par value US\$0.01 each and 4,999,900 limited-voting redeemable Participating Shares (which may be issued in various Classes) of a nominal or par value of US\$0.01 each.

The Master Fund Management Shares and the Fund Management Shares have been issued to the Manager, an exempted company incorporated with limited liability under the laws of the Cayman Islands.

Unless otherwise specifically stated herein, subscriptions, redemptions, calculation of Net Asset Value and other corporate mechanics taking place at the Master Fund level will generally be effected in a manner equivalent to those taking place at the Fund level (as more specifically set out in this PPM and the Articles), save that any fees or expenses charged at the Fund level will not also be charged at the Master Fund level and vice versa.

### **Alteration of Share Capital**

The holders of the Fund Management Shares may from time to time by ordinary resolution, increase the Fund's share capital, consolidate and divide all or any of its shares or subdivide its shares or any of them into shares of a smaller amount than that fixed by the Articles or cancel authorized but unissued shares.

Subject to the provisions of the Companies Law, the holders of the Fund Management Shares may, by special resolution, reduce the Fund's share capital or any capital redemption reserve fund of the Fund.

### **Compulsory Redemption**

The Directors may compulsorily redeem all Participating Shares then issued in the circumstances set out in section 7 of the PPM.

### **Rights of the Fund Management Shares and the Master Fund Management Shares**

The Fund Management Shares have been created to comply with Cayman Islands law which requires that, if all the Participating Shares are redeemed, there is always at least one share in the Fund in issue. The Master Fund Management Shares have been created to comply with Cayman Islands law which requires that, if all the Participating Shares are redeemed, there is always at least one share in the Master Fund in issue.

The Fund Management Shares carry the right to receive dividends only in respect of the Profit Allocation allocated to the Fund and on liquidation they will rank in priority to the Shareholders in respect of the nominal amount paid up on such Fund Management Shares and any accrued but unpaid and/or unallocated Profit Allocation.

The Master Fund Management Shares carry no right to any allocation or dividend.

The holders of the Fund Management Shares have the exclusive right to vote as a member at any general meeting of the Fund, to the exclusion of the holders of the Participating Shares in the Fund (subject to the provisions of the Articles which apply in the case of any variation of the Share Rights attached to the Participating Shares in a materially adverse manner (as considered by the Directors) at a class meeting). On a show of hands at a general meeting of the Fund, the holders of the Fund



Management Shares have one vote and, on a poll at a general meeting of the Fund, the Fund Management Shares carry one vote per Fund Management Share held. Votes may be given in person or by proxy. The Fund Management Shares may not be redeemed at the option of a holder of such shares. Upon liquidation, the Fund Management Shares rank only for a return of the par value on those shares, and any accrued but unpaid and/or unallocated Profit Allocation, before any payment to the holders of Participating Shares.

The holders of the Master Fund Management Shares have the exclusive right to vote as a member at any general meeting of the Master Fund, to the exclusion of the holders of the Participating Shares (subject to the provisions of the Articles which apply in the case of any variation of the rights of the participating shares of the Master Fund in a materially adverse manner (as considered by the Directors) at a class meeting). On a show of hands at a general meeting of the Master Fund, the holders of the Master Fund Management Shares have one vote and, on a poll at a general meeting of the Master Fund, the Master Fund Management Shares carry one vote per Master Fund Management Share held. Votes may be given in person or by proxy. The Master Fund Management Shares may not be redeemed at the option of a holder of such shares.

Upon liquidation, the Master Fund Management Shares rank only for a return of the par value on those shares.

### **Rights of the Participating Shares**

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

The rights attaching to the Participating Shares include the following:

- **Winding Up.** The Participating Shares carry an exclusive right to share, *pari passu* in proportion to the Net Asset Value of the Participating Shares (to the exclusion of the Fund Management Shares), in surplus assets remaining after the return of the nominal amount (par value) paid up on the Fund Management Shares and any accrued but unpaid and/or unallocated Profit Allocation as provided for in the Articles.
- **Voting.** Participating Shareholders are only entitled to vote on certain resolutions which will have a material adverse effect on the Share Rights attaching to the Participating Shares then in issue in the manner as set out in the Articles. Otherwise, the Fund Management Shares carry exclusive voting rights. At any meeting of the Fund at which Shareholders are entitled to vote, each Shareholder present is entitled to one vote on a show of hands and one vote for each Participating Share held on a poll. Votes may be given in person or by proxy. The voting rights of the Shareholders are however, strictly limited.
- **Redemption.** The Participating Shares may be redeemed, as described in the section headed "Subscription and Redemption of Participating Shares."
- **Investments/Income.** The Participating Shareholders are entitled to all the benefits of the investments and income of the Fund in accordance with their pro rata share of the Fund out of the relevant Investment Account maintained in respect of the separate Class and Series of the Participating Shares to the extent provided in the Articles and this PPM.

### **Additional Rights of Participating Shareholders and Side Letter Arrangements**

Subject to the Articles and all applicable laws the Fund may, in its discretion, enter into side letter arrangements ("**Side Letters**") from time to time with investors and/or Shareholders granting an investor and/or Shareholder preferred economic and other terms as compared to other Shareholders without obtaining consent from the Shareholders. These may include, but are not limited to, reservation of capacity of the Fund, provisions of additional liquidity, waiver of subscription and Redemption Notices, waiver on limits on redemptions and co-investment opportunities, information rights, rebates of fees and/or charges payable to the Fund or its associates, or "most-favored nation" treatment. Investors should note in particular that the Fund may from time to time agree to provide certain investors (typically institutional investors) with information on the portfolio holdings or Net Asset Value of the Fund which is

not available generally (e.g., estimates of monthly Net Asset Value) for their due diligence or regulatory requirements.

### **Investment Accounts**

The Directors have the power to establish and maintain, Investment Accounts, for the allocation, on a differentiated basis, of the assets and liabilities of the Fund to the holders of Participating Shares of any such Class and/or Series in a manner consistent with the methodology set forth in this PPM and the Share Rights otherwise attaching to the Participating Shares.

The proceeds from the issue of Participating Shares of any Class and/or Series shall be applied in the books of the Fund to the Investment Account established for Participating Shares of that Class and/or Series. The assets and liabilities and income and expenditure attributable to that Investment Account shall be applied to such Investment Account and, subject to the provisions of the Articles, to no other Investment Account. In the event that the assets of an Investment Account referable to any Class and/or Series are exhausted, any and all rights which any Shareholders referable to that Class and/or Series have against the Fund shall be extinguished and the Shareholders referable to that Class and/or Series shall have no recourse against the assets of any other Investment Account established by the Fund.

The Directors may, in the books of the Fund, allocate assets and liabilities to and from Investment Accounts if, as a result of a creditor proceeding against certain of the assets of the Fund or otherwise, a liability would be borne in a different manner from that in which it would have been borne if applied under the foregoing paragraphs.

The Directors may from time to time transfer, allocate or exchange an asset or liability from one Investment Account to another Investment Account provided that at the time of such transfer, allocation or exchange the Directors form the opinion (in good faith) that the value in money or money's worth of each such asset or liability transferred, allocated or exchanged is not significantly less or more than the value in money or money's worth (referred to in the Articles as "proper value") received by the Investment Account from which such asset or liability is transferred, allocated or exchanged except only as is otherwise provided by the Articles.

The Directors may also establish an Investment Account for the Management Shares so that the Profit Allocation may be transferred from the Investment Accounts maintained for the Participating Shares to the Investment Account maintained for the Fund Management Shares for the purposes of allocating the Profit Allocation to the Management Shares in accordance with and subject to the terms of this PPM.

### **Other Accounts**

The Directors have the power to establish and maintain accounts standing to the credit of reserves (including a share premium account, capital redemption reserve, contingent liability reserve and profit and loss account), whether or not available for distribution

### **Modification of Rights**

The Articles provide that, subject to the Companies Law, the other provisions of the Articles and the terms of any applicable subscription agreement, all or any of the Share Rights for the time being applicable to any Class or Series of Participating Shares in issue (unless otherwise provided by the terms of issue of those Participating Shares) may (whether or not the Fund is being wound up) be varied without the consent of the holders of the issued Participating Shares of that Class or Series where such variation is considered by the Directors, not to have a material adverse effect upon such holders' Share Rights; otherwise, any such variation shall be made only with the prior consent in writing of the holders of not less than two-thirds by par value of such Participating Shares, or with the sanction of a resolution passed by a majority of at least two-thirds of the votes cast in person or by proxy at a separate meeting of the holders of such Participating Shares.

All the provisions of the Articles of Association as to general meetings of the Fund apply to every such separate meeting, except that the necessary quorum at any such meeting is one or more persons at least holding or representing by proxy at least one third, by par value, of the issued Participating Shares then in issue except that at an adjourned meeting of the Participating Shareholders those shareholders

who are present in person or by proxy shall constitute a quorum. However, holders of Participating Shares shall not have a right to requisition a general or class meeting.

For the avoidance of doubt, the Directors reserve the right, notwithstanding that any such variation may not have a material adverse effect, to obtain consent from the holders of such Participating Shares. Each subscriber for Participating Shares will be required to agree that the terms of offer set out in the applicable Subscription Agreement and the Share Rights attaching to the Participating Shares can be varied in accordance with the provisions of the Articles.

The Articles provides that, in relation to any Class or Series consent required pursuant to the "Variation of Share Rights" Article, the Directors in their discretion may invoke the following procedure (the "**Negative Consent Procedure**"). The Directors shall provide written notice in respect of the proposed variation (the "**Proposal**") to the Members of the affected Class or Series and shall specify a deadline (the "**Redemption Request Date**"), which shall be no earlier than 30 days after the date of giving such notice, by which date such Members may submit a written request for redemption of some or all of their Participating Shares of the affected Class and/or Series on the Redemption Day (the "**Specified Redemption Date**") specified by the Directors in such notice. The terms of the Proposal shall be such that its specified effective date (the "**Effective Date**") shall not be on or prior to the Specified Redemption Date. Such notice shall further provide that the holders of any Participating Shares in respect of which a request for redemption has not been received by the Redemption Request Date (the "**Affected Shares**") shall, in the absence of express written refusal to consent, be deemed to have consented in writing to the Proposal (such Affected Shares being the "**Negative Consent Shares**"). In the event that the Negative Consent Procedure is followed, only the Affected Shares shall be considered for the purposes of determining whether the written consent majority has been obtained under the "Variation of Share Rights" Article with the holders of the Negative Consent Shares being deemed to have submitted a written consent in favour of the Proposal on the Effective Date.

The Share Rights attaching to the Participating Shares shall be deemed not to be varied by the creation, allotment or issue of further shares ranking *pari passu* with the Participating Shares or ranking behind the Participating Shares, the redemption or repurchase of any Shares, the passing of a Directors' resolution to change or vary the investment objective, investment technique and strategy and/or investment policy, or any modification of the fees payable to any service provider to the Fund, or any other variation or waiver contemplated or provided for in this PPM.

## **Memorandum and Articles of Association**

The Memorandum and Articles of Association of each of the Fund and the Master Fund provides that the Fund's and the Master Fund's objects are unrestricted which allows the Fund and the Master Fund to carry on the business of an investment company.

## **General Meetings**

There is no requirement for the Fund to hold an annual general meeting in each year. Notices of other general meetings will be dispatched in writing to shareholders who are entitled to receive notice of, attend and vote at such meetings at their registered addresses. Notice in writing will be given of any other meetings of shareholders at least seven (7) Business Days prior to the meeting. All notices of meetings will specify the day, time, place and general nature of the business of the meeting.

## **Directors**

A Director may hold any other office or place of profit under the Fund (other than the office of Auditor) in conjunction with his office of Director, or may act in a professional capacity to the Fund, on such terms as to tenure of office, remuneration and otherwise as the Directors may determine.

Provided a Director who is in any way, whether directly or indirectly, interested in a contract or proposed contract with the Fund declares (whether by specific or general notice) the nature of his interest at a meeting of the Directors that Director may vote in respect of any contract or proposed contract or arrangement notwithstanding that he may be interested therein and if he does so his vote shall be counted and he may be counted in the quorum at any meeting of the Directors at which any such contract or proposed contract or arrangement shall come before the meeting for consideration.

The chairman of a Directors' meeting shall have a casting vote at any meetings of the Directors.

The Directors may exercise the Fund's powers to borrow and to charge its assets.

### **Restrictions on Transfer of Participating Shares**

In the case of the death of a joint holder the survivor will be the only person recognized by the Fund as having any title to the relevant Participating Share. The transfer of Participating Shares to a Restricted Person is prohibited.

Participating Shares may only be transferred in accordance with the Articles, subject to the prior written consent of the Directors and such transfer restrictions as are applicable to certain jurisdictions, as set out below. A transfer request must be submitted by using such form or forms as may from time to time be prescribed by the Directors, and signed by both the transferor and the transferee. Copies of the prescribed form(s) of transfer for the time being applicable will be available on request from the Administrator.

All transfers and other documents of title relating to any Participating Shares must be lodged for registration with the Administrator. The Directors may decline, at their sole discretion, to register any transfer of Participating Shares for any or no reason, including if the transfer to, or holding of Participating Shares by, a transferee of the Participating Shares to be transferred would, in the conclusive determination of the Directors and the Administrator, cause or be likely to cause a pecuniary, tax, legal, regulatory or material disadvantage to the Fund, the Manager or their Affiliates or any other Shareholder.

The Directors may also decline to register a transfer of Participating Shares where such Participating Shares are already subject to a request for redemption.

The Directors of the Fund reserve the right to request such information they may request, including but not limited to such information as is necessary to verify the identity of a transferee of Participating Shares. In the event of a delay or failure by the transferee to produce any information required for verification purposes, the Administrator and/or the Fund may refuse to register the transfer. The Fund, the Directors, the Administrator, or the Manager are not liable to the transferor or the transferee for any loss suffered by them as a result of the non-registration of a transfer.

No transfer resulting in the breach of any applicable law or regulation or terms of this PPM in respect of the minimum shareholdings in the Fund will be registered.

### **Dividend Policy**

Subject to applicable Cayman Islands laws, the Directors may declare dividends on the Participating Shares from time to time. Any declared dividend or distribution should be paid out of the Fund's profits, its share premium account or as otherwise permitted by applicable law. However, it is the Directors' current intention not to declare any dividends on the Participating Shares, and any dividends received by the Master Fund from investments will be reinvested in the Master Fund. The Directors reserve the right to declare dividends on the Participating Shares.

Subject to applicable laws, the Directors may declare dividends on the Management Shares in respect of the Profit Allocation allocated to the Management Shares.

### **Winding Up**

The holder of the Fund Management Shares may by special resolution wind up the Fund. The Directors may also present a winding up petition on behalf of the Fund without the prior sanction of a resolution of the Shareholders of the Fund or the holder of the Fund Management Shares passed at general meeting. On a winding up, the Participating Shares carry a right to a return of the Net Asset Value and a pro-rata shares of any profits after the return of the par amount paid up on the Fund Management Shares and any accrued but unallocated and/or unpaid Profit Allocation.

## **Alteration of the Articles**

The Articles may at any time be altered or added to by special resolution of the holders of the Fund Management Shares, subject to the provisions of the Articles governing the variation of Share Rights.

## **Master Fund Subscriptions, Redemptions and Calculation of Net Asset Value**

Unless otherwise specifically stated herein, subscriptions, redemptions, calculation of Net Asset Value and other corporate mechanics taking place at the Master Fund level will generally be effected in a manner equivalent to those taking place at the Fund level (as more specifically set out in this PPM and the Articles), save that any fees or expenses charged at the Fund level will not also be charged at the Master Fund level and vice versa.

## **Indemnity**

The Articles provide that every Director or officer of the Fund, including former Directors and former officers, shall be indemnified out of the assets of the Fund against any liability incurred by such Director or officer as a result of any act or failure to act in carrying out such Director's or officer's functions other than such liability (if any) that such Director or officer may incur by reason of such Director's or officer's own Gross Negligence (as defined in the Articles), willful default or actual fraud.

Subject to the Director Services Agreement, no such Director or officer shall be liable to the Fund for any loss or damage incurred by the Fund as a result (whether direct or indirect) of the carrying out of such Director's or officer's functions as a Director or officer, unless that liability arises through the gross negligence, willful default or actual fraud of such Director or officer. No person shall be found to have committed gross negligence, willful default or actual fraud under the Articles, unless or until a court of competent jurisdiction shall have made a finding to that effect.

## **Cayman Islands Mutual Funds Law**

The Fund and the Master Fund are regulated as mutual funds under the Mutual Funds Law. The Authority has supervisory and enforcement powers to ensure compliance with the Mutual Funds Law. Regulation under the Mutual Funds Law entails the filing of prescribed details and audited accounts annually with the Authority. As a regulated mutual fund, the Authority may at any time instruct the Fund or the Master Fund to have its accounts audited and to submit them to the Authority within such time as the Authority specifies. Failure to comply with these requests by the Authority may result in substantial fines on the part of the Directors and may result in the Authority applying to the court to have the Fund or the Master Fund wound up.

Neither the Fund nor the Master Fund is, however, subject to supervision in respect of its investment activities or the constitution of the Master Fund's portfolio by the Authority or any other governmental authority in the Cayman Islands, although the Authority does have power to investigate the activities of the Fund and the Master Fund in certain circumstances. Neither the Authority nor any other governmental authority in the Cayman Islands has passed judgment upon or approved the terms or merits of this PPM. There is no investment compensation scheme available to investors in the Cayman Islands.

The Authority may take certain actions if it is satisfied that a regulated mutual fund is or 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 Authority include the power to require the substitution of Directors, to appoint a person to advise the Fund or the Master Fund on the proper conduct of its affairs or to appoint a person to assume control of the affairs of the Fund or the Master Fund. There are other remedies available to the Authority including the ability to apply to court for approval of other actions.

The Master Fund is not hereby offering any securities and accordingly this PPM is not to be regarded as having been authorised or issued by the Master Fund. The Master Fund does not have an offering document or equivalent document.

## **Anti-Money Laundering Regulations**

## Cayman Islands

In order to comply with legislation or regulations aimed at the prevention of money laundering the Fund is required to adopt and maintain anti-money laundering procedures, and may require subscribers to provide evidence to verify their identity and source of funds. Where permitted, and subject to certain conditions, the Fund may also delegate the maintenance of its anti-money laundering procedures (including the acquisition of due diligence information) to a suitable person.

The Fund, and the Administrator on the Fund's behalf, reserve the right to request such information as is necessary to verify the identity of a Shareholder (i.e. a subscriber or a transferee). In some cases the Directors, or the Administrator on the Fund's behalf may be satisfied that full due diligence may not be required where an exemption applies under the Money Laundering Regulations (2015 Revision) of the Cayman Islands, as amended and revised from time to time (the "**Regulations**") or applicable law. Depending on the circumstances of each application, a detailed verification of identity might not be required where:

- (a) the subscriber makes the payment for their investment from an account held in the subscriber's name at a recognised financial institution and redemptions/dividends are repaid directly to the subscriber; or
- (b) the subscriber is regulated by a recognised regulatory authority or listed on a recognised stock exchange (or is a subsidiary of either) and is based or incorporated in, or formed under the law of, a recognised jurisdiction; or
- (c) the application is made through an intermediary which is regulated by a recognised regulatory authority and is based in or incorporated in, or formed under the law of a recognised jurisdiction and an assurance is provided in relation to the procedures undertaken on the underlying investors.

For the purposes of these exceptions, recognition of a financial institution, regulatory authority, stock exchange or jurisdiction will be determined in accordance with the Regulations by reference to those jurisdictions recognised by the Cayman Islands Monetary Authority as having equivalent anti-money laundering regulations to the Cayman Islands.

In the event of delay or failure on the part of the subscriber in producing any information required for verification purposes, the Fund, or the Administrator on the Fund's behalf, may refuse to accept the application, in which case any funds received, to the extent permitted by applicable law, will be returned without interest to the account from which they were originally debited.

The Fund, and the Administrator on the Fund's behalf, also reserve the right to refuse to make any redemption or dividend payment to a Shareholder if the Directors or the Administrator suspect or are advised that the payment of redemption or dividend proceeds to such Shareholder may be non-compliant with applicable laws or regulations, or if such refusal is considered necessary or appropriate to ensure the compliance by the Fund or the Administrator with any applicable laws or regulations.

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 their attention in the course of business in the regulated sector, or other trade, profession, business or employment, the person will be required to report such knowledge or suspicion to (i) the Financial Reporting Authority of the Cayman Islands, pursuant to the Proceeds of Crime Law (2014 Revision) of the Cayman Islands if the disclosure relates to criminal conduct or money laundering, or (ii) a police officer of the rank of constable or higher, or the Financial Reporting Authority, pursuant to the Terrorism Law (2015 Revision) of the Cayman Islands, if the disclosure relates to involvement with terrorism or terrorist financing and property. Such a 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.

By subscribing, applicants consent to the disclosure by the Fund and the Administrator of any information about them to regulators and others upon request in connection with money laundering and similar matters both in the Cayman Islands and in other jurisdictions.

As a regulated mutual fund in the Cayman Islands, the Master Fund is also subject to the same legislation and regulations aimed at the prevention of money laundering that are applicable to the Fund. The Master Fund will discharge its obligations by implementing procedures substantially similar to the Fund.

### Other Jurisdictions

The Fund will comply with applicable anti-money laundering regulations. 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 "**Requirements**") and the Fund could be requested or required to obtain certain assurances from applicants subscribing for Participating 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 Requirements to which it is or may become subject to and to interpret them broadly in favor of disclosure. Each applicant will be required to agree in the Subscription Agreement, and will be deemed to have agreed by reason of owning any Participating Shares, that it will provide additional information or take such other actions as may be necessary or advisable for the Fund (in the sole judgment of the Fund and the Administrator) to comply with any Requirements, related legal process or appropriate requests (whether formal or informal) or otherwise. Each applicant by executing the Subscription Agreement consents, and by owning Participating Shares is deemed to have consented, to disclosure by the Fund and its agents to relevant third parties of information pertaining to it in respect of Requirements or information requests related thereto. Failure to honor any such request may result in compulsory redemption by the Fund or a forced sale to another investor of such applicant's Participating Shares.

### Requests for Information

The Fund, the Master Fund, or any Directors or agents domiciled in the Cayman Islands, may be compelled to provide information, subject to a request for information made by a regulatory or governmental authority or agency under applicable law; e.g. by the Authority, either for itself or for a recognized overseas regulatory authority, under the Monetary Authority Law (2013 Revision) of the Cayman Islands, or by the Tax Information Authority, under the Tax Information Authority Law (2014 Revision) of the Cayman Islands or Reporting of Savings Income information (European Union) Law (2014 Revision) of the Cayman Islands and associated regulations, agreements, arrangements and memoranda of understanding. Disclosure of confidential information under such laws shall not be regarded as a breach of any duty of confidentiality and, in certain circumstances, the Fund, the Master Fund, or any Director or agent, may be prohibited from disclosing that the request has been made.

The Fund and the Master Fund are subject to laws which restrict them from dealing with persons that are located or domiciled in sanctioned jurisdictions. Accordingly, the Fund will require each subscriber to represent that they are not named on a list of prohibited entities and individuals maintained by the US Treasury Department's Office of Foreign Assets Control ("**OFAC**") or under the European Union ("**EU**") and United Kingdom ("**UK**") Regulations (as extended to the Cayman Islands by Statutory Instrument), and is not operationally based or domiciled in a country or territory in relation to which current sanctions have been issued by the United Nations, EU or UK (collectively "**Sanctions Lists**"). Where a subscriber is on a Sanctions List, the Fund may be required to cease any further dealings with that subscriber's interest in the Fund, until such sanctions are lifted or a licence is sought under applicable law to continue dealings.

### Reports and Accounts

The Fund will prepare its annual financial statements in accordance with IFRS. Copies of the audited financial statements of the Fund, which will be made up to the end of each Fiscal Year, the first being 31 December 2017, will be made available to holders of Participating Shares within one hundred and twenty (120) days after the end of the relevant Fiscal Year (subject to reasonable delays in the event of the late receipt of any necessary financial statements from any Person in which the Fund holds Investments).

General operating statements of the Fund will also be made available to holders of Participating Shares within the period of thirty (30) days following the end of the applicable calendar quarter.

In addition, the Administrator will provide each Participating Shareholder with a monthly unaudited investor statement (which details the number of Participating Shares held by each Shareholder and the Net Asset Value of that holder's Participating Shares) within the period of fifteen (15) days following the end of each calendar month.

### **Investment Management Agreement**

Each of the Fund and the Master Fund has separately entered into an Investment Management Agreement with the Manager on substantially the same terms. The agreements provide that the Manager has full discretionary power and authority (subject to the investment restrictions set out in this PPM and the overall supervision and control of the Directors) to manage, supervise, select and evaluate the potential investments of the Fund, the Master Fund and/or any SPV.

The key provisions of each Investment Management Agreement are as follows:

- The Manager is entitled to delegate any or all of the functions, duties, powers and discretions conferred on it by the Fund, the Master Fund and/or any SPV (as per the applicable Investment Management Agreement) to any third party, including any of its Affiliates. Alternatively, the Manager may employ any such person as its agent and any such delegation may be on such terms and conditions as the Manager determines in its discretion.
- From time to time, the Manager may appoint one or more investment advisers to provide the Manager with such portfolio management services, advice and information as the Manager may require in relation to the Fund's, the Master Fund's and/or any SPV's investment, acquisition and divestment opportunities from time to time.
- Unless the Manager has delegated certain functions to the Investment Adviser, the Manager will make the investment decisions for the Fund, the Master Fund and/or any SPV, and enter into all transactions and other undertakings that the Manager may in its discretion deem necessary or advisable to carry out such investment decisions. The Manager will advise the Fund, the Master Fund and/or any SPV as to all matters involving all of the types of securities and other transactions, and the amount of the Fund's, the Master Fund's and/or any SPV's assets that should be committed to such securities and other transactions from time to time.
- The Manager will select counterparties, including, to the extent described in this PPM, itself or its Affiliates, to effect transactions relating to the Fund, the Master Fund and/or any SPV. In connection with the selection of counterparties, the Manager considers their financial condition, credit rating and reputation and experience of participants in the market. The Manager regularly reviews counterparty risk and exposure, in order to seek to mitigate counterparty risk. However, any selection or change of counterparty in respect of prime brokers or the International Swaps and Derivatives Association and other major/material matters would subject to the approval of the Directors.
- The Manager will not be liable for any damage, loss, claims, proceedings, demands, liabilities, costs or expenses whatsoever ("**Loss**") suffered or incurred by the Fund, the Master Fund and/or any SPV, save to the extent that such Loss arises directly as a result of the gross negligence (as defined in the Investment Management Agreement), willful default or actual fraud of the Manager, its officers, employees or Affiliates. The Fund, the Master Fund and/or any SPV, as the case requires, will indemnify the Manager, its officers, employees, Affiliates or their respective legal representatives accordingly except to the extent of their gross negligence (as defined in the Investment Management Agreement), willful default or actual fraud.
- Either party may terminate the applicable Investment Management Agreement by giving to the other not less than ninety (90) days written notice. In addition, the Fund, the Master Fund and/or any SPV (as applicable) may terminate the applicable Investment Management Agreement at any time by not less than ten (10) days' notice in writing if the Manager (i) fails to observe or perform any material obligations thereunder and in the case of a failure capable of being remedied, does not remedy such failure to the reasonable satisfaction of the Fund, the Master Fund and/or any SPV (as applicable)



within ten (10) days of receipt of written notice served by the Fund, the Master Fund and/or any SPV (as applicable) requiring it to do so; (ii) is declared insolvent or goes into liquidation (except a voluntary liquidation for the purpose of reconstruction or amalgamation upon terms previously approved in writing by the Fund, the Master Fund and/or any SPV (as applicable)); or (iii) if a receiver is appointed of any of the assets of the Manager or if the Manager convenes a meeting of its creditors or makes or proposes any arrangement or composition with or any assignment for the benefit of its creditors or class of creditors; or (iv) the Manager ceases to hold all authorizations and permissions for the lawful performance of its duties; or (v) on the redemption of all of the Participating Shares. The Manager may also terminate the applicable Investment Management Agreement on ten (10) days' written notice in certain circumstances including (but not limited to) where the Fund, the Master Fund and/or any SPV (as applicable) is in material breach of the agreement; insolvency of the Fund, the Master Fund and/or any SPV (as applicable); or the winding up of the Fund, the Master Fund and/or any SPV (as applicable). The applicable Investment Management Agreement shall automatically be terminated upon the dissolution of the Fund, the Master Fund and/or any SPV (as applicable).

- Neither party may assign the applicable Investment Management Agreement without the prior written consent of the other party, except that the Manager may freely assign its rights and obligations under the applicable Investment Management Agreement to any other entity that is directly or indirectly in control of, is controlled by, or under common control of, the Manager (or its successors). The investment management services of the Manager to the Master Fund will be non-exclusive under the terms of the applicable Investment Management Agreement and the Manager is free to provide investment management services for others.

A description of the fees payable to the Manager is set out in section 4 of this PPM.

### **Investment Advisory Agreement**

Under the terms of the Investment Advisory Agreement, the Manager is responsible for compensating the Investment Adviser. In no event shall the Fund bear the fees of the Investment Adviser.

The key provisions of the Investment Advisory Agreement are as follows:

- The Investment Advisory Agreement may be terminated by either party giving the other not less than ninety (90) days' notice.
- The Manager may terminate the Investment Advisory Agreement at any time by notice in writing if the Investment Adviser (i) shall commit any breach of its obligations thereunder and shall fail, within ten (10) days of receipt of written notice served by the Manager requiring it to do so, to make good such breach; (ii) goes into liquidation (except a voluntary liquidation for the purpose of reconstruction or amalgamation upon terms previously approved in writing by the Fund); or (iii) if a receiver is appointed of any of the assets of the Investment Adviser or if the Investment Adviser makes or proposes any arrangement or composition with its creditors or class of creditors; or (iv) the Investment Adviser ceases to hold all authorisations and permissions from relevant regulators necessary for the lawful performance of its duties; or (v) on the redemption of all of the Participating Shares.
- The Investment Adviser may also terminate the Investment Advisory Agreement on ten (10) days' written notice in certain circumstances including where the Manager is in material breach of the agreements; insolvency of the Manager; or the winding up of the Manager. The Investment Advisory Agreement shall automatically be terminated upon the dissolution of the Fund.
- Neither party may assign the Investment Advisory Agreement without the prior written consent of the other party, except that the Investment Adviser may freely assign its rights and obligations under the Investment Advisory Agreement to any other entity that is directly or indirectly in control of, is controlled by, or under common control of, the Investment Adviser (or its successors).
- The investment advisory services of the Investment Adviser to the Manager (with respect to the Fund and the Master Fund) are non-exclusive under the terms of the Investment Advisory

Agreement and the Investment Adviser is free to, intends to, and does, provide investment advisory services for others.

- The Investment Adviser is not liable for any Loss suffered by the Manager except to the extent such Loss arises directly as a result of the wilful default, fraud or gross negligence (as defined in the Investment Advisory Agreement) of the Investment Adviser or its officers or employees. The Investment Adviser will be indemnified by the Manager accordingly for any Loss suffered by the Investment Adviser or its officers or employees except to the extent of their wilful default, fraud or gross negligence (as defined in the Investment Advisory Agreement).

### **13. NOTICES FOR INVESTORS IN KEY JURISDICTIONS**

**THE FOLLOWING MARKETING RESTRICTIONS MAY BE MODIFIED BY THE FUND FROM TIME TO TIME FOLLOWING A CHANGE IN THE RELEVANT LAW, REGULATION OR DIRECTIVE AND IN CERTAIN OTHER CIRCUMSTANCES AS MAY BE AGREED**

**THE FOLLOWING LEGENDS APPLY TO THE EXTENT PARTICIPATING SHARES ARE OFFERED TO PERSONS IN THE JURISDICTIONS INDICATED:**

#### **FOR RESIDENTS OF AUSTRALIA**

THE FUND IS NOT A REGISTERED MANAGED INVESTMENT SCHEME AND THIS PPM IS NOT A DISCLOSURE DOCUMENT LODGED OR REQUIRED TO BE LODGED WITH THE AUSTRALIAN SECURITIES AND INVESTMENTS COMMISSION. THE OFFERING OF SHARES WILL ONLY BE OFFERED IN AUSTRALIA ONLY TO PERSONS TO WHOM SUCH SECURITIES MAY BE OFFERED WITHOUT A DISCLOSURE STATEMENT UNDER PART 7.9 OF THE CORPORATIONS ACT. THE SHARES SUBSCRIBED BY INVESTORS IN AUSTRALIA MUST NOT BE OFFERED FOR RESALE IN AUSTRALIA FOR 12 MONTHS FROM ALLOTMENT EXCEPT IN CIRCUMSTANCES WHERE DISCLOSURE TO INVESTORS UNDER PART 6D.2 OF THE CORPORATIONS LAW WOULD NOT BE REQUIRED OR WHERE A COMPLIANT DISCLOSURE STATEMENT IS PRODUCED. PROSPECTIVE INVESTORS IN AUSTRALIA SHOULD CONFER WITH THEIR PROFESSIONAL ADVISORS IF IN ANY DOUBT ABOUT THEIR POSITION.

#### **FOR RESIDENTS OF BELGIUM**

THE OFFERING OF SHARES HAS NOT BEEN AND WILL NOT BE NOTIFIED TO THE BELGIAN FINANCIAL SERVICES AND MARKETS AUTHORITY (AUTORITEIT VOOR FINANCIËLE DIENSTEN EN MARKTEN/AUTORITÉ DES SERVICES ET MARCHÉS FINANCIERS) NOR HAS THIS PPM BEEN, NOR WILL IT BE, APPROVED BY THE FINANCIAL SERVICES AND MARKETS AUTHORITY. THE SHARES MAY BE OFFERED IN BELGIUM ONLY TO A MAXIMUM OF 99 INVESTORS OR TO INVESTORS INVESTING A MINIMUM OF €250,000 OR TO PROFESSIONAL OR INSTITUTIONAL INVESTORS, IN RELIANCE ON ARTICLE 5 OF THE LAW OF JULY 20, 2004. THIS PPM MAY BE DISTRIBUTED IN BELGIUM ONLY TO SUCH INVESTORS FOR THEIR PERSONAL USE AND EXCLUSIVELY FOR THE PURPOSES OF THIS OFFERING OF SHARES. ACCORDINGLY, THIS PPM MAY NOT BE USED FOR ANY OTHER PURPOSE NOR PASSED ON TO ANY OTHER INVESTOR IN BELGIUM.

ANY OFFER TO SELL OR SALE OF SHARES MUST BE MADE IN COMPLIANCE WITH THE PROVISIONS OF THE LAW OF THE 6 APRIL 2010 ON TRADE PRACTICES AND CONSUMER PROTECTION TO THE EXTENT APPLICABLE PURSUANT TO THE ROYAL DECREE OF 5 DECEMBER 2000.

#### **FOR RESIDENTS OF CANADA**

THIS PPM CONSTITUTES AN OFFERING IN CANADA OF THE SHARES OF THE FUND IN THE PROVINCES OF BRITISH COLUMBIA, ONTARIO AND QUÉBEC ONLY AND TO THOSE PROSPECTIVE INVESTORS IN CANADA WHERE AND TO WHOM THEY MAY BE LAWFULLY OFFERED FOR SALE AND, THEREIN, ONLY BY PERSONS PERMITTED TO DISTRIBUTE SUCH SECURITIES. THIS PPM IS NOT, AND UNDER NO CIRCUMSTANCES IS TO BE CONSTRUED AS, AN ADVERTISEMENT OR A PUBLIC OFFERING OF THE SHARES OF THE FUND. NO SECURITIES COMMISSION OR SIMILAR AUTHORITY IN CANADA HAS REVIEWED OR IN ANY WAY PASSED UPON THIS PPM OR THE MERITS OF THE SHARES AND ANY REPRESENTATION TO THE CONTRARY IS AN OFFENSE.

THE DISTRIBUTION OF THE SHARES IN THE PROVINCES OF BRITISH COLUMBIA, ONTARIO AND QUÉBEC IS BEING MADE ONLY ON A PRIVATE PLACEMENT BASIS AND IS EXEMPT FROM THE REQUIREMENT THAT THE MANAGER PREPARE AND FILE A PROSPECTUS WITH THE RELEVANT PROVINCIAL SECURITIES COMMISSIONS. ACCORDINGLY, ANY RESALE OF SHARES MUST BE MADE IN ACCORDANCE WITH APPLICABLE PROVINCIAL SECURITIES LEGISLATION WHICH MAY REQUIRE REALES TO BE MADE IN ACCORDANCE WITH EXEMPTIONS FROM REGISTRATION AND PROSPECTUS REQUIREMENTS. CANADIAN INVESTORS ARE ADVISED TO SEEK LEGAL ADVICE PRIOR TO ANY RESALE OF SUCH SHARES.

EACH CANADIAN INVESTOR WHO ACQUIRES SHARES WILL BE DEEMED TO HAVE REPRESENTED TO THE MANAGER AND ANY DEALER WHO SELLS SHARES TO SUCH INVESTOR THAT: (I) WHERE REQUIRED BY LAW, SUCH INVESTOR IS PURCHASING AS PRINCIPAL AND NOT AS AGENT; (II) SUCH INVESTOR OR ANY ULTIMATE PURCHASER FOR WHICH SUCH INVESTOR IS ACTING AS AGENT IS NOT AN INDIVIDUAL AND IS ENTITLED UNDER APPLICABLE CANADIAN SECURITIES LAWS TO PURCHASE SUCH SHARES WITHOUT THE BENEFIT OF A PROSPECTUS QUALIFIED UNDER SUCH SECURITIES LAWS; (III) IN THE CASE OF AN INVESTOR LOCATED IN ONTARIO, SUCH INVESTOR IS AN "ACCREDITED INVESTOR" WITHIN THE MEANING OF SECTION 1.1 OF ONTARIO SECURITIES COMMISSION RULE 45-501; (IV) IN THE CASE OF AN INVESTOR LOCATED IN QUÉBEC, SUCH INVESTOR IS A "SOPHISTICATED PURCHASER" WITHIN THE MEANING OF THE SECURITIES ACT (QUÉBEC); AND (V) IN THE CASE OF AN INVESTOR LOCATED IN BRITISH COLUMBIA, SUCH INVESTOR IS AN "ACCREDITED INVESTOR" WITHIN THE MEANING OF SECTION 1.1 OF MULTILATERAL INSTRUMENT 45-103.

PROSPECTIVE INVESTORS SHOULD CONSULT THEIR OWN LEGAL AND TAX ADVISORS WITH RESPECT TO THE TAX CONSEQUENCES OF AN INVESTMENT IN THE SHARES IN THEIR PARTICULAR CIRCUMSTANCES AND WITH RESPECT TO THE ELIGIBILITY OF THE SHARES FOR INVESTMENT BY SUCH INVESTOR UNDER RELEVANT CANADIAN LEGISLATION.

#### **STATUTORY RIGHTS OF ACTION FOR RESCISSION OR DAMAGES (ONTARIO ONLY)**

PURSUANT TO ONTARIO SECURITIES LEGISLATION, WHERE AN OFFERING MEMORANDUM HAS BEEN FURNISHED TO A PROSPECTIVE PURCHASER IN CONNECTION WITH A DISTRIBUTION OF SECURITIES IN RELIANCE UPON THE ACCREDITED INVESTOR EXEMPTION, THE RIGHTS OF ACTION REFERRED TO IN SECTION 130.1 OF THE SECURITIES ACT (ONTARIO) (THE "ACT") MUST BE DESCRIBED IN THE OFFERING MEMORANDUM. THESE RIGHTS AND THE APPLICABLE NOTICE WITH RESPECT THERETO, MUST BE EXERCISED OR DELIVERED, AS THE CASE MAY BE, BY THE PURCHASER WITHIN THE TIME LIMITS PRESCRIBED BY APPLICABLE ONTARIO SECURITIES LEGISLATION. WHERE USED HEREIN, "MISREPRESENTATION" MEANS AN UNTRUE STATEMENT OF A MATERIAL FACT OR AN OMISSION TO STATE A MATERIAL FACT THAT IS REQUIRED TO BE STATED OR THAT IS NECESSARY TO MAKE ANY STATEMENT NOT MISLEADING IN LIGHT OF THE CIRCUMSTANCES IN WHICH IT WAS MADE. A "MATERIAL FACT," WHERE USED IN RELATION TO SECURITIES ISSUED OR PROPOSED TO BE ISSUED, MEANS A FACT THAT SIGNIFICANTLY AFFECTS, OR WOULD REASONABLY BE EXPECTED TO HAVE A SIGNIFICANT EFFECT ON, THE MARKET PRICE OR VALUE OF SUCH SECURITIES. THESE RIGHTS OF ACTION ARE DESCRIBED BELOW.

IN THE EVENT THAT THE PPM (INCLUDING ANY AMENDMENT OR SUPPLEMENT THERETO) CONTAINS A MISREPRESENTATION, AN ONTARIO PURCHASER WHO PURCHASES INTERESTS OFFERED BY THIS PPM DURING THE PERIOD OF DISTRIBUTION SHALL BE DEEMED TO HAVE RELIED UPON THE MISREPRESENTATION IF IT WAS A MISREPRESENTATION AT THE TIME OF PURCHASE, AND HAS A RIGHT OF ACTION FOR DAMAGES OR ALTERNATIVELY FOR RESCISSION AGAINST THE FUND, PROVIDED THAT:

- (A) IF THE PURCHASER EXERCISES ITS RIGHT OF RESCISSION, IT SHALL NOT HAVE A RIGHT OF ACTION FOR DAMAGES AGAINST THE FUND;
- (B) THE FUND WILL NOT BE LIABLE IF IT PROVES THAT THE PURCHASER PURCHASED THE SHARES OF THE FUND WITH KNOWLEDGE OF THE MISREPRESENTATION;
- (C) IN AN ACTION FOR DAMAGES, THE FUND WILL NOT BE LIABLE FOR ALL OR ANY PORTION OF THE DAMAGES THAT IT PROVES DO NOT REPRESENT THE DEPRECIATION IN VALUE OF THE SHARES AS A RESULT OF THE MISREPRESENTATION RELIED UPON; AND
- (D) IN NO CASE SHALL THE AMOUNT RECOVERABLE EXCEED THE PRICE AT WHICH THE SHARES WERE OFFERED.

SECTION 138 OF THE ACT PROVIDES THAT NO ACTION SHALL BE COMMENCED TO ENFORCE THESE RIGHTS IN THE CASE FOR RESCISSION MORE THAN:

- (E) (I) 180 DAYS AFTER THE DATE OF THE TRANSACTION THAT GAVE RISE TO THE CAUSE OF ACTION; OR

(II) THREE YEARS AFTER THE DATE OF THE TRANSACTION THAT GAVE RISE TO THE CAUSE OF ACTION.

THE RIGHTS OF ACTION DESCRIBED ABOVE ARE IN ADDITION TO AND WITHOUT DEROGATION FROM ANY RIGHT OR REMEDY AVAILABLE AT LAW TO THE PURCHASER AND ARE INTENDED TO CORRESPOND TO THE RELEVANT PROVISIONS OF ONTARIO SECURITIES LEGISLATION AND ARE SUBJECT TO THE DEFENCES CONTAINED THEREIN. SUCH PROVISIONS MAY CONTAIN LIMITATIONS AND STATUTORY DEFENCES ON WHICH APPLICABLE PARTIES MAY RELY.

YOU ACKNOWLEDGE THAT IT IS YOUR EXPRESS WISH THAT ALL DOCUMENTS EVIDENCING OR RELATING IN ANY WAY TO THE DISTRIBUTION OF THE SHARES BE DRAWN UP IN THE ENGLISH LANGUAGE ONLY.

#### **FOR CAYMAN ISLANDS INVESTORS**

NO OFFER OR INVITATION TO SUBSCRIBE FOR PARTICIPATING SHARES MAY BE MADE TO THE PUBLIC IN THE CAYMAN ISLANDS.

#### **FOR RESIDENTS OF CHINA**

THE SHARES MAY NOT BE OFFERED OR SOLD DIRECTLY OR INDIRECTLY TO THE PUBLIC IN THE PEOPLE'S REPUBLIC OF CHINA ("CHINA") AND NEITHER THIS PPM, WHICH HAS NOT BEEN SUBMITTED TO THE CHINESE SECURITIES AND REGULATORY COMMISSION, NOR ANY OFFERING MATERIAL OR INFORMATION CONTAINED HEREIN RELATING TO THE SHARES OF THE FUND, MAY BE SUPPLIED TO THE PUBLIC IN CHINA OR USED IN CONNECTION WITH ANY OFFER FOR THE SUBSCRIPTION OR SALE OF SHARES TO THE PUBLIC IN CHINA. THE SHARES OF THE FUND MAY ONLY BE OFFERED OR SOLD TO CHINESE INSTITUTIONS WHICH ARE AUTHORISED TO ENGAGE IN FOREIGN EXCHANGE BUSINESS AND OFFSHORE INVESTMENT FROM OUTSIDE OF CHINA. CHINESE INVESTORS MAY BE SUBJECT TO FOREIGN EXCHANGE CONTROL APPROVAL AND FILING REQUIREMENTS UNDER THE RELEVANT CHINESE FOREIGN EXCHANGE REGULATIONS.

#### **FOR RESIDENTS OF DENMARK**

THE FUND HAS NOT OBTAINED AN APPROVAL FOR MARKETING IN DENMARK BY THE DANISH FINANCIAL SUPERVISORY AUTHORITY PURSUANT TO THE DANISH ACT ON INVESTMENT ASSOCIATIONS AND SPECIAL-PURPOSE ASSOCIATIONS AS WELL AS OTHER COLLECTIVE INVESTMENT SCHEMES ETC. (CONSOLIDATED ACT NO. 904 OF 5 JULY 2010, AS AMENDED BY ACT NO. 1556 OF 21 DECEMBER 2010) (THE "ACT") AND THE EXECUTIVE ORDER ON MARKETING CARRIED OUT BY FOREIGN INVESTMENT UNDERTAKINGS IN DENMARK (EXECUTIVE ORDER NO. 505 OF 12 MAY 2010) (THE "EXECUTIVE ORDER") ISSUED BY THE DANISH FINANCIAL SUPERVISORY AUTHORITY. THE SHARES OF THE FUND HAVE NOT BEEN OFFERED OR SOLD AND MAY NOT BE OFFERED, SOLD OR DELIVERED, DIRECTLY OR INDIRECTLY, TO INVESTORS IN DENMARK. THIS IMPLIES, INTER ALIA, THAT THE SHARES IN THE FUND MAY NOT BE OFFERED OR MARKETED TO POTENTIAL INVESTORS IN DENMARK UNLESS AN APPROVAL FROM THE DANISH FINANCIAL SUPERVISORY AUTHORITY IN ACCORDANCE WITH SECTION 16(1) OF THE ACT HAS BEEN OBTAINED.

#### **FOR INVESTORS IN THE EUROPEAN ECONOMIC AREA**

THE FUND IS A NON-EU ALTERNATIVE INVESTMENT FUND AS DEFINED IN THE EU ALTERNATIVE INVESTMENT FUND MANAGERS DIRECTIVE, AND ITS NON-EU ALTERNATIVE INVESTMENT FUND MANAGER IS THE INVESTMENT ADVISER. THE FUND MAY NOT BE MARKETING BY OR ON BEHALF OF THE INVESTMENT ADVISER FOR THE PURPOSES OF ARTICLE 4 OF THE ALTERNATIVE INVESTMENT FUND MANAGERS DIRECTIVE IN ANY MEMBER STATE OF THE EUROPEAN ECONOMIC AREA. THIS DOCUMENT IS NOT TO BE ISSUED OR DISTRIBUTED IN ANY MEMBER STATE OF THE EUROPEAN ECONOMIC AREA. THE EXPRESSION "ALTERNATIVE INVESTMENT FUND MANAGERS DIRECTIVE" MEANS DIRECTIVE 2011/61/EU (AND AMENDMENTS THERETO) AS IMPLEMENTED IN EACH MEMBER STATE OF THE EUROPEAN ECONOMIC AREA, INCLUDING ANY ADDITIONAL RELEVANT IMPLEMENTING MEASURES IN ANY SUCH RELEVANT MEMBER STATE, INCLUDING ANY ADDITIONAL REQUIREMENTS OR CONDITIONS IMPOSED ON NON-EU ALTERNATIVE INVESTMENT FUND MANAGERS BY SUCH IMPLEMENTING MEASURES.

#### **FOR RESIDENTS OF FINLAND**

THIS PPM DOES NOT CONSTITUTE AN OFFER TO THE PUBLIC IN FINLAND. THE SHARES CANNOT BE OFFERED OR SOLD IN FINLAND BY MEANS OF ANY DOCUMENT TO ANY PERSONS OTHER THAN "PROFESSIONAL INVESTORS" AS DEFINED BY THE FINNISH MUTUAL FUNDS ACT (SIJOITUSRAHASTOLAKI 29.1.1999/48), AS AMENDED. NO ACTION HAS BEEN TAKEN TO AUTHORIZE AN OFFERING OF THE SHARES TO THE PUBLIC IN FINLAND AND THE DISTRIBUTION OF THIS PPM IS NOT AUTHORISED BY THE FINANCIAL SUPERVISION AUTHORITY IN FINLAND. THIS PPM IS STRICTLY FOR PRIVATE USE BY ITS HOLDER AND MAY NOT BE PASSED ON TO THIRD PARTIES OR OTHERWISE PUBLICLY DISTRIBUTED. SUBSCRIPTIONS WILL NOT BE ACCEPTED FROM ANY PERSONS OTHER THAN THE PERSON TO WHOM THIS PPM HAS BEEN DELIVERED BY THE FUND OR ITS REPRESENTATIVE. THIS PPM MAY NOT INCLUDE ALL THE INFORMATION THAT IS REQUIRED TO BE INCLUDED IN A PROSPECTUS IN CONNECTION WITH AN OFFERING TO THE PUBLIC.

#### **FOR RESIDENTS OF FRANCE**

THE SHARES MAY NOT BE OFFERED OR SOLD DIRECTLY OR INDIRECTLY IN THE REPUBLIC OF FRANCE AND NEITHER THIS PPM, WHICH HAS NOT BEEN SUBMITTED TO THE AUTORITÉ DES MARCHÉS FINANCIERS, NOR ANY OFFERING MATERIAL OR INFORMATION CONTAINED THEREIN RELATING TO THE FUND, MAY BE SUPPLIED IN CONNECTION WITH ANY OFFER OF THE SHARES IN THE REPUBLIC OF FRANCE.

#### **FOR RESIDENTS OF GERMANY**

EACH PURCHASER OF SHARES ACKNOWLEDGES THAT THE FUND IS NOT AND WILL NOT BE REGISTERED FOR PUBLIC DISTRIBUTION IN GERMANY. THIS PPM DOES NOT CONSTITUTE A SALES PROSPECTUS PURSUANT TO THE GERMAN INVESTMENT ACT (INVESTMENTGESETZ) OR THE GERMAN SECURITIES PROSPECTUS ACT (WERTPAPIERPROSPEKTGESETZ). ACCORDINGLY, NO OFFER OF THE SHARES MAY BE MADE TO THE PUBLIC IN GERMANY. THIS PPM AND ANY OTHER DOCUMENT RELATING TO THE SHARES, AS WELL AS INFORMATION OR STATEMENTS CONTAINED THEREIN, MAY NOT BE SUPPLIED TO THE PUBLIC IN GERMANY OR USED IN CONNECTION WITH ANY OFFER FOR SUBSCRIPTION OF THE INTERESTS TO THE PUBLIC IN GERMANY OR ANY OTHER MEANS OF PUBLIC MARKETING. AN OFFER OF THE SHARES EXCLUSIVELY TO CREDIT INSTITUTIONS AND FINANCIAL SERVICES PROVIDERS AS DEFINED IN THE GERMAN BANKING ACT, PRIVATE OR PUBLIC INSURANCE COMPANIES, INVESTMENT COMPANIES AND THEIR MANAGERS AS WELL AS PENSION FUNDS AND THEIR ADMINISTRATORS IS NOT DEEMED TO BE A PUBLIC DISTRIBUTION.

#### **FOR RESIDENTS OF GUERNSEY**

PARTICIPATING SHARES ARE NOT OFFERED TO THE PUBLIC IN THE BAILIWICK OF GUERNSEY. PERSONS RESIDENT IN GUERNSEY MAY ONLY APPLY FOR PARTICIPATING SHARES PURSUANT TO PRIVATE PLACEMENT ARRANGEMENTS. THIS PPM HAS NOT BEEN FILED WITH THE GUERNSEY FINANCIAL SERVICES COMMISSION PURSUANT TO THE CONTROL OF BORROWING (BAILIWICK OF GUERNSEY) ORDINANCES 1959 TO 1989 AND NO AUTHORIZATIONS IN RESPECT OF THE PROTECTION OF INVESTORS (BAILIWICK OF GUERNSEY) LAW 1987 HAVE BEEN ISSUED BY THE GUERNSEY FINANCIAL SERVICES COMMISSION IN RESPECT OF IT.

#### **FOR RESIDENTS OF HONG KONG**

THE DISTRIBUTION OF THIS PPM MAY ONLY BE MADE IN HONG KONG IN CIRCUMSTANCES THAT DO NOT CONSTITUTE AN ISSUE, INVITATION OR OFFER TO THE PUBLIC UNDER THE HONG KONG SECURITIES AND FUTURES ORDINANCE ("SECURITIES AND FUTURES ORDINANCE"). THIS PPM IS CONFIDENTIAL TO YOU AND MUST NOT BE FURTHER ISSUED, RE-ISSUED, PASSED ON OR DISTRIBUTED IN ANY OTHER WAY TO ANY OTHER PERSON. UNLESS PERMITTED BY THE SECURITIES AND FUTURES ORDINANCE NO PERSON MAY ISSUE OR HAVE IN ITS POSSESSION FOR ISSUE IN HONG KONG THIS PPM OR ANY OTHER INVITATION, ADVERTISEMENT OR DOCUMENT RELATING TO THE SECURITIES INTERESTS IN THE FUND TO ANYONE OTHER THAN A PERSON WHO IS A "PROFESSIONAL INVESTOR" AS DEFINED IN THE SECURITIES AND FUTURES ORDINANCE AND THE HONG KONG SECURITIES AND FUTURES (PROFESSIONAL INVESTOR) RULES.

THE CONTENTS OF THIS PPM HAVE NOT BEEN REVIEWED BY ANY REGULATORY AUTHORITY IN HONG KONG. THE FUND IS NOT AUTHORISED BY THE SECURITIES AND FUTURES COMMISSION IN HONG KONG PURSUANT TO SECTION 104 OF THE SECURITIES AND FUTURES ORDINANCE.

THE DISTRIBUTION OF THIS PPM AND THE SUBSCRIPTION AGREEMENT FOR SHARES WHICH FORMS AN INTEGRAL PART OF THIS PPM MAY BE PROHIBITED OR RESTRICTED UNDER THE RELEVANT SECURITIES LAWS OF OTHER COUNTRIES OR JURISDICTIONS WHERE PROSPECTIVE INVESTORS ARE RESIDENT. IT IS NOT PROPOSED TO LODGE OR REGISTER THIS PPM UNDER ANY APPLICABLE SECURITIES LEGISLATION OF ANY FOREIGN JURISDICTION. PROSPECTIVE INVESTORS MUST ENSURE THEIR COMPLIANCE WITH THE APPLICABLE SECURITIES LEGISLATION OF THE FOREIGN JURISDICTION BEFORE SUBSCRIBING FOR SHARES PURSUANT TO THE OFFERING.

#### **NOTICE TO THE RESIDENTS OF INDIA**

THIS PPM IS FOR INFORMATION PURPOSES ONLY AND DOES NOT CONSTITUTE A "PUBLIC OFFER" OR AN INVITATION TO MORE THAN 50 PERSONS IN INDIA FOR ANY INVESTMENT OR SUBSCRIPTION FOR FOREIGN SECURITIES. ANY PERSON WHO IS IN POSSESSION OF THIS PPM IS HEREBY NOTIFIED THAT NO ACTION HAS BEEN OR WILL BE TAKEN THAT WOULD ALLOW AN OFFERING OF FOREIGN SECURITIES TO MORE THAN 50 PERSONS IN INDIA AND NEITHER THIS PPM NOR ANY OFFERING MATERIAL RELATING TO FOREIGN SECURITIES HAS BEEN SUBMITTED TO THE REGISTRAR OF COMPANIES (ROC) OR THE SECURITIES AND EXCHANGE BOARD OF INDIA FOR PRIOR REVIEW OR APPROVAL. FURTHER, NO PROSPECTUS FILING HAS BEEN MADE WITH THE ROC, INDIA. ACCORDINGLY, THE INTERESTS MAY NOT BE OFFERED, SOLD, TRANSFERRED OR DELIVERED AND NEITHER THIS PPM NOR ANY OFFERING MATERIAL RELATING TO THE INTERESTS MAY BE DISTRIBUTED OR MADE AVAILABLE (IN WHOLE OR IN PART) TO MORE THAN 50 PERSONS IN INDIA, DIRECTLY OR INDIRECTLY IN CONNECTION WITH ANY OFFER OR INVITATION FOR ANY INVESTMENT OR SUBSCRIPTION OF THE INTERESTS.

#### **NOTICE TO THE RESIDENTS OF INDONESIA**

THE INTERESTS WILL NOT BE OFFERED TO THE PUBLIC IN THE REPUBLIC OF INDONESIA. INDONESIAN RESIDENTS CAN ONLY SUBSCRIBE FOR THE INTERESTS IN ACCORDANCE WITH APPLICABLE INDONESIAN LAW.

#### **FOR RESIDENTS OF IRELAND**

THE DISTRIBUTION OF THIS PPM AND THE OFFERING OR PURCHASE OF SHARES IS RESTRICTED TO THE INDIVIDUAL TO WHOM THIS PPM IS ADDRESSED. ACCORDINGLY, IT MAY NOT BE REPRODUCED IN WHOLE OR IN PART, NOR MAY ITS CONTENTS BE DISTRIBUTED IN WRITING OR ORALLY TO ANY THIRD PARTY AND IT MAY BE READ SOLELY BY THE PERSON TO WHOM IT IS ADDRESSED AND HIS/HER PROFESSIONAL ADVISERS. SHARES IN THE FUND WILL NOT BE OFFERED OR SOLD BY ANY PERSON OTHERWISE THAN IN CONFORMITY WITH THE PROVISIONS OF THE EUROPEAN COMMUNITIES (MARKETS IN FINANCIAL INSTRUMENTS) REGULATIONS 2007, AS AMENDED. SHARES IN THE FUND WILL NOT IN ANY EVENT BE MARKETING IN IRELAND EXCEPT IN ACCORDANCE WITH THE REQUIREMENTS OF THE CENTRAL BANK OF IRELAND.

#### **FOR RESIDENTS OF ISLE OF MAN**

THE FUND IS NOT SUBJECT TO ANY FORM OF REGULATION OR APPROVAL IN THE ISLE OF MAN. THIS DOCUMENT HAS NOT BEEN REGISTERED OR APPROVED FOR DISTRIBUTION IN THE ISLE OF MAN AND MAY ONLY BE DISTRIBUTED IN OR INTO THE ISLE OF MAN BY A PERSON PERMITTED UNDER ISLE OF MAN LAW TO DO SO AND IN ACCORDANCE WITH THE ISLE OF MAN FINANCIAL COLLECTIVE INVESTMENT SCHEMES ACT 1988 AND REGULATIONS MADE THEREUNDER. SHAREHOLDERS IN THE FUND ARE NOT PROTECTED BY ANY STATUTORY COMPENSATION SCHEME.

#### **FOR RESIDENTS OF ITALY**

THE SHARES MAY NOT BE OFFERED, SOLD OR DELIVERED AND THIS PPM, OR ANY CIRCULAR, ADVERTISEMENT OR OTHER DOCUMENT OR OFFERING MATERIAL RELATING TO THE SHARES, MAY NOT BE PUBLISHED, DISTRIBUTED OR MADE AVAILABLE IN THE REPUBLIC OF ITALY UNLESS: (I) THE SHARES HAVE BEEN PREVIOUSLY REGISTERED WITH THE BANK OF ITALY AND, AS APPROPRIATE, WITH THE ITALIAN SECURITIES AND EXCHANGE COMMISSION (CONSOB); AND (II) THE OFFERING, SALE OR DELIVERY OF THE SHARES AND PUBLICATION OR DISTRIBUTION OF THIS PPM OR OF ANY OTHER DOCUMENT OR OFFERING MATERIAL IS MADE IN ACCORDANCE WITH RELEVANT ITALIAN LAWS AND REGULATIONS.

#### **FOR RESIDENTS OF JAPAN**

THE OFFERING OF SHARES HAS NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE SECURITIES AND EXCHANGE LAW OF JAPAN AND MAY NOT BE OFFERED, SOLD OR DELIVERED, DIRECTLY OR INDIRECTLY, IN JAPAN OR TO OR FOR THE BENEFIT OF ANY RESIDENT OF JAPAN EXCEPT PURSUANT TO AN EXEMPTION AVAILABLE UNDER THE SECURITIES AND EXCHANGE LAW OF JAPAN AND IN ACCORDANCE WITH OTHER APPLICABLE JAPANESE LAWS AND REGULATIONS.

#### **FOR RESIDENTS OF JERSEY**

THIS PPM RELATES TO A PRIVATE PLACEMENT AND DOES NOT CONSTITUTE AN OFFER TO THE PUBLIC IN JERSEY TO SUBSCRIBE FOR THE SHARES OFFERED HEREBY. NO REGULATORY APPROVAL HAS BEEN SOUGHT TO THE OFFER IN JERSEY AND IT MUST BE DISTINCTLY UNDERSTOOD THAT THE JERSEY FINANCIAL SERVICES COMMISSION DOES NOT ACCEPT ANY RESPONSIBILITY FOR THE FINANCIAL SOUNDNESS OF OR ANY REPRESENTATIONS MADE IN CONNECTION WITH THE FUND. THE OFFER OF THE SHARES IS PERSONAL TO THE PERSON TO WHOM THIS PPM IS BEING DELIVERED BY OR ON BEHALF OF THE FUND, AND A SUBSCRIPTION FOR THE SHARES WILL ONLY BE ACCEPTED FROM SUCH PERSON. THE PPM MAY NOT BE REPRODUCED OR USED FOR ANY OTHER PURPOSE.

#### **FOR RESIDENTS OF THE REPUBLIC OF KOREA**

THE OFFERING OF SHARES HAS NOT BEEN REGISTERED UNDER THE SECURITIES AND EXCHANGE ACT OF SOUTH KOREA AND NONE OF THE SHARES MAY BE OFFERED, SOLD OR DELIVERED, DIRECTLY OR INDIRECTLY, OR OFFERED OR SOLD TO ANY PERSON FOR RE-OFFERING OR RESALE, DIRECTLY OR INDIRECTLY, IN SOUTH KOREA OR TO ANY RESIDENT OF SOUTH KOREA, EXCEPT PURSUANT TO APPLICABLE LAWS AND REGULATIONS OF SOUTH KOREA.

#### **FOR RESIDENTS OF KUWAIT**

THE FUND HAS NOT BEEN LICENSED BY THE KUWAIT MINISTRY OF COMMERCE AND INDUSTRY PURSUANT TO LAW NO. 31/1990 REGULATING THE NEGOTIATIONS OF SECURITIES AND ESTABLISHMENT OF INVESTMENT FUNDS.

#### **FOR RESIDENTS OF LIECHTENSTEIN**

THE INTERESTS ARE OFFERED TO A NARROWLY DEFINED CATEGORY OF INVESTORS, IN ALL CASES AND UNDER ALL CIRCUMSTANCES DESIGNED TO PRECLUDE A PUBLIC SOLICITATION IN LIECHTENSTEIN. THIS PPM MAY NOT BE REPRODUCED OR USED FOR ANY OTHER PURPOSE, NOR BE FURNISHED TO ANY OTHER PERSON OTHER THAN THOSE TO WHOM COPIES HAVE PERSONALLY BEEN SENT. THIS OFFER IS A PRIVATE OFFER, THIS PPM AND THE TRANSACTIONS DESCRIBED THEREIN ARE THEREFORE NOT NOR HAVE BEEN SUBJECT TO THE REVIEW AND SUPERVISION OF THE LIECHTENSTEIN FINANCIAL MARKET AUTHORITY. THIS OFFER IS NOT INTENDED FOR ON-SELLING.

#### **FOR RESIDENTS OF LUXEMBOURG**

THE PARTICIPATING SHARES MAY NOT BE PUBLICLY OFFERED OR SOLD IN THE GRAND DUCHY OF LUXEMBOURG. THE PARTICIPATING SHARES ARE OFFERED TO A LIMITED NUMBER OF SOPHISTICATED INVESTORS, IN ALL CASES UNDER CIRCUMSTANCES DESIGNED TO PRECLUDE A DISTRIBUTION WHICH WOULD BE OTHER THAN BY A PPM. THIS PPM MAY NOT BE REPRODUCED OR USED FOR ANY PURPOSE, NOR BE FURNISHED TO ANY PERSON OTHER THAN THOSE TO WHOM COPIES HAVE BEEN SENT.

#### **FOR RESIDENTS OF MALAYSIA**

NO SECURITIES MAY BE OFFERED OR SOLD DIRECTLY OR INDIRECTLY IN MALAYSIA BY MEANS OF THIS PPM AND ANY ACCOMPANYING LETTER OTHER THAN TO PERSONS WHOSE ORDINARY BUSINESS IT IS TO BUY OR SELL SECURITIES OR DEBENTURES (WHETHER AS PRINCIPAL OR AGENT) (WITHIN SECTION 4(6)(B) OF THE MALAYSIAN COMPANIES ACT 1965) OR TO PERSONS TO WHOM AN OFFER TO SELL SECURITIES OR DEBENTURES WOULD NOT CONSTITUTE AN OFFER TO THE PUBLIC UNDER SECTION 47B OF THE COMPANIES ACT, 1965. UNLESS OTHERWISE PERMITTED TO DO SO BY THE SECURITIES LAWS OF MALAYSIA, NO PERSON MAY ISSUE OR CAUSE TO BE ISSUED IN MALAYSIA ANY INVITATION, ADVERTISEMENT OR DOCUMENT RELATING TO THE SECURITIES TO ANYONE OTHER THAN A



PERSON WHO COMES WITHIN SECTION 4(6)(B) OR SECTION 47B OF THE MALAYSIAN COMPANIES ACT 1965.

#### **FOR RESIDENTS OF MAURITIUS**

THE PARTICIPATING SHARES MAY NOT BE OFFERED OR SOLD, DIRECTLY OR INDIRECTLY, TO THE PUBLIC IN MAURITIUS. NEITHER THIS PPM, NOR ANY OFFERING MATERIAL OR INFORMATION CONTAINED HEREIN RELATING TO THE OFFER OF PARTICIPATING SHARES, MAY BE RELEASED OR ISSUED TO THE PUBLIC IN MAURITIUS OR USED IN CONNECTION WITH ANY SUCH OFFER. THIS PPM DOES NOT CONSTITUTE AN OFFER TO SELL PARTICIPATING SHARES TO THE PUBLIC IN MAURITIUS. THIS PPM IS NOT A "PROSPECTUS" AS DEFINED UNDER THE MAURITIUS COMPANIES ACT.

#### **FOR RESIDENTS OF NETHERLANDS**

THIS DOCUMENT IS NOT ADDRESSED TO OR INTENDED FOR ANY INDIVIDUAL OR LEGAL ENTITY IN THE NETHERLANDS EXCEPT (A) INDIVIDUALS OR LEGAL ENTITIES WHO QUALIFY AS QUALIFIED INVESTORS AS DEFINED BY ARTICLE 2 PARAGRAPH 1(E) OF THE PROSPECTUS DIRECTIVE (2003/71/EC), AS AMENDED OR (B) OTHER PERSONS TO WHOM, OR IN CIRCUMSTANCES WHERE, AN EXEMPTION OR EXCEPTION TO THE OFFERING OF INTERESTS IN COLLECTIVE INVESTMENT SCHEMES (BELEGGINGSINSTELLINGEN) APPLIES PURSUANT TO THE ACT ON FINANCIAL SUPERVISION (WET OP HET FINANCIEEL TOEZICHT), AND THE RULES AND REGULATIONS PROMULGATED PURSUANT THERETO, AS AMENDED. DISTRIBUTION OF THIS DOCUMENT DOES NOT TRIGGER A LICENCE REQUIREMENT FOR THE FUND IN THE NETHERLANDS AND CONSEQUENTLY NO SUPERVISION WILL BE EXERCISED OVER THE FUND BY THE NETHERLANDS AUTHORITY FOR THE FINANCIAL MARKETS (AUTORITEIT FINANCIËLE MARKTEN).

#### **FOR RESIDENTS OF QATAR**

THIS PPM HAS NOT BEEN FILED WITH, REVIEWED OR APPROVED BY THE QATAR CENTRAL BANK OR ANY OTHER RELEVANT QATARI GOVERNMENTAL BODY OR SECURITIES EXCHANGE.

#### **FOR RESIDENTS OF SINGAPORE**

THE OFFER OR INVITATION WHICH IS THE SUBJECT OF THIS PPM IS ONLY ALLOWED TO BE MADE TO AN INSTITUTIONAL INVESTOR OR OTHER PERSON PURSUANT TO THE PROVISIONS OF SECTION 304 OF THE SECURITIES AND FUTURES ACT, CHAPTER 289 OF SINGAPORE ("SFA") OR A SOPHISTICATED INVESTOR PURSUANT TO THE PROVISIONS OF SECTION 305 OF THE SFA AND NOT THE RETAIL PUBLIC. MOREOVER, THIS PPM IS NOT A PROSPECTUS AS DEFINED IN THE SFA. ACCORDINGLY, STATUTORY LIABILITY UNDER THE SFA IN RELATION TO THE CONTENT OF PROSPECTUSES WOULD NOT APPLY. PROSPECTIVE INVESTORS SHOULD CONSIDER CAREFULLY WHETHER THE INVESTMENT IS SUITABLE FOR THEM.

THIS PPM HAS NOT BEEN REGISTERED AS A PROSPECTUS WITH THE MONETARY AUTHORITY OF SINGAPORE. ACCORDINGLY, THIS PPM AND ANY OTHER DOCUMENT OR MATERIAL IN CONNECTION WITH THE OFFER OR SALE, OR INVITATION FOR SUBSCRIPTION OR PURCHASE, OF THE SHARES MAY NOT BE CIRCULATED OR DISTRIBUTED, NOR MAY THE SHARES BE OFFERED OR SOLD, OR BE MADE THE SUBJECT OF AN INVITATION FOR SUBSCRIPTION OR PURCHASE, WHETHER DIRECTLY OR INDIRECTLY, TO THE PUBLIC OF ANY MEMBER OF THE PUBLIC IN SINGAPORE OTHER THAN (I) TO AN INSTITUTIONAL INVESTOR OR OTHER PERSON, AND IN ACCORDANCE WITH THE CONDITIONS, SPECIFIED IN SECTION 304 OF THE SFA, (II) TO A SOPHISTICATED INVESTOR, AND IN ACCORDANCE WITH THE CONDITIONS, SPECIFIED IN SECTION 305 OF THE SFA OR (III) OTHERWISE PURSUANT TO, AND IN ACCORDANCE WITH THE CONDITIONS OF, ANY OTHER APPLICABLE PROVISION OF THE SFA. THE SHARES SUBSCRIBED OR PURCHASED BY ANY SUCH PERSON IN SINGAPORE SHALL NOT BE TRANSFERABLE EXCEPT BY OPERATION OF LAW.

#### **FOR RESIDENTS OF SPAIN**

THE FUND HAS NOT BEEN AUTHORISED BY OR REGISTERED WITH THE SPANISH SECURITIES MARKET COMMISSION AS A FOREIGN COLLECTIVE INVESTMENT SCHEME IN ACCORDANCE WITH SECTION 15.2 OF LAW 35/2003 OF 4 NOVEMBER 2003 ON COLLECTIVE INVESTMENT

SCHEMES. ACCORDINGLY, THE SHARES OF THE FUND MAY NOT BE OFFERED OR SOLD IN SPAIN BY MEANS OF ANY MARKETING ACTIVITIES AS DEFINED IN SECTION 2 OF LAW 35/2003, AS AMENDED BY LAW 25/2005, OF 24 NOVEMBER 2005.

#### **FOR RESIDENTS OF SWEDEN**

THIS PPM HAS NOT BEEN APPROVED BY OR REGISTERED WITH THE SWEDISH FINANCIAL SUPERVISORY AUTHORITY (FINANSINSPEKTIONEN) PURSUANT TO THE SWEDISH FINANCIAL INSTRUMENTS TRADING ACT (LAGEN 1991:980) OM HANDEL MED FINANSIELLA INSTRUMENT). ACCORDINGLY, THE SHARES MAY ONLY BE OFFERED IN SWEDEN IN CIRCUMSTANCES THAT WILL NOT RESULT IN A REQUIREMENT TO PREPARE A PROSPECTUS PURSUANT TO THE SWEDISH FINANCIAL INSTRUMENTS TRADING ACT. THE FUND IS NOT AN INVESTMENT FUND (FONDFÖRETAG) FOR THE PURPOSE OF THE SWEDISH INVESTMENT FUNDS ACT (LAG (2004:46) OM INVESTERINGSFONDER) AND HAS THEREFORE NOT BEEN, NOR WILL IT BE, APPROVED OR REGISTERED BY THE SWEDISH FINANCIAL SUPERVISORY AUTHORITY PURSUANT TO THE SWEDISH INVESTMENT FUNDS ACT.

#### **FOR RESIDENTS OF SWITZERLAND**

THE FUND HAS NOT BEEN APPROVED BY THE SWISS FINANCIAL MARKET SUPERVISORY AUTHORITY (FINMA) AS A FOREIGN COLLECTIVE INVESTMENT SCHEME PURSUANT TO ARTICLE 120 OF THE SWISS COLLECTIVE INVESTMENT SCHEMES ACT OF 23 JUNE 2006 (THE "CISA"). ACCORDINGLY, THE SHARES MAY NOT BE OFFERED TO THE PUBLIC IN OR FROM SWITZERLAND AND NEITHER THIS PPM NOR ANY OTHER OFFERING MATERIALS RELATING TO THE SHARES MAY BE MADE AVAILABLE THROUGH A PUBLIC OFFERING IN OR FROM SWITZERLAND. THE SHARES MAY ONLY BE OFFERED AND THIS PPM MAY ONLY BE DISTRIBUTED IN OR FROM SWITZERLAND BY WAY OF PRIVATE PLACEMENT TO "QUALIFIED INVESTORS" (AS DEFINED IN THE CISA AND ITS IMPLEMENTING ORDINANCE) AND / OR TO A LIMITED CIRCLE OF INVESTORS, WITHOUT ANY PUBLIC OFFERING.

#### **FOR RESIDENTS OF TAIWAN**

THE FUND HAS NOT BEEN AND WILL NOT BE REGISTERED WITH THE TAIWAN GOVERNMENT AUTHORITY. ANY SALE OF THE SHARES OF IN TAIWAN SHALL BE IN COMPLIANCE WITH THE LOCAL LEGAL REQUIREMENTS AND RESTRICTIONS. THE SHARES MAY NOT BE SOLD, ISSUED OR PUBLICLY OFFERED IN TAIWAN AND MAY ONLY BE MADE AVAILABLE TO PROSPECTIVE INVESTORS IN TAIWAN ON A PRIVATE PLACEMENT BASIS. NO PERSON OR ENTITY IN TAIWAN HAS BEEN AUTHORISED TO OFFER, SELL, GIVE ADVICE REGARDING OR OTHERWISE INTERMEDIATE THE OFFERING AND SALE OF THE SHARES.

#### **FOR RESIDENTS OF THAILAND**

THIS PPM HAS BEEN PREPARED SOLELY IN RELATION TO THE INTENDED OFFER OF THE SHARES TO INSTITUTIONAL INVESTORS IN THAILAND. THIS DOCUMENT DOES NOT CONSTITUTE A PROSPECTUS. THE SHARES MAY NOT BE PUBLICLY OFFERED IN THAILAND.

#### **FOR UNITED ARAB EMIRATES RESIDENTS**

BY RECEIVING THIS PPM, THE PERSON OR ENTITY TO WHOM IT HAS BEEN ISSUED UNDERSTANDS, ACKNOWLEDGES AND AGREES THAT THIS PPM HAS NOT BEEN APPROVED BY THE CENTRAL BANK OF THE UNITED ARAB EMIRATES ("U.A.E."), THE EMIRATES SECURITIES AND COMMODITIES AUTHORITY, THE U.A.E. MINISTRY OF ECONOMY AND PLANNING, THE DUBAI FINANCIAL SERVICES AUTHORITY ("DFSA") OR ANY OTHER AUTHORITY IN THE U.A.E., AND DO NOT CONSTITUTE A PUBLIC OFFER OF SECURITIES IN THE U.A.E. IN ACCORDANCE WITH THE FEDERAL LAW NO.8 OF 1984 CONCERNING COMMERCIAL COMPANIES (AS AMENDED), THE DUBAI INTERNATIONAL FINANCIAL CENTRE ("DIFC") MARKETS LAW 2004 OR OTHERWISE. FURTHERMORE, NO AUTHORIZATION PERMIT OR LICENSE HAS BEEN RECEIVED FROM THE U.A.E. CENTRAL BANK, THE EMIRATES SECURITIES AND COMMODITIES AUTHORITY, THE U.A.E. MINISTRY OF ECONOMY AND PLANNING, DFSA OR ANY OTHER AUTHORITY IN THE U.A.E. TO MARKET, OFFER, PLACE OR SELL THE INTERESTS IN THE U.A.E.

THIS PPM IS NOT INTENDED TO CONSTITUTE AN OFFER, SALE OR DELIVERY OF SHARES OR OTHER SECURITIES UNDER THE LAWS OF THE U.A.E. THE INTERESTS HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER FEDERAL LAW NO.4 OF 2000 CONCERNING THE EMIRATES SECURITIES AND COMMODITIES AUTHORITY WITH THE EMIRATES SECURITIES AND

COMMODITY EXCHANGE, OR WITH THE CENTRAL BANK OF THE UNITED ARAB EMIRATES, THE DUBAI FINANCIAL MARKET, THE ABU DHABI SECURITIES MARKET, THE DUBAI INTERNATIONAL FINANCIAL EXCHANGE OR WITH ANY OTHER U.A.E. EXCHANGE. NO MARKETING OF ANY FINANCIAL PRODUCTS OR SERVICES HAS BEEN OR WILL BE MADE WITHIN THE U.A.E. AND NO SALE OR SUBSCRIPTION FOR ANY SECURITIES, PRODUCTS OR FINANCIAL SERVICES ANY OR WILL BE CONSUMMATED WITHIN THE U.A.E. THE ENTITY CONDUCTING THE PLACEMENT IN THE U.A.E IS NOT A LICENSED BROKER, DEALER OR INVESTMENT ADVISOR UNDER THE LAWS APPLICABLE IN THE U.A.E., AND IT DOES NOT ADVISE INDIVIDUALS RESIDENT IN THE U.A.E AS TO THE APPROPRIATENESS OF INVESTING IN OR PURCHASING OR SELLING SECURITIES OR OTHER FINANCIAL PRODUCTS. NOTHING CONTAINED IN THIS PPM IS INTENDED TO CONSTITUTE U.A.E. INVESTMENT, LEGAL, TAX, ACCOUNTING OR OTHER PROFESSIONAL ADVICE. THIS PPM IS FOR THE INFORMATION OF PROSPECTIVE INVESTORS ONLY AND NOTHING IN THIS PPM IS INTENDED TO ENDORSE OR RECOMMEND A PARTICULAR COURSE OF ACTION. PROSPECTIVE INVESTORS SHOULD CONSULT WITH AN APPROPRIATE PROFESSIONAL FOR SPECIFIC ADVICE RENDERED ON THE BASIS OF THEIR SITUATION.

THIS PPM AND ANY OTHER MATERIALS RELATING TO INTERESTS ARE STRICTLY CONFIDENTIAL AND MAY NOT BE DISTRIBUTED TO ANY PERSON OR ENTITY OTHER THAN ITS ORIGINAL RECIPIENTS, AND MAY NOT BE REPRODUCED OR USED FOR ANY OTHER PURPOSE. THE INTERESTS MAY NOT BE OFFERED OR SOLD DIRECTLY OR INDIRECTLY TO THE PUBLIC IN THE U.A.E.

#### **FOR RESIDENTS OF UNITED KINGDOM**

THE FUND IS NOT A RECOGNISED COLLECTIVE INVESTMENT SCHEME FOR THE PURPOSES OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 OF THE UNITED KINGDOM (THE "ACT"). THE PROMOTION OF THE FUND AND THE DISTRIBUTION OF THIS PPM IN THE UNITED KINGDOM IS ACCORDINGLY RESTRICTED BY LAW.

THIS PPM IS BEING ISSUED IN THE UNITED KINGDOM BY THE FUND TO, AND/OR IS DIRECTED AT, PERSONS TO WHOM IT MAY LAWFULLY BE ISSUED OR DIRECTED AT UNDER THE FINANCIAL SERVICES AND MARKETS ACT 2000 (FINANCIAL PROMOTION) ORDER 2005 INCLUDING PERSONS WHO ARE AUTHORISED UNDER THE ACT ("AUTHORISED PERSONS"), CERTAIN PERSONS HAVING PROFESSIONAL EXPERIENCE IN MATTERS RELATING TO INVESTMENTS, HIGH NET WORTH COMPANIES, HIGH NET WORTH UNINCORPORATED ASSOCIATIONS OR PARTNERSHIPS, TRUSTEES OF HIGH VALUE TRUSTS AND PERSONS WHO QUALIFY AS CERTIFIED SOPHISTICATED INVESTORS. THE SHARES ARE ONLY AVAILABLE TO SUCH PERSONS IN THE UNITED KINGDOM AND THIS PPM MUST NOT BE RELIED OR ACTED UPON BY ANY OTHER PERSONS IN THE UNITED KINGDOM. IN ORDER TO QUALIFY AS A CERTIFIED SOPHISTICATED INVESTOR A PERSON MUST (A) HAVE A CERTIFICATE IN WRITING OR OTHER LEGIBLE FORM SIGNED BY AN AUTHORISED PERSON TO THE EFFECT THAT HE IS SUFFICIENTLY KNOWLEDGEABLE TO UNDERSTAND THE RISKS ASSOCIATED WITH PARTICIPATING IN UNRECOGNISED COLLECTIVE INVESTMENT SCHEMES AND (B) HAVE SIGNED, WITHIN THE LAST 12 MONTHS, A STATEMENT IN A PRESCRIBED FORM DECLARING, AMONGST OTHER THINGS, THAT HE QUALIFIES AS A SOPHISTICATED INVESTOR IN RELATION TO SUCH INVESTMENTS. THIS PPM IS EXEMPT FROM THE GENERAL RESTRICTION IN SECTION 21 OF THE ACT ON THE COMMUNICATION OF INVITATIONS OR INDUCEMENTS TO ENGAGE IN INVESTMENT ACTIVITY ON THE GROUNDS THAT IT IS BEING ISSUED TO AND/OR DIRECTED AT ONLY THE TYPES OF PERSON REFERRED TO ABOVE.

THE CONTENT OF THIS PPM HAS NOT BEEN APPROVED BY AN AUTHORISED PERSON AND SUCH APPROVAL IS, SAVE WHERE THIS PPM IS DIRECTED AT OR ISSUED TO THE TYPES OF PERSON REFERRED TO ABOVE, REQUIRED BY SECTION 21 OF THE ACT. ACQUIRING SHARES MAY EXPOSE AN INVESTOR TO A SIGNIFICANT RISK OF LOSING ALL OF THE AMOUNT INVESTED. ANY PERSON WHO IS IN ANY DOUBT ABOUT INVESTING IN THE FUND SHOULD CONSULT AN AUTHORISED PERSON SPECIALISING IN ADVISING ON SUCH INVESTMENTS.

#### **FOR RESIDENTS OF UNITED STATES OF AMERICA**

THE PARTICIPATING SHARES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE US SECURITIES ACT OR OTHER SECURITIES LAWS OF ANY STATE OF THE UNITED STATES AND WILL BE OFFERED AND SOLD FOR INVESTMENT ONLY TO QUALIFYING RECIPIENTS OF

THIS PPM PURSUANT TO THE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE US SECURITIES ACT, REGULATION D OR REGULATION S PROMULGATED UNDER THE US SECURITIES ACT, AND IN COMPLIANCE WITH ANY APPLICABLE SECURITIES LAWS OF RELEVANT STATES OF THE UNITED STATES. THE FUND WILL NOT BE REGISTERED AS AN INVESTMENT COMPANY UNDER THE US INVESTMENT COMPANY ACT.

POTENTIAL INVESTORS MUST VERIFY THAT THEY ARE PERMITTED TO OWN PARTICIPATING SHARES AND TO ENSURE THAT THE PARTICIPATING SHARES HELD WILL AT NO TIME BE HELD FOR THE ACCOUNT OR BENEFIT OF ANY PERSON WHO IS NOT A PERMITTED U.S. PERSON. SHAREHOLDERS ARE REQUIRED TO NOTIFY THE FUND IMMEDIATELY OF ANY CHANGE IN THEIR STATUS WITH RESPECT TO THE SUITABILITY REQUIREMENTS DESCRIBED IN THIS PPM AND IN THEIR SUBSCRIPTION AGREEMENT.

IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE FUND AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THE PARTICIPATING SHARES HAVE NOT BEEN RECOMMENDED OR APPROVED BY THE SEC OR ANY OTHER FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS PPM. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE.

THE PARTICIPATING SHARES ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD WITHOUT THE CONSENT OF THE FUND AND COMPLIANCE WITH APPLICABLE SECURITIES LAWS, INCLUDING IF RELEVANT, THE US SECURITIES ACT AND ANY APPLICABLE SECURITIES LAWS OF THE RELEVANT STATES OF THE UNITED STATES PURSUANT TO REGISTRATION OR EXEMPTION THEREFROM. INVESTORS SHOULD BE AWARE THAT THEY WILL BE REQUIRED TO BEAR THE FINANCIAL RISKS OF ANY INVESTMENT IN THE PARTICIPATING SHARES FOR AN INDEFINITE PERIOD OF TIME. THERE IS NO OBLIGATION ON THE PART OF ANY PERSON TO REGISTER THE PARTICIPATING SHARES UNDER THE US SECURITIES ACT OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES.

#### **SPECIAL NOTICE TO FLORIDA INVESTORS ONLY**

IF THE INVESTOR IS NOT A BANK, A TRUST COMPANY, A SAVINGS INSTITUTION, AN INSURANCE COMPANY, A DEALER, AN INVESTMENT COMPANY AS DEFINED IN THE US INVESTMENT COMPANY ACT, A PENSION OR PROFIT-SHARING TRUST OR A QUALIFIED INSTITUTIONAL BUYER (AS DEFINED IN RULE 144A UNDER THE US SECURITIES ACT), THE INVESTOR ACKNOWLEDGES THAT ANY SALE OF PARTICIPATING SHARES TO THE INVESTOR IS VOIDABLE BY THE INVESTOR EITHER WITHIN THREE DAYS AFTER THE FIRST TENDER OF CONSIDERATION IS MADE BY THE INVESTOR TO THE FUND, OR ANY AGENT OF THE FUND, OR WITHIN THREE DAYS AFTER THE AVAILABILITY OF THAT PRIVILEGE IS COMMUNICATED TO THE INVESTOR, WHICHEVER OCCURS LATER.

## DEFINITIONS

The following terms have the meanings (and corresponding derivative meanings) set out below, unless and only to the extent that the context otherwise requires.

|                                        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|----------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b><i>Accredited Investor</i></b>      | for Permitted U.S. Persons, an accredited investor under Regulation D of the Securities Act including those who fall within the following:<br><ul style="list-style-type: none"> <li>- a natural person whose individual net worth or joint net worth with person's spouse at the time of participating exceeds US\$1,000,000;</li> <li>- a natural person who had an individual income in excess of US\$200,000 in each of the 2 most recent calendar years, or joint income with that person's spouse in excess of US\$300,000 in each of those years, and has a reasonable expectation of reaching the same level of income in the current calendar year;</li> <li>- an entity in which all the equity owners are accredited investors;</li> <li>- a corporation, not formed for the specific purpose of acquiring the securities offered, with total assets of US\$5,000,000.</li> </ul>                                                                                                                                                             |
| <b><i>Administration Agreement</i></b> | the administration agreement between the Fund, the Master Fund and the Administrator.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| <b><i>Administrator</i></b>            | State Street Cayman Trust Company Ltd, or such other person that may be appointed as the administrator and transfer agent of the Fund and the Master Fund from time to time. Unless otherwise stated, a reference to the Administrator shall include a reference to the Administrator's delegates.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <b><i>Administrator's Delegate</i></b> | State Street Asia Limited, or such other Administrator's Delegate appointed by the Administrator from time to time.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <b><i>Affiliate</i></b>                | in respect of a person or entity (" <b>First Person</b> "):<br><ul style="list-style-type: none"> <li>(a) an entity in which the First Person holds, directly or indirectly, fifty percent (50%) or more of the voting rights;</li> <li>(b) an entity or person which owns, directly or indirectly, fifty percent (50%) or more of the voting rights in the First Person;</li> <li>(c) an entity in which the First Person and an entity described in paragraph (b) above own, directly or indirectly, fifty percent (50%) or more of the voting rights;</li> <li>(d) an entity over which the First Person, or its holding company, exercises direct or indirect management control, even though it may own less than fifty percent (50%) of the voting rights in such entity; or</li> <li>(e) an entity or person which exercises direct or indirect management control over the First Person or its holding company, even though it may own less than fifty percent (50%) of the voting rights in the First Person or its holding company.</li> </ul> |
| <b><i>Articles</i></b>                 | the memorandum of association and the articles of association of the Fund or of the Master Fund (as applicable), as amended from time to time.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| <b><i>Asia Pacific</i></b>             | means Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand, Vietnam, East Timor, Hong Kong, China, Japan, Macau, Mongolia, South Korea, Taiwan, Bangladesh, Bhutan,                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |

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|                                               | India, Pakistan, Afghanistan, the Maldives, Sri Lanka, Nepal, Australia, the Cook Islands, the Federated States of Micronesia, Niue, Kiribati, Nauru, New Zealand, Samoa, Palau, Papua New Guinea, the Marshall Islands, Vanuatu, the Solomon Islands, Tonga, Tuvalu, Fiji, American Samoa, French Polynesia, Guam and the United States.                          |
| <b>Auditor</b>                                | Ernst & Young Ltd. or such other person that may be appointed as auditor of the Fund and Master Fund.                                                                                                                                                                                                                                                              |
| <b>Authority</b>                              | the Cayman Islands Monetary Authority.                                                                                                                                                                                                                                                                                                                             |
| <b>Automatic Redemption Process</b>           | as defined in section 6 of the PPM.                                                                                                                                                                                                                                                                                                                                |
| <b>Base Net Asset Value</b>                   | the greater of the Net Asset Value per Participating Share of the relevant Class and/or Series at the time of issue of that Share and the highest Net Asset Value per Participating Share in respect of which a Profit Allocation was allocable as at the end of any previous Calculation Period (if any) during which such Participating Share was then in issue. |
| <b>Board</b>                                  | the board of Directors of the Fund.                                                                                                                                                                                                                                                                                                                                |
| <b>Business Day</b>                           | a day (except Saturday and Sunday) on which banks in Hong Kong and the Cayman Islands are open for normal banking business or such other day or days in addition or reduction or in substitution as the Directors may from time to time determine.                                                                                                                 |
| <b>Calculation Period</b>                     | the period for which a Profit Allocation is calculated and allocable in respect of each Participating Share, as further described in the section headed "Profit Allocation" in this PPM.                                                                                                                                                                           |
| <b>Class</b>                                  | a class of Participating Shares in the share capital of the Fund or the Master Fund, as the context requires.                                                                                                                                                                                                                                                      |
| <b>Class A Shares</b>                         | a class of Participating Shares designated by the Directors as "Class A" and carrying the rights as set out in this PPM.                                                                                                                                                                                                                                           |
| <b>Class B Shares</b>                         | a class of Participating Shares designated by the Directors as "Class B" and carrying the rights as set out in this PPM.                                                                                                                                                                                                                                           |
| <b>Class B Shares Additional Subscription</b> | the additional subscription for Class B Shares after the Class B Shares Closing Date as defined in section 6 of this PPM.                                                                                                                                                                                                                                          |
| <b>Class B Shares Closing Date</b>            | the third Subscription Day following the Initial Closing Date, or such other date as determined by the Manager in its sole discretion.                                                                                                                                                                                                                             |
| <b>Class C Shares</b>                         | a class of Participating Shares designated by the Directors as "Class C" and carrying the rights as set out in this PPM.                                                                                                                                                                                                                                           |
| <b>Class MM Shares</b>                        | a class of Participating Shares designated by the Directors as "Class MM" and carrying the rights as set out in this PPM.                                                                                                                                                                                                                                          |
| <b>Class S Shares</b>                         | a class of Participating Shares designated by the Directors as "Class S" and carrying the rights as set out in this PPM.                                                                                                                                                                                                                                           |
| <b>Class S Shares Closing Date</b>            | the last day of the Initial Offer Period, or such other date as determined by the Manager in its sole discretion.                                                                                                                                                                                                                                                  |

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| <b>Companies Law</b>                | the Companies Law (2013 Revision) of the Cayman Islands, as from time to time amended and supplemented.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| <b>Designated Class Adjustments</b> | the designated class adjustments as defined in section 7 of this PPM.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <b>Directors</b>                    | the directors of the Fund or the Master Fund (as the context requires), including any duly authorized committee of the board of directors of the Fund or the Master Fund (as the context requires) or, as the context so requires, the sole director.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <b>Eligible Investors</b>           | those prospective investors who are permitted to invest in the Fund under all relevant laws applicable to the offering and this PPM, being persons that: (a)(i) are Non-U.S. Persons or (ii) are Permitted U.S. Persons that are “accredited investors” for the purposes of Regulation D of U.S. Securities Act of 1933, as amended (“ <b>Securities Act</b> ”) and are “qualified purchasers” as defined in Section 2(a)(51) of the Investment Company Act; and (b) are “qualified eligible purchasers” under the U.S. Commodity Exchange Act (“ <b>Commodity Exchange Act</b> ”) which generally requires that an investor is either not a U.S. person, as defined under the Commodity Exchange Act, or is a “qualified purchaser”. |
| <b>ERISA</b>                        | Employee Retirement Income Security Act of 1974, as amended.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| <b>First Redemption Day</b>         | as defined in section 6 of this PPM.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>Fiscal Year</b>                  | a fiscal year of the Fund being a period of twelve (12) months from 1 January to 31 December, or as otherwise determined by the Directors in consultation with the Manager, provided that the first Fiscal Year is from the Initial Closing Date until 31 December 2017.                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <b>Fund</b>                         | Coordinates Asia Focus Feeder Fund, an exempted company with limited liability incorporated under the laws of the Cayman Islands.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <b>Fund Management Share</b>        | a non-participating, voting share in the share capital of the Fund having a nominal or par value of US\$0.01 each, and having the right to receive the Profit Allocation.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| <b>IFRS</b>                         | means International Financial Reporting Standards.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| <b>Initial Closing Date</b>         | the last day of the Initial Offer Period.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| <b>Initial Offer Period</b>         | the initial offer period during which Participating Shares are first offered for subscription. The Initial Offer Period may be extended or reduced by the Manager at its discretion.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>Investments</b>                  | the cash, investments and other assets from time to time comprising the assets of the Master Fund.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| <b>Investment Account</b>           | an account as defined in section 7 of this PPM.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <b>Investment Adviser</b>           | Coordinates Capital Management Limited, a company incorporated in Hong Kong, acting in its capacity as the investment adviser to the Manager in respect of the Master Fund, the Fund, and/or any SPV (as applicable), or such other person as may be appointed as the investment adviser to the Manager in respect of the Fund, the Master Fund and/or any SPV (as applicable), from time to time.                                                                                                                                                                                                                                                                                                                                    |

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| <b><i>Investment Advisory Agreement</i></b>           | the investment advisory agreement between the Manager and the Investment Adviser.                                                                                                                                                                                                                                                           |
| <b><i>Investment Company Act</i></b>                  | U.S. Investment Company Act of 1940 as amended.                                                                                                                                                                                                                                                                                             |
| <b><i>Investment Management Agreement</i></b>         | each investment management agreement between the Manager and the Fund, the Master Fund, and/or any SPV (as applicable), as the context requires.                                                                                                                                                                                            |
| <b><i>Key Man</i></b>                                 | Lingfeng LI and such other person(s) as nominated by the Manager from time to time.                                                                                                                                                                                                                                                         |
| <b><i>Key Man Redemption Day</i></b>                  | a date as defined in section 6 of this PPM.                                                                                                                                                                                                                                                                                                 |
| <b><i>Management Fee</i></b>                          | the fee payable to the Manager in respect of the management of the Fund, as described in the section headed “ <b>Fees and Expenses.</b> ”                                                                                                                                                                                                   |
| <b><i>Management Fee Percentage</i></b>               | as defined in section 5 of this PPM.                                                                                                                                                                                                                                                                                                        |
| <b><i>Management Affiliated Investors</i></b>         | the Manager, the Investment Adviser, their respective employees, officers and Affiliates. The Manager may also determine, in its absolute discretion, that a person shall be regarded as a Management Affiliated Investor.                                                                                                                  |
| <b><i>Manager</i></b>                                 | Coordinates Investment Management (Cayman) Limited, an exempted company with limited liability incorporated in the Cayman Islands, acting in its capacity as the manager of the Fund, the Master Fund and/or any SPV or such other person as may be appointed as the manager of the Fund, the Master Fund and/or any SPV from time to time. |
| <b><i>Master Fund</i></b>                             | Coordinates Asia Focus Master Fund, an exempted company with limited liability incorporated under the laws of Cayman Islands.                                                                                                                                                                                                               |
| <b><i>Master Fund Management Share</i></b>            | a non-participating, voting share in the share capital of the Master Fund having a nominal or par value of US\$0.01 each.                                                                                                                                                                                                                   |
| <b><i>Minimum Holding Amount</i></b>                  | the minimum holding amount for the relevant Class of Participating Shares of a Shareholder as set out in this PPM, or such lower aggregate Net Asset Value as the Directors may in their discretion determine in any particular case or generally.                                                                                          |
| <b><i>Minimum Redemption Amount</i></b>               | the minimum redemption amount for Participating Shares as set out in this PPM or such lower amount as the Directors may in their discretion determine in any particular case or generally.                                                                                                                                                  |
| <b><i>Mutual Funds Law</i></b>                        | the Mutual Funds Law (2015 Revision) of the Cayman Islands, as amended and supplemented from time to time.                                                                                                                                                                                                                                  |
| <b><i>Net Asset Value or NAV</i></b>                  | the net asset value of the Fund, the Master Fund, or of a Class or a Series of Participating Shares, as the case requires, as determined by the Directors from time to time in accordance with the valuation guidelines in section 7 of this PPM.                                                                                           |
| <b><i>Net Asset Value per Participating Share</i></b> | the Net Asset Value of Participating Shares of each Series divided by the number of Participating Shares of that Series of such Class                                                                                                                                                                                                       |



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|                                              | outstanding on the relevant Valuation Point, rounded to three decimal places for reporting purposes.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>New Issue</b>                             | as defined in FINRA Rule 5130 to include any initial public offering of an equity security as defined in Section 3(a)(11) of the U.S. Securities Exchange Act of 1934, made pursuant to a registration statement or offering circular.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| <b>Non-U.S. Person</b>                       | <ul style="list-style-type: none"> <li>▪ a natural person who is not a resident of the United States or an enclave of the United States, its government, its agencies or instrumentalities (note that persons who have lost their U.S. citizenship and who live outside of the United States may nonetheless, in some circumstances, be treated as a U.S. Person);</li> <li>▪ a partnership, corporation or other entity, other than an entity organized principally for passive investment, organized under the laws of a non-US jurisdiction and which has its principal place of business in a non-US jurisdiction;</li> <li>▪ an estate or trust, the income of which is not subject to United States income tax regardless of source;</li> <li>▪ an entity organized principally for passive investment such as a pool, investment company or other similar entity, provided that units of participation in the entity held by persons who do not qualify as Non-U.S. Persons or otherwise as qualified eligible persons (as defined in CFTC Rule 4.7(a)(2) or (3)) represent in the aggregate less than ten percent. (10%) of the beneficial interest in the entity, and that such entity was not formed principally for the purpose of facilitating investment by persons who do not qualify as Non-U.S. Persons in a commodity pool with respect to which the commodity pool operator is exempt from certain requirements of Part 4 of the CFTC's Regulations by virtue of its participants being Non-U.S. Persons; and</li> <li>▪ a pension plan for employees, officers or principals of an entity organized and with its principal place of business outside the United States.</li> </ul> |
| <b>Orderly Realisation</b>                   | as defined section 7 of this PPM.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <b>Participating Share</b>                   | a limited-voting, participating redeemable share in the share capital of the Fund or the Master Fund, as the case may be, having a nominal or par value of US\$0.01, being Class S Shares, Class A Shares, Class B Shares, Class C Shares, Class MM Shares and such other Class or Classes of Participating Shares as created and issued by the Fund or the Master Fund from time to time.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <b>Participating Shareholder/Shareholder</b> | a holder of limited-voting, participating, redeemable shares in the share capital of the Fund or the Master Fund having a nominal or par value of US\$0.01, being Class S Shares, Class A Shares, Class B Shares, Class C Shares, Class MM Shares and such other Class or Classes of Participating Shares as created and issued by the Fund or the Master Fund, as the case may be, from time to time.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| <b>Permitted U.S. Person</b>                 | <p>a tax exempt entity or an employee benefit plan which is a U.S. person and:</p> <ul style="list-style-type: none"> <li>- an "accredited investor" as defined under Regulation D of the Securities Act;</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |

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|                                  | <p>- a "qualified purchaser" as defined under the Investment Company Act; and</p> <p>- a "qualified eligible person" as defined under the Commodity Exchange Act.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <b>PPM</b>                       | this private placement memorandum issued in connection with the offer of Participating Shares in the Fund as amended, modified or supplemented from time to time.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>Profit Allocation</b>         | the amount that is allocable from the Fund to the holders of the Fund Management Shares as described in the section headed "Profit Allocation" and the Articles of the Fund.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <b>Qualified Eligible Person</b> | a "Qualified Eligible Person" within the meaning defined in Rule 4.7 of the Commodity Exchange Act, as amended.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| <b>Qualified Purchaser</b>       | a "Qualified Purchaser" as defined in Section 2(a) of the Investment Company Act, as amended.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <b>Realisation Period</b>        | a period as defined section 7 of this PPM.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <b>Redeeming Shareholder</b>     | as defined in section 6 of this PPM.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| <b>Redemption Charge</b>         | a redemption charge of three percent (3%) of the redemption proceeds imposed on any Class B Share redeemed within the period of twelve (12) months and on any Class C Shares redeemed within the period of twenty-four (24) months, each such time period commencing from the relevant Subscription Day as of which the relevant Participating Share was issued by the Fund, subject to the sole discretion of the Directors to waive all or part of the redemption charge otherwise payable generally or specifically by any one or more Redeeming Shareholders on any relevant Redemption Day as may be deemed appropriate in the sole opinion of the Directors. |
| <b>Redemption Day</b>            | means: (i) the first Business Day of each calendar quarter, or such other day or days as the Manager, in consultation with the Administrator, may from time to time determine; and (ii) for the purpose of determining a Key Man Redemption Day shall be the next Redemption Day immediately following the end of the month during which the Key Man Notice is issued.                                                                                                                                                                                                                                                                                             |
| <b>Redemption Limit</b>          | as defined in section 6 of this PPM.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| <b>Redemption Notice</b>         | a written notice given by Shareholder to the Administrator requesting the redemption of all or some of its Participating Shares.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <b>Redemption Price</b>          | the redemption price per Participating Share calculated in the manner described in section 6 of this PPM.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| <b>Restricted Person</b>         | <p>any person holding Participating Shares:</p> <p>(i) in breach of the law or requirements of any country of governmental authority; or</p> <p>(ii) in circumstances (whether directly or indirectly affecting such Person and whether taken alone or in conjunction with any other Person, connected or not, or any other circumstances) which, in the opinion of the Directors, might result in the Fund incurring any liability to taxation</p>                                                                                                                                                                                                                |

|                               |                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
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|                               | or suffering any other pecuniary, legal or administrative disadvantage which the Fund might not otherwise have incurred or suffered.                                                                                                                                                                                                                                                                                                                        |
| <b>Securities Act</b>         | the US Securities Act of 1933, as amended.                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>Series</b>                 | a separate series of any Class of Participating Shares.                                                                                                                                                                                                                                                                                                                                                                                                     |
| <b>SFO</b>                    | the Securities and Futures Ordinance of Hong Kong.                                                                                                                                                                                                                                                                                                                                                                                                          |
| <b>Share</b>                  | any share in the share capital of the Fund whether the same is a Fund Management Share or a Participating Share, or any share in the share capital of the Master Fund whether the same is a Master Fund Management Share or a Participating Share.                                                                                                                                                                                                          |
| <b>Share Rights</b>           | with respect to the Participating Shares of any Class or Series in issue, the class rights for the time being applicable to such Participating Shares or other terms of offer for the time being applicable to such Participating Shares whether set out in this PPM, the Articles, the Subscription Agreement or otherwise (including any representations, warranties, or other disclosure relating to the offer or holding of such Participating Shares). |
| <b>Side Letters</b>           | a letter as defined section 12 of this PPM.                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <b>Subscription Agreement</b> | the subscription agreement in relation to an application for Participating Shares in the Fund entered into between an applicant and the Fund.                                                                                                                                                                                                                                                                                                               |
| <b>Subscription Day</b>       | in relation to the Initial Offer Period, the Initial Closing Date, and thereafter, the first Business day of each calendar month, or such other day or days as the Manager, in consultation with the Administrator, may from time to time determine.                                                                                                                                                                                                        |
| <b>Subscription Price</b>     | US\$1,000.00 per Participating Share.                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <b>Suspension</b>             | as defined section 7 of this PPM.                                                                                                                                                                                                                                                                                                                                                                                                                           |
| <b>Tax Exempt Investors</b>   | U.S. tax-exempt organization qualified under Section 501(c)(3) of the Code or U.S. pension trusts or governmental plans qualified under Section 401(a) of the Code.                                                                                                                                                                                                                                                                                         |
| <b>Unsatisfied Portion</b>    | as defined section 6 of this PPM.                                                                                                                                                                                                                                                                                                                                                                                                                           |
| <b>US\$ or US Dollars</b>     | the lawful currency of the United States of America.                                                                                                                                                                                                                                                                                                                                                                                                        |
| <b>U.S. Person</b>            | as defined for the purposes of US federal securities, commodities and tax laws, including Regulation S under the Securities Act.                                                                                                                                                                                                                                                                                                                            |
| <b>Valuation Day</b>          | the last calendar day immediately prior to a Subscription Day or a Redemption Day (as the case may be), and such other day or days as the Directors may in their discretion determine in any particular case or generally.                                                                                                                                                                                                                                  |
| <b>Valuation Point</b>        | the close of business in the last relevant market to close on each Valuation Day or such other time on such other Business Day or Business Days as the Directors may in their discretion from time to time determine.                                                                                                                                                                                                                                       |