



PriDe FCP SIF 2016-3

FONDS COMMUN DE PLACEMENT – FONDS D'INVESTISSEMENT SPECIALISE

December 2016

PriDe FCP SIF 2016-3 is a *fonds commun de placement* (the "**FCP**") governed by its management regulations (the "**Management Regulations**") and the Luxembourg law of 13 February 2007 on specialised investment funds (the "**SIF Law**"). The FCP qualifies as an externally managed alternative investment fund within the meaning of the Luxembourg Law of 12 July 2013 on alternative investment fund managers (the "**AIFM Law**").

Alma Capital Investment Management (the "**Management Company**"), a Luxembourg company, whose registered office is located at 5 rue Aldringen L-1118 Luxembourg registered with the Trade and Companies Registry of Luxembourg under number B171608, duly licenced as management company and alternative investment fund manager by the Luxembourg *Commission de Surveillance du Secteur Financier* (the "**CSSF**"), has been appointed as management company within the meaning of the SIF Law and as alternative investment fund manager within the meaning of the AIFM Law.

The purpose of the FCP is to purchase or subscribe to, as the case may be, either on the primary market or on the secondary market on a regular basis a diversified portfolio of receivables comprising a pool of subordinated and/or senior debt securities or any similar debt instruments (such as, but not limited to, participative loans and *Schuldschein*) (the "**Receivables**") issued by insurance companies, mutual insurance companies, disability institutions (*institutions de prévoyance*), reinsurance companies, corporate entities at Lloyds, pension funds and any entities similar to, or any holding companies of, the abovementioned entities (the "**Insurance Obligors**") located in Qualifying European Countries during the Investment Period (as such term is defined below) and to issue debt securities which will amortise during the Amortisation Period (as such term is defined below). The FCP's investment strategy is to buy and hold the Receivables which can only be sold (i) subject to certain conditions set out in this private placement memorandum (the "**Prospectus**") and/or in the Management Regulations (the Prospectus and the Management Regulations being collectively referred to as the "**FCP Regulations**"), in order to comply with the selection criteria of such underlying assets or (ii) following the occurrence of new circumstances and if such sale does not have the sole purpose of generating a capital gain.

The Receivables will be exclusively allocated to the FCP by the Management Company.

The FCP will issue up to €150,000,000 units (the "**Units**"). The Units are *pari passu* and shall be paid *pro rata*. This Prospectus has not been prepared in the context of a public offer of the Units in the Grand-Duchy of Luxembourg. The Units will only be offered and sold (i) in Luxembourg to well-informed investors (*investisseurs avertis*) within the meaning of the SIF Law and/or (ii) to non-resident investors (*investisseurs non-résidents*).

For a discussion of certain significant factors affecting investments in the Units, see Sections " RISK FACTORS – SPECIAL CONSIDERATIONS " and " SUBSCRIPTION AND SALE " on pages 25 and 77 of this Prospectus.

The Units will be issued in denominations of €125,000 (one hundred and twenty-five thousand Euros) each and will at all times be represented in registered form (*nominative*) (see Section "**TERMS AND CONDITIONS OF THE UNITS – Form, Denomination and Title**"). The Units are only partially paid on issue (*titres à libération fractionnée*) and the Conditions provide for payment by the Unitholder of further instalments of the paid-up nominal value of the Units further to receipt by the Unitholders of a notice from the Paying Agent to make any such further payments.

The Units' price is linked to the Receivables purchased and subscribed by the FCP from time to time during the Investment Period (as defined below). Pursuant to the FCP Regulations, the Unitholders of the FCP will only be repaid from the moneys and proceeds arising from the assets and subject to the applicable Priority of Payments.

Interest on the Units is payable by reference to successive Interest Periods. The Units bear interest equal to the Available Interest Amount less the Senior Expenses (as such terms are defined below). During the Investment Period, the Units will not be subject to redemption even if some Receivables have been partly or fully redeemed or sold for whatever reason (as, in such case, the proceeds are expected to be reinvested before the end of the Investment Period). During the Amortisation Period, the Units are subject to mandatory partial redemption on each Payment Date, subject to the principal amounts collected from the Receivables and from any other Assets and the applicable Priority of Payments, until the earlier of (i) the date on which there is no longer any outstanding Receivables or (ii) the Final Legal Maturity Date.

In accordance with and subject to the terms of the FCP Regulations, the FCP will be entitled to purchase or subscribe to Receivables during the period starting on the Closing Date and automatically terminating on (and including) the earliest to occur of (i) the Payment Date immediately following the third anniversary following the Closing Date, or, in the event the Investment Advisor should have advised the Management Company that the Investment Period be extended by 1 (one) year, the Payment Date immediately following the fourth anniversary of the Closing Date and (ii) the date on which a Liquidation Event occurs (the "**Investment Period**").

This Prospectus does not constitute an offer to sell or the solicitation of an offer to buy the Units in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. No action has been taken or shall be taken by the Management Company (acting, as the case may be, as Arranger), the Depositary or the Investment Advisor (as defined below), that shall permit a public offer of the Units in any jurisdiction.

Neither the Investment Advisor nor any of their respective affiliates have authorised the whole or any part of this Prospectus and none of them makes any representation or warranty or accepts any responsibility as to the accuracy or completeness of the information contained in this Prospectus, except for the information regarding itself under the Sections entitled "Description of the Relevant Entities" and "Description of the Investment Advisor". The Investment Advisor shall not incur any liability in relation to the information contained or incorporated by reference in this Prospectus nor, for the avoidance of doubt any other documents referred to herein and expressed to be appended hereto or any other information provided by the Management Company (acting, as the case may be, as Arranger), or the Depositary in connection with the transactions described in this Prospectus.

In connection with the issue and sale of the Units, no person has been authorised to give any information or to make any representations other than those contained in this Prospectus and, if given or made, such information or representations shall not be relied upon as having been authorised by or on behalf of the Management Company (acting, as the case may be, as Arranger), the Depositary, the Account Bank, the Central Administration Agent, the Paying Agent, the Swap Counterparties (if any) or the Investment Advisor .

The distribution of this Prospectus and the offering or sale of the Units in certain jurisdictions may be restricted by law or regulations. Persons coming into possession of this Prospectus are required to enquire regarding, and to comply with, any such restrictions.

This Prospectus should not be construed as a recommendation, invitation, solicitation or offer by the Management Company (acting, as the case may be, as Arranger), the Depositary, the Account Bank, the Central Administration Agent, the Paying Agent, the Swap Counterparty (if any) or the Investment Advisor to any recipient of this Prospectus, or any other information supplied in connection with the issue of Units, to subscribe to or acquire any such Units. Each potential investor should conduct an independent investigation of the financial terms and conditions of the Units, and an assessment of the creditworthiness of the FCP, the risks associated with the Units and of the tax, accounting and legal consequences of an investment in the Units and should consult an independent legal tax or accounting advisor to this effect.

THE LIABILITIES IN CONNECTION WITH UNITS ARE EXCLUSIVELY BORNE BY THE FCP AND ARE LIMITED TO IT. NEITHER THE UNITS ISSUED BY THE FCP NOR THE ASSETS ARE, OR WILL BE, GUARANTEED IN ANY WAY BY THE MANAGEMENT COMPANY (ACTING, AS THE CASE MAY BE, AS ARRANGER), THE DEPOSITARY, THE ACCOUNT BANK, THE CENTRAL ADMINISTRATION AGENT, THE PAYING AGENT, THE SWAP COUNTERPARTY (IF ANY) OR THE INVESTMENT ADVISOR OR BY ANY OF THEIR RESPECTIVE AFFILIATES. NONE OF THE MANAGEMENT COMPANY (ACTING, AS THE CASE MAY BE, AS ARRANGER), THE DEPOSITARY, THE ACCOUNT BANK, THE CENTRAL ADMINISTRATION AGENT, THE PAYING AGENT, THE SWAP COUNTERPARTY (IF ANY) OR THE INVESTMENT ADVISOR WILL BE LIABLE, OR PROVIDE ANY GUARANTEES FOR, THE UNITS ISSUED BY THE FCP. ONLY THE MANAGEMENT COMPANY MAY ENFORCE THE RIGHTS OF UNITHOLDERS AGAINST THIRD PARTIES.

IN THE EVENT OF ANY WITHHOLDING TAX OR DEDUCTION IN RESPECT OF THE UNITS, PAYMENTS OF PRINCIPAL AND INTEREST IN RESPECT OF THE UNITS WILL BE MADE NET OF SUCH WITHHOLDING OR DEDUCTION. NEITHER THE FCP NOR THE PAYING AGENT WILL BE LIABLE TO PAY ANY ADDITIONAL AMOUNTS OUTSTANDING.

The Units will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") under applicable U.S. state securities laws or under the laws of any jurisdiction. The Units have not and will not be offered for subscription or sale in the United States of America or to or for the account or benefit of U.S. persons as defined in Regulation S of the Securities Act, save under certain circumstances where the contemplated transactions do not require any registration under the Securities Act (see Section "SUBSCRIPTION AND SALE – *United States of America*").

No guarantee can be given to any potential investor with respect to the private placement of the Units, as to the creation or development of a secondary market for the Units.

The Management Company, in its capacity as founder of the FCP assume responsibility for the information contained in this Prospectus

Neither the delivery of this Prospectus, nor the offering of the Units shall, under any circumstances, constitute or create any representation or imply that the information (whether financial or otherwise) contained in this Prospectus regarding the FCP, the Management Company (acting, as the case may be, as Arranger), the Depositary, the Account Bank, the Central Administration Agent, the Paying Agent, the Swap Counterparty (if any), the Investment Advisor or any other entity involved in the distribution of the Units, shall remain valid at any time subsequent to the date of this Prospectus. While the information set out in this Prospectus comprises a description of certain provisions of the Transaction Documents, it should be read as a summary only and it is not intended as a full statement of the provisions of such Transaction Documents.

No stabilising agent will be appointed in relation to the Units.

In this Prospectus, unless otherwise specified or required by the context, references to "**Euro**", "**EUR**" or "**€**" are to the lawful currency of the Grand-Duchy of Luxembourg as of 1 January 1999, such date being the commencement of the third stage of the Economic and Monetary Union pursuant to the Treaty establishing the European Economic Community, as amended by the Treaty on the European Union.

**PROCEDURE OF ISSUE AND PLACEMENT OF THE UNITS
SELECTION OF RECEIVABLES AND AVAILABLE INFORMATION**

This Prospectus relates to the placement procedure for Units issued by a Luxembourg *fonds commun de placement* as governed by the provisions of the Luxembourg Law.

The purpose of this Prospectus is to set out (i) the general terms and conditions of the assets and liabilities of the FCP, (ii) the general characteristics of the Receivables which may be acquired or subscribed to in respect of the FCP, and (iii) the general principles of establishment and operation of the FCP.

FCP Regulations

Upon the subscription to or purchase of any Units, its holder shall be automatically and without any further formality (*de plein droit*) bound by the provisions of the FCP Regulations, as may be amended from time to time by any amendments to it jointly agreed by the Management Company and the Depositary in accordance with the terms thereof. As a consequence, each Unitholder is deemed to have full knowledge of the operation of the FCP and in particular, of the characteristics of the Receivables purchased by the FCP, of the Conditions of the Units, as applicable, and of the identity of the parties participating in the operation of the FCP.

This Prospectus is part of the FCP Regulations. Any person wishing to obtain a copy of the Management Regulations, may request a copy from the Management Company with effect from the date of distribution of this Prospectus.

Defined Terms

For the purposes of this Prospectus, capitalised terms will have the meaning assigned to them in Appendix I of this Prospectus.

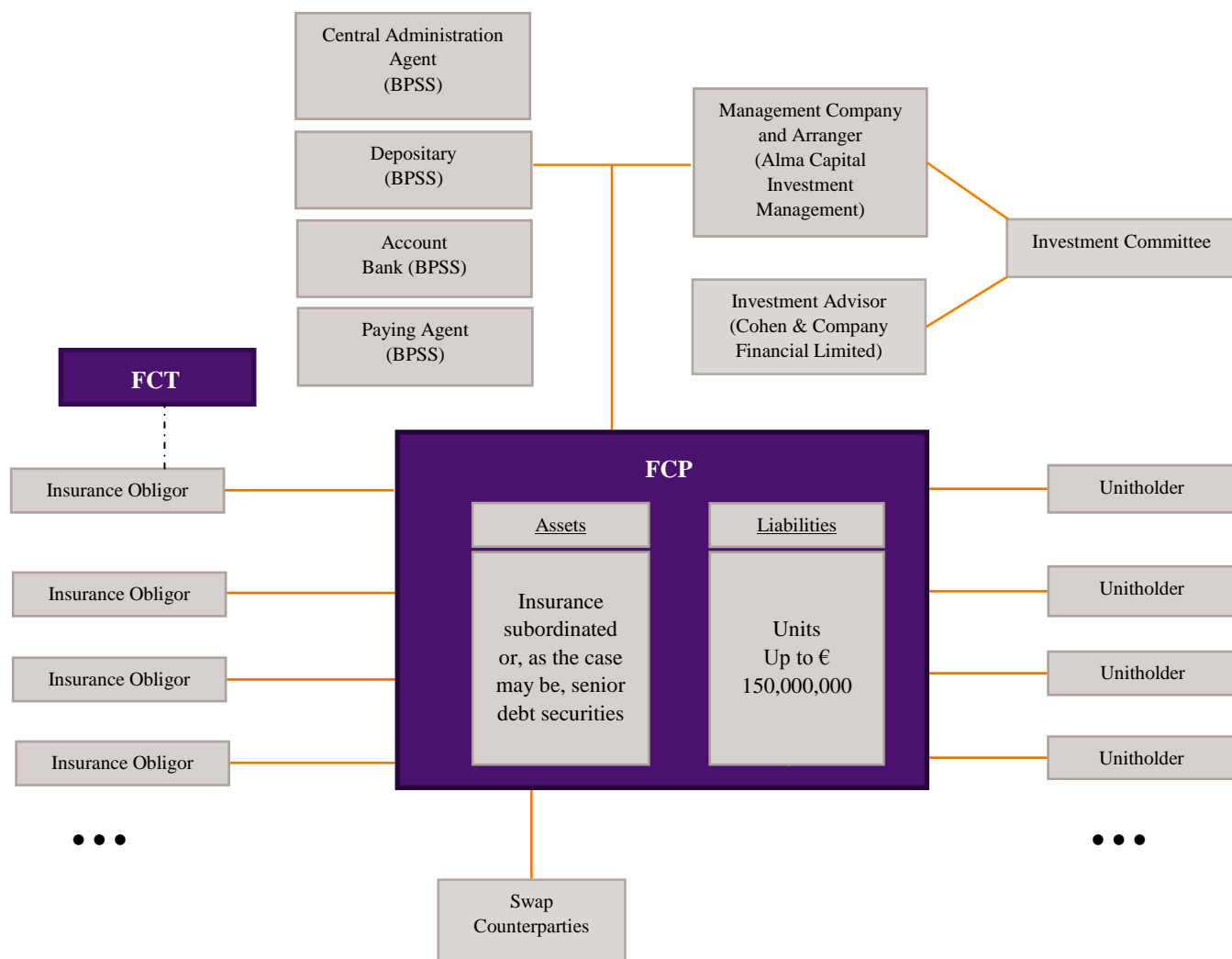
Information

A hard copy of this Prospectus shall be made available free of charge during normal business hours at the registered office of each of the Management Company and the Paying Agent and an electronic version of the Prospectus shall be sent by email by the Management Company upon request.

CONTENTS

	PAGE
STRUCTURE DIAGRAM OF THE TRANSACTION	7
SUMMARY OF THE TRANSACTION	8
GENERAL DESCRIPTION OF THE FCP	17
DESCRIPTION OF THE RELEVANT ENTITIES	19
RISK FACTORS - SPECIAL CONSIDERATION	25
OPERATION OF THE FCP – REMUNERATION AND AMORTISATION OF THE UNITS DEPENDING ON THE PERIODS	38
DESCRIPTION OF THE UNITS	45
DESCRIPTION OF THE ASSETS	46
DESCRIPTION OF THE RECEIVABLES	47
DESCRIPTION OF THE INVESTMENT ADVISOR AGREEMENT	49
USE OF PROCEEDS	52
TERMS AND CONDITIONS OF THE UNITS	53
LUXEMBOURG TAXATION REGIME	58
DESCRIPTION OF THE ACCOUNTS	59
NO RECOURSE OR LIMITED RECOURSE AGAINST THE FCP	61
DESCRIPTION OF THE INVESTMENT ADVISOR	62
CASH MANAGEMENT AND INVESTMENT RULES	65
LIQUIDATION OF THE FCP AND DISPOSAL OF THE RECEIVABLES	66
MODIFICATIONS TO THE TRANSACTION	68
GOVERNING LAW – SUBMISSION TO JURISDICTION	69
GENERAL ACCOUNTING PRINCIPLES GOVERNING THE FCP – CALCULATION OF THE NET ASSET VALUE	70
FCP EXPENSES	72
INFORMATION RELATING TO THE FCP	75
SUBSCRIPTION AND SALE	77
GENERAL INFORMATION	79
INDEX OF APPENDICES	80
APPENDIX I – GLOSSARY OF DEFINED TERMS	81
APPENDIX II – FORM OF UNITS INSTALMENT NOTICE	91

STRUCTURE DIAGRAM OF THE TRANSACTION



In this diagram, "**BPSS**" means BNP Paribas Securities Services, Luxembourg Branch.

SUMMARY OF THE TRANSACTION

The attention of potential investors is drawn to the fact that the following Section only sets out a summary of the information relating to the FCP and should be considered by reference to the detailed information provided in this Prospectus. Capitalised words or expressions shall have the meanings given to them in the glossary of terms in Appendix I to this Prospectus.

FCP PriDe FCP SIF 2016-3 is a Luxembourg *fonds commun de placement* established by the Management Company and the Depositary.

The FCP is governed by the SIF Law and by the FCP Regulations.

In accordance with the SIF Law, the FCP is an undivided collection of receivables made-up and managed on behalf of joint owners and does not have a legal personality (*personnalité morale*).

Management Company Alma Capital Investment Management, a Luxembourg company, whose registered office is located at 5 rue Aldringen L-1118 Luxembourg registered with the Trade and Companies Registry of Luxembourg under number B171608, duly licensed as management company and alternative investment fund manager by the CSSF.

References in this Prospectus to the Management Company will be deemed, unless the context requires otherwise, to be references to the Management Company acting in its own name, but on behalf, of the FCP.

Depositary BNP Paribas Securities Services, Luxembourg Branch, a branch of BNP Paribas Securities Services SCA, a wholly-owned subsidiary of BNP Paribas SA, as depositary of the assets of the FCP, under the FCP Regulations and the Depositary Agreement. BNP Paribas Securities Services SCA is a licensed bank incorporated in France as a *Société en Commandite par Actions* (partnership limited by shares) under No.552 108 011, authorised by the *Autorité de Contrôle Prudentiel et de Résolution* (ACPR) and supervised by the *Autorité des Marchés Financiers* (AMF), with its registered address at 3 rue d'Antin, 75002 Paris, acting through its Luxembourg Branch, whose office is at 60, avenue J.F. Kennedy, L-1855 Luxembourg, Grand-Duchy of Luxembourg, and is supervised by the CSSF.

Investment Advisor Cohen & Company Financial Limited, an English private limited company acting through its French branch at 3 rue du Faubourg Saint Honoré, 75008 Paris whose registered office is located at 5th Floor, 6 St. Andrew Street, London, United Kingdom, EC4A 3AE, with its English Companies House number as 05894236 and registered with the Trade and Companies Registry of Paris (France) under number 521 029 728, regulated by the English Financial Conduct Authority and passported in France as investment service provider (*prestataire en service d'investissement*).

Investment Committee	<p>The Investment Committee comprises at least three (3) members including its president, the majority of whom are members of the Management Company. The members are selected amongst experts or professionals in the asset management or insurance industry and appointed jointly by the Management Company and the Investment Advisor. Each member of the Investment Committee may be revoked and replaced at any time by the person(s) having appointed such member, i.e. jointly by the Management Company and the Investment Advisor.</p> <p>The role of the Investment Committee is:</p> <ul style="list-style-type: none"> - to provide the Investment Advisor with independent recommendations, views, analysis and opinions on any contemplated investment in the Receivables; - as the case may be, to approve or reject any contemplated investment in the Receivables proposed by the Investment Advisor and for which the Management Company expresses interest. If the Management Company expresses interest for the investment and if the investment is compliant with the Prospectus, the Management Company shall propose the investment to the Investment Committee. A proposed investment shall be deemed to be approved by the Investment Committee in accordance with the following conditions: <ul style="list-style-type: none"> • if no more than one third of the members of the Investment Committee reject and vote against the proposed investment, such proposed investment shall be deemed to be approved by the Investment Committee; • if more than one third of the members of the Investment Committee reject and vote against the proposed investment, such proposed investment shall be deemed to be rejected by the Investment Committee; • any abstention shall not be deemed a negative vote; • in order to be valid, any negative vote shall be motivated and set out the reasonable grounds for such rejection. <p>If a proposed investment is not approved by the Investment Committee, the Management Company shall not decide to invest in such Receivables. If a proposed investment is approved by the Investment Committee, the Management Company may decide to make the investment.</p>
Account Bank	The Depositary of the FCP, BNP Paribas Securities Services, Luxembourg Branch, acting, as the case may be, as Account Bank.
Central Administration Agent and Registrar Agent	BNP Paribas Securities Services, Luxembourg Branch, acting as Central Administration Agent and, as the case may be, as Registrar Agent.
Paying Agent	The Depositary of the FCP, BNP Paribas Securities Services, Luxembourg Branch, acting, as the case may be, as Paying Agent.
Swap Counterparties	The identity of the Swap Counterparties is not yet known. A Swap Agreement may be entered into for hedging purposes only with the FCP and any Swap Counterparty provided that such Swap Counterparty is a first ranking bank and is recommended by the Investment Advisor.
Arranger	Alma Capital Investment Management, a Luxembourg company, whose registered office is located at 5 rue Aldringen L-1118 Luxembourg registered with the Trade and Companies Registry of Luxembourg under number B171608, duly licensed as management company and alternative investment fund manager by the CSSF.
Description of the Assets	The investment strategy of the FCP is to buy and hold Assets following their acquisition and not to engage in arbitrage or actively trade (purchase and sell) these Assets. The FCP's investment strategy is to buy and hold the Receivables which can only be sold (i) subject to certain conditions set out in the FCP Regulations in order to comply with the selection criteria of such underlying assets or (ii) following the occurrence of new circumstances and if such sale does not have the sole purpose of

generating a capital gain. Pursuant to the FCP Regulations, the Assets comprise:

- (a) all Receivables that the FCP has purchased or subscribed to from time to time including, for the avoidance of doubt, any rights, assets or certificates arising from or exchanged in connection with the Receivables and/or any other similar transaction;
- (b) any Ancillary Rights attached to the Receivables;
- (c) the FCP Cash;
- (d) any amount to be received from any Swap Counterparty(/ies), in respect of any Swap Agreement(s), if any;
- (e) any Authorised Investments and income relating to any Authorised Investments; and
- (f) any other rights transferred or attributed to the FCP under the terms of the Transaction Documents.

Receivables

The purpose of the FCP is to purchase or subscribe to, as the case may be, either on the primary market or on the secondary market a diversified portfolio of receivables (the "**Receivables**") issued or guaranteed by insurance companies, mutual insurance companies, disability institutions (*institutions de prévoyance*), reinsurance companies, corporate entities at Lloyds, pension funds and any entities similar to, or any holding companies of, the abovementioned entities (the "**Insurance Obligors**") during the Investment Period and to issue debt securities which will amortise during the Amortisation Period. The Investment Period starts on the Closing Date and automatically terminates on (and including) the earliest to occur of (i) the Payment Date immediately following the third anniversary of the Closing Date, or, in the event the Investment Advisor should have advised the Management Company that the Investment Period be extended by 1 (one) year, the Payment Date immediately following the fourth anniversary of the Closing Date and (ii) the date on which a Liquidation Event occurs. The Amortisation Period starts when the Investment Period terminates.

The Receivables transferred to, or subscribed to by, the FCP on any Purchase Date must satisfy the Receivables Criteria and the Portfolio Criteria on their respective Selection Date. The Receivables Criteria are as follows:

- the Receivables will be issued or guaranteed by Insurance Obligors domiciled in a Qualifying European Country;
- the Receivables will be subordinated and/or senior debt securities or any similar debt instruments (such as, but not limited to, participative loans, *Schuldschein*);
- the sum of all Receivables issued by the same Insurance Obligor will be of an amount equal to maximum 10% of the Aggregate Initial Principal Amount;
- subject to the caveat described in the Portfolio Criteria, the Receivables will arise from issues whose aggregate nominal amount does not exceed €250,000,000 (two hundred and fifty million Euros);
- the Receivables have a stated residual maturity of no more than 10 (ten) years (or, subject to the Portfolio Criteria, 30 (thirty) years in some cases), after the end of the Investment Period and, under no circumstances, will the Receivables be undated or perpetual securities;
- the Receivables shall bear a fixed or a variable coupon indexed to the relevant EURIBOR corresponding to the period of such coupon. In case of fixed coupons, the interest served will be calculated by reference to a fixed rate for a maximum of 10.5 (ten and a half) years from the issue date of the Receivable. In case of variable coupons, the reference EURIBOR rate will

- be no more than 12 (twelve) months;
- in respect of Receivables with a stated maturity of more than 10.5 (ten and a half) years from their issue date, the applicable credit margin will increase starting on or about the 10th (tenth) anniversary of the issue date of such Receivables by no less than 100 (one hundred) basis points;
- the Receivables are denominated in Euros;
- the coupons distribution frequency is not less than annual;
- the payment of any amount under the Receivables (whether in principal or in interest) does not trigger (as of the Selection Date) the payment of withholding tax or, if withholding or deduction is so required, either (i) the Insurance Obligor is required (unless local laws and regulations do not allow this), subject to certain conditions, to gross-up payments (unless the Insurance Obligor exercises a tax early call option and redeems the security in advance) or (ii) relief is available in respect of such withholding tax or deduction under an applicable double tax treaty; and
- the Receivables may be freely purchased or subscribed by or transferred to the FCP without the occurrence of any breach of any applicable laws, regulations, selling restrictions and/or contractual provisions.

The Portfolio Criteria are as follows:

- the Receivables whose maturity date exceeds 10 (ten) years from the end of the Investment Period, will account for no more than 20% of the Aggregate Initial Principal Amount; such Receivables will have a maturity date of no more than 30 (thirty) years from their issuance date and must have been issued or guaranteed by an Insurance Obligor rated by a rating agency;
- the Receivables issued or guaranteed by a Life Insurance Obligor will not exceed 25% of the Aggregate Initial Principal Amount. For these purposes, an Insurance Obligor will be deemed to be a "**Life Insurance Obligor**" if the proportion of such obligor's premium income related to guaranteed return saving policies exceeds one third of its total insurance premium income or if the proportion such obligor's premium income related to all saving policies (including unit-linked policies for example) exceeds half of its total insurance premium income (in both cases, "total insurance premium income" means total gross insurance premium income underwritten during the last available reporting period as of the Selection Date of the corresponding Receivable);
- the Receivables that arise from issues whose aggregate nominal amount exceeds €250,000,000 will not exceed 20% of the Aggregate Initial Principal Amount.

Should any of the above criteria fail to be met as a result of an unforeseeable event occurring after the purchase of any Receivables (including, but not limited to, an exchange offer in relation to a Receivable or a change in the activity of an Insurance Obligor), the FCP will be permitted to purchase and hold additional Receivables provided that any such further purchase of Receivables will not further increase the numerator of the relevant ratio set out above which has been breached as a result of such unforeseeable event.

Acquisition of Receivables

During the Investment Period, the Investment Advisor will make recommendations to the Management Company, with copy to the Depositary, to purchase or subscribe to, on behalf of the FCP, Receivables in accordance with the Investment Advisor Agreement.

The Investment Advisor shall use all commercially reasonable efforts to propose Receivables for the Management Company to purchase prior to the end of the

Investment Period, in order to procure that the aggregate Purchase Price, inclusive of accrued interests of Receivables purchased or committed to be purchased by the FCP is equal to the Aggregate Initial Principal Amount of the Units.

Disposal of Receivables

Without prejudice to the provisions applying in the event of a liquidation of the FCP and although the portfolio of Receivables is expected to remain static, the Management Company may dispose of and sell Receivables which have become Credit Risk Receivables provided that, for the avoidance of doubt, no arbitrage or active management shall be made and no investment or purchase of new Receivables shall be carried out following the disposal of such Receivables if such disposal and sale occurs after the end of the Investment Period. However, if such disposal and sale occurs during the Investment Period, the proceeds from the disposal and sale of the Credit Risk Receivables will be left available for reinvestment until the end of the Investment Period.

Hedging of Receivables

In relation to Receivables bearing fixed rate and/or yearly coupon, the Management Company, on the recommendation, advice and assistance of the Investment Advisor, may swap the fixed rate and/or yearly coupon payment of such Receivables for 3-month EURIBOR, plus a spread.

Collections Amount

Means in respect of any Collection Period and on any Purchase Date an amount equal to the aggregate of all cash collections during such Collection Period under the Receivables plus or minus, as the case may be, any Collections Adjustments.

Accounts

All payments received or to be received by the FCP shall be credited to the Accounts opened with the Account Bank in accordance with the terms of the Depositary Agreement. The Accounts comprise:

- (a) the General Account;
- (b) the Reserve Account; and
- (c) the Performance Fees Reserve Account,

together with any related securities account.

The FCP Accounts will be credited and debited upon instructions given by the Management Company, with copy to the Depositary, in accordance with the provisions of the FCP Regulations, to the extent of available funds standing to the credit of such FCP Accounts.

The Management Company, under the supervision of the Depositary, open any securities account (*compte-titres*) as they deem fit where the Receivables will be registered.

Priority of Payments

In order to ensure that all the allocations, distributions and payments are made in a timely manner, to the extent of the Available Distributable Amount, the Management Company will give appropriate instructions, with copy to the Depositary, to the Account Bank, the Swap Counterparty (if any) and the Paying Agent for payments to be made in accordance with the relevant Priority of Payments.

Units

The FCP will issue Units as further described herein.

Form and Denomination

On the Closing Date:

Up to 1,200 Units of €125,000 (one hundred and twenty-five thousand Euros) each with an aggregate amount of up to €150,000,000 are issued by the FCP. The Units are issued by the FCP at a price of 100% plus a maximum of €75,000 to cover the

FCP set-up fees and will be payable by Units Instalments on each Instalment Date.

The Units are partly paid securities (*libération fractionnée*) and subsequent Units Instalments will become due and payable by the Unitholders on each Instalment Date upon a call in a Units Instalment Notice by the Management Company during the Investment Period.

The "**Aggregate Outstanding Principal Amount**" of the Units is equal, from time to time, to the aggregate Units Instalments that have been drawn down from Unitholders and not yet repaid and the "**Outstanding Principal Amount**" is equal, from time to time, to the Aggregate Outstanding Principal Amount divided by the number of Units outstanding.

The Units are issued in registered form (*nominatives*). The FCP will not issue Units to investors in the form of bearer securities nor of dematerialised securities within the meaning of the Luxembourg law of 6 April 2013 on dematerialised securities.

The FCP will not issue any further Units after the Closing Date.

Closing Date

19 January 2017 at the latest.

Final Legal Maturity Date

Unless previously redeemed, each of the Units will be redeemed subject to the Principal Priority of Payments at its Outstanding Principal Amount on the Payment Date immediately following the 13th anniversary of the Closing Date, or, in the event the Investment Advisor should have advised the Management Company that the Investment Period be extended by 1 (one) year, on the Payment Date immediately following the 14th anniversary of the Closing Date, as such date may be extended by the Management Company, acting on the advice of the Investment Advisor, by a Work-out Period ending on the earliest of (i) the date on which the last remaining Receivable is disposed of and (ii) the Payment Date falling 2 (two) calendar years from the date on which the Work-out Period commenced and being a period during which the Final Legal Maturity Date of the Units may be extended by the Management Company, acting on the advice of the Investment Advisor, in order to enable the Management Company, with the assistance of the Investment Advisor, using their best efforts, to sell the remaining Receivables, subject to the relevant Priority of Payments.

Use of Proceeds

The net proceeds arising from the issue of the Units and from any Units Instalment (after payment of the relevant FCP Expenses) will be applied by the Management Company to fund the purchase of Receivables during the Investment Period, in accordance with the relevant Priority of Payments.

Interest Amount and Principal Amount

The FCP is a pure pass-through entity and its objective is in respect of the Units to distribute the amount of principal collected divided *pro rata* between the Units and to pay interest quarterly corresponding to interest received less Senior Expenses, as defined below.

The Interest Amount payable on each Payment Date, in respect of each of the Units, is equal to the Available Interest Amount less the Senior Expenses.

The Principal Payment payable in respect of each of the Units will be equal to the Available Principal Amount divided by the number of Units, less 1 (one) Euro (rounded to the nearest Euro) and on the FCP Liquidation Date, it will be equal to the Available Principal Amount less the amount necessary to satisfy items (E) and (F) of the Principal Priority of Payment, divided by the number of Units (rounded to the nearest Euro); *provided* always that each Principal Payment will be made in accordance with and subject to the Priority of Payments and that no Principal

Payment shall exceed the Outstanding Principal Amount, as calculated by the Management Company as at the previous Payment Date and that any excess amount, as the case may be, will be allocated to and distributed through the Interest Priority of Payment.

Rating

The Units will not be rated.

Financial Instruments

The Units are financial instruments (*instruments financiers*) within the meaning of article 1 (9) of the law of 13 July 2007 on markets in financial instruments (the "MIFID Law").

The Units are co-ownership rights, the Unitholders shall only be liable for the debts of the FCP to the extent of the Assets thereof and in proportion to their respective interest therein.

The Units rank *pari passu* amongst themselves.

No repurchase

No Unitolder shall be entitled to ask the FCP to repurchase its Units.

Payment Dates and Redemption of the Units

Investment Period

During the Investment Period, on each Payment Date, the Unitholders shall receive payments of interest, in accordance with and subject to the Interest Priority of Payments, but shall not receive payments of principal even if some Receivables have been partly or fully redeemed or sold for whatever reason (as, in such case, the proceeds are expected to be reinvested before the end of the Investment Period). The Investment Period starts on the Closing Date and shall automatically terminate on (and including) the earliest to occur of (i) the Payment Date immediately following the third anniversary of the Closing Date, or, in the event the Investment Advisor should have advised the Management Company that the Investment Period be extended by 1 (one) year, the Payment Date immediately following the fourth anniversary of the Closing Date and (ii) the date on which a Liquidation Event occurs.

Amortisation Period

The Amortisation Period starts when the Investment Period terminates and shall end at the Final Legal Maturity Date or on any earlier date when there are no more outstanding Receivables. In addition to the payment of interest, the Units will be redeemed during the Amortisation Period on each Payment Date.

Liquidation of the FCP - Clean-up Offer

Upon the occurrence of a Liquidation Event, the Management Company may decide to declare the dissolution of the FCP and carry out the liquidation procedure. In such case, the Management Company shall seek to sell all the Receivables with the assistance of the Investment Advisor.

The Management Company, acting in its own name but on behalf of the FCP, may declare the early liquidation of the FCP in case of occurrence of any of the following events (each a "**Liquidation Event**"):

- (a) when the liquidation of the FCP is in the interest of the Unitholders, as determined following the recommendation of the Investment Advisor, provided that if the Disposal Price is not sufficient to enable the FCP to repay in full all amounts outstanding to Unitholders after payment of all other amounts due by the FCP and ranking senior to those payments in the Priority of Payments, the Unitholders shall have been consulted and have given their unanimous consent (provided that if a Unitholder does not reply

within the time frame set out in the relevant consultation notice, this will be deemed as an approval); or

- (b) when, at any time during the Amortisation Period, the Principal Balances (*capital restant dû*) of the undue (*non échues*) performing Receivables held by the FCP falls below 10% (ten per cent.) of the aggregate of the Principal Balances (*capital restant dû*) of the undue (*non échues*) Receivables recorded as at the end of the Investment Period, provided that if the Disposal Price is not sufficient to enable the FCP to repay in full all amounts outstanding to Unitholders after payment of all other amounts due by the FCP and ranking senior to those payments in the Priority of Payments, the Unitholders shall have been consulted and have given their unanimous consent (provided that if a Unitholder does not reply within the time frame set out in the relevant consultation notice, this will be deemed as an approval).

The Disposal Price of the Receivables proposed by the Management Company to any entity, which may be below par value, shall be based on the fair market value of receivables having similar characteristics to the Receivables.

If on the Payment Date immediately following the 13th anniversary of the Closing Date, or, in the event the Investment Advisor should have advised the Management Company that the Investment Period be extended by 1 (one) year, on the Payment Date immediately following the 14th anniversary of the Closing Date, there are still any outstanding Receivables, the Management Company, acting on the advice of the Investment Advisor, may notify the Unitholders of the commencement of a Work-out Period, being an extension of the Final Legal Maturity Date, commencing on such date and ending on the earliest of (i) the date on which the last remaining Receivable is disposed of and (ii) the Payment Date falling 2 (two) calendar years from the date on which the Work-out Period commenced.

During the Work-out Period, the Management Company will be permitted to sell the remaining Receivables with the assistance of the Investment Advisor, using their best efforts, and without the prior consent of the Unitholders, for an amount equal to their fair market value and with a view to optimise such Disposal Price, which may, nonetheless, be insufficient to repay in full all amounts outstanding to Unitholders after payment of all other amounts due by the FCP and ranking senior to those payments in the Priority of Payments.

On the Final Legal Maturity Date, as extended by the Work-out Period, if despite the best efforts of the Management Company and the Investment Advisor there are still any outstanding Receivables, the Management Company will write-off these Receivables and their Disposal Price will be deemed to be zero.

The Unitholders may incur a capital loss on the Units if the Disposal Price is not sufficient to repay the Units.

Investment Advisor and Arranger Fees

The Investment Advisor and the Arranger will receive a regular fee, calculated quarterly on the basis of a 360-day year comprised of 12 30-day months, and payable also quarterly (the "**Regular Fees**") in respect of each Interest Period in an amount equal to a total of 0.60% (zero point sixty per cent.) *per annum* of the Time Weighted Purchase Price of performing Receivables held by the FCP in respect of such Interest Period. These Regular Fees will be allocated *pari passu* in the following manner: 60% for the Investment Advisor and 40% for the Arranger, as such allocation may be amended by an agreement between the Investment Advisor and the Arranger.

Furthermore, the Investment Advisor and the Arranger will receive a variable performance fee calculated on the performance of the Receivables, the total amount of which will be equal to 5% of the spread of the Receivables portfolio above the applicable Reference Rate for the relevant interest period (the "**Performance Fees**"). (i) Until (and including) the date falling five (5) years from the end of the Investment Period, one third (1/3) of such Performance Fees is payable quarterly if the conditions are satisfied and two thirds (2/3) will be deferred until the FCP is

liquidated, (ii) from the date falling five (5) years from the end of the Investment Period, the total amount of such Performance Fees will be deferred and paid only, as the case may be, when the FCP is liquidated. The Performance Fees will be allocated *pari passu* in the following manner: 60% for the Investment Advisor and 40% for the Arranger, as such allocation may be amended by an agreement between the Investment Advisor and the Arranger.

The total amount of the Regular Fees and the Performance Fees is capped at 0.90% per annum of the total amount of the Purchase Price of the Receivables held by the FCP at the relevant date.

For further details, please see "Calculations of the Investment Advisor and Arranger Regular Fees and Performance Fees" under the Section "OPERATION OF THE FCP" of this Prospectus which describes the methods of calculation of these fees.

The fees of the other parties are to be found in the Section "FCP EXPENSES" of this Prospectus.

Credit Enhancement

There will be no credit enhancement for the Units. The Units will be redeemed on a *pro rata* and *pari passu* basis.

Withholding Tax

Payments of interest and principal in respect of the Units will be made subject to any applicable withholding or deduction for or on account of any tax and neither the FCP nor the Paying Agent will be obliged to pay any additional amounts as a consequence.

Governing Law

The Prospectus and the Transaction Documents relating to the FCP will be governed by and interpreted in accordance with Luxembourg Law.

Pursuant to the FCP Regulations, the Luxembourg Courts will have exclusive jurisdiction to settle any dispute that may arise between the Unitholders, the Management Company and/or the Depositary in connection with the establishment, the operation or the liquidation of the FCP.

GENERAL DESCRIPTION OF THE FCP

LEGAL FRAMEWORK

PriDe FCP SIF 2016-3 is a Luxembourg *fonds commun de placement* governed by its Management Regulations and the SIF Law and established by the Management Company. The sole purpose of PriDe FCP SIF 2016-3 is to purchase or subscribe to, as the case may be, during the Investment Period (as such term is defined below), either on the primary market or on the secondary market on a regular basis a diversified portfolio of receivables comprising a pool of subordinated and/or senior debt securities or any similar debt instruments (such as, but not limited to, participative loans and *Schuldschein*) (the "**Receivables**") issued by insurance companies, mutual insurance companies, disability institutions (*institutions de prévoyance*), reinsurance companies, corporate entities at Lloyds, pension funds and any entities similar to, or any holding companies of, the abovementioned entities (the "**Insurance Obligors**") located in Qualifying European Countries and to issue debt securities which will amortise during the Amortisation Period (as such term is defined below).

MANAGEMENT REGULATIONS

The Depositary and the Management Company shall enter into the Management Regulations which include, among other things, the general operating rules of the FCP, the general rules concerning the creation, the operation and the liquidation of the FCP and the respective duties, obligations, rights and responsibilities of the Management Company and of the Depositary.

The provisions of the Management Regulations provide that the FCP may purchase or subscribe to (as applicable) any receivables issued or owed by Luxembourg or foreign debtors or issuers (subject to any applicable laws).

GENERAL PRINCIPLES

The FCP is established by the Management Company pursuant to the FCP Regulations entered into on or before the Closing Date.

The purpose of the FCP is (i) to purchase and subscribe to Receivables, issued by Insurance Obligors located in Qualifying European Countries, and (ii) to issue Units.

The FCP's investment strategy is to buy and hold the Receivables which can only be sold (i) subject to certain conditions set out in the FCP Regulations in order to comply with the selection criteria of such underlying assets or (ii) following the occurrence of new circumstances and if such sale does not have the sole purpose of generating a capital gain.

The proceeds of the issue of the Units will be used by the Management Company to fund the purchase of the Receivables.

The FCP will not issue any further Units after the Closing Date. However, the Management Company may acquire Receivables during the Investment Period, out of the payment of the called instalment of Units (*montant fractionné libéré*) in accordance with the provisions of the FCP Regulations and subject to the satisfaction of the conditions precedent contained in this Prospectus.

The Units will be amortised during the Amortisation Period, on a quarterly basis at a pace which will depend on the effective repayment of the principal of the Receivables in accordance with and subject to the applicable Priority of Payments.

Information relating to the Management Company can be found in Section "RELEVANT ENTITIES - *The Management Company*".

FUNDING AND HEDGING STRATEGY OF THE FCP

Funding Strategy of the FCP

Pursuant to the terms of the FCP Regulations, the funding strategy (*stratégie de financement*) of the FCP is to issue units which will amortise during the Amortisation Period (as such term is defined below) in order to purchase or subscribe to, as the case may be, during the Investment Period (as such term is defined below), either on the primary market or on the secondary market on a regular basis a diversified portfolio of receivables comprising a pool of subordinated and/or senior debt securities or any similar debt instruments (such as, but not limited to, participative loans and *Schuldschein*) (the "**Receivables**") issued by insurance companies, mutual insurance companies, disability institutions (*institutions de prévoyance*), reinsurance companies, corporate

entities at Lloyds, pension funds and any entities similar to, or any holding companies of, the abovementioned entities located in Qualifying European Countries.

The FCP may not enter into any borrowings.

Hedging Strategy of the FCP

Pursuant to the FCP Regulations, the FCP may enter into agreements relating to forward financial instruments (*instruments financiers à terme*) in order to hedge any liabilities pursuant to its hedging strategy (*stratégie de couverture*).

EXPOSURE

The Management Company will manage the FCP in accordance with this Prospectus and will ensure that the FCP's leverage as set-out in Commission Delegated Regulation (EU) No 231/2013 of 19 December 2012 will be limited to 300% and 200% when calculated respectively in accordance with the gross (sum of notionals) and commitment methods.

LITIGATION

The FCP has not been and is not involved in any litigation or arbitration proceedings that may have any material adverse effect on the financial position of the FCP. The FCP is not aware that any such proceedings or arbitration proceedings are imminent or threatening, which could adversely affect the FCP's business, results of operations or financial condition.

TERM OF THE FCP

According to clause 3 (*Term*) of the Management Regulations, the term of the FCP is set at the same date as the Final Legal Maturity Date.

DESCRIPTION OF THE RELEVANT ENTITIES

THE MANAGEMENT COMPANY

Alma Capital Investment Management
5 rue Aldringen
L-1118 Luxembourg
Luxembourg

General

The Management Company is a Luxembourg *société anonyme*, whose registered office is located at 5 rue Aldringen, L-1118 Luxembourg (Luxembourg), registered with the Trade and Companies Register of Luxembourg (Luxembourg) under number B171608. The Management Company is licensed and supervised by the CSSF and authorised to manage alternative investment funds (*fonds d'investissement alternatifs*) with effect as of 3 June 2016.

The Unitholders may obtain a copy of the financial statements of the Management Company at the Trade and Companies Register of Luxembourg (Luxembourg).

Role of the Management Company

- (a) The Management Company shall act in the best interest of the FCP or the Unitholders and the integrity of the market.
- (b) The Management Company has established the FCP. The Management Company shall be responsible for the management of the FCP. The Management Company shall represent the FCP as against third parties, in particular in any legal action or proceedings, either as plaintiff or as defendant, and shall be responsible for the management and the operation of the FCP. The Management Company shall take all steps which it deems necessary or desirable to protect the rights arising under the Receivables.

Duties

The Management Company shall be responsible, *inter alia*, for the following:

- (a) entering into, as the case may be jointly with the Depositary, all agreements which are necessary for the creation and the operation of the FCP and ensuring the proper performance of such agreements and of the FCP Regulations, as well as compliance by all parties to the FCP Regulations;
- (b) amending, supplementing and/or terminating, as appropriate, such agreements, in compliance with the provisions of the FCP Regulations and such agreements;
- (c) ensuring that, on a best effort basis:
 - (i) any party to any agreement entered into by the Management Company on behalf of the FCP shall have no claim against the assets of the FCP for an amount greater than the available funds and
 - (ii) to the extent that any party to the FCP Regulations may have any claim (including any contractual claim or action (*action en responsabilité contractuelle*)) against the FCP (which shall be construed as such and not the Management Company and/or the Depositary) the payment of which is not expressly contemplated under any applicable priority of payment and the cash allocation provisions set out in the FCP Regulations, such party to the FCP Regulations expressly and irrevocably undertakes to waive to demand payment of any such claim as long as all Units issued from time to time by the FCP have not been repaid in full;
- (d) verifying, based on the information provided to it for this purpose by any relevant party, that:
 - (i) each party to an agreement with the FCP complies with its obligations towards the FCP under such agreement;
 - (ii) if applicable, the substitute party, in the event of substitution of a party to any agreement, complies with the provisions of the relevant agreement;

- (e) verifying that the sums to be received by the FCP are in conformity with the amounts to be paid to it under the FCP Regulations and, if relevant, to exercise the rights of the FCP under the Receivables and any document entered into by it;
- (f) ensuring that the Depositary has opened the necessary bank accounts with the relevant account banks;
- (g) transmitting to the Account Bank, with copy to the Depositary, all relevant information in order for the Account Bank to credit or debit the accounts of the FCP;
- (h) calculating the amount of principal and interest (if any) due to the unitholders, any amount due to any third party and the amount of fees and expenses in accordance with the FCP Regulations;
- (i) allocating and distributing the sums received by the FCP in accordance with, and subject to, the Priority of Payments set out in the FCP Regulations;
- (j) appointing the statutory auditor of the FCP, and providing for a substitute statutory auditor if required, under the same terms and conditions;
- (k) ensuring that the acquisition of Receivables, the issue of Units representing such Receivables complies with applicable laws and regulations, the provisions of the FCP Regulations, and that such an establishment, acquisition, subscription to or issue will not result, as the case may be, in a deterioration in the level of security offered to the Unitholders;
- (l) when applicable, on the recommendation of the Investment Advisor, purchase and/or dispose of Receivables in accordance with the investment strategy provided for in the FCP Regulations;
- (m) preparing all documents required under article 52 of the SIF Law and the other applicable laws and regulations for the information, as applicable, of the CSSF or any successor entity and any other supervisory authority and the Unitholders;
- (n) taking, in the event of serious misconduct (*faute grave*) by the Depositary or in the event that the Depositary is unable to carry out its duties, all necessary or appropriate measures, and, as the case may be, replacing the Depositary; in particular, and subject to complying with any applicable laws and regulations, the Management Company may replace the Depositary if the latter is in breach of its legal or contractual obligations towards the FCP;
- (o) dissolving the FCP when the conditions for such dissolution as mentioned in clauses 3 (*Term*) and 20 (*Dissolution and Liquidation*) of the Management Regulations are met and conducting the liquidation of the FCP accordingly; and
- (p) to the extent they apply to the Management Company, complying with the requirements deriving from the European Market Infrastructure Regulation (European Regulation 648/2012).

Performance of the obligations of the Management Company

The Management Company will, under all circumstances, act in the interest of the Unitholders. It irrevocably waives all its rights of recourse against the FCP with respect to the contractual liability of the FCP. In particular, the Management Company will have no recourse against the FCP or its Assets in respect of a default in the payment, for whatever reason, of the fees due to the Management Company.

Delegation to third parties

The Management Company may, at any time, delegate or sub-contract to any third party (or be represented or partially substituted by any third party in the performance of) part (but not all) of its obligations under the FCP Regulations on the condition that:

- (i) the Management Company shall have obtained from any sub-contractor, delegate, representative or substitute the waivers and undertakings referred to in paragraph (c) in the Section "*Duties*" above;
- (ii) such sub-contract, delegation, representation or partial substitution is made in compliance with the provisions of the laws in force from time to time and in particular with article 18 of the AIFM Law;
- (iii) such sub-contract, delegation, representation or partial substitution shall not result in a deterioration of the level of security offered to Unitholders;

- (iv) the Management Company shall remain liable for the performance of its duties and obligations under the FCP Regulations *vis-à-vis* the Unitholders and the Depositary; and
- (v) where required by law, the CSSF or any successor entity shall be informed, prior to such sub-contract, delegation, representation or partial substitution.

Conflicts of Interest

Pursuant to Article 13 of the AIFM Law, the Management Company shall maintain and operate effective organisational and administrative arrangements with a view to taking all reasonable steps designed to identify, prevent, manage and monitor conflicts of interest in order to prevent them from adversely affecting the interests of the FCP and the Unitholders.

The Management Company shall take all reasonable steps designed to avoid conflicts of interest and, when they cannot be avoided, to identify, manage and monitor and, where applicable, disclose, those conflicts of interest in order to prevent them from adversely affecting the interests of the FCP and the Unitholders and to ensure that the FCP is fairly treated.

Replacement of the Management Company

The causes and conditions of replacement of the Management Company are provided for in the Management Regulations.

THE DEPOSITARY

BNP Paribas Securities Services, Luxembourg Branch
60 Avenue J.-F. Kennedy
L-1855 Luxembourg
Luxembourg

The Management Company has appointed BNP Paribas Securities Services, Luxembourg Branch, as Depositary of the FCP's assets.

BNP Paribas Securities Services Luxembourg is a branch of BNP Paribas Securities Services SCA, a wholly-owned subsidiary of BNP Paribas SA. BNP Paribas Securities Services SCA is a licensed bank incorporated in France as a *Société en Commandite par Actions* (partnership limited by shares) under No.552 108 011, authorised by the *Autorité de Contrôle Prudentiel et de Résolution* (ACPR) and supervised by the *Autorité des Marchés Financiers* (AMF), with its registered address at 3 rue d'Antin, 75002 Paris, acting through its Luxembourg Branch, whose office is at 60, avenue J.F. Kennedy, L-1855 Luxembourg, Grand-Duchy of Luxembourg, and is supervised by the *Commission de Surveillance du Secteur Financier* (the "CSSF").

The Depositary carries out the usual duties regarding custody, cash and securities deposits, without any restriction. In particular it will execute all financial transactions and provide all banking facilities upon the instructions of the Management Company.

The Depositary may entrust all or part of the assets of the FCP, in particular securities traded abroad or listed on a foreign stock exchange or admitted to a clearing system, to such clearing system or to such correspondent banks as may be determined by the Depositary from time to time. The Depositary's liability shall not be affected by the fact that it has entrusted all or part of the assets in its care to a third party.

The rights and obligations of BNP Paribas Securities Services, Luxembourg Branch as Depositary are governed by the Depositary Agreement entered into for an unlimited period of time on 8 November 2016. Each of the parties may terminate the agreement by way of three months prior written notice, it being understood that the Depositary shall continue to act as depositary pending replacement (which must be effected within two months) and until all assets of the Company have been transferred to the successor depositary.

The Depositary has been assigned the following tasks regarding the assets of the FCP in accordance with article 19 of the AIFM Law:

- (a) Regarding the cash flows of the FCP: the Depositary ensures that the cash flows are properly monitored and that all payments made by investors upon the subscription of Units have been received.
- (b) Regarding the financial instruments of the FCP: the Depositary holds the custody of the financial instruments that can be registered in a financial instruments account opened in its

books and all financial instruments that can be physically delivered to it within segregated accounts opened in the name of the FCP so that they can be clearly identified.

- (c) Regarding the other assets of the FCP: the Depositary verifies the ownership of the assets and maintains accordingly an updated record of those assets, based on information or documents showing external evidence (where available).

The Depositary further carries out the following tasks:

- (a) ensure that the issue and redemption of Units is carried out in accordance with Luxembourg law, the Prospectus and the Management Regulations;
- (b) ensure that the value of the Units is calculated in accordance with Luxembourg law, the Prospectus, the Management Regulations and the procedures laid down in article 19 of the AIFMD;
- (c) carry out the instructions of the investment manager, unless they conflict with applicable Luxembourg law or the Prospectus or the Management Regulations;
- (d) ensure that in transactions involving the FCP's assets, any consideration is remitted to the Company within the usual time limits;
- (e) ensure that the FCP's incomes are applied in accordance with Luxembourg law, the Prospectus and the Management Regulations.

Provided it has informed the Management Company, the Depositary may delegate to third parties the safe-keeping of the FCP's assets subject to the conditions laid down in the applicable laws and regulations (and in particular with article 19 (11) of the AIFM Law) and the provisions of the Depositary Agreement. The process of appointing such delegates and their continuing oversight follows the highest quality standards, including the management of any potential conflict of interest that should arise from such an appointment. Such delegates must be subject to effective prudential regulation (including minimum capital requirements, supervision in the jurisdiction concerned and external periodic audit) for the custody of financial instruments. The Depositary's liability shall not be affected by any such delegation.

The Depositary shall act, in all circumstances, in the best interests of the Unitholders.

At the end of each financial year, the Depositary shall certify the inventory (*inventaire*) of the assets of the FCP.

Operation of accounts

Unless provided otherwise in the FCP Regulations, the Depositary shall supervise any operations on any account opened in the name of the FCP or for its benefit with the Account Bank and shall consequently receive a copy of any operating instructions related thereto from the Management Company.

Replacement of the Depositary

The cases and conditions for the replacement of the Depositary shall be organised in accordance with any applicable laws and regulations, with the Transaction Documents, and always in the best interest of the Unitholders.

Upon replacement of the Depositary, the new depositary will replace the Depositary as regards its rights and obligations with respect to the FCP generally.

THE ACCOUNT BANK

BNP Paribas Securities Services, Luxembourg Branch
60 Avenue J.-F. Kennedy
L-1855 Luxembourg
Luxembourg

The Depositary, acting in its capacity as Account Bank, is the credit institution in the books of which the Management Company has opened the Accounts pursuant to the provisions of the Depositary Agreement.

THE CENTRAL ADMINISTRATION AGENT

BNP Paribas Securities Services, Luxembourg Branch
60, Avenue J.-F. Kennedy
L-1855 Luxembourg
Luxembourg

The Management Company has appointed BNP Paribas Securities Services, Luxembourg Branch as Central Administration Agent and as registrar and transfer agent (in this case, reference will be made to the "**Registrar Agent**").

The Central Administration Agent is in charge of all administrative agent duties including (i) the book-keeping and maintenance of the accounts of the FCP; (ii) performing the calculation of the NAV; (iii) assistance with the preparation of the annual accounts of the Fund; and (iv) the liaison with the Statutory Auditor of the FCP.

The Central Administration Agent will also be in charge of all registrar and transfer agent duties, including processing subscription for Units.

The Central Administration Agent shall implement and apply measures against money laundering and the fight against terrorism in accordance with the Luxembourg Law and any applicable regulation.

In its capacity as registrar and transfer agent, the Registrar Agent is responsible for handling the processing of subscription for Units, accepting transfers of funds, for the safe keeping of the register of unitholders of the FCP, the delivery of Unit subscription confirmations of the FCP, if any, and providing and supervising the mailing of statements, reports, notices and other documents to the Unitholders.

The rights and obligations of BNP Paribas Securities Services, Luxembourg Branch as administrative agent and as registrar and transfer agent are governed by the Central Administration Agency Agreement entered into for an unlimited period of time on 8 November 2016. Each of the parties may terminate the agreement by way of three months prior written notice.

THE PAYING AGENT

BNP Paribas Securities Services, Luxembourg Branch
60, Avenue J.-K. Kennedy
L-1855 Luxembourg
Luxembourg

The Depositary, in its capacity as Paying Agent, is responsible for the payment of distributions, if any, and will also be in charge of the collection of subscription monies in relation to the issue of Units (as well as making any payments in respect of the Units).

The Paying Agent shall make all payments of principal and interest in respect of the Units, according to the instructions of the Management Company, to the Unitholders identified as such and as recorded with the Unitholders register, in accordance with, and subject to, the FCP Regulations.

The Paying Agent will only act on the written instructions of the Management Company, in accordance with, and subject to the provisions of the FCP Regulations and the Depositary Agreement.

THE INVESTMENT ADVISOR

Cohen & Company Financial Limited
3 rue du Faubourg Saint Honoré
75008 Paris
France

The Investment Advisor is the French branch of an English private limited company whose registered office is located at 5th Floor, 6 St. Andrew Street, London, United Kingdom, EC4A 3AE, with its English Companies House number as 05894236 and registered with the Trade and Companies Registry of Paris (France) under number 521 029 728, regulated by the English Financial Conduct Authority and passported in France as investment service provider (*prestataire de services d'investissement*).

The Investment Advisor will select and propose to the FCP to purchase the Receivables and monitor these under the Investment Advisor Agreement to be entered into between, *inter alia*, the Management Company and the

Investment Advisor, on the basis of the restrictions set forth in such agreement (including the Eligibility Criteria described herein) and on the Investment Advisor's research, credit analysis and judgment. The Investment Advisor may also recommend that the Management Company enters into any Swap Agreement. For a summary of the provisions of the Investment Advisor Agreement and certain other information concerning the Investment Advisor, including key individuals associated therewith who will be advising with respect to the FCP's portfolio see Section "DESCRIPTION OF THE INVESTMENT ADVISOR AGREEMENT AND DESCRIPTION OF THE INVESTMENT ADVISOR".

THE ARRANGER

Alma Capital Investment Management
5 rue Aldringen
L-1118 Luxembourg
Luxembourg

Pursuant to the Management Regulations, the Management Company will also act as Arranger for the FCP and has agreed to participate in defining, structuring and arranging the FCP, liaising with the potential investors, assist in the management and overall coordination of the issue of the Units, without any duty or liability to place, underwrite or subscribe to the Units.

THE STATUTORY AUDITOR

Ernst & Young
35E, avenue J.-F. Kennedy
L-1855 Luxembourg
Luxembourg

The Statutory Auditor (*réviseur d'entreprises agréé*) shall be appointed by the Management Company upon the establishment of the FCP.

The Statutory Auditor shall comply with the duties referred to in article 55 of the SIF Law and shall, in particular, audit the accounts of the FCP.

THE INDEPENDENT VALUER

Prim'Act
42, Avenue de la Grande Armée
75017 Paris
France

The Independent Valuer acts as external valuer within the meaning of the AIFM Law and is appointed to set up a valuation model of the Receivables and to carry out quarterly and annual valuations of the Receivables on the basis of such model.

THE LEGAL ADVISOR

Legal advisor to the transaction

Hogan Lovells (Luxembourg) LLP
13 rue Edward Steichen
L-2540 Luxembourg
Luxembourg

RISK FACTORS - SPECIAL CONSIDERATION

The following is a summary of certain aspects of the offering of the Units and the related transactions which prospective investors should consider (together with all of the information detailed in this Prospectus) before deciding to invest in the Units.

Prospective investors in the Units should ensure that they understand the nature of such Units issued by a Luxembourg common fund (fonds commun de placement) and the extent of their exposure to risk, that they have sufficient knowledge, experience and access to professional advisors in order to make their own legal, tax, accounting, prudential, regulatory and financial evaluation of the merits and risks of investing in such Units and that they consider the suitability of such Units as an investment in the light of their own circumstances and financial condition.

The purchase of the Units may involve substantial risks and is suitable only for prospective investors who are sophisticated and have the requisite knowledge and experience in financial and business matters necessary to evaluate the risks and merits of investing in the Units, and with sufficient resources to bear any losses which may result from such an investment. Before making an investment decision, a prospective investor should carefully consider, in light of its own financial circumstances and investment objectives, all the information set out in this Prospectus and in the Management Regulations and, in particular, the following investment considerations, prior to investing in the Units.

The investment considerations set out below are not, and are not intended to be, a comprehensive or exhaustive list of (i) all considerations relevant to a decision to purchase or hold the Units and (ii) all potential risks in connection with any investment in the Units. Such risks are to be identified and considered by each prospective investor on an individual basis.

1. RISKS RELATING TO THE UNITS

General

The purchase of the Units is only suitable for investors (i) that possess adequate knowledge and experience in structured finance investments and have the necessary background and resources to evaluate all relevant risks related with such investments; (ii) that are able to bear the risk of loss of their investment (up to a total loss of the investment) without having to prematurely liquidate the investment; and (iii) that are able to assess the tax aspects and implications of such investment independently.

Furthermore, each potential investor should base its investment decision on its own and independent investigation and on the advice of its professional advisors (with whom the investor may deem it necessary to consult), be able to assess if an investment in the Units (i) is in compliance with its financial requirements, its targets and situation (or if it is acquiring the Units in a fiduciary capacity, those of the beneficiary); (ii) is in compliance with its principles for investments, guidelines for or restrictions on investments (regardless of whether it acquires the Units for itself or as a trustee); and (iii) is an appropriate investment for itself (or for any beneficiary if acting as a trustee), notwithstanding the risks of such investment.

Neither the FCP, the Management Company (acting, as the case may be, as Arranger), the Depositary, the Account Bank, the Investment Advisor, the Central Administration Agent, the Paying Agent, the Swap Counterparties, nor any of their respective affiliates nor any other party has or assumes any responsibility for the adequacy or lawfulness of the acquisition of the Units by a prospective investor, whether under the laws of the jurisdiction of its incorporation or the jurisdiction in which it operates (if different), or for compliance by that prospective investor with any law, regulation or regulatory policy applicable to it.

Limited liquidity of the Units

There is not at present an active and liquid secondary market for the Units. There can be no assurance that a secondary market for the Units will develop, or, if a secondary market does develop, that it will provide the holder of the Units with liquidity or that it will continue for the entire life of the Units. This may leave the Unitholder with an illiquid investment. Illiquidity means that the Unitholder may not be able to realise its anticipated yield. Illiquidity can obviously have an adverse effect on the market value of the Units. Consequently, any purchaser of the Units must be prepared to hold the Units until final redemption or maturity of the Units.

In addition, the market value of the Units may fluctuate with changes in prevailing rates of interest. Consequently, any sale of Units by Unitholders in any secondary market which may develop may be at a discount to the original purchase price of such Units.

Furthermore, the Units are subject to certain selling and transfer restrictions, which may further limit their liquidity (see "**Subscription and Offering of Units**").

Partly-paid Units

Prospective investors should note that the Units are partly-paid debt securities. Accordingly, the Units are only partially paid on issue and the terms and conditions provide for payment by the Unitholder of further instalments of the paid-up nominal value of the Units further to receipt by the Unitholders of a notice from the Central Administration Agent acting as Registrar Agent to make any such further payments on each Instalment Date.

Non-reliance and purchaser reliability

The Unitholder who purchases the Units will be deemed to have represented and agreed that it (i) has the knowledge and sophistication to independently appraise and understand the financial and legal terms and conditions of the Units and to assume the economic consequences and risks thereof; (ii) to the extent necessary, has consulted with its own independent financial, legal, accounting, regulatory or other advisors and has made its own investment, hedging and trading decisions in connection with the Units based upon its own judgement and the advice of such advisors and not upon any view expressed by the FCP or Alma Capital Investment Management as Management Company (acting, as the case may be, as Arranger) or Cohen & Company Financial Limited as Investment Advisor; (iii) has not relied upon any representations (whether written or oral) of any other party, and is not in any fiduciary relationship with the FCP, the Management Company (acting, as the case may be, as Arranger) or the Investment Advisor; (iv) has not obtained from the FCP, the Management Company (acting, as the case may be, as Arranger) and the Investment Advisor (directly or indirectly through any other person) any advice, counsel or assurances as to the expected or projected success, profitability, performance, results or benefits of the Units, and has agreed that the FCP, the Management Company (acting, as the case may be, as Arranger) and the Investment Advisor do not have any liability in that respect; (v) is capable of bearing the economic risk of an investment in the Units for an indefinite period of time; (vi) is acquiring the Units for its own account (or, if it is acquiring the Units in a fiduciary capacity, for the account of their beneficiaries) for investment, not with a view to resale, distribution or other disposition of the Units (subject to any applicable law requiring that the disposition of the investor's property be within its control); and (vii) recognises that it may not be possible to dispose of the Units for a substantial period of time, if at all.

Independent review and advice

Any decision by any prospective investor to buy or hold the Units should be made after reviewing the Prospectus, conducting such independent investigations and analysis as it deems necessary and consulting such internal and/or external advisors (including, without limitation, tax, accounting, regulatory, legal and financial advisors) that it considers necessary or prudent in order to make its own independent determination of the suitability for its purposes, of the risks and merits and of the consequences of an investment in the Units.

The subscription or the purchase of the Units involves substantial financial risks. Investment in the Units may only be suitable for investors who are sophisticated and have the requisite knowledge and experience in financial and business matters to evaluate the merits and risks of an investment in the Units. A prospective investor should evaluate the advantages and risks inherent in subscribing for or buying the Units taking into account its own needs, objectives and its ability to bear the economic risk of an investment in the Units for an indefinite period of time. No prospective investor may rely on the Management Company (acting, as the case may be, as Arranger), the Investment Advisor and the FCP or any of their respective affiliates or officers, directors employees or agents for an assessment of such risks.

In so doing, and without restricting the generality of the preceding paragraph, such prospective investor must determine that its acquisition and holding of the Units (i) is fully consistent with its (or, if it is acquiring the Units in a fiduciary capacity, the beneficiaries') financial needs, objectives and condition, (ii) complies and is fully consistent with all investment policies, guidelines and restrictions applicable to it (whether acquiring the Units as principal or in a fiduciary capacity), and (iii) is a fit, proper and suitable investment for it, notwithstanding the risks inherent in investing in or holding the Units. None of the Relevant Parties is acting as an investment advisor or a discretionary investment manager or assumes any fiduciary obligation to, or is in an agency relationship with, any investor of the Units.

The Prospectus is not intended to provide the basis of any credit or other evaluation or should be considered as a recommendation or an invitation that any recipient of the Prospectus should purchase the Units. None of the Relevant Parties purports to be a source of information and/or credit analysis with respect to the Units.

Legality of purchase

None of the Relevant Parties has or assumes responsibility for the lawfulness of the acquisition of the Units by a prospective investor of the Units (whether acquiring the Units as principal or in a fiduciary capacity), whether under the laws of the jurisdiction of incorporation of such prospective investor or (if different) the jurisdiction in which it operates (and, if it is acquiring the Units in a fiduciary capacity, also under any laws of any jurisdiction which may be applicable to the beneficiaries), or for compliance by that prospective purchaser with any law, regulation or regulatory policy applicable to it (and, if it is acquiring the Units in a fiduciary capacity, applicable to the beneficiaries). A prospective investor may not rely on any Relevant Party when making determinations in relation to these matters.

The Units are not principal protected

The Units are not a capital guaranteed product. In a worst case scenario, a prospective purchaser of the Units could lose its entire investment. Therefore, a prospective investor of the Units should make an investment decision only after careful consideration, with its independent advisors, as to the suitability of the Units in light of its particular financial circumstances.

No credit enhancement provided

There are no credit enhancement mechanisms established in respect of the FCP and the holders of Units may suffer from late payments or losses of the Receivables.

Interest rate hedging

The Receivables incorporate various frequencies of coupon payment (quarterly and/or yearly) and various rates of interest including fixed rate. The Management Company, on the recommendation, advice and assistance of the Investment Advisor, may swap the fixed rate and/or the yearly coupon payment of the relevant Receivables for 3-month EURIBOR, plus a spread, if applicable. There is no assurance that the FCP will be able to enter into such a hedging arrangement nor that it will find a suitable swap counterparty. If any Swap Counterparty does not comply with its undertakings under the Swap Agreement, as applicable, and notwithstanding the substitution mechanism of such Swap Agreement, as applicable, there is no assurance that the FCP could find a replacement swap counterparty. In these circumstances above, the Unitholders could be exposed to interest rate risks.

In addition, the ability of the FCP to enter into Swap Agreements will also depend upon a number of factors outside the control of the FCP, the Management Company (acting, as the case may be, as Arranger) and the Investment Advisor, including its ability to identify suitable Swap Counterparties with whom the FCP may enter into such Swap Agreements.

Early liquidation of the FCP and liquidation of the FCP on the Final Legal Maturity Date

The FCP Regulations set out a number of circumstances in which the Management Company would be entitled or obliged to liquidate the FCP. These circumstances may occur prior to the scheduled maturity date of the Units, in which case the Units may be prepaid.

The Management Company is also obliged to have liquidated the FCP by or on the Final Legal Maturity Date, as the same may be extended from time to time by the Work-out Period, even if some Receivables are still outstanding and have not been fully redeemed.

In such cases, the Management Company must dispose of the Receivables. There is no assurance that the market value of the Receivables will at any time be equal to or greater than the aggregate outstanding amount of the Units then outstanding plus the accrued interest thereon. In certain conditions (market disruption, distressed debt etc.), there may be no market for the Receivables and as a result the Management Company may need to write the value of such Receivables down to zero. As a consequence, the Unitholders may incur a loss of capital.

Moreover, in the event of the occurrence of a Liquidation Event or following the Final Legal Maturity Date and a sale of the assets of the FCP by the Management Company, any distributions of the proceeds of such sale to the Unitholders will be subject to the applicable Priority of Payments.

Market conditions

A liquidity shortage and volatility in the credit markets may introduce a variety of increased risks relating to several aspects of the FCP's operations. Such additional risks include the inability of the FCP to sell its assets which, among other things, may render it unable to satisfy its obligations in respect of the redemption of the

Units. Such market conditions may also lead to the inability of the FCP to determine a reliable valuation of its assets. All of such factors could materially and adversely affect the interests of the Unitholders.

No rating of the Units

The Units are not and will not be rated.

2. RISKS RELATING TO THE ASSETS AND THE TRANSACTION DOCUMENTS

Limited recourse to the Assets of the FCP

The cash flows arising from the Assets of the FCP constitute the sole financial resources of the FCP for the payment of principal and interest amounts due in respect of the Units. The Units represent an obligation of the FCP solely. Pursuant to the FCP Regulations, the right of recourse of the Unitholders with respect to their right to receive payment of principal and interest together with any arrears is limited to the Assets in proportion to the amount invested in the Units which they hold, and is subject to the applicable Priorities of Payments. Each Unitholder, by subscribing for or purchasing the Units, will be deemed to accept and acknowledge that it is fully aware that, in the event of a shortfall; (i) the FCP shall be under no obligation to pay such shortfall, (ii) all claims in respect of such shortfall shall be extinguished and the Unitholders shall have no further claim against the FCP in respect of such unpaid amounts.

Projections, forecasts and estimates

Any projections, forecasts and estimates provided to prospective purchasers of the Units, are forward looking statements. Projections are necessarily speculative in nature, and it can be expected that some or all of the assumptions underlying the projections will not materialise or will vary significantly from actual results. Accordingly, the projections are only an estimate. Actual results may vary from the projections, and the variations may be material.

None of the Management Company (acting, as the case may be, as Arranger), the Depositary, the Account Bank, the Central Administration Agent, the Paying Agent, the Swap Counterparties (if any) and the Investment Advisor or any relevant party of their respective Affiliates has any obligation to update or otherwise revise any projections, including any revisions to reflect changes in economic conditions or other circumstances arising after the date hereof or to reflect the occurrence of unanticipated events, even if the underlying assumptions do not come to fruition.

Relating to the Receivables

The portfolio

The decision by any prospective holder of Units to invest in such Units should be based on, among other things the Eligibility Criteria which each Receivables is required to satisfy, as disclosed in this Prospectus. This Prospectus does not contain any information regarding the individual Receivables which will be purchased or subscribed. Purchasers of any of the Units will not have an opportunity to evaluate for themselves the relevant economic, financial and other information regarding the investments to be made by the FCP and, accordingly, will be dependent upon the judgement and ability of the Investment Advisor and the Management Company in acquiring investments for purchase on behalf of the FCP over time. No assurance can be given that the FCP will be successful in obtaining suitable investments or that, if such investments are made, the objectives of the FCP will be achieved.

Nature of the Receivables - General risks

Investment in the Units involves a degree of risk arising from fluctuations in the amount and timing of receipt of the principal and interest on the Receivables by or on behalf of the FCP and the amounts of the claims of creditors of the FCP ranking in priority to the Unitholders. In particular, prospective purchasers of such Units should be aware that the amount and timing of payment of the principal and interest on the Receivables will depend upon the detailed terms of the documentation relating to each of the Receivables and on whether or not any Insurance Obligor defaults in its obligations.

The Receivables are subject to credit, liquidity and interest rate risks. The market value of the Receivables and the creditworthiness of the Insurance Obligors may be volatile and will generally fluctuate with, among other things, changes in prevailing interest rates, general economic conditions, the condition of certain financial markets, international political events, developments or trends in any particular industry, the financial condition of the Insurance Obligors and conditions that may affect the insurance markets (such as, but not limited to, competition, large insurance claims, natural or man-made disasters).

The financial markets may experience substantial fluctuations in prices for Receivables and limited liquidity for such obligations. No assurance can be made that the conditions giving rise to such price fluctuations and limited liquidity will not occur, subsist or become more acute following the Closing Date. During periods of limited liquidity and higher price volatility, the FCP's ability to dispose of Receivables at a price and time that the Management Company deems advantageous or in the best interest of the Unitholders may be impaired. A decrease in the market value of the Receivables would also adversely affect the proceeds of sale that could be obtained upon the sale of the Receivables and could ultimately affect the ability of the FCP to pay in full or redeem the Units.

No Receivable is insured or guaranteed by any regulatory authority, any governmental agency or instrumentality or any guaranty fund. Each Receivable is an obligation exclusively of the related Insurance Obligor. If an Insurance Obligor is a holding company, its cash flows, and consequent ability to service debt, including the related Receivables, and to satisfy its other obligations are partially dependent upon the earnings of each such entity's subsidiaries and the dividend or other distribution of such earnings to the Insurance Obligor.

Nature of subordinated Receivables

As the Receivables are issued by regulated Insurance Obligors, such Receivables may be subordinated and issued upon terms which are intended to permit the relevant Insurance Obligor to treat the proceeds of issuance as regulatory capital. There are typically no or very few covenants in the terms and conditions of subordinated Receivables. Such capital is required to be able to absorb, in certain circumstances, losses of such Insurance Obligor so as to help protect policyholders. A holder of such a subordinated Receivable will, accordingly, not have the same rights as a holder of a senior debt security or as other unsubordinated creditor of the Insurance Obligor. In particular, in the event that the relevant Insurance Obligor fails to comply with its obligations, in respect of a subordinated Receivable, a holder may not have the right to declare the Receivables due and payable and/or may not be entitled to petition for the winding-up of the Insurance Obligor or to take any other enforcement action against it.

The subordinated Receivables are unsecured obligations that are expressly subordinated in the right of payment of all non-subordinated creditors of the relevant Insurance Obligor and will be subject to laws of the jurisdiction of the Insurance Obligor that establish the priority of distribution in the event of the rehabilitation, liquidation, conservation, dissolution or receivership of the Insurance Obligor. In the event that an Insurance Obligor becomes subject to such a proceeding and the equity of the relevant Insurance Obligor is negative, creditors not subordinated to the same extent would be afforded a higher priority than the FCP as the holder of the subordinated Receivables and, accordingly, would have the right to be paid in full before any payments of interest or principal are made to the FCP. On the winding-up of an Insurance Obligor, the claims of a holder of a subordinated Receivable will rank behind all creditors not subordinated to the same extent of that Insurance Obligor (including policyholders), and consequently, in case of a default of an Insurance Obligor, potential recovery on the subordinated Receivables may be significantly lower for such holders than for senior creditors and may even be nil.

Generally, the terms of the subordinated Receivables do not limit the ability of any Insurance Obligor to incur additional indebtedness, liabilities or obligations, including indebtedness that ranks senior to the subordinated Receivables. There are generally no limits or restrictions prohibiting an Insurance Obligor from issuing any future similarly subordinated obligations. Unless expressly subordinated to the subordinated Receivables, any future obligations issued by such Insurance Obligor would rank *pari passu* or senior in right of payment to the subordinated Receivables issued by such Insurance Obligor.

The regulation and authority for the issuance of the subordinated Receivables is governed by the laws of the jurisdiction of the Insurance Obligor and the payment of principal of and interest on a subordinated Receivable may be subject to certain regulatory restrictions, including, if required under the applicable law or regulation, receipt of prior approval of the relevant regulatory authority and any successor regulatory authority having regulatory authority over such Insurance Obligor.

From time to time, the applicable regulator of an Insurance Obligor may issue rules or regulations that may impact the regulatory capital treatment of subordinated Receivables. There can be no assurance that such rules or regulations, if issued, would not adversely affect the regulatory capital treatment of such subordinated Receivables. Such action may provide an incentive for such Insurance Obligor to redeem subordinated Receivables in accordance with their terms. Furthermore, such action may affect a number of Insurance Obligors. Such redemptions may result in earlier payments on the Units. Generally speaking, future changes in regulation may also weaken the position of a Subordinated Receivable holder.

Failure of the Insurance Obligor to make payments

A default in the payment of principal or interest, or failure to make any payment (whether as a result of any regulatory or legal restriction or otherwise), on any Receivables will decrease the amount of cash available to the FCP to make payments on the Units and therefore may result in a default in the amount due on the Units and will result in smaller or no distributions on the Units. In such event, the Unitholders may incur a loss on their investment in the Units.

Deferral of interest and/or principal by the Insurance Obligors and loss absorption in respect of subordinated Receivables

The terms of Receivables typically provide that the Insurance Obligor has the right, or even the obligation, at 1 (one) or more times and subject to certain conditions being met, to defer interest and/or principal payments on such subordinated Receivables. Interests may be deferred for an unlimited period of time. Depending on the regulatory capital requirements in the jurisdiction of the Insurance Obligor, the terms of subordinated Receivables may or may not provide for deferred interest itself to accrue interest for the period during which it is deferred. There can be no assurance that such Insurance Obligors will not in fact exercise their rights to defer interest payments, as provided pursuant to the terms of the Receivables, and it is to be noted that such non-payments will not constitute an event of default pursuant to the terms of the subordinated Receivables.

In certain jurisdictions, it is a requirement in order for an Insurance Obligor to obtain the required regulatory capital treatment in respect of the Receivables that the terms of such Receivables provide for "loss absorption". As a result, in circumstances where the Insurance Obligor is unable to make payment of principal and/or interest in respect of the Receivables, or if certain other conditions are satisfied, such as a breach of required regulatory solvency margins by the Insurance Obligor, the terms of the Receivables may provide for a write-down of the principal amount of the Receivables. Such a deferral by a number of Insurance Obligors or loss absorption (temporary or permanent) in respect of a number of Receivables could have a material adverse effect on the ability of the FCP to pay the expected interest on the Units, by decreasing the aggregate amount of funds then available for distribution to the Unitholders.

If an Insurance Obligor exercises the right to defer interest payments, the market price of the Receivables may not fully reflect the value of accrued but unpaid interest. Therefore, if the FCP sells an Receivables during an interest deferral period, the FCP may receive a lower return on its investment than someone who continued to hold such Receivables.

Remedies of holders of subordinated Receivables

In general, the FCP, as holder of subordinated Receivables, will have no right to require the payment of interest which has been deferred or withheld in accordance with the terms of such subordinated Receivables. A holder of subordinated Receivables will also generally have no right to require the redemption of any subordinated Receivables except on the applicable maturity date of such subordinated Receivables, and provided that the corresponding Insurance Obligor's regulator has not objected to this redemption. In the event an Insurance Obligor fails to comply with its obligations in respect of a subordinated Receivable, a holder may have no, or only limited, rights of recourse against the Insurance Obligor. A holder may also have no, or only limited, rights to take action in the event of a default. A holder may be unable to declare that the subordinated Receivables are immediately due and payable or take any action that would cause amounts due under the subordinated Receivables to become payable earlier than they would otherwise have become due. It may also not be entitled to take any corporate action against the Insurance Obligor other than petitioning for its winding up.

Repayment of principal

Redemption by Insurance Obligors of subordinated Receivables is typically conditional on the satisfaction of certain conditions precedent relating to, *inter alia*, the financial conditions of the relevant Insurance Obligor and/or the obtaining of certain regulatory consents.

In case of a deferral of principal repayment on a subordinated Receivable, the FCP may not be able to receive repayment of the expected principal related to such subordinated Receivable before the Final Maturity Date. In such circumstances, there can be no assurance that the Management Company, with the assistance of the Investment Advisor, will be able to sell the subordinated Receivable without incurring a significant principal loss or that a buyer will be found for such subordinated Receivable.

Early redemption of the Receivables

The occurrence of withholding tax being imposed on payments made by some of the Insurance Obligor on Receivables, or the withdrawal of any tax relief on payments of interest, may result in such Insurance Obligor having the right to redeem such Receivables (a "**tax call**").

In addition, in general, at the option of each Insurance Obligor, such Insurance Obligor's Receivables may be redeemed, in whole or in part, at any time at an amount equal to the redemption price thereof, which redemption price is typically par, if the subordinated Receivable stops benefiting from a specific regulatory capital treatment, resulting from a change in the relevant regulatory regime (a "**regulatory call**").

Unitholders should assume that each Insurance Obligor will exercise its redemption option if it is able to refinance its obligations at a lower interest rate or it is otherwise beneficial to such Insurance Obligor to redeem the Receivables.

Acquisition of Receivables

The FCP may enter into certain agreements to purchase a portion of the portfolio of Receivables on the Closing Date. The prices paid for such Receivables will reflect the market value of such Receivables on the date the FCP committed to purchase such obligations, which may be greater or less than their market value on the Closing Date or the date of settlement of the applicable trade, if later. In addition, although such obligations are expected to satisfy the Receivables Criteria at the time of entering into a binding commitment to purchase, it is possible that such obligations may no longer satisfy such Receivables Criteria after entry into such binding commitment and therefore on or after the Selection Date due to intervening events. The requirement that the Receivables Criteria be satisfied applies only at the Selection Date and any failure by such obligation to satisfy the Receivables Criteria at a later stage will not result, except as otherwise described herein, in any requirement to sell it or take any other action.

Considerations relating to the purchase of Receivables

Prior to the end of the Investment Period, the Investment Advisor shall seek Receivables to be proposed and recommended to the Management Company in order to be purchased by the FCP and which satisfy the Eligibility Criteria. The ability to satisfy investment target will depend on a number of factors beyond the control of the FCP, the Management Company and the Investment Advisor including the availability of obligations that satisfy the Eligibility Criteria in the primary and secondary debt markets, the condition of the financial markets, general economic conditions and international political events. Therefore, there can be no assurance that such investment targets and Portfolio Criteria will be met by the end of the Investment Period. To the extent it is not possible to purchase such Receivables prior to the end of the Investment Period, the total size of the FCP will be less than originally expected. It would also affect the Portfolio Criteria and certain Receivables may represent more than 10% of the global portfolio of Receivables. In such case, the paid instalments that would not have been invested by the end of the Investment Period will be distributed to the Unitholders and no further Units Instalment Notice may be called.

Concentration risk - Risks related to insurance companies and insurance industry

The Management Company, on behalf of the FCP, will invest in a portfolio of Receivables consisting of obligations of issuers in the insurance sector and industry. Adverse developments with respect to the insurance industry in general may adversely affect the ability of the FCP to make payments under the Units and also may adversely affect the market value and/or liquidity of the Units. Although no concentration in excess of 10% of the portfolio global investment amount with respect to any particular Insurance Obligor is expected to exist at the end of the Investment Period, this concentration may be deteriorated if the FCP cannot be fully invested or the Units be fully paid up or if mergers occur amongst Insurance Obligor or following the redemption of some Receivables.

Since the Receivables will be concentrated in the insurance industry, they will be subject to the risk of a downturn relating to such industry.

Such concentration of risks may also be further increased, especially for holders of subordinated securities, by certain events, such as the implementation of the directive 2009/138/EC of the European Parliament and the Council of 25 November 2009 on the taking-up and pursuit of the business of Insurance and Reinsurance ("**Solvency II Directive**").

Market value of the Receivables

The value of the Receivables has a direct impact on the amounts payable to Unitholders in respect of the Units.

There is no assurance that the market value of the Receivables will at any time be equal to or greater than the Aggregate Outstanding Principal Amount plus the accrued interest thereon.

In addition, the FCP may be unable to sell its assets which, among other things, may render it unable to dispose of underperforming or defaulted assets or Receivables that remain outstanding upon the occurrence of a Liquidation Event and satisfy its obligations in respect of the redemption of the Units. Such market conditions may also lead to the inability of the FCP to determine a reliable valuation of its assets. All of such factors could materially and adversely affect the interests of Unitholders.

Moreover, in the event of the occurrence of a Liquidation Event and a sale of the Assets by the Management Company, the Management Company and any relevant parties to the Transaction Documents will be entitled to receive the proceeds of any such sale to the extent of unpaid fees and expenses and other amounts owing to such parties prior to any distributions to the Unitholders, subject to the application of the relevant Priority of Payments.

In the event that any Receivables have not been redeemed by the Final Legal Maturity Date and are, consequently, still outstanding or in case of a Receivable having a longer duration than the Final Legal Maturity Date of the Units, such Receivables will be liquidated in the market by the Management Company with the assistance of the Investment Advisor. There can be no guarantee that there will be a market for such Receivables, at such time, or whether such Receivables will be liquidated at their par value. Because of their long duration, these Receivables are significantly susceptible to interest rate, liquidity and general market risks.

Use of leverage

The FCP will not make use of leverage of any kind.

Credit risk of the parties to the Transaction Documents

The ability of the FCP to meet its obligations under the Units will be dependent upon the payment by the Insurance Obligor of principal and interest due on the Receivables, upon the payment of all sums due from the Swap Counterparty, upon the Paying Agent and the Account Bank making the relevant payments when received and upon all parties to the Transaction Documents (other than the FCP) performing their respective obligations thereunder. Accordingly, Unitholders are exposed, *inter alia*, to the creditworthiness of the Insurance Obligor, the Swap Counterparty, the Paying Agent and the Account Bank.

No independent investigation - Representations and warranties

None of the Management Company (acting, as the case may be, as Arranger), the Depositary, the Account Bank, the Central Administration Agent, the Paying Agent or the Swap Counterparty (if any) have made or will make any investigations or searches nor verify the characteristics of any of the Receivables or the Insurance Obligor or the solvency of the Insurance Obligor, each of them relying only on the due diligence made by the Investment Advisor.

The Management Company will carry out consistency checking on the information provided to it by the Investment Advisor and will verify the compliance of the Receivables with the Eligibility Criteria (but, for the avoidance of doubt, the compliance with the Portfolio Criteria can only be assessed as at the end of the Investment Period). Such checking will be undertaken in the manner, and as often as is necessary, to ensure the fulfilment by the Investment Advisor of its obligations as set out in the Investment Advisor Agreement, the protection of the interests of the Unitholders with respect to the Assets, and, more generally, in order to satisfy its legal and regulatory obligations as defined by the provisions of the SIF Law, the AIFM Law and, as the case may be, any related applicable regulation(s). The responsibility for the non-compliance of the Receivables purchased or subscribed to by the FCP with the Receivables Criteria on the relevant Selection Date and the compliance with the Portfolio Criteria at the end of the Investment Period will at all times remain with the Investment Advisor and the Management Company only (the Depositary, the Account Bank, the Central Administration Agent, the Paying Agent, the Swap Counterparties (if any) and the Arranger (for the avoidance of doubt, this shall not apply to the Management Company in its capacity other than Arranger) shall under no circumstances be liable therefor).

Neither the Investment Advisor nor the Management Company give any warranty as to the on-going solvency and the financial soundness of the Insurance Obligor.

Furthermore, the representations and warranties given or made by the Investment Advisor in relation to the conformity of the Receivables to the Receivables Criteria shall not entitle the Unitholders to assert any claim

directly against the Investment Advisor, the Management Company having the exclusive competence under article 13 of the SIF Law to represent the FCP as against third parties and in any legal proceedings.

Confidentiality; limitations on available information

In connection with the purchase of certain Receivables, the Investment Advisor and/or the Management Company (acting, as the case may be, as Arranger) and the Depositary may be required to enter into 1 (one) or more confidentiality agreements regarding certain information received with respect to the Receivables, the Insurance Obligors thereof and/or certain other parties relating to such Receivables. As a result, the ability of the Management Company, the Depositary or the Investment Advisor, to provide certain information to Unitholders regarding the Receivables may be restricted or limited. The Management Company, the Depositary, or the Investment Advisor will be obliged to provide certain non-confidential information regarding the Receivables and the Insurance Obligors thereof (to the extent available to the Management Company, the Depositary or the Investment Advisor, as applicable) to Unitholders upon their reasonable request therefor.

Investment Advisor

The Investment Advisor is given authority in the Investment Advisor Agreement to act as investment advisor to the Management Company on behalf of the FCP in respect of the portfolio of Receivables pursuant to and in accordance with the parameters and criteria set out in the Investment Advisor Agreement. Any analysis by the Investment Advisor, regarding the Insurance Obligors, will be limited to a review of readily information made available to him by such corresponding Insurance Obligors.

The performance of any investment in the Units will be dependent in part on the ability of the Investment Advisor to monitor the portfolio of Receivables and its selection and recommendation of Receivables for sale or purchase by the Management Company on behalf of the FCP.

The performance of the Receivables depends heavily on the skills of the Investment Advisor in analysing and managing the portfolio of Receivables. As a result, the FCP and the Management Company will be highly dependent on the financial and managerial experience of the Investment Advisor and certain of its employees to whom the task of managing the Receivables has been assigned. In the event that 1 (one) or more of the investment professionals of the Investment Advisor were to leave the Investment Advisor, the Investment Advisor would have to reassign responsibilities internally and/or hire 1 (one) or more replacement employees and such a loss could have a material adverse effect on the performance of the FCP.

Although the Investment Advisor is required, pursuant to its entry into the Investment Advisor Agreement, to commit an appropriate amount of its business efforts to the management of the portfolio of Receivables, the Investment Advisor is not required to devote all of its time to such affairs and may continue to advise and manage other investment funds in the future.

Prior investment results and returns achieved for accounts managed by the Investment Advisor are not likely to be indicative of the FCP's investment results. In addition, the nature of, and risks associated with, the Receivables to be acquired by the FCP may differ materially from those investments and strategies undertaken historically by the Investment Advisor including by reason of the diversity and other parameters required by the Investment Advisor Agreement. There can be no assurance that the FCP's investments will perform as well as past investments for any such portfolio.

Certain conflicts of interest

Conflicting interest between certain transaction parties

Conflicts of interest may arise as a result of various factors involving in particular the FCP, the Management Company (acting, as the case may be, as Arranger), the Depositary, the Investment Advisor, the Account Bank, the Central Administration Agent, the Paying Agent, the Swap Counterparties (if any), the Insurance Obligors and the other parties named herein.

For example (but without limitation), such potential conflicts may arise because of the following:

The Depositary is acting in several capacities under the Transaction Documents. Even if its rights and obligations under the Transaction Documents are not conflicting and are independent from one another contractually, in performing such obligations in these different capacities under the Transaction Documents, the Depositary may be in a situation of conflicts of interest.

The Investment Advisor and/or the Arranger may act as a placement agent or structurer, on behalf of certain Insurance Obligors. In such capacity as placement agents or structurers, the Investment Advisor and/or the Arranger may receive origination fees paid by such Insurance Obligors.

Business relationships

Each of the Management Company (acting, as the case may be, as Arranger), the Depositary, the Account Bank, the Central Administration Agent, the Paying Agent and the Investment Advisor and their respective affiliates may have existing or future business relationships with the Insurance Obligors (including, but not limited to, lending, depository, risk management, advisory and banking relationships), and will pursue actions and take steps that they deem or it deems necessary or appropriate to protect their or its interests arising therefrom without regard to the consequences for a Unitholder.

Authorised Investments

Any available funds standing to the credit of the Accounts (prior to their allocation and distribution) shall be invested by the Management Company in Authorised Investments. Notwithstanding strict investment criteria and eligibility criteria, the value of the Authorised Investments may fluctuate depending on the financial markets and the FCP may be exposed to a credit risk in relation to the issuers of such Authorised Investments. None of the Management Company, the Depositary or the Account Bank guarantees the market value of the Authorised Investments. The Management Company, the Depositary and the Account Bank shall not be liable if the market value of any of the Authorised Investments fluctuates and decreases.

3. RISKS RELATING TO LAW ASPECTS, TAX AND OTHER CONSIDERATIONS

Change of law

The structure of the FCP and related transactions referred to in this Prospectus is based on law, tax, regulatory, accounting and administrative practice of jurisdictions where the Insurance Obligors are incorporated or located, as in effect at the date of this Prospectus and with regard to the expected tax treatment of all relevant entities under such laws and practices. No assurance can be given as to the impact of any possible change to applicable law and tax, regulatory or administrative practices which may occur after the date of this Prospectus, nor can any assurance be given as to whether any such change could adversely affect the ability of the FCP to make payments under the Units.

In relation to the Insurance Obligors, the insurance industry is subject to extensive regulations and extensive regulatory supervision. Insurance regulation of the debtors in the European Union is largely based on the requirements of the EU directives. Changes in government policy, legislation or regulatory interpretation applying to the Insurance Obligors in the insurance industry, including the implementation of the Solvency II Directive, may adversely affect the results and financing requirements of the Insurance Obligors.

Liability under the Units – Direct exercise of rights

The Units are the obligations of the FCP and will not be the obligations of, or guaranteed by, any other entity. In particular, the Units will not be the obligations of, or guaranteed by, the Management Company (acting, as the case may be, as Arranger), the Depositary, the Account Bank, the Central Administration Agent, the Paying Agent, the Investment Advisor, the Swap Counterparty or any of their respective affiliates and/or employees or agents and none of such persons accepts any liability whatsoever in respect of any failure by the FCP to make payment of any amount due under the Units.

The Management Company is required under Luxembourg law to represent the FCP and to further represent and act in the best interests of the Unitholders. The Management Company has the exclusive right to exercise contractual rights against the parties which have entered into agreements with the FCP. The Unitholders will not have the right to exercise any such rights directly.

Regulatory treatment of the Units

Investors in the Units are responsible for analysing their own regulatory position and none of the Management Company (acting, as the case may be, as Arranger), the Depositary, the Account Bank, the Paying Agent, the Investment Advisor, the Swap Counterparty makes any representation to any prospective investor or purchaser of the Units regarding the regulatory capital treatment of their investment on the Closing Date or at any time in the future.

Similar requirements are implemented for other EU regulated investors (such as investment firms, insurance and reinsurance undertakings and certain hedge fund managers) as further detailed below. Generally, there can be no

guarantee that the regulatory capital treatment of the Units for investors will not be affected by any future implementation of regulatory or accounting changes.

Prospective investors in the Units should make themselves aware of the requirements of article 135 2. (a) of the Solvency II Directive, as may be implemented where applicable to them, in addition to any other regulatory requirements applicable to them with respect to their investment in the Units. Each prospective investor is required to independently assess and determine the sufficiency of the information described in this Prospectus for the purposes of complying with the Solvency II Directive and its own situation and obligations in this respect.

Withholding pursuant to the U.S. Foreign Account Tax Compliance Act

Pursuant to the U.S. Foreign Account Tax Compliance Act ("**FATCA**"), the FCP, and other non-US financial institutions through which payments on the Units are made, may be required to withhold U.S. tax on all, or a portion of, payments made after 31 December 2016 on any Units issued or materially modified on or after the date that is six (6) months following the issuance of final regulations defining "foreign passthru payments" for purposes of FATCA (and on securities which are treated as equity for U.S. federal income tax purposes, whenever issued). Such withholding by the FCP, and other non-US financial institutions through which payments on the Units are made, may be required, *inter alia*, where (i) the FCP or such other non-US financial institution is a foreign financial institution ("**FFI**") (as defined in FATCA) which enters into and complies with an agreement with the U.S. Internal Revenue Service to provide certain information on its account holders (making the FCP a "**Participating FFI**"), and (ii)(a) an investor does not provide information sufficient for the relevant Participating FFI to determine whether the investor is subject to withholding under FACTA, or (b) any FFI through which payment on such Units is made is not a Participating FFI or otherwise exempt from FATCA withholding. If an amount of, or in respect of, U.S. withholding tax were to be deducted or withheld from interest, principal or other payments on the Units as a result of FATCA, neither the FCP nor any other person would, pursuant to the respective Conditions of the Units, be required to pay any additional amount as a result of the deduction or withholding of such tax. If the FCP is not a Participating FFI, the FCP also may suffer U.S. withholding tax under FATCA on certain payments it receives. The rules governing FATCA have not yet been fully developed in this regard and the future application of FATCA to the FCP and the Units is uncertain. Units Holders should consult their own tax advisors to determine how these rules may apply to payments they will receive under the Units.

FATCA IS PARTICULARLY COMPLEX AND ITS APPLICATION TO THE FCP, THE UNITS AND THE HOLDERS IS UNCERTAIN AT THIS TIME. EACH HOLDER OF UNITS SHOULD CONSULT ITS OWN TAX ADVISOR TO OBTAIN A MORE DETAILED EXPLANATION OF FATCA AND TO LEARN HOW THIS LEGISLATION MIGHT AFFECT EACH HOLDER IN ITS PARTICULAR CIRCUMSTANCES.

European Market Infrastructure Regulation

On 16 August 2012 the European Market Infrastructure Regulation (European Regulation 648/2012, "**EMIR**") entered into force. EMIR provides that certain OTC derivatives shall be subject to a central clearing obligation and for, *inter alia*, additional requirements with regard to regulatory capital, portfolio reconciliation, risk mitigation, timely confirmation, margin posting, reporting and recordkeeping. EMIR will be fully implemented by regulatory technical standards developed by the European Securities and Market Authority ("**ESMA**"). An exhaustive enumeration of OTC derivatives are subject to the clearing obligation, the additional requirements (such as margin posting etc.) and the applicable exemptions thereto is at the date of this Prospectus yet to be finalised. The FCP may be exempted from certain EMIR requirements; however, it is to date unclear if, and to what extent, such exemptions will apply to the FCP. If the FCP is not or not fully exempted from EMIR requirements, there is a risk that the FCP will incur additional costs and expenses in order to comply with the obligations imposed by EMIR and the regulatory technical standards on the FCP. This may affect the obligations of the FCPP under the Units.

The full spectrum of risks resulting of the implementation of EMIR as per the technical standards released by ESMA and, as the case may be, by the Legislator in Luxembourg and the CSSF, is not yet known. Unitholders should be aware that such risks may be material and that the FCP could be materially and adversely affected thereby. As such, investors should consult their own independent advisors and make their own assessment about the potential risks arising from EMIR and the implementation of technical standards in making any investment decision in respect of the Units.

European Council Directives on the taxation of savings income

Potential investors are advised to ask for their own tax advisor's advice on their individual taxation when payments of interest and other income with respect to the Units are made by a paying agent (within the meaning of the European Council Directive 2003/48/EC) established in Austria.

Where withholding or deduction is required to be made pursuant to European Council Directives 2003/48/EC and 2015/2060/UE, neither the FCP nor the Paying Agent nor any other person would be obliged to pay additional amounts with respect to any Units.

Proposed Financial Transaction Tax ("FTT")

On 14 February 2013, the European Commission published a proposal (the "**Commission's Proposal**") for a Directive for a common FTT in Austria, Belgium, Estonia, France, Germany, Greece, Italy, Portugal, Spain, Slovakia and Slovenia (the "**Participating Member States**").

The Commission's Proposal has very broad scope and could, if introduced, apply to certain dealings in the Units (including secondary market transactions) in certain circumstances.

Under the Commission's Proposal the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Units where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

However, the FTT proposal remains subject to negotiation between the participating Member States and the scope of any such tax is uncertain. Additional EU Member States may decide to participate. In a joint statement released on 8 December 2015, ten of the participating Member States (excluding Estonia) indicated their intention to settle the remaining open issues regarding the FTT by the end of June 2016.

Prospective Units Holders should consult their own tax advisors in relation to the consequences of the FTT associated with subscribing to, purchasing, holding and disposing of the Units.

"Brexit"

The performance of the Units may be adversely affected by the vote of the United Kingdom to leave the European Union in a referendum held on 23 June 2016

On 23 June 2016 the United Kingdom voted to leave the European Union in a referendum (the "**Brexit Vote**"). At this stage both the terms and the timing of the United Kingdom's exit from the European Union are unclear. Moreover, the nature of the relationship of the United Kingdom with the remaining EU member states (the "**EU27**") has yet to be discussed and negotiations with the EU on the terms of the exit have yet to commence. In addition to the economic and market uncertainty this brings (see "market uncertainty" below) there are a number of potential risks that Unitholders should consider:

Legal uncertainty

A significant proportion of English law currently derives from or is designed to operate in concert with European Union law. This is especially true of English law relating to financial markets (including derivatives markets), financial services, prudential and conduct regulation of financial institutions, bank recovery and resolution, payment services and systems, settlement finality, market infrastructure. Depending on the timing and terms of the UK's exit from the EU, significant changes to English law in areas relevant to the Receivables or the Transaction Documents (including in particular any Swap Agreement which is governed by English law) may occur. It is not possible to predict what any such changes will be and how they may affect payments of principal and interest to the Unitholders.

Regulatory uncertainty

There is significant uncertainty about how EU27 financial institutions with assets (including branches) in the UK will be regulated and *vice versa*. At present, EU single market regulation allows regulated financial institutions (including credit institutions, investment firms, alternative investment fund managers, insurance and reinsurance undertakings) to benefit from a passporting system for regulatory authorisations required to conduct their businesses, as well as facilitating mutual rights of access to important elements of market infrastructure such as

payment and settlement systems. EU law is also the framework for mutual recognition of bank recovery and resolution regimes.

Once the UK ceases to be a Member State of the EU, the current passporting arrangements will cease to be effective, as will the current mutual rights of access to market infrastructure and current arrangements for mutual recognition of bank recovery and resolution regimes. The ability of regulated financial institutions to continue to do business between the UK and the EU27 after the UK ceases to be a Member State of the EU would therefore be subject to separate arrangements between the UK and the EU27, in respect of which negotiations have not yet begun. There can be no assurance that there will be any such arrangements concluded and, if they are concluded, on what terms. The loss of the benefit of the passporting arrangements and to access the single market could adversely impact the business of Insurance Obligors which would no longer benefit from such passporting arrangements. Moreover, such uncertainty could adversely impact the ability of third parties who are regulated financial institutions to provide services to the FCP.

Market uncertainty

Since the Brexit Vote, there has been volatility and disruption of the capital, currency and credit markets.

Potential investors should be aware that these prevailing market conditions affecting asset-backed securities could lead to reductions in the market value and/or a severe lack of liquidity in the secondary market for instruments similar to the Units. Such falls in market value and/or lack of liquidity may result in investors suffering losses on the Units in secondary resales even if there is no decline in the performance of the portfolio.

It is not possible to predict when these circumstances will change and whether, if and when they do change, there would be an increase in the market value and/or there will be a more liquid market for the Units and instruments similar to the Units at that time.

The risks described above are the principal risks inherent in the transaction for the Unitholders, but the inability of the FCP to pay interest, principal or other amounts on or in connection with the Units may occur for other reasons and the Management Company and the Depositary do not represent that the above statements regarding the risks of holding the Units are exhaustive. Although the various structural elements described in this Prospectus aim at lessening some of these risks for Unitholders, there can be no assurance that these measures will be sufficient to ensure payment, on a timely basis or at all, to Unitholders of interest, principal or any other amounts on or in connection with the Units.

OPERATION OF THE FCP
REMUNERATION AND AMORTISATION OF THE UNITS DEPENDING ON THE PERIODS

GENERAL

The rights of the Unitholders to receive payments of principal and interest on the Units, as applicable, will be determined in accordance with the relevant period of the FCP (as described below). The relevant periods are the Investment Period and the Amortisation Period.

In relation to Receivables bearing a fixed rate and/or a yearly coupon payment, the Management Company, on the recommendation, advice and assistance of the Investment Advisor, may swap the fixed rate and/or the yearly coupon payment for 3-month EURIBOR, plus a spread, if applicable.

PERIODS OF THE FCP

Investment Period

General

The structure of the FCP provides, as of the Closing Date, that, during the Investment Period, the FCP is entitled to call the unpaid amount of the Units (*montant non libéré*) and purchase or subscribe to the Receivables, in accordance with the provisions of the FCP Regulations.

Operation

Duration of the Investment Period

The Investment Period is the period starting on the Closing Date and automatically terminating on (and including) the earliest to occur of (i) the Payment Date immediately following the third anniversary of the Closing Date, or, in the event the Investment Advisor should have advised the Management Company that the Investment Period be extended by 1 (one) year, the Payment Date immediately following the fourth anniversary of the Closing Date and (ii) the date on which a Liquidation Event occurs.

Operation of the FCP during the Investment Period

During the Investment Period, the FCP operates as follows, subject to the Priority of Payments:

- (a) the Investment Advisor shall select Receivables which comply with the Receivables Criteria on the relevant Selection Date;
- (b) no later than 10 (ten) Business Days before each Instalment Date, this period being reduced to 4 (four) Business Days before the Instalment Date in case of a duly justified emergency by the Management Company, the Management Company will issue a Units Instalment Notice on the recommendation of the Investment Advisor, which shall be acknowledged by the Units Holders no later than 2 (two) Business Days before each Instalment Date, in the form substantially set out in Appendix II hereto, except for the first Units Instalment where it will not be required. The proceeds of the Units called shall be paid on the Units Instalment Date on the General Account. Out of the proceeds of such payment, the Management Company shall instruct the Account Bank, as necessary, to pay the Purchase Price of the Receivables to be transferred to the FCP on such Purchase Date.
- (c) on any Purchase Date, the Management Company may then purchase such Receivables complying with the Receivables Criteria on their respective Selection Date, in accordance with and subject to the terms and conditions of the FCP Regulations and the applicable Priority of Payments;
- (d) on each Payment Date, according to the applicable Priority of Payments, the Units Holders shall be entitled to receive payments of interest equal to the Available Interest Amount less any Senior Expenses on a *pari passu* basis;
- (e) on each Payment Date, according to the applicable Priority of Payments, the Management Company shall pay to the relevant service providers the FCP Expenses due and payable on such date;
- (f) on each Payment Date, according to the applicable Priority of Payments, the Management Company shall pay to the Swap Counterparties the relevant amounts due under the relevant Swap Agreement;

- (g) on each Payment Date, according to the applicable Priority of Payments and following the recommendation of the Investment Advisor in relation to the Reserve Amount, the Management Company shall give instructions to credit or debit the relevant amounts on the Reserve Account in order to enable the FCP to make any payment which it is expected to make after such Payment Date and prior to the following Payment Date and the Performance Fees Reserve Account;
- (h) no principal payment shall be distributed to the Unitholders, even if some Receivables have been partly or fully redeemed or sold for whatever reason (as, in such case, the proceeds are expected to be reinvested before the end of the Investment Period);
- (i) in the event that Credit Risk Receivables have been disposed of or sold by during the Investment Period, the proceeds from the disposal and sale of such Credit Risk Receivables will be left available to the Management Company for reinvestment until the end of the Investment Period; and
- (j) the Investment Period shall automatically terminate on (and including) the earliest to occur of (i) the Payment Date immediately following the third anniversary of the Closing Date, or, if the Investment Advisor should have advised the Management Company that the Investment Period be extended by 1 (one) year, the Payment Date immediately following the fourth anniversary of the Closing Date and (ii) the date on which a Liquidation Event occurs.

Conditions Precedent to the purchase of Receivables

The Receivables which meet the Receivables Criteria on their respective Selection Date will be recommended by the Investment Advisor to the Management Company and the Management Company shall verify that the following conditions precedent to the purchase of Receivables are or will be satisfied on each Selection Date:

- (a) no Liquidation Event has occurred or will occur on such Purchase Date;
- (b) the Investment Advisor has duly made available to the Management Company the corresponding Investment Advisor Report;
- (c) the amount corresponding to the Principal Component of the General Account is sufficient to pay the Purchase Price;
- (d) the Investment Advisor has represented to the Management Company, acting in its name on behalf of the FCP, that each of the Receivables to be purchased satisfies the Receivables Criteria as of the relevant Selection Date.

Methods of purchase of or subscription to Receivables

The procedure for the purchase of Receivables during the Investment Period is as follows:

1. on any Selection Date, the Investment Advisor will send to the Management Company a listing of the Receivables which it recommends to subscribe or purchase, together with the corresponding Investment Advisor Reports, in accordance with the Investment Advisor Agreement and indicating the respective Purchase Price of such Receivables;
2. on such Selection Date, the Management Company shall carry out consistency checking regarding the information provided to it by the Investment Advisor to check the compliance of the recommended Receivables with the Receivables Criteria as at the Selection Date and provided that the conditions precedent are met (including, for the avoidance of doubt, the reception of the approval from the Investment Committee), shall decide to purchase such Receivables.
3. the Management Company shall purchase such Receivables on the Purchase Date and shall sign the Transfer Document at the latest on the Purchase Date. The Management Company will deliver the original of the Transfer Document, if any, to the Depositary; and
4. the Management Company will give the necessary instructions to the Account Bank to ensure that in respect of the Receivables the Purchase Price will be debited from the General Account on the relevant Purchase Date, in accordance with the applicable Priority of Payments.

Amortisation Period

Expected duration of the Amortisation Period

The Amortisation Period will be the period beginning on the first day after the end of the Investment Period and ending on the earlier of (i) the date when there are no outstanding Receivables, (ii) the Final Legal Maturity Date, as such date may be extended by the Work-out Period so long as any Receivables are still outstanding, in order to enable the Management Company to sell such outstanding Receivables.

Operation of the FCP during the Amortisation Period

During the Amortisation Period, the FCP shall operate as follows:

- (a) pursuant to the provisions of the FCP Regulations, the Management Company will no longer be entitled to purchase or subscribe to any Receivable, but for the avoidance of doubt, this should not prevent the FCP from acquiring any rights, assets or certificates arising from or exchanged in connection with the Receivables and/or any other similar transaction (including, but not limited to, exchange offers or obligor liability management transactions);
- (b) on each Payment Date, subject to the applicable Priority of Payments, the Unitholders shall receive the Interest Amounts as calculated by the Management Company (see Section "TERMS AND CONDITIONS OF THE UNITS – *Interest*");
- (c) on each Payment Date occurring during the Amortisation Period, according to the Principal Priority of Payments, the Unitholders will receive payment of the Principal Payments (to the extent of the Available Principal Amount, as calculated by the Management Company) (see Section "TERMS AND CONDITIONS OF THE UNITS – *Redemption*");
- (d) on each Payment Date, according to the applicable Priority of Payments, the Management Company shall pay to the relevant service providers the FCP Expenses due and payable on such date; and
- (e) on each Payment Date, according to the applicable Priority of Payments and following the recommendation of the Investment Advisor in relation to the Reserve Amount, the Management Company shall give instructions to credit or debit the relevant amounts on the Reserve Account and the Performance Fees Reserve Account.

ACCOUNTS

These allocations shall be made only by the Management Company and the Account Bank provided that no amount will be withdrawn from an Account if the relevant Account would have a debit balance as a result thereof (see Section "DESCRIPTION OF THE ACCOUNTS").

The Management Company, together with the Depositary, may open any securities account (*compte-titres*) as they deem fit where the Receivables will be registered.

CALCULATIONS – DUTIES OF THE MANAGEMENT COMPANY

The Management Company, with the assistance of the Investment Advisor, will calculate the Collections Amount in respect of the Collection Period relating to the Calculation Date including the Collections Adjustment, on the basis of any payments received, the Available Interest Amount and the Available Principal Amount.

Pursuant to the FCP Regulations and with respect to the relevant Priority of Payments, it is the responsibility of the Management Company (i) to calculate, amongst other things, on each Interest Determination Date, the relevant Interest Amounts, and (ii) to give the necessary instructions for the applicable transfers and allocations of payments in respect of any Payment Date.

It is the responsibility of the Management Company to ensure that payments will be made in accordance with the relevant Priority of Payments as set out in the provisions of this Section.

In order to ensure that all the allocations, distributions and payments are made in a timely manner, to the extent of the Available Distributable Amount, the Management Company will give appropriate instructions, with copy to the Depositary, to the Account Bank, the Swap Counterparty (if any) and the Paying Agent for payments to be made in accordance with the relevant Priority of Payments.

DISTRIBUTIONS

Prior to each Payment Date, the Management Company will make the relevant calculations and determinations required in relation to the applicable Priority of Payments.

On each Payment Date, the Available Interest Amount and the Available Principal Amount will be applied in making the payments referred to in, respectively, the Interest Priority of Payments and in the Principal Priority of Payments described below. The payments referred to in the Interest Priority of Payments will be made prior to the payments referred to in the Principal Priority of Payments.

PRIORITIES OF PAYMENTS DURING THE INVESTMENT PERIOD AND THE AMORTISATION PERIOD

Interest Priority of Payments

At any time, the Available Interest Amount (including, but not limited to, any excess Available Principal Amount not otherwise distributed in accordance with the Principal Priority of Payments) standing to the credit of the General Account or, as the case may be and in relation to any Senior Expenses falling due and payable between two Payment Dates, any amount standing to the credit of the Reserve Account, will be applied on each Payment Date, or on any other date on which any Senior Expenses fall due and payable, by the Management Company towards the following priority of payments but only to the extent of the amount standing to the credit of the General Account and, in case of shortfall, to the extent of the amount standing to the credit of the Reserve Account and, on the Liquidation Date, of the Performance Fees Reserve Account and provided that all payments or provisions of a higher priority due to be paid or provided for have been made in full:

- (A) payment on a *pro rata* and *pari passu* basis of any fees and expenses due to the Management Company and the Depositary by the FCP, of any amount due to the Swap Counterparties (if any) under the relevant Swap Agreements, of any ECB Impact in relation to any amount standing to the credit of the Performance Fees Reserve Account by debiting the General Account, of any FCP Expenses Arrears (but excluding the Performance Fees) remaining due and unpaid on such Payment Date and of any amount to be credited to the Reserve Account in accordance with the recommendation of the Investment Advisor;
- (B) payment on a *pro rata* and *pari passu* basis of any FCP Expenses to the extent not already paid under (A) above (including the Regular Fees but excluding the Performance Fees);
- (C) payment on a *pro rata* and *pari passu* basis of (i) the Performance Fees to the Investment Advisor and to the Arranger and (ii) the Deferred Performance Fees to credit the Performance Fees Reserve Account provided that the Aggregate Distributed Performance Fees never exceed the Aggregate Distributed Performance Fee Cap;
- (D) on the Liquidation Date, payment to the Investment Advisor and the Arranger of the amount standing on the Performance Fees Reserve Account provided that the Aggregate Distributed Performance Fees never exceed the Aggregate Distributed Performance Fee Cap; and
- (E) payment on a *pro rata* and *pari passu* basis of the Interest Amounts due and payable to the Unitholders in respect of the Interest Period ending on the such Payment Date.

Principal Priority of Payments

At any time, the Available Principal Amount will be applied on each Payment Date or on each Purchase Date by the Management Company towards the following priority of payments but only to the extent of the amount standing to the credit of the General Account and provided that all payments or provisions of a higher priority due to be paid or provided for have been made in full:

- (A) only to the extent not paid in full thereunder after application of Available Interest Amount in accordance with the Interest Priority of Payments, payment in the order of priority there stated of the amounts referred to in paragraphs (A) and (B);
- (B) during the Investment Period (only), payment of the Purchase Price of the Receivables purchased or subscribed to on the Purchase Date;
- (C) during the Amortisation Period (only), payment of the Principal Payments due to the Unitholders;

- (D) to the extent available, payment in the order of priority there stated of the shortfall amounts that might exist after the payments referred to under paragraphs (C) and (D) of the Interest Priority of Payments, and
- (E) on the Liquidation Date (only), for the payment to the Investment Advisor and the Arranger with the following share: 60% for the Investment Advisor and 40% for the Arranger, as such allocation may be amended by an agreement between the Investment Advisor and the Arranger, on a *pari passu* basis, the positive amount, if any, standing on the Performance Fees Reserve Account less any outstanding cumulated Performance Fees Credit Amount;

provided that any excess amounts of Available Principal Amount remaining in the General Account (unless this excess amount is contemplated to be reinvested during the Investment Period), after all payments have been satisfied in full in accordance with the Principal Priority of Payments, will be treated as part of the Available Interest Amount and will be applied on such Payment Date in accordance with the Interest Priority of Payments.

Use of replacement swap premium (*soulte*)

In the event that a Swap Counterparty is replaced by a new eligible swap counterparty, any replacement swap premium (*soulte*) paid by such replacement swap counterparty to the FCP shall be used by the Management Company for the purpose of paying any termination amounts payable by the FCP to that Swap Counterparty under the relevant Swap Agreement, outside any Priority of Payments, and, once any such termination amounts have been discharged in full, the excess if any, of that replacement swap premium (*soulte*) over those termination amounts shall be included in the Available Interest Amount and applied in accordance with the applicable Priority of Payments.

CALCULATIONS OF THE INVESTMENT ADVISOR AND ARRANGER REGULAR FEES AND PERFORMANCE FEES

- (a) In consideration for its obligations under the Investment Advisor Agreement and the FCP Regulations, respectively, the FCP shall pay to the Investment Advisor and to the Arranger a regular fee, calculated quarterly on the basis of a 360-day (three hundred and sixty-day) year comprised of 12 (twelve) 30-day (thirty-day) months, and payable also quarterly (the "**Regular Fees**") in respect of each Interest Period in an amount equal to a total of 0.60% (zero point sixty per cent.) *per annum* of the Time Weighted Purchase Price of performing Receivables held by the FCP in respect of such Interest Period. The Regular Fees shall be allocated *pari passu* in the following manner: 60% for the Investment Advisor (the "**Investment Advisor Regular Fees**") and 40% for the Arranger (the "**Arranger Regular Fees**"), as such allocation may be amended by an agreement between the Investment Advisor and the Arranger. Any fees and disbursements or any other amount advanced by the Investment Advisor and/or the Arranger shall be reimbursed to them by the FCP.
- (b) In addition to the Regular Fees, depending on the performance of the portfolio of Receivables, the Investment Advisor and the Arranger shall be entitled to a performance fee, accruing and calculated quarterly as indicated below (the "**Performance Fees**") to be allocated *pari passu* with the following share: 60% for the Investment Advisor (the "**Investment Advisor Performance Fees**") and 40% for the Arranger (the "**Arranger Performance Fees**"), as such allocation may be amended by an agreement between the Investment Advisor and the Arranger and distributed in accordance with the rules below.

The Performance Fees and Performance Fees Credit Amount are calculated as follows.

Determination:

"**Reference Rate**", for each Interest Period, will be equal to:

- for floating rate Receivables: the relevant EURIBOR rate for such period as determined 10 (ten) Business Days prior to the first day of such Interest Period;
- for fixed rate Receivables: the relevant swap rate, as determined by the Management Company based on available relevant market data identified by the Investment Advisor, in force at the Selection Date of the corresponding Receivable.

"**Reference Rate Aggregate Amount**", in relation to a Receivable, is an amount determined as follows:

$$\text{Reference Rate} \times \text{Time Weighted Purchase Price of the Receivables} \times \frac{n \text{ days in Interest Period}}{360}$$

"Time Weighted Purchase Price" means the sum of the Purchase Price of the Receivables weighted to the number of days in relation to an Interest Period:

((Aggregate Purchase Price of the Receivables as at the beginning of the Interest Period x n days in Interest Period) + (Purchase Price of any new Receivables x n days in the Interest Period as from the Purchase Date of such new Receivable)) / n days in the Interest Period

"Calculated Portfolio Spread Amount", in relation to an Interest Period, is determined by the Management Company with the assistance of the Investment Advisor and is equal to the aggregate of:

- (a) in relation to the Interest Component of any Receivables, any amount paid to or received by the FCP net of any Net Swap Amounts paid to or received from the Swap Counterparties; less
- (b) the Reference Rate Aggregate Amount during the corresponding Interest Period; less
- (c) the aggregate of outstanding Principal Balance of each Receivable which became a Defaulted Receivable or a Deferred Receivable during the corresponding Interest Period; plus
- (d) the aggregate of outstanding Principal Balance of each Receivable which was a Defaulted Receivable or a Deferred Receivable prior to the beginning of the corresponding Interest Period and which ceased to be a Defaulted Receivable or a Deferred Receivable during the corresponding Interest Period; plus
- (e) any recoveries made or received by the FCP during the Interest Period in relation to any Defaulted Receivables or Deferred Receivables; plus or less, as the case may be,
- (f) any Collections Adjustments or any principal or interest net adjustment arising from the sale or disposal of Receivables, liability management transactions operated by the Insurance Obligor under any Receivable, such as any exchange offer, during the corresponding Interest Period.

If the Calculated Portfolio Spread Amount is negative a **"Quarterly Performance Fee Credit Amount"** equal to 5% of the Calculated Portfolio Spread Amount will be credited to a cumulative notional Performance Fee Credit Amount.

If the Calculated Portfolio Spread Amount is positive, an **"Earned Performance Fee Amount"** equal to 5% of the Calculated Portfolio Spread Amount will be applied as follows:

- (a) the Earned Performance Fee Amount will be first applied to debit the then outstanding cumulative notional Performance Fee Credit Amount (if any);
- (b) once the cumulative notional Performance Fee Credit Amount is equal to zero, the then residual amount of the Earned Performance Fee Amount after application of (a) above will be allocated as follows:
 - (i) during the period up to and including the date falling five (5) years from the date on which the Investment Period ends:
 - a. one third (1/3) of the Earned Performance Fee Amount will be distributed quarterly as Performance Fees (the **"Distributed Performance Fees"**), subject to the Aggregate Distributed Performance Fee Cap, to be allocated *pari passu* with the following share: 60% to the Investment Advisor and 40% to the Arranger, as such allocation may be amended by an agreement between the Investment Advisor and the Arranger; and
 - b. the remainder of the Earned Performance Fee Amount will be deferred (the **"Deferred Performance Fees"**) and transferred to the Performance Fees Reserve Account; and
 - (ii) from the date falling five years from the date on which the Investment Period ends, and until the Liquidation Date, the total Earned Performance Fee Amount will constitute Deferred Performance Fees and will be transferred to the Performance Fees Reserve Account,

provided that the Aggregate Distributed Performance Fees never exceed the Aggregate Distributed Performance Fee Cap as defined below.

For the purpose of determining the Performance Fees and Performance Fees Credit Amounts:

"Aggregate Distributed Performance Fees" means, at the end of each Interest Period, the sum of the aggregate Distributed Performance Fees at the end of the previous Interest Period and the Distributed Performance Fees during the corresponding Interest Period.

"Aggregate Distributed Performance Fee Cap" means, at the end of each Interest Period, the sum of (a) the Aggregate Distributed Performance Fee Cap as of the end of the previous Interest Period (or 0 (zero) for the first Interest Period), and (b) the following:

$$[\text{the aggregate Purchase Price of the remaining Receivables}] \times 0,30\% \times \frac{\text{number of days in corresponding Interest Period}}{360}$$

On the Liquidation Date, the amount standing on the Performance Fees Reserve Account, less any outstanding cumulated Performance Fees Credit Amount, will be, to the extent such amount is positive, distributed to the Investment Advisor and the Arranger (with the following share: 60% for the Investment Advisor and 40% for the Arranger, as such allocation may be amended by an agreement between the Investment Advisor and the Arranger) provided that the Aggregate Distributed Performance Fees never exceed the Aggregate Distributed Performance Fee Cap. In the event that, on the Liquidation Date, the distribution to the Investment Advisor and the Arranger of the amount standing on the Performance Fees Reserve Account (less any outstanding cumulated Performance Fees Credit Amount) would cause the Aggregate Distributed Performance Fees to exceed the Aggregate Distributed Performance Fee Cap, any such excess amounts standing to the credit of the Performance Fees Reserve Account will be credited to the General Account and applied through the Interest Priority of Payments.

The amounts of Regular Fees and Performance Fees payable to the Investment Advisor and to the Arranger are (i) tax inclusive if such fees are subject to VAT or (ii) tax exclusive if such fees are not subject to VAT, so that whether or not VAT is applicable, the amounts to be paid to such parties are the same.

DESCRIPTION OF THE UNITS

Financial Instruments

The Units are financial instruments (*instruments financiers*) within the meaning of article 1 (9) of the MIFID Law.

The Units are co-ownership rights, the Unitholders shall only be liable for the debts of the FCP to the extent of the Assets thereof and in proportion to their respective interest therein.

Form of Units and Registration

The Units are issued in registered form (*nominatives*).

The Units' proceeds are payable by instalment (*libération fractionnée*) on an Instalment Date upon a call in a Units Instalment Notice by the Management Company during the Investment Period.

Transfer

Transfers shall be effected in accordance with the rules laid down in article 40 of the law of 10 August 1915 on commercial companies. In particular, transfers shall be carried out by means of a declaration of transfer entered in the register held by the Central Administration Agent, dated and signed by the transferor and the transferee or by their duly authorised representatives. Any fee in connection with such transfer shall be borne by the transferee unless agreed otherwise by the transferor and the transferee. Further, the Units will not be transferable without the prior written consent of the Management Company, it being understood that such consent shall only be refused in case the contemplated transferee is not a well-informed investor or, in case the Management Company esteems that such transferee will not be able to fulfil its duties.

Placement and subscription

The Units must be sold in accordance with and subject to the transfer restrictions set out in the Section "SUBSCRIPTION AND SALE" of this Prospectus and any other applicable laws and regulations.

The Units issued by the FCP may not be sold by way of brokerage (*démarchage*) save with well-informed investors within the meaning of article 2 of the SIF Law.

Paying Agency

According to the provisions of the Depositary Agreement, provision is made for, amongst other things, the payment of principal and interest in respect of the Units by the Paying Agent.

Rating

The Units will not be rated.

DESCRIPTION OF THE ASSETS

GENERAL CHARACTERISTICS OF THE ASSETS

General Description of the Assets

The Assets mainly comprise the Receivables purchased or subscribed by the FCP.

The Assets also include:

- (a) any Ancillary Rights attached to the Receivables including, for the avoidance of doubt, any rights, assets or certificates arising from or exchanged in connection with the Receivables and/or any other similar transaction;
- (b) the Cash;
- (c) any amount to be received from the Swap Counterparty in respect of a Swap Agreement (if any);
- (d) any Authorised Investments and income relating to any Authorised Investments; and
- (e) any other rights transferred or attributed to the FCP under the terms of the Transaction Documents.

Allocation of the cash flows generated by the Assets

The cashflows generated by the Assets are allocated by the Management Company exclusively to the payment of all amounts due in connection with the FCP, pursuant to the applicable Priority of Payments.

Valuation

The Independent Valuer, an actuarial firm, has been appointed to set-up a valuation model and carry out quarterly and annual valuations of the Receivables on the basis of such model.

DESCRIPTION OF THE RECEIVABLES

TRANSFER OF RECEIVABLES TO THE FCP

The FCP will purchase or subscribe to Receivables which satisfy the Eligibility Criteria on their respective Selection Dates.

The Receivables transferred to the FCP on each Purchase Date will include subordinated and/or senior debt securities and any other kind of similar debt instruments (such as, but not limited to, participative loans and *Schuldschein*) issued by Insurance Obligors.

ELIGIBILITY CRITERIA

RECEIVABLES CRITERIA

Pursuant to the provisions of the Investment Advisor Agreement, the Investment Advisor shall check and report to the Management Company, that the Receivables transferred to or subscribed to by the FCP on any Purchase Date satisfy the below Receivables Criteria on their respective Selection Date:

- the Receivables will be issued or guaranteed by Insurance Obligors domiciled in a Qualifying European Country;
- the Receivables will be subordinated and/or senior debt securities or any similar debt instruments (such as, but not limited to, participative loans, *Schuldschein*);
- the sum of all Receivables issued by the same Insurance Obligor will be of an amount equal to maximum 10% of the Aggregate Initial Principal Amount.
- subject to the caveat described in the Portfolio Criteria, the Receivables will arise from issues whose aggregate nominal amount does not exceed €250,000,000;
- the Receivables have a stated residual maturity of no more than 10 (ten) years (or, subject to the Portfolio Criteria, 30 (thirty) years in some cases), after the end of the Investment Period, as described under the Section "DESCRIPTION OF THE RECEIVABLES – *Portfolio Criteria*", and under no circumstances, will the Receivables be undated or perpetual securities;
- the Receivables shall bear a fixed or a variable coupon indexed to the relevant EURIBOR corresponding to the period of such coupon. In case of fixed coupons, the interest served will be calculated by reference to a fixed rate for a maximum of 10.5 (ten and a half) years from the issue date of the Receivables. In case of variable coupons, the reference EURIBOR rate will be no more than 12 (twelve) months;
- in respect of Receivables with a stated maturity of more than 10.5 (ten and a half) years from their issue date, the applicable credit margin will increase starting on or about the 10th anniversary of the issue date of such Receivables by no less than 100 basis points;
- the Receivables are denominated in Euros;
- the coupons distribution frequency is not less than annual;
- the payment of any amount under the Receivables (whether in principal or in interest) does not trigger (as of the Selection Date) the payment of withholding tax or, if withholding or deduction is so required, either (i) the Insurance Obligor is required (unless local laws and regulations do not allow this), subject to certain conditions, to gross-up payments (unless the Insurance Obligor exercises a tax early call option and redeems the security in advance) or (ii) relief is available in respect of such withholding tax or deduction under an applicable double tax treaty; and
- the Receivables may be freely purchased or subscribed by or transferred to the FCP without the occurrence of any breach of any applicable laws, regulations, selling restrictions and/or contractual provisions.

PORTFOLIO CRITERIA

The Investment Advisor shall use all commercially reasonable efforts in its advisory role so that, at the end of the Investment Period, the portfolio of the Receivables meets the following criteria, always assuming that the Aggregate Initial Principal Amount is fully invested at the end of the Investment Period:

- the Receivables whose maturity date exceeds 10 years from the end of the Investment Period will account for no more than 20% of the Aggregate Initial Principal Amount; for the avoidance of doubt, such Receivables will have a maturity date of no more than 30 years from their issuance date and must have been issued or guaranteed by an Insurance Obligor rated by a rating agency;
- the Receivables issued or guaranteed by a Life Insurance Obligor (as defined below) will not exceed 25% of the Aggregate Initial Principal Amount. For these purposes, an Insurance Obligor will be deemed to be a "**Life Insurance Obligor**" if the proportion of such obligor's premium income related to guaranteed return saving policies exceeds one third of its total insurance premium income or if the proportion such obligor's premium income related to all saving policies (including unit-linked policies for example) exceeds half of its total insurance premium income (in both cases, "total insurance premium income" means total gross insurance premium income underwritten during the last available reporting period as of the Selection Date of the corresponding Receivable);
- the Receivables that arise from issues whose aggregate nominal amount exceeds €250,000,000 will not exceed 20% of the Aggregate Initial Principal Amount.

Should any of the above criteria fail to be met as a result of an unforeseeable event occurring after the purchase of any Receivables (including, but not limited to, an exchange offer in relation to a Receivable or a change in the activity of an Insurance Obligor), the FCP will be permitted to purchase and hold additional Receivables provided that any such further purchase of Receivables will not further increase the numerator of the relevant ratio set out above which has been breached as a result of such unforeseeable event.

DESCRIPTION OF THE INVESTMENT ADVISOR AGREEMENT

INTRODUCTION

Appointment

Pursuant to the terms of the Investment Advisor Agreement, the Management Company shall appoint Cohen & Company Financial Limited as its investment advisor with respect to the FCP (i) to select and propose Receivables to be acquired by the FCP on each Purchase Date and provide under its sole responsibility investment advice in relation to decisions to purchase or dispose of Receivables or to enter into any Swap Agreement, and (ii) recommend to the Management Company any decision that it believes is appropriate in relation to the administration of the portfolio of Receivables (including exercising rights and remedies associated with the assets in the portfolio of Receivables), based on the restrictions set forth in the Investment Advisor Agreement and on the Investment Advisor's research, credit analysis and judgment.

The Investment Advisor has agreed to perform investment advisory and monitoring functions described herein.

Duties and liability

The Investment Advisor shall:

- (a) on a regular basis, during the Investment Period, provide under its sole responsibility investment advice to the Management Company in the form of an Investment Advisor Report in relation to the purchase, and as the case may be, the disposal of Receivables by the FCP or to enter into Swap Agreements, with a view to realising the investment strategy of the FCP and coordinate and assist with the implementation of investment decisions with the Management Company and the Unitholders in relation thereto;
- (b) on a regular basis, in relation to Receivables bearing a fixed rate and/or an annual coupon, assisting and advising the Management Company (if need be) to enter into one or more Swap Agreements in order to swap the fixed rate and/or the yearly coupon for 3-month EURIBOR plus a spread, if applicable;
- (c) in respect of any Receivable where the FCP, as holder of such Receivable, is required to take a management decision relating to the management of such Receivable, rights or assets including, but not limited to, in relation to certificates arising from or exchanged in relation to the Receivables and/or any other similar transaction on behalf of the FCP, represented by the Management Company, advise the Management Company relating to such Receivable. Such advice may be taken following a request from the relevant Insurance Obligor;
- (d) in respect of each Receivable acquired by the FCP, provide the Management Company with a copy to the Depositary a recommendation in respect of any potential impairment or write-off to the value of such Receivable, whenever the Investment Advisor determines that there is such a potential impairment to the value of such Receivable;
- (e) assist in any other appropriate way the Management Company in connection with the potential or contemplated purchase or disposal by the FCP of Receivables.

When performing its duties under the Investment Advisor Agreement, the Investment Advisor may rely on the representations and warranties given by an Insurance Obligor or any seller of the Receivable, as the case may be.

In making the above investment proposal, the Investment Advisor shall propose the selected contemplated Receivable to the FCP and to the PriDe FCT Compartment on a pro rata basis (the "**Pro-rata Investment Share Allocation**") of the Aggregate Initial Principal Amount of the FCP and the aggregate initial amount of securities issued by the PriDe FCT Compartment.

In making such recommendations and giving such advice, the Investment Advisor shall consult with the Investment Committee.

The Investment Committee

The role of the Investment Committee is to provide the Investment Advisor with independent recommendations, views, analysis and opinions on any contemplated investment in the Receivables and, as the case may be, to approve or reject any contemplated investment proposed by the Investment Advisor and for which the Management Company expresses interest. Unless the investment committee of the PriDe FCT Compartment has

elected to invest for an amount lower than its Pro-rata Investment Share Allocation in selected Receivables, the Investment Committee is not entitled and cannot require having an investment in such selected Receivables greater than its Pro-rata Investment Share Allocation.

Composition of the Investment Committee

The Investment Committee comprises at least three (3) members including its president, the majority of whom are members of the Management Company. The members are selected amongst experts or professionals in the asset management or insurance industry and appointed jointly by the Management Company and the Investment Advisor. Each member of the Investment Committee may be revoked and replaced at any time by the person(s) having appointed such member, i.e. jointly by the Management Company and the Investment Advisor.

Decision making process

The Investment Advisor will inform the Management Company of any contemplated investment with reasonable notice and provide all necessary information to the Management Company. If the Management Company expresses interest for the investment and if the investment is compliant with the Prospectus, the Management Company shall propose the investment to the Investment Committee. A proposed investment shall be deemed to be approved by the Investment Committee in accordance with the following conditions:

- if no more than one third of the members of the Investment Committee reject and vote against the proposed investment, such proposed investment shall be deemed to be approved by the Investment Committee;
- if more than one third of the members of the Investment Committee reject and vote against the proposed investment, such proposed investment shall be deemed to be rejected by the Investment Committee;
- any abstention shall not be deemed a negative vote;
- in order to be valid, any negative vote shall be motivated and set out the reasonable grounds for such rejection.

If a proposed investment is not approved by the Investment Committee, the Management Company shall not decide to invest in such Receivables. If a proposed investment is approved by the Investment Committee, the Management Company may decide to make the investment.

Remuneration of its members

The members of the Investment Committee will not be entitled to a remuneration to be paid by the FCP.

Investment Advisor standard of care

The Investment Advisor shall act consistently with the following standard of care:

- (a) the obligations of the Investment Advisor shall qualify as "*obligations de moyens*" (duty of care) under Luxembourg law. The Investment Advisor shall only be responsible for the provision of those duties as are explicitly set out above (*Duties and liability*). The Investment Advisor shall act in good faith and with reasonable care, and in a manner consistent with practices and procedures generally followed by investment advisors providing investment advice with respect to assets that are similar to the Receivables;
- (b) the Investment Advisor shall not be liable towards the FCP or otherwise (i) for the FCP acting or failing to act in accordance with the services provided to it by the Investment Advisor above or (ii) in the absence of gross negligence, wilful misconduct or fraud on the part of the Investment Advisor or its employees, officers or agents in the performance of its obligations above for any errors of judgment, losses, damages, claims, costs or expenses suffered or incurred by the FCP or any other person as a result of the provision of the investment advice or any other service above (*Duties and liability*);
- (c) to the fullest extent permitted by law, under no circumstance shall the Investment Advisor be liable hereunder for any indirect, incidental, consequential or similar losses or damages suffered by the FCP;
- (d) no representation or warranty is given by the Investment Advisor as to performance or profitability of the Receivables including where any of these Receivables is purchased, held or disposed of following the investment advice provided by the Investment Advisor,

- (e) the Investment Advisor shall not be responsible for the losses or damages suffered by the FCP or for any failure by the FCP to fulfil its duties under the FCP Regulations if such losses, damages or failure are caused by or due to any event beyond the control of the Investment Advisor including but not limited to natural catastrophes, attacks, fires, riots, strikes, civil commotions, war, market closing or a general insolvency among obligors, breakdown or failure of any telecommunications or computer facilities and industrial disputes (each, a "**Force Majeure Event**") provided that such event is unforeseeable, unavoidable and external to the Investment advisor. The Investment Advisor shall notify as soon as possible the FCP of the occurrence of a Force Majeure Event.

Pursuant to the Investment Advisor Agreement:

- (a) the Management Company may on giving a 60-day prior written notice, terminate the appointment of the Investment Advisor in the event of breach by the Investment Advisor of its material obligations under the Investment Advisor Agreement provided that such breach has caused pecuniary damage to the FCP and such damage has not been cured or waived within a period of 60 days as from the notification of such breach by the Management Company to the Investment Advisor;
- (a) the Management Company may without notice terminate the appointment of the Investment Advisor following the commencement of any bankruptcy, insolvency or similar proceedings by or against the Investment Advisor, or the commencement of any proceedings by or against the Investment Advisor for the winding up or the liquidation of its affairs, or the consent after the date hereof to the appointment of a trustee-in-bankruptcy, conservator, administrator, receiver or liquidator in any bankruptcy, insolvency or similar proceedings relating to the Investment Advisor; and
- (b) the Investment Advisor may resign on giving a 120-day (one hundred and twenty-day) prior written notice to the Management Company and to the Depositary,

provided that a substitute investment advisor has been appointed.

USE OF PROCEEDS

Up to 1,200 partly-paid Units of €125,000 each with an aggregate amount of up to €150,000,000 are issued by the FCP . The Units are issued by the FCP at a price of 100% plus the aggregate amount of the FCP set-up fees as further detailed in the FCP Expenses Section, and payable by Units Instalments on each Instalment Date.

The Management Company shall apply the net proceeds of the issue of the Units and of any Units Instalment (after payment of the relevant FCP Expenses) to fund the Purchase Price of any Receivables acquired by the FCP.

TERMS AND CONDITIONS OF THE UNITS

The following are the terms and conditions of the Units in the form (subject to completion and amendment) in which they will be set out in the FCP Regulations. These terms and conditions include summaries of, and are subject to, the detailed provisions of any applicable law, the FCP Regulations and the other Transaction Documents.

Up to 1,200 Units (the "**Units**") of the FCP shall be issued pursuant to the SIF Law, any other applicable law and the FCP Regulations to be dated on or before the Closing Date or such later date as may be determined by the Management Company (collectively, the "**Regulations**") and are subject to these terms and conditions.

Under the Depositary Agreement, the Depositary will act as Paying Agent to make payments of principal, interest and other amounts (if any) in respect of the Units.

The Unitholders are entitled to the benefit of, and are bound by the FCP Regulations, copies of which will be available for inspection at the office of the Management Company.

1. **FORM, DENOMINATION AND TITLE**

- (a) up to €150,000,000 Units, will be issued by the FCP in denominations of €125,000 (one hundred and twenty-five thousand Euros) each. The Units will at all times be represented in registered form (*nominative*).
- (b) The Units are issued by the FCP at a price of 100% plus the aggregate amount of the FCP set-up fees, payable by Units Instalments on each Instalment Date.
- (c) The Units' proceeds are payable by instalment (*libération fractionnée*) upon a call by the Management Company during the Investment Period, as further described below.
- (d) The "**Aggregate Outstanding Principal Amount**" of the Units is equal, from time to time, to the aggregate Units Instalments that have been drawn from Unitholders and not yet repaid and the "**Outstanding Principal Amount**" is equal, from time to time, to the Aggregate Outstanding Principal Amount divided by the number of Units outstanding.
- (e) Transfers shall be effected in accordance with the rules laid down in article 40 of the law of 10 August 1915 on commercial companies. In particular, transfers shall be carried out by means of a declaration of transfer entered in the register held by the Central Administration, dated and signed by the transferor and the transferee or by their duly authorised representatives. Any fee in connection with such transfer shall be borne by the transferee unless agreed otherwise by the transferor and the transferee. Any fee in connection with such transfer shall be borne by the transferee unless agreed otherwise by the transferor and the transferee.
- (f) Further, the Units will not be transferable without the prior written consent of the Management Company, it being understood that such consent shall only be refused in case the contemplated transferee is not a well-informed investor or, in case the Management Company esteems that such transferee will not be able to fulfil its duties.

2. **STATUS**

(a) **Status**

The Units constitute direct, unsubordinated and limited recourse obligations of the FCP and all payments of principal and interest on the Units shall be made to the extent of the Available Distributable Amount, in accordance with and subject to the relevant Priority of Payments.

The Units are *pari passu* between them and shall be paid *pro rata*.

The Units are co-ownership rights, the Unitholders shall only be liable for the debts of the FCP to the extent of the Assets thereof and in proportion to their respective interest therein.

(b) **Payment of Units Instalments**

The first Units Instalment on the Units shall be paid on the Closing Date, and shall be further paid up in Units Instalments on each Instalment Date, as provided below.

The amount of each Units Instalment, the relevant Instalment Date and the details of the account to which the Units Instalment should be credited (if not the General Account) shall be notified by the Paying Agent (on behalf of the FCP) to the Unitholder by means of a Units Instalment Notice substantially in the form set out in Appendix II hereto. Such notification shall be made pursuant to the terms and conditions. Following the receipt of a Units Instalment Notice, the Unitholder shall make payment of an amount equal to the Units Instalment to the account specified in the Units Instalment Notice on the relevant Instalment Date.

In the event that the Unitholder fails to pay the full amount of each Units Instalment on the relevant Instalment Date, then the FCP will have no obligation to purchase or subscribe to any Receivables.

In the event withholding taxes are imposed in respect of payments by Unitholders under any Units Instalment, such Unitholder will be obliged to gross-up or otherwise compensate the FCP for the lesser amounts the FCP will receive as a result of the imposition of withholding taxes.

In the event that the Unitholder fails to pay the full amount of each Units Instalment on the relevant Instalment Date, then (i) the unpaid amount will bear late interest at a rate of 3-month EURIBOR plus a margin of 350 (three hundred and fifty) basis points (the "**Defaulted Units Late Interest**") and (ii) such Units will become Defaulted Units.

During the Investment Period, the Unitholders will not receive any payments of principal.

During the Amortisation Period, payments of interest and principal will be made quarterly in arrears on each Payment Date until the earlier of (i) the date on which the Outstanding Principal Amount of the Units is reduced to zero and (ii) the Final Legal Maturity Date.

3. **INTEREST**

(a) **General**

Each Unit accrues interest on its Outstanding Principal Amount, from the Closing Date (inclusive) until the later of the date when the Outstanding Principal Amount of such Unit is reduced to zero and the Final Legal Maturity Date.

(b) **Payment Dates and Interest Periods**

(i) Interest in respect of the Units will be payable quarterly in arrears with respect to each Interest Period corresponding to the 20th day of January, April, July and October in each year, each of which is a Payment Date. If any Payment Date falls on a day which is not a Business Day, such Payment Date shall be postponed to the next day which is a Business Day unless such Business Day falls in the next calendar month, in which case the Payment Date shall be brought forward to the immediately preceding Business Day. The first Payment Date shall be 20 April 2017.

(ii) Interest Period

(A) An Interest Period in respect of the Units means, in relation to any Payment Date, any period beginning on (and including) the previous Payment Date and ending on (but excluding) the next Payment Date; save for the first Interest Period, which shall begin on (and include) the Closing Date and shall end on (but exclude) the first Payment Date and for the last Interest Period which shall end on (and exclude) the earlier of: (i) the date on which the Outstanding Principal Amount of the Units is zero; and (ii) the Final Legal Maturity Date.

(B) Interest shall cease to accrue on any Unit:

- (1) on the date on which the Outstanding Principal Amount on such Unit is reduced to zero; or
- (2) if later, on the Final Legal Maturity Date.

(c) **Interest Amount payable on the Units**

The Interest Amount payable on each Payment Date to the Units will be determined by the Management Company on each Interest Determination Date in respect of the relevant Interest Period on the basis of the following paragraphs.

The Interest Amount payable on the Units in respect of each Interest Period will be the Available Interest Amount less any Senior Expenses, in accordance with the Priority of Payments.

The Management Company will promptly notify the applicable Interest Amount due in respect of the Units for the Interest Period corresponding to the next Payment Date to the Paying Agent.

4. **REDEMPTION**

(a) **Investment Period**

During the Investment Period the Unitholders will only receive payments of interest on their Units on each Payment Date (subject to and in accordance with the applicable Priority of Payments) and will not receive any payments of principal.

(b) **Amortisation Period**

During the Amortisation Period, the Units shall be subject to redemption on each Payment Date falling after the end of the Investment Period.

Such redemption will be subject to, and in accordance with the applicable Priority of Payments, and shall continue until the earlier of (i) the date on which the Outstanding Principal Amount of the Units is reduced to zero and (ii) the Final Legal Maturity Date.

(c) **Determination of the amortisation of the Units**

Prior to each Payment Date, the Management Company will determine:

- (A) the Principal Payments due and payable in respect of the Units on such Payment Date; and
- (B) the Outstanding Principal Amount of the Units on such Payment Date before applying the Principal Payments due to the Units on such date.

The Principal Payment payable on each Payment Date with respect to each Unit will be equal to (i) during the Amortisation Period (save on the Liquidation Date) the Available Principal Amount divided by the number of Units (rounded to the nearest Euro) and (ii) on the Liquidation Date, the Available Principal Amount less than the amount necessary to satisfy the items (E) and (F) of the Principal Priority of Payment divided by the number of Units (rounded to the nearest Euro); provided always that each Principal Payment shall be made in accordance with the relevant Priority of Payments and that no Principal Payment shall exceed the Outstanding Principal Amount of the relevant Unit, as calculated by the Management Company as at the previous Payment Date. In the event of any excess remaining amount, such amount will be credited to the Reserve Account.

No Unitholder shall be entitled to ask the FCP to repurchase its Units.

All notifications, determinations, calculations and decisions given, expressed or made by the Management Company (in the absence of wilful misconduct, bad faith or manifest error) are binding as against the Paying Agent and the Unitholders.

(d) **Final Legal Maturity Date**

The Final Legal Maturity Date of the Units is on the Payment Date immediately following the 13th anniversary of the Closing Date, or, in the event the Investment Advisor should have advised the Management Company that the Investment Period be extended by 1 (one) year, on the Payment Date immediately following the 14th anniversary of the Closing Date, as may be extended by the Management Company, acting on the advice of the Investment Advisor, by a Work-out Period ending on the earliest of (i) the date on which the last remaining Receivable is disposed of and (ii) the Payment Date falling 2 (two) calendar years from the date on which the Work-out Period commenced and being a period during which the Final Legal Maturity Date of the Units may be extended by the Management Company, acting on the advice of the Investment Advisor, in order to enable the Management

Company, with the assistance of the Investment Advisor, using their best efforts, to sell the remaining Receivables, subject to the relevant Priority of Payments.

5. PAYMENTS

(a) Method of Payment

Any amount of interest or principal due in respect of any Unit will be paid in Euros by the Paying Agent on each applicable Payment Date up to the amount transferred by the Management Company (or the Account Bank acting upon the instructions of the Management Company) to the Paying Agent by debiting the General Account.

Such payments in respect of the Units will be paid to the Unitholders identified as such and as recorded with the register held by the Registrar Agent.

(b) Tax

All payments of principal and/or interest in respect of the Units will be subject to applicable tax laws in any relevant jurisdiction.

Payments of principal and interest in respect of the Units will be made net of any withholding tax or deductions for or on account of any tax applicable to the Units in any relevant state or jurisdiction, and neither the FCP nor the Paying Agent are under any obligation to pay any additional amounts as a consequence of any such withholding or deduction.

(c) Paying Agent

The Paying Agent is:

BNP Paribas Securities Services, Luxembourg Branch
60 Avenue J.-F. Kennedy
L-1855 Luxembourg
Luxembourg

(d) Payments made on Business Days

If the due Payment Date of any amount of principal or interest in respect of the Units is not a Business Day, then the holders of such Units shall not be entitled to payment of the amount due until the next following Business Day unless that day falls in the next calendar month, in which case the due date for such payment shall be the first preceding day that is a Business Day.

6. PRESCRIPTION

After the Final Legal Maturity Date (as may be extended by the Work-out Period), any part of the nominal value of the Units or of the interest due thereon which remains unpaid will be automatically cancelled, so that no Unitholder, after such date, shall have any right to assert a claim in this respect against the FCP, regardless of the amounts which may remain unpaid after the Final Legal Maturity Date.

7. REPRESENTATION OF THE UNITHOLDERS – MODIFICATION TO THE TRANSACTION

- (i) For purposes of obtaining consent as required or requested in accordance with the below, the Management Company may require a response within a specified reasonable time period (which shall not be less than 15 days). Any abstention by a Unitholder or any vote which is clearly not positive or negative will not constitute a valid vote and will not be accounted for the purpose of the calculation of the majority thresholds. Fractional Units are not entitled to a vote.

Unitholders' consent will be requested in case one of the following is contemplated:

- (a) Amendments to the Management Regulations;
- (b) Removal of the Management Company;
- (c) Size or term of the FCP.

- (ii) Majority rules

Any amendment made pursuant to the above shall require the consent of Unitholders representing 75 per cent at least of the aggregate outstanding principal amount of all Units in respect of which the Unitholders have expressed a positive or negative vote or decision, in relation to such amendment.

(iii) Expenses

The FCP will pay all reasonable expenses relating to any notice and publication made in accordance with Condition 8 (*Notice to Unitholders*) of the Units, including reasonable expenses relating to the calling of Unitholders' consent pursuant to this Condition 7.

8. NOTICE TO UNITHOLDERS

Since all Units are in registered form, Notices may be given to Unitholders by registered mail sent at the address indicated in the register held by the Registrar Agent.

In the event that the Management Company declares the dissolution of the FCP after the occurrence of a Liquidation Event, the Management Company will notify such decision to the Unitholders within 10 (ten) Business Days. Such notice will be deemed to have been duly given if published in a leading daily newspapers of Luxembourg of general circulation (which is expected to be the *Luxemburger Wort*) and any other newspaper of general circulation appropriate for such publications and approved by the Management Company.

9. LIMITED RECOURSE AND ASSETS OF THE FCP

If on any applicable Payment Date, the amounts available to make payments of principal and interest in respect of the Units from the Assets of the FCP after payment, in particular, of the FCP Expenses, and any payment due under a Swap Agreement which ranks ahead of payments in respect of the Units in accordance with the relevant Priority of Payments, are insufficient to pay in full any amount of principal and/or interest which is then due and payable in respect of such Units, any arrears resulting therefrom shall be payable on the following Payment Date subject to the applicable Priority of Payments and to the extent of the Available Distributable Amount received from the Assets of the FCP.

Unitholders shall be bound by each of the applicable Priorities of Payments as set out in the FCP Regulations even if the FCP is liquidated in accordance with the relevant provisions of the FCP Regulations. None of the Unitholders shall be entitled to take any steps or proceedings that would result in any of the Priority of Payments not being observed.

Pursuant to article 13 of the SIF Law, only the Management Company may enforce the rights of the FCP against third parties. Accordingly, the Unitholders shall have no recourse whatsoever against the Insurance Obligors of the Receivables.

To the extent that it may have any claim (including any contractual claim or action (*action en responsabilité contractuelle*)) against the FCP, the payment of which is not expressly contemplated under any applicable Priority of Payments and the cash allocation provisions set out in the FCP Regulations, each Unitholder undertakes to waive to demand payment of any such claim as long as all Units issued by the FCP have not been repaid in full.

10. FURTHER ISSUES

The FCP will not issue any further Units after the Closing Date.

11. GOVERNING LAW AND SUBMISSION TO JURISDICTION

(a) Governing Law

The Units and the FCP Regulations are governed by and will be construed in accordance with Luxembourg law.

(b) Submission to Jurisdiction

All claims and disputes in connection with the Units and the FCP Regulations shall be subject to the exclusive jurisdiction of the Courts of Luxembourg-City.

LUXEMBOURG TAXATION REGIME

The following is a summary limited to certain tax considerations in Luxembourg relating to the FCP. This summary is based on the laws in force as of the date of this Prospectus and subject to any changes in law. It does not purport to be a comprehensive description of all the tax considerations which may be relevant to a decision to purchase, own or dispose of the Units. Each prospective holder or beneficial owner of Units should consult its tax advisor as to the tax consequences of any investment in or ownership and disposition of the Units.

The FCP does not have any legal personality and is generally considered as tax transparent for Luxembourg tax purposes. Thus, any income received by the FCP will directly be attributed to its investors by means of the look through approach.

An FCP is not subject to corporate income tax, municipal business tax, net wealth tax. Thus, dividends, interest payments, or any liquidation proceeds received by the FCP will not be subject to income tax and net worth tax in Luxembourg. The FCP is, however, subject to a subscription tax at a general rate of 0.01%, whose taxable basis is based on its aggregate net assets valued on the last day of each quarter. The FCP may be exempt, under certain conditions, from such subscription tax if for instance the FCP would invest in other Luxembourg undertakings for collective investment already subject to such Luxembourg subscription tax.

No withholding tax is applicable on distributions or interest payments made by the FCP to non-resident unitholders or investors.

Further, since the FCP is tax transparent and does not hold any legal personality, it cannot benefit from Luxembourg's double tax treaty network or from the EU directives.

No registration or stamp duty is payable for the setting-up of an FCP.

With respect to VAT, an FCP is not considered a VAT taxable person. Its management company is a VAT taxable person on behalf of the FCP. However management services, under the meaning of the Luxembourg VAT law, provided by the management company to the FCP are VAT exempt.

DESCRIPTION OF THE ACCOUNTS

The Accounts

On the Closing Date, the Management Company will ensure that the Depositary (acting in its capacity as Account Bank), in accordance with the provisions of the Depositary Agreement, has opened the following bank accounts in the name of the FCP:

- (A) the General Account which shall be (i) credited with any amount to be paid to the FCP or by any debit from the Reserve Account or the Performance Fees Reserve Account and (ii) debited with any amount owed by and to be paid by the FCP or to credit the Reserve Account and the Performance Fees Reserve Account, as the case may be, always subject to the Priority of Payment.
- (B) the Reserve Account which shall be:
 - (i) credited, on any Payment Date, with the amounts recommended by the Investment Advisor and approved by the Management Company in order to enable the FCP to make any payment which it is expected to make after such Payment Date and prior to the following Payment Date, by debit of the General Account;
 - (ii) debited, on each Payment Date, by any amount recommended by the Investment Advisor to credit the General Account or, in case of shortfall of the General Account, by such shortfall amount to the extent of the amount standing to the credit of the Reserve Account to credit the General Account, in order to enable the FCP to make any payment which it is expected to make after such Payment Date and prior to the following Payment Date;
- (C) the Performance Fees Reserve Account which shall be:
 - (i) credited, on any Payment Date with the Deferred Performance Fees by debiting the General Account;
 - (ii) debited with the amounts charged by BNP Paribas Securities Services, Luxembourg Branch due to the ECB Impact in relation to the amount standing on the credit of the Performance Fees Reserve Account;
 - (iii) credited (by debiting the General Account) on any Payment Date with the amounts necessary to offset the amounts charged during the corresponding Interest Period by BNP Paribas Securities Services, Luxembourg Branch due to the ECB Impact in relation to the amount standing on the credit of the Performance Fees Reserve Account;
 - (iv) debited, on the Liquidation Date to credit the General Account.

Opening of Collateral Accounts

At any time, upon the execution of a Swap Agreement, the Management Company may instruct the Account Bank to open:

- (i) a cash account in which any collateral in the form of cash to be provided by the Swap Counterparties to the FCP, as the case may be, will be held (a "**Collateral Cash Account**"); and
- (ii) a securities account in which any collateral in the form of securities to be provided by the Swap Counterparties to the FCP, as the case may be, will be held (a "**Collateral Securities Account**" and, both the Collateral Securities Account together with the Collateral Cash Account, the "**Collateral Accounts**").

No payments or deliveries may be made in respect of the Collateral Accounts other than the transfer of collateral to the FCP or the return of excess collateral and payment of a remuneration on such collateral to the Swap Counterparty (any such transfer, return and payment being made outside of any Priority of Payments) in accordance with the terms of a Swap Agreement. Upon termination of a Swap Agreement, the amounts due and payable by the Swap Counterparty may be paid by setting off the collateral standing to the credit of the Collateral Accounts in accordance with a Swap Agreement against such amounts (the "**Swap Termination Amount**"). Any collateral not applied to discharge the Swap Termination Amount shall be retransferred to the Swap Counterparty outside any Priority of Payments. Collateral amounts will be held separate from and do not form part of the Available Distributable Amount and accordingly, are not available to fund general distributions of the FCP except regarding the Swap Termination Amount upon termination of the swap.

Allocation of the Accounts

Each of the above Accounts is exclusively allocated by the Management Company to the operation of the FCP in accordance with the provisions of the Depositary Agreement and the FCP Regulations.

The Management Company is not entitled to pledge, assign, delegate or, more generally, grant any title in or right whatsoever over the Accounts to third parties. The amounts credited to the Accounts can be (i) allocated, subject to the applicable Priority of Payments, to the purchase of Receivables during the Investment Period, (ii) allocated to the payment of the FCP Expenses, the principal and interest amounts due in respect of the Units, and (iii) invested by the Management Company in Authorised Investments.

BNP Paribas Securities Services, Luxembourg Branch will apply the ECB Impact on all long Euro cash balances. By way of indemnification, any ECB Impact will be charged by BNP Paribas Securities Services, Luxembourg Branch to the extent that BNP Paribas Securities Services, Luxembourg Branch is being charged by the European Central Bank.

Governing Law

The Depositary Agreement is governed by Luxembourg law and all claims and disputes arising in connection therewith shall be subject to the exclusive jurisdiction of the Courts of Luxembourg-City.

CREDIT AND DEBIT OF THE ACCOUNTS

In accordance with the provisions of the FCP Regulations and the Depositary Agreement, the Management Company will give such instructions as are necessary to the Account Bank to ensure that each of the Accounts is credited or, as the case may be, debited in the manner described above in "THE ACCOUNTS" section above.

NO RECOURSE OR LIMITED RECOURSE AGAINST THE FCP

Each party to the Transaction Documents has acknowledged and agreed that in accordance with article 5 of the SIF Law, the FCP shall not be liable for the obligations of the Management Company or of the Unitholders; it shall be answerable only for the obligations and expenses expressly imposed upon by the FCP Regulations.

DESCRIPTION OF THE INVESTMENT ADVISOR

The information appearing in this Section has been prepared by the Investment Advisor and has not been independently verified by the Management Company or the Depositary and none of the foregoing (other than the Investment Advisor) assumes any responsibility for the accuracy, completeness or applicability of such information; provided that the FCP assumes responsibility for the accurate reproduction herein of such information provided by the Investment Advisor.

General Information

Cohen & Company Financial Limited (**CCFL**), a United Kingdom limited liability company that is regulated by the Financial Conduct Authority, will act as the Investment advisor.

It has opened a branch in Paris in March 2010. Although CCFL is performing both asset management and capital markets activities, the Paris branch is mainly focused on the asset management business.

CCFL is a wholly owned subsidiary of Institutional Financial Markets Inc. (**IFMI**), a US based investment firm, founded in 1999, which has over 3.9 billion USD of assets under management (**AUM**) and circa 100 employees in the US and Europe as of 31 December 2015.

Together with its affiliate Dekania Capital Management, LLC, it is the collateral manager or investment advisor for the Dekania Europe and the PriDe programmes. Cohen & Company Financial Management, LLC, another affiliate of CCFL is the manager of several Alesco investment vehicles. The Alesco, Dekania Europe and the PriDe programmes are comprised primarily of securities issued by insurance companies, insurance holding companies, banks and bank holding companies (including trust preferred securities, surplus notes, subordinated notes and senior notes). The corresponding AUM as of 31 December 2015 amounts to 3.4 billion USD.

The Investment Advisor uses the services of employees of Cohen & Compagnie, SAS (**Cohen & Compagnie**), an affiliate of IFMI located in Paris, France to provide services to it. Cohen & Compagnie provides analytical and research services on a consultative basis to the Investment Advisor. CCFL and Cohen & Compagnie employ professionals with extensive experience in small and mid-size insurance companies.

Key Personnel

The Investment Advisor will use the services of the individuals set forth below, although there can be no guarantee that it will continue to use their services during the entire term of the Investment Advisor Agreement.

Paul Vernhes

Mr. Vernhes is Managing Director and Responsible in France for Cohen & Company Financial Limited and President of Cohen & Compagnie SAS. He has 21 years of insurance experience. After joining Cohen & Compagnie SAS in 2005, he was responsible for the insurance credit analysis for the Dekania Europe and the PriDe programmes. He also served as Chief Financial Officer of Dekania Corp, a publicly held business combination company focused on acquiring businesses that operate within the insurance industry, from February 2006 until March 2009. From January 2004 to April 2005, he was the Chief Financial Officer of Corifrance, the French reinsurance subsidiary of Markel Corp. Prior to and in addition to his role as Chief Financial Officer, Mr. Vernhes served as a treaty and facultative reinsurance underwriter for Corifrance in Europe and Latin America. Previously, he served as a strategy and management consultant to the insurance industry at A.T. Kearney and Deloitte & Touche Consulting Group. Mr. Vernhes is a graduate of the Ecole de Hautes Etudes Commerciales (HEC) and holds a M.Sc. in Finance from the London School of Economics.

Daniel G. Cohen

Daniel G. Cohen serves as Vice Chairman of Institutional Financial Markets, Inc. (AMEX: IFMI) and President of Cohen and Company Financial Limited effective September 2013. Previously, he had served as Chairman and Chief Executive Officer of Institutional Financial Markets, Inc. from inception, until he decided to focus his efforts on building the European business of the group. Since 2000, Mr. Cohen has also been the Chairman of the Board of Directors of The Bancorp, Inc. (NASDAQ: TBBK), a holding company for The Bancorp Bank, which provides various commercial and retail banking products and services to small and mid-size businesses and their principals in the United States. Mr. Cohen also served as Chief Executive Officer of RAIT Financial Trust (NYSE: RAS), a real estate finance company focused on the commercial real estate industry, from December 2006 to February 2009. From 1998 to 2000, Mr. Cohen served as the Chief Operating Officer of Resource America Inc., a publicly traded asset management company with interests in energy, real estate and financial services.

Mr. Cohen spent his entire career financing bank, insurance, specialty finance and real estate companies. He has an AB from the University of Chicago and a Doctorate from the University of Pennsylvania.

Domenico Sapone

Mr. Sapone has been serving at Cohen & Compagnie since 2007, as a senior credit analyst for financial institutions, focusing mainly on European insurance companies and banks. He also advises on the management of structured vehicles and his experience encompasses collateral management, swap management and workout situations. Previously, he worked as an equity capital market analyst for BBVA in Madrid (Spain) and as an equity linked analyst for Société Générale CIB in Paris (France). Mr. Sapone holds a graduate degree in economics, *summa cum laude*, from the University of Turin (Italy), a *Diplôme de Grande Ecole* from the ESCP-EAP of Paris (France) and a European Master of Science in Management from the City University of London (UK). Mr. Sapone is a CFA® charterholder.

Ulrich Ebensperger

Mr. Ulrich Ebensperger has been with Cohen & Compagnie SAS since 2006 (as an employee until February 2015 and as a consultant since then). He oversees the daily management of the investment funds comprising the Dekania Europe programme. Within this programme, Mr. Ebensperger serves as an analyst for European insurance companies, banks and real estate investment companies. Prior to joining Cohen & Compagnie, he worked for one year as an advisor for asset allocation solutions to institutional clients at AXA Investment Managers in Paris, France. Between 2004 and 2005, Mr. Ebensperger also worked as an economist at the Bureau of Business Research and Economic Development in Savannah, Georgia, where he advised on the feasibility of large investment projects in the Southeastern United States. Mr. Ebensperger holds a B.B.A. from Georgia Southern University and graduated *magna cum laude* with an M.A. in Economics from Georgia State University in Atlanta, Georgia.

Amédée de Clermont Tonnerre

Mr. de Clermont-Tonnerre is a Director of Cohen & Company Financial Limited. He has 17 years of experience with Debt Capital Markets and nine (9) years in Asset Management. He joined Natixis Asset Management in 2005 as Head of Structured Credit Investments. Since 2009 he was in charge of a EUR 4 billion of Credit and Structured Credit legacy book. In 2000 he joined CDC Ixis Capital Markets as Head of Fixed Income Risk Management and switched to Credit Risk Management in 2003. He began his career in 1997 at the French bank Credit Industriel et Commercial where he first worked in front office risk management and became in 1999 Interest Rate Derivative Proprietary Trader. Amédée de Clermont-Tonnerre is a certified Actuary from EURIA (Euro Institute of Actuary).

Rémy Cristiani

Mr. Cristiani joined Cohen & Company in early 2015. He serves as a credit analyst for European insurance companies and banks, and assists in overseeing the daily management of the investment funds comprising the Dekania Europe and PriDe programmes. Mr. Cristiani started his career as an international tax consultant specialized in transfer pricing at PwC Korea, and then worked for Ardian in the fund of funds team in NYC, USA. Mr. Cristiani holds a dual master degree in business and public law from Université Panthéon-Sorbonne Paris I, a LL.M in International Tax Law from Leiden Universiteit (The Netherlands), and is a graduate from the Ecole des Hautes Etudes Commerciales (HEC).

Paolo Verrini

Mr. Verrini joined Cohen & Company in 2015. He works as a credit analyst for European insurance companies and banks, and assists in overseeing the daily management of the investment funds comprising the Dekania Europe and PriDe programmes. Previously, he served as an investment analyst at Compagnie de Gestion Privée Monégasque in Milan (Italy), where he assisted in developing portfolio allocation solutions for High Net Worth Individuals and statistical models for security selection. Mr. Verrini holds a Bachelor degree in Economics and a Master of Science in Finance, *summa cum laude*, from the Bocconi University of Milan (Italy).

Nathalie Ghnassia

Mrs. Ghnassia joined Cohen & Compagnie in 2005 as corporate counsel. In September 2011, she was appointed as the Compliance Officer of CCFL until July 2012 and is now overseeing the compliance for Europe. Prior to joining Cohen & Compagnie, she worked from November 2004 to October 2005, as an associate at Mayer Brown, LLP in Chicago, United States of America, in the Banking and Finance Department. There, Mrs. Ghnassia worked drafting and finalizing operative and ancillary banking contracts for various issuers and coordinated closings and post-closings of many collateral debt securities transactions. Prior to that, she worked at

UBS Securities (France) SA in the Financial Control Department. Mrs. Ghnassia holds a Bachelor of Business Law and a Master in International Business Law from the Sorbonne (Paris).

CASH MANAGEMENT AND INVESTMENT RULES

INTRODUCTION

The Management Company will have the task of investing and managing the Cash, following a recommendation of the Investment Advisor, in accordance with the provisions of the following investment rules.

AUTHORISED INVESTMENTS

A securities account shall be associated with the Accounts opened in the books of the Account Bank.

The Management Company may, subject to the applicable Priority of Payments, invest the Cash in the following Authorised Investments:

- (i) deposits made with an institution set out in paragraph 1 of article R.214-220 of the French Monetary and Financial Code, excluding investment firms (*entreprises d'investissement*), which may be redeemed or withdrawn at any time upon request of the FCP within 24 (twenty-four) hours at the latest, subject to the time required for currency deposits;
- (ii) French treasury bonds (*bons du Trésor*);
- (iii) money market funds: shares or units of a collective investment fund (*parts ou actions d'organismes de placement collectif de valeurs mobilières*) which are principally invested in the securities referred to in paragraph 2 of article R.214-220 of the French Monetary and Financial Code;

INVESTMENT RULES

These investment rules of the Cash aim at removing any risk of capital loss and at providing for the selection of securities whose credit rating is unlikely to adversely affect the level of security offered to the Unitholders. An investment shall never be made for a maturity ending after the Business Day prior to a contemplated Purchase Date (as indicated by the Investment Advisor) or Payment Date which immediately follows the date upon which such investment was made, nor shall it be disposed of prior to its maturity except in exceptional circumstances and for the sole purpose of protecting the interests of the Unitholders. Such circumstances may be the adverse legal, financial or economic situation of the issuer of the relevant security(ies) or a risk that a market disruption or an inter-bank payments system failure occurs on or about the maturity date of the relevant security(ies).

There will be no Cash investment made, the maturity date of which would overrun the Final Legal Maturity Date.

LIQUIDATION OF THE FCP AND DISPOSAL OF THE RECEIVABLES

INTRODUCTION

Pursuant to the FCP Regulations the Management Company shall, or in the case of an optional liquidation, may declare the early liquidation of the FCP in accordance with article 20 of the SIF Law and in the circumstances described below. Except in such circumstances, the FCP will be liquidated on the Liquidation Date.

LIQUIDATION

The Management Company, acting in its own name but on behalf of the FCP, may, declare the early liquidation of the FCP in case of occurrence of any of the following events (each a "**Liquidation Event**"):

- (a) the liquidation of the FCP is in the interest of the Unitholders, as determined following the recommendation of the Investment Advisor, provided that if the Disposal Price is not sufficient to enable the FCP to repay in full all amounts outstanding to Unitholders after payment of all other amounts due by the FCP and ranking senior to those payments in the Priority of Payments, the Unitholders shall have been consulted and have given their unanimous consent (and provided that if a Unitholder does not reply within the time frame set out in the relevant consultation notice, this will be deemed as an approval); or
- (b) at any time during the Amortisation Period, the Principal Balances (*capital restant dû*) of the undue (*non échues*) performing Receivables held by the FCP falls below 10% (ten per cent.) of the aggregate of the Principal Balances (*capital restant dû*) of the undue (*non échues*) Receivables recorded as at the end of the Investment Period, provided that if the Disposal Price is not sufficient to enable the FCP to repay in full all amounts outstanding to Unitholders after payment of all other amounts due by the FCP and ranking senior to those payments in the Priority of Payments, the Unitholders shall have been consulted and have given their unanimous consent (and provided that if a Unitholder does not reply within the time frame set out in the relevant consultation notice, this will be deemed as an approval).

DISPOSAL OF THE RECEIVABLES

In the event that the Management Company decides to declare the dissolution of the FCP and carry out the liquidation procedure, the Management Company shall seek and make all its best efforts to sell all the Receivables with the assistance of the Investment Advisor.

The Disposal Price of the Receivables proposed by the Management Company to any entity, which may be below par value, shall be based on the fair market value of receivables having similar characteristics to the Receivables.

If on the Payment Date immediately following the 13th anniversary of the Closing Date, or, in the event the Investment Advisor should have advised the Management Company that the Investment Period be extended by 1 (one) year, on the Payment Date immediately following the 14th anniversary of the Closing Date, there are still any outstanding Receivables, the Management Company, acting on the advice of the Investment Advisor, may notify the Unitholders of the commencement of a Work-out Period, being an extension of the Final Legal Maturity Date, commencing on such date and ending on the earliest of (i) the date on which the last remaining Receivable is disposed of and (ii) the Payment Date falling 2 (two) calendar years from the date on which the Work-out Period commenced.

During the Work-out Period, the Management Company will be permitted to sell the remaining Receivables with the assistance of the Investment Advisor, using their best efforts, and without the prior consent of the Unitholders, for an amount equal to their fair market value and with a view to optimise such Disposal Price, which may, nonetheless, be insufficient to repay in full all amounts outstanding to Unitholders after payment of all other amounts due by the FCP and ranking senior to those payments in the Priority of Payments.

Without prejudice to the provisions applying in the event of a liquidation of the FCP and although the portfolio of Receivables is expected to remain static, the Investment Advisor may recommend the Management Company to dispose of the Receivables which have become Credit Risk Receivables provided that, for the avoidance of doubt, no arbitrage or active management shall be made and no investment or purchase of new Receivables shall be carried out following the disposal of such Receivables if such disposal and sale occurs after the end of the Investment Period. However, if such disposal and sale occurs during the Investment Period, the proceeds from the disposal and sale of the Credit Risk Receivables will be left available for reinvestment until the end of the Investment Period. The FCP's investment strategy is to buy and hold the Receivables which can only be sold (i) subject to certain conditions set out in the FCP Regulations in order to comply with the selection criteria of such

underlying assets or (ii) following the occurrence of new circumstances and if such sale does not have the sole purpose of generating a capital gain.

On the Final Legal Maturity Date, as extended by the Work-out Period, if despite the best efforts of the Management Company and the Investment Advisor there are still any outstanding Receivables, the Management Company will write-off these Receivables and their Disposal Price will be deemed to be zero.

The Unitholders may incur a capital loss on the Units if the Disposal Price is not sufficient to repay the Units.

LIQUIDATION PROCEDURE OF THE FCP

On the Liquidation Date the Unitholders will be repaid all amounts owed to them on the immediately succeeding Payment Date subject to and in accordance with the Priority of Payment.

The Management Company, pursuant to the provisions of the FCP Regulations, shall be responsible for the liquidation procedure in the event of any liquidation of the FCP. In this respect, it has full authority, with the assistance of the Investment Advisor, to dispose of the Assets, to pay the Unitholders and the potential creditors in accordance with the Priority of Payments and to distribute any Liquidation Surplus.

The Statutory Auditor, the Central Administration Agent and the Depositary shall continue to exercise their duties until the completion of the liquidation procedure of the FCP.

The Liquidation Surplus, if any, will be attributed to the Unitholders as a final payment of interests in respect of the Units on a *pro rata* and *pari passu* basis.

MODIFICATIONS TO THE TRANSACTION

The Management Company and the Depositary, following consultation of the Investment Advisor, may agree to amend the provisions of the Transaction Documents, provided that:

- (i) any amendment to the Eligibility Criteria, the financial characteristics of the Units issued from time to time by the FCP, or of any provision governing the allocation of cash receipts in relation to the Units, the Investment Period, the Amortisation Period, the timing of Units Instalment Notice, the Final Legal Maturity Date, the Pro-Rata Investment Share Allocation shall require the prior approval of Unitholders representing 75 per cent at least of the aggregate outstanding principal amount of all Units in respect of which the Unitholders have expressed a positive or negative vote or decision, as applicable, in relation to such amendment; or
- (ii) any modification of a formal, minor and technical nature or which purpose is to correct a manifest or proven error shall not require the prior approval of the Unitholders; or
- (iii) any other amendment shall require the prior decision of the Unitholders, provided that such decision shall be given only if a favourable vote has been obtained from the Unitholders representing altogether 50 per cent at least of the aggregate outstanding principal amount of all Units in respect of which the Unitholders having expressed a positive or negative vote or decision, as applicable, in relation to such amendment; and
- (iv) in the event that the contemplated amendment relates to material information included in one or several offering documents, such an amendment is notified to the Unitholders by a notice sent by registered mail.

For the avoidance of doubt, any abstention by a Unitholder or any vote which is not clearly positive or negative will not constitute a valid vote and will not be accounted for the purpose of the calculation of the above majority thresholds.

Subject to the provisions of the paragraph above, any amendments to the FCP Regulations will be notified to the Unitholders and the Investment Advisor, it being specified that such amendments shall be within three Business Days automatically and without any further formalities (*de plein droit*) enforceable as against the Unitholders.

Any modification of characteristic elements (*éléments caractéristiques*) contained in the Prospectus is subject to the approval of the CSSF in accordance with article 54 of the SIF Law and, as the case may be, has to be notified to or approved by the Unitholders.

Any new facts or any error or inaccuracy relating to the information contained in the Prospectus which may have a material impact on the valuation of the Units is mentioned in a complementary information note (*note complémentaire*) which, prior to its diffusion, is submitted to the approval of the CSSF.

This complementary information note (*note complémentaire*) shall be annexed to this Prospectus and incorporated in the next earlier Unitholders Report or Half-Yearly Activity Report. These modifications will be binding with respect to the Unitholders within three (3) Business Days after they have been informed thereof.

Notwithstanding the provisions set out above, the Management Company will, under all circumstances, act in the interest of the Unitholders.

GOVERNING LAW – SUBMISSION TO JURISDICTION

JURISDICTION

The parties to the Transactions Documents have agreed to submit any dispute that may arise in connection with the Transaction Documents to the exclusive jurisdiction of the Courts of Luxembourg-City.

Pursuant to the FCP Regulations, the Courts of Luxembourg-City shall have exclusive jurisdiction to settle any dispute that may arise between the Unitholders, the Management Company, the Central Administration Agent and/or the Depositary in connection with the establishment, the operation or the liquidation of the FCP.

GOVERNING LAW

This Prospectus is governed by and shall be governed by and interpreted in accordance with Luxembourg law.

GENERAL ACCOUNTING PRINCIPLES GOVERNING THE FCP - CALCULATION OF THE NET ASSET VALUE

The accounts of the FCP shall be prepared in accordance with the Luxembourg GAAP.

Pursuant to the SIF Law, twelve months after the authorisation of the FCP by the CSSF, the capital of the FCP may not be less than EUR 1,250,000 (one million two hundred fifty thousand Euro). For the avoidance of doubt the capital of the FCP shall be equal to the NAV at all times.

The NAV of FCP will be calculated as of each Valuation Day by the Central Administration Agent by aggregating the value of assets of the FCP and by deducting the liabilities of the FCP and shall be expressed in the Base Currency.

For the purpose of the calculation of the NAV of the FCP, the following principles shall apply in addition to those described in the Management Regulations.

RECEIVABLES AND INCOME

The Receivables shall be recorded on the FCP's balance sheet at their nominal value. The potential difference between the purchase price and the nominal value of the receivables, whether positive or negative, shall be carried in an adjustment account on the asset side of the balance sheet. This difference shall be carried forward on a *pro rata* and *pari passu* basis of the amortisation of the Receivables.

The interest on the Receivables shall be recorded in the income statement, *pro rata temporis*. The accrued and overdue interest shall appear on the asset side of the balance sheet in an apportioned receivables account.

Delinquencies or defaults on the receivables existing as at their purchase date are recorded in an adjustment account on the asset side of the balance sheet. This amount shall be carried forward on a temporary *pro rata* basis over a period of 12 (twelve) months.

The Receivables that are accelerated shall be accounted for as a loss in the account for defaulted assets.

ISSUED UNITS AND INCOME

The Units shall be recorded at their nominal value and disclosed separately in the liability side of the balance sheet. Any potential differences, whether positive or negative, between the issuance price and the nominal value of the Units be recorded in an adjustment account on the liability side of the balance sheet. These differences shall be carried forward on a *pro rata* and *pari passu* basis of the amortisation of the Receivables.

The interest due with respect to the Units shall be recorded in the income statement *pro rata temporis*. The accrued and overdue interest shall appear on the liability side of the balance sheet in an apportioned liabilities account.

EXPENSES, FEES AND INCOME RELATED TO THE OPERATION OF THE FCP

The various fees and income paid to the Depositary, the Management Company (acting, as the case may be, as Arranger), the Central Administration Agent, the Paying Agent, the Account Bank and the Investment Advisor shall be recorded, as expenses, in the accounts *pro rata temporis* over the accounting period.

The set-up costs of the FCP shall be amortised over five (5) years by the Management Company.

All costs related to the establishment of the FCP shall be borne *in fine* by the FCP and if any cost has been advanced by any Transaction Participant, such cost shall be reimbursed by the FCP.

SWAP AGREEMENT

The interest received and paid pursuant to a Swap Agreement shall be recorded at their net value in the income statement. The accrued interest to be paid or to be received shall be recorded in the income statement *pro rata temporis*. The accrued interest to be paid or to be received shall be recorded, with respect to a Swap Agreement, on the liability side of the balance sheet, where applicable, on an apportioned liabilities account (*compte de créances ou de dettes rattachées*).

CASH

The income generated from the Cash investments shall be recorded in the income statement *pro rata temporis*.

INCOME

The net income shall be posted to a retained earnings account.

LIQUIDATION SURPLUS

The Liquidation Surplus shall consist of the income arising from the liquidation of the FCP and the retained earnings.

DURATION OF THE ACCOUNTING PERIODS

Each accounting period of the FCP shall be 12 (twelve) months and begin on 1 January and end on 31 December, save for the first accounting period of the FCP which shall begin on the Closing Date and end on 31 December 2017.

ACCOUNTING INFORMATION IN RELATION TO THE FCP

The accounting information with respect to the FCP shall be provided by the Management Company in its Annual Activity Report and Half-Yearly Activity Report, pursuant to the applicable accounting standards.

As at the Closing Date, the provisions of the said accounting standards lead to the presentation of consolidated accounts of the FCP, provided that the said accounts will be subject to certification by the statutory auditor of the FCP.

The accounts of the FCP will be subject to certification by the Statutory Auditor.

NAV CALCULATION FREQUENCY

The NAV of the FCP shall be calculated quarterly as at 31 March, 30 June, 30 September and 31 December (each being a "**Valuation Day**").

FCP EXPENSES

In accordance with the FCP Regulations, the FCP Expenses are the following and are paid to their respective beneficiaries pursuant to the relevant Priority of Payments. Any tax or cost to be borne by the FCP in Luxembourg, if any, would also constitute FCP Expenses.

MANAGEMENT COMPANY

- In consideration for its services performed with respect to the FCP, the Management Company shall receive a fee up to 0.05% per annum of the Time Weighted Purchase Price of performing Receivables held by the FCP in respect of such Interest Period..

ARRANGER

- The Arranger, shall receive the Arranger Regular Fees accrued on each Payment Date and, as the case may be, the Arranger Performance Fees, subject to and in accordance with the applicable Priority of Payments and as calculated in accordance with the rules set out in Section "OPERATION OF THE FCP - Calculations of the Investment Advisor and Arranger Regular Fees and Performance Fees".

The amount of Regular Fees and Performance Fees payable to the Arranger is (i) tax inclusive if such fees are subject to VAT or (ii) tax exclusive if such fees are not subject to VAT so that whether or not VAT is applicable, the amount to be paid to the Arranger is the same.

DEPOSITARY

Depository services (depository services are subject to VAT):

Relative and based on of the Time Weighted Purchase Price of performing Receivables held by the FCP in respect of such Interest Period	0.02% per annum
Subject to a minimum of EUR 12,000 per annum and per sub-fund	
Fees will increase by:	
Cash monitoring fee	EUR 250 per quarter and per sub-fund

Custody services:

Safekeeping fees (custody charges including sub-custodian fees): 2 bp per annum of the Time Weighted Purchase Price of performing Receivables under custody in respect of such Interest Period.

Transaction charges: € 15 per STP transaction, € 40 per non STP transaction.

Other services	
Service	Fee in EUR
STP Cash transfers/receipts	10/transaction
Internal cash transfers	1/transaction
Physical securities	300/line per year
Third party Forex transactions STP	10/transaction
SWIFT/NeoLink corporate action response	Free of charge
Manual corporate action response	50/ISIN per account
Pledge account – set-up	4,500/one-off
Pledge account manual transactions	37.5/transaction
Manual instruction and repairs	Additional 25/transaction

Transfer agency and paying agency services:

Annual fees per shareholder accounts (a single account will only be charged once across the entire legal structure):

Annual fees per investor	EUR 150
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Fund set up and maintenance:	
Per sub-fund, per month	EUR 150
Capital calls:	
Per call to an investor	EUR 150
Subject for the capital call run to a minimum of	EUR 1,000
Dividends:	
Per payment to an investor	EUR 25
Subject for the dividend run to a minimum of	EUR 500

FATCA & AEOI monitoring reports Optional	Per Report
Per legal structure	<ul style="list-style-type: none"> - Global Extraction Report EUR 250 - Classification Monitoring Report EUR 100 - Change of circumstance monitoring report EUR 100
Luxembourg Tax Authority	Annual tax report: <ul style="list-style-type: none"> - Report production – FATCA (per SICAV/FCP) EUR 750 - Report production – AEOI EUR 750 - Transmission to the Lux Tax Authorities EUR 400

CENTRAL ADMINISTRATION AGENT

Accounting and fund administration:

Quarterly NAV (relative and based on the gross assets of each sub-fund) – Fees intended for funds issuing 2 classes of shares	% per annum
€ 0 - 75 million	0.03%
€ 75 - 150 million	0.015%
> € 150 million	0.01%
Subject to a minimum of € 24,000 per annum and per sub-fund	
Fees shall increase by, as the case may be:	
Additional share class	EUR 250 per month
Hedge share class	EUR 400 per month
Fund investing in loans (BNP Paribas providing loan administration services)	EUR 4,000 per annum
Fund Merger	EUR 5,000 per sub-fund absorbed
Fund Liquidation	EUR 3,000 per sub-fund

As the case may be, the preparation of annual reports by the Central Administration Agent shall be charged EUR 7,500 per year (EUR 9,000 per year if there is a need for a semi-annual report).

INVESTMENT COMMITTEE

- The members of the Investment Committee will not be entitled to a remuneration to be paid by the FCP.

STATUTORY AUDITOR

EUR 6,000 p.a. TE

INDEPENDENT VALUER

On-going fees for the annual valuation: EUR 1,400 p.a. TE for each Insurance Obligors with a minimum of EUR 12,000 p.a. TE., as may be discounted from time to time.

SWAP COUNTERPARTY

The payments made to the Swap Counterparty are included in the net amount due to be paid on the relevant Payment Dates.

INVESTMENT ADVISOR

In consideration for its obligations with respect to the FCP, the Investment Advisor shall receive the Investment Advisor Regular Fees (plus applicable VAT, if applicable, and expenses) accrued on each Payment Date and, as the case may be, the Investment Advisor Performance Fees, subject to and in accordance with the applicable Priority of Payments and as calculated by the Management Company in accordance with the rules set out in Section "OPERATION OF THE FCP - *Calculations of the Investment Advisor and Arranger Regular Fees and Performance Fees*".

The amount of Regular Fees and Performance Fees payable to the Investment Advisor is (i) tax inclusive if such fees are subject to VAT or (ii) tax exclusive if such fees are not subject to VAT so that whether or not VAT is applicable, the amount to be paid to the Investment Advisor is the same.

GENERAL EXPENSES

The FCP will also pay such other fees and expenses as may be reasonably incurred for its operations or in relation to the Units, and in particular:

- (a) out-of-pocket expenses and disbursements, advanced by the Investment Advisor or the Management Company (acting, as the case may be, as Arranger) and including any unforeseeable expenses of the FCP which the Investment Advisor may, at its sole discretion, advance from time to time;
- (b) the set-up fees of the FCP, including, but not limited to, the legal fees, which are estimated in aggregate to a maximum of €75,000;
- (e) an annual subscription fee payable to the "*Administration de l'enregistrement et des domaines*" in an amount equal to 0.01% of the Net Asset Value of the FCP; and
- (f) all reasonable out-of-pocket expenses (such as legal fees, travel and journey expenses and so on...) incurred by the Investment Advisor in relation with special credit situations where difficulties need to be handled, including notably work-out fees and enhanced surveillance costs.]

INFORMATION RELATING TO THE FCP

The Management Company shall publish information relating to the FCP in accordance with the then current and applicable accounting rules and practices together with article 21 of the AIFM Law.

ANNUAL INFORMATION

Within six (6) months after the end of each financial year, the Management Company shall prepare and publish, in accordance with the then current and applicable accounting rules and practices, a report of activity (the "**Annual Information Report**") which shall include:

1. the annual accounting documents, with their certification notice by the statutory auditor.
The accounting documents are the following:
 - (a) the inventory of the Assets allocated to the FCP including:
 - (i) the inventory of the Receivables;
 - (ii) the inventory of any other assets purchased by, and financial contracts entered into by, the FCP; and
 - (iii) the amount and the distribution of Cash;
 - (b) the annual accounts including:
 - (i) the FCP's balance sheet;
 - (ii) the FCP's income statement; and
 - (iii) the appendix describing the accounting methods applied and, if appropriate, a detailed report on the Units of the FCP and the guarantees received;
2. the Annual Activity Report.

The statutory auditor shall certify the accuracy of the information contained in the Annual Information Report.

HALF-YEARLY INFORMATION

Within three (3) months after the end of the first half of the financial year, the Management Company shall prepare and publish, in accordance with the then current and applicable accounting rules and practices, a report of activity (the "**Half-Yearly Information Report**") which shall include:

1. the financial statements prepared by the Management Company mentioning their review by the statutory auditor; these financial statements shall be prepared on a half-yearly basis including the inventory of the assets as specified in paragraph 1(a) above and the statement as to the liabilities; and
2. the Half-Yearly Activity Report.

The Annual Information Report, the Half-Yearly Information Report and any other information documentation published by the Management Company with respect to the FCP shall be provided to the Unitholders upon request. Such reports will also be available at the principal office of the Management Company.

ADDITIONAL INFORMATION

The Management Company shall make available through any means that it deems appropriate, as soon as available, the valuation report prepared by the Independent Valuer on a quarterly and annual basis.

The Management Company shall make available through any means that it deems appropriate, any information regarding the Investment Advisor, the Receivables, the Units and the management of the FCP which it considers significant in order to ensure adequate and accurate information for the Unitholders.

The Management Company shall also prepare and provide to the Depositary the relevant Unitholders Report as often as it deems appropriate to be published by the Management Company.

In addition, the Management Company will make available the following information:

- (a) a description of the main legal terms of the investment agreements, including any purchase agreements, entered into by the FCP, including information on the relevant jurisdiction, the applicable law and any legal considerations in respect of a possible enforcement in Luxembourg.
- (b) the percentage of the FCP's illiquid assets, any new arrangements to manage the liquidity of the FCP, the risk profile of the FCP and the risk management approach employed to manage and monitor such risks.
- (c) any preferential treatment of Unitholders or the right to obtain preferential treatment, a description of any preferential treatment, any links to the Management Company and how the FCP ensures fair treatment of the Unitholders.
- (d) any changes to the maximum level of leverage which the FCP may employ as well as any right of reuse of collateral or any guarantee granted under the leveraging arrangement.
- (e) the total amount of leverage employed by the FCP.
- (f) information with respect to complaints handling, proxy voting, best execution and remuneration policies via dedicated internet or e-mail.

Any additional information shall be published by the Management Company under its responsibility as often as it deems appropriate according to the circumstances affecting the FCP.

SUBSCRIPTION AND SALE

SUBSCRIPTION OF THE UNITS

Subject to the terms and conditions set out in each Units Subscription Agreement, each initial Unitholder has, subject to certain conditions precedent, agreed, for the benefit of the FCP, that it shall subscribe to and pay partly (*libération partielle*) for all the Units on the Closing Date and, thereafter during the Investment Period at any time upon call for payment by the Management Company.

TRANSFER RESTRICTIONS

European Economic Area

In relation to each Member State of the European Economic Area (including the European Union plus Iceland, Norway and Liechtenstein) which has implemented the Prospectus Directive (each, a "**Relevant Member State**"), each of the Management Company (acting, as the case may be, as Arranger), the Depositary and the Investment Advisor has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "**Relevant Implementation Date**") it has not made and will not make an offer of Units which are the subject of the offering contemplated by this Prospectus to the public in that Relevant Member State prior to the publication of a prospectus in relation to the Units which has been approved by the competent authority in that Relevant Member State and published and notified to the relevant competent authority in that Relevant State in accordance with Article 18 of the Prospectus Directive, except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Units to the public in that Relevant Member State at any time:

- (a) to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (b) to fewer than 150 (one hundred and fifty), natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the relevant manager or managers nominated by the FCP for any such offer; or
- (c) in any other circumstances falling within Article 3(2) of the Prospectus Directive;

provided that no such offer of Units shall require the FCP to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an "**offer of Units to the public**" in relation to any Units in any Relevant Member State means the communication in any form and by any means presenting sufficient information on the terms of the offer and the Units to be offered so as to enable an investor to decide to purchase or subscribe the Units, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression "**Prospectus Directive**" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in each Relevant Member State and the expression "**2010 PD Amending Directive**" means Directive 2010/73/EU.

France

Direct or indirect offers, sales or other transfers of the Units in France will be made to:

- (i) qualified investors (*investisseurs qualifiés*) acting for their own account, as defined in article D. 411-1 of the French Monetary and Financial Code; and/or
- (ii) a restricted circle of investors (*cercle restreint d'investisseurs*) acting for their own account; and/or
- (iii) persons providing portfolio management financial services (*personnes fournissant le service d'investissement de gestion de portefeuille pour compte de tiers*);

all as defined, and in accordance with, articles L.411-1, L.411-2, D. 411-1 and D. 411-4 of the Monetary and Financial Code;
- (iv) to non-resident investors (*investisseurs non-résidents*).

The Prospectus and any other offering material relating to the Units are not to be further distributed or reproduced (in whole or in part) by the addressee and have been distributed on the basis the addressee invests for its own account, as necessary, and does not resell or otherwise retransfer, directly or indirectly, the Units to the

public in France other than in compliance with articles L. 411-1, 411-2, 412-1 and L. 621-8 to L. 621-8-3 of the Monetary and Financial Code.

Switzerland

This document is not intended to constitute an offer or solicitation to purchase or invest in the Units described herein. The Units may not be publicly offered, sold or advertised, directly or indirectly, in, into or from Switzerland and will not be listed on the SIX Swiss Exchange or on any other exchange or regulated trading facility in Switzerland. Neither this Prospectus nor any other offering or marketing material relating to the Units constitutes a prospectus as such term is understood pursuant to article 652a or article 1156 of the Swiss Code of Obligations or a listing prospectus within the meaning of the listing rules of the SIX Swiss Exchange or any other regulated trading facility in Switzerland and neither this Prospectus nor any other offering or marketing material relating to the Units may be publicly distributed or otherwise made publicly available in Switzerland.

United States of America

The Arranger and each of the initial Unitholders understands that the Units have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**"), and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in accordance with Regulation S under the Securities Act ("**Regulation S**") or pursuant to an exemption from the registration requirements of the Securities Act. Under each Units Subscription Agreement, the Arranger and each of the initial Unitholders represents that it has offered and sold the Units, and agrees that it will offer and sell the Units (i) as part of their distribution at any time and (ii) otherwise until 40 days after the later of the commencement of the offering and the Closing Date, only in accordance with Rule 903 of Regulation S. Accordingly, neither it, its affiliates nor any persons acting on its or their behalf have engaged or will engage in any directed selling efforts with respect to the Units, and it and they have complied and will comply with the offering restrictions requirement of Regulation S. The Arranger and each of the initial Unitholders agrees that, at or prior to confirmation of sale of Units, it will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration that purchases Units from it during the distribution compliance period a confirmation or notice to substantially the following effect:

"The Units covered hereby have not been registered under the United States Securities Act of 1933, as amended (the "Securities Act"), and may not be offered and sold within the United States or to, or for the account or benefit of, U.S. persons (i) as part of their distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering and the Closing Date, except in either case in accordance with Regulation S under the Securities Act. Terms used above have the meanings given to them by Regulation S."

Terms used in this paragraph have the meanings given to them by Regulation S.

For the purposes of this paragraph, "**affiliate**" has the meaning given to it in Rule 501(b) of Regulation D under the Securities Act.

GENERAL

No action has been or will be taken in any jurisdiction by the Arranger and/or each of the initial Unitholders that would, or is intended to, permit a public offering of the Units, or possession or distribution of this Prospectus or any other material, in any country or jurisdiction where action for that purpose is required. Persons into whose hands this Prospectus comes are required by the Arranger and each of the initial Unitholders to comply with all applicable laws and regulations in each country or jurisdiction in which they purchase, offer, sell or deliver Units or have in their possession, distribute or publish this Prospectus or any other offering material relating to the Units, in all cases at their own expense.

GENERAL INFORMATION

1. The Units are only partially paid on issue (*titres à libération fractionnée*) and the Conditions provide for payment by the Unitholder of further instalments of the still unpaid nominal value of the Units further to receipt by the Unitholders of a Units Instalment Notice from the Paying Agent to make any such further payments.
3. The ISIN of the Units is as follows:

ISIN	LU1509903784
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4. Documents available: This Prospectus shall be made available free of charge, to the Unitholders, at the respective head offices of the Management Company (acting, as the case may be, as Arranger) (the addresses of which are specified on the last page of this Prospectus). Copies of the FCP Regulations shall be made available for inspection by the Unitholders at the head office of the Management Company (the address of which is specified on the last page of this Prospectus).

INDEX OF APPENDICES

The following Appendices contain additional information and constitute an integral and substantive part of this Prospectus. The Unitholders shall take into consideration such additional information contained in these Appendices.

Appendix I - Glossary of Defined Terms

Appendix II – Form of Units Instalment Notice

APPENDIX I – GLOSSARY OF DEFINED TERMS

"Account Bank" means BNP Paribas Securities Services, Luxembourg Branch in its capacity as account bank under the Depositary Agreement.

"Accounts" means each of the following bank accounts: the General Account, the Reserve Account and the Performance Fees Reserve Account together with the related securities accounts. The Accounts shall be held by the Account Bank under the terms of the Depositary Agreement.

"Aggregate Distributed Performance Fees" has the meaning ascribed to this term in the Section "OPERATION OF THE FCP - *Calculations of the Investment Advisor and Arranger Regular Fees and Performance Fees*".

"Aggregate Distributed Performance Fee Cap" has the meaning ascribed to this term in the Section "OPERATION OF THE FCP - *Calculations of the Investment Advisor and Arranger Regular Fees and Performance Fees*".

"Aggregate Initial Principal Amount" means the aggregate Initial Principal Amount of the Units issued by the FCP.

"Aggregate Outstanding Principal Amount" means, from time to time, the aggregate Units Instalments that have been drawn from Unitholders and not yet repaid.

"AIFM Law" means the Luxembourg law of 12 July 2013 on alternative investment fund managers, as may be amended from time to time.

"Amortisation Period" means the period when the Investment Period terminates and shall end at the Final Legal Maturity Date or any earlier date when there are no more outstanding Receivables allocated to the FCP.

"Ancillary Rights" means any rights, guarantees, sureties or other agreements or arrangements of whatever character supporting or securing the payment of a Receivable and the records relating thereto made by any Insurance Obligor which secure the payment of the Receivables under the terms of the Financing Arrangements. The Ancillary Rights shall be transferred to the FCP together with the relevant Receivables on each Purchase Date pursuant and subject to the FCP Regulations.

"Annual Activity Report" means the report prepared by the Management Company within six (6) months after the end of each financial year and sent to the Depositary and including (without this list being exhaustive):

- (a) the amount and proportion of all fees and expenses borne by the FCP during each Collection Period of the financial year;
- (b) the amount of the Cash;
- (c) a description of the transactions carried out by the FCP during the course of each Collection Period of the financial year; and
- (d) information relating to the Receivables, to any other assets owned by, and any financial contracts entered into by, the FCP and the Units issued.

"Annual Information Report" means the annual report to be prepared by the Management Company and including (i) the annual accounting documents and (ii) the Annual Activity Report, as described in more detail under the paragraph entitled *Annual Information* of Section "INFORMATION RELATING TO THE FCP".

"Arranger" means Alma Capital Investment Management acting, as the case may be, in its capacity as arranger in accordance with the Management Regulations.

"Arranger Performance Fees" means the amount of Arranger Performance Fees payable by the FCP for the services of the Arranger under the FCP Regulations, as calculated by the Management Company in Section "OPERATION OF THE FCP - *Calculations of the Investment Advisor and Arranger Regular Fees and Performance Fees*".

"Arranger Regular Fees" means the amount of Arranger Regular Fees payable by the FCP for the services of the Arranger under the FCP Regulations, as calculated by the Management Company in Section "OPERATION OF THE FCP - *Calculations of the Investment Advisor and Arranger Regular Fees and Performance Fees*".

"**Assets**" has the meaning assigned to it in Section "DESCRIPTION OF THE ASSETS".

"**Authorised Investments**" means the financial instruments as defined in " CASH MANAGEMENT AND INVESTMENT RULES - AUTHORISED INVESTMENTS".

"**Available Distributable Amount**" means, on each Payment Date, the aggregate of the Available Principal Amount and the Available Interest Amount.

"**Available Interest Amount**" means, on any Calculation Date, the sum of:

- (a) the Interest Collections in respect of the Collection Period immediately preceding such Payment Date;
- (b) the income generated by the Authorised Investments on the Collection Period immediately preceding such Payment Date;
- (c) all net payments received from the Swap Counterparties in respect of the Collection Period immediately preceding such Payment Date;
- (d) as the case may be, the excess, if any, of (i) any replacement swap premium (*soulte*) paid by any eligible replacement swap counterparty upon entering into a Swap Agreement with the FCP over (ii) the termination amounts due by the FCP to a Swap Counterparty in the event of an early termination of the corresponding Swap Agreement; and
- (e) as the case may be, any excess amounts (i) of Available Principal Amount remaining in the General Account after all payments have been satisfied in full in accordance with the Principal Priority of Payments and/or (ii) standing on the Performance Fees Reserve Account on the Liquidation Date, where the distribution of such amount (less any outstanding cumulated Performance Fees Credit Amount) would cause the Aggregate Distributed Performance Fees to exceed the Aggregate Distributed Performance Fee Cap.

"**Available Principal Amount**" means, on any Calculation Date:

- (a) during the Investment Period, an amount equal to the sum of the aggregate Units Instalments fully paid up, plus the aggregate of Principal Collections since the Closing Date, plus the proceeds from the sale or disposal of Credit Risk Receivables since the Closing Date, less the sum of the Purchase Prices of previously purchased Receivables; and
- (b) during the Amortisation Period, the sum of all the Principal Component of Collection Amounts in respect of that Collection Period.

"**Base Currency**" means the currency in which the NAV of the FCP is expressed.

"**Business Day**" means a day which is a Target Business Day other than a Saturday, a Sunday or a public holiday in Luxembourg and France.

"**Calculated Portfolio Spread Amount**" has the meaning ascribed to this term in the Section "OPERATION OF THE FCP - *Calculations of the Investment Advisor and Arranger Regular Fees and Performance Fees*".

"**Calculation Date**" means, at the latest, the fifth (5th) Business Day preceding each Payment Date, it being specified that the first Calculation Date will fall in April 2017.

"**Cash**" means the monies paid into the Accounts (other than the Collateral Accounts) and comprising the amounts standing from time to time to the credit of the Accounts (other than the Collateral Accounts) and pending allocation.

"**Central Administration Agency Agreement**" means the agreement entered into on or before the Closing Date between the Management Company and the Central Administration in relation to the duties described in the Section "DESCRIPTION OF THE RELEVANT ENTITIES – *Central Administration Agent*"

"**Central Administration Agent**" means BNP Paribas Securities Services, Luxembourg Branch in its capacity as Central Administration Agent under the Central Administration Agency Agreement. Such term will include any successors and permitted assigns of the Central Administration Agent under the Central Administration Agency Agreement.

"Closing Date" means the date on which the Units will be issued, which should be on 19 January 2017 at the latest.

"Collateral Accounts" means, in respect of the Swap Counterparty, the cash account in the name of the FCP (the **"Collateral Cash Account"**) to be opened in the books of the Account Bank in which such cash provided by the Swap Counterparty, if applicable, will be held and the custody account in the name of the FCP in which securities provided by the Swap Counterparty, if applicable, will be held (the **"Collateral Custody Account"**) to be opened in the books of the Account Bank.

"Collection Period" means the period starting on the penultimate Calculation Date (excluded) and ending on the immediately preceding Calculation Date (included), provided that the first Collection Period is the period starting on the initial Selection Date (excluded) and ending on the immediately following Calculation Date (included).

"Collections Adjustments" means, with respect to any Collection Period and in relation to any Payment Date, all amounts subject to any adjustment of the Collections Amount with respect to the previous Collection Periods, due to regularisations following an error in the allocation of funds received.

"Collections Amount" means in respect of any Collection Period an amount equal to the aggregate of all Interest Collections and Principal Collections, plus or minus, as the case may be, any Collection Adjustments.

"Conditions" means the terms and conditions of the Units as set out in Section "TERMS AND CONTIONS OF THE UNITS" respectively, and **"Condition"** means any one of them.

"Credit Risk Receivable" means any Receivable which the Investment Advisor believes (as of the date of the Investment Advisor's determination based upon currently available information) has a significant risk of declining in credit quality and, with lapse of time, becoming a Defaulted Receivable or a distressed Receivable or being subject to work-out.

"Defaulted Receivable" means any Receivable in respect of which there is a default (whether in principal or in interest) in accordance with the terms and conditions applying to such Receivable or any Receivable in relation to which the Management Company has been informed that a default has been recorded and not yet cured.

"Defaulted Units" means any Units in relation to which a Units Instalment is overdue by its Unitholder.

"Defaulted Units Late Interest" has the meaning ascribed to this term in the condition 2(b) of the Conditions of the Units.

"Deferral Option" means the option by which an Insurance Obligor is entitled to postpone its interests payment subject to and in accordance with the terms and conditions applying to such Receivable.

"Deferred Performance Fees" has the meaning ascribed to this term in the Section "OPERATION OF THE FCP - *Calculations of the Investment Advisor and Arranger Regular Fees and Performance Fees*".

"Deferred Receivable" means, at any given date, any Receivable in respect of which a Deferral Option has been exercised and has not yet been cured.

"Depositary Agreement" means the agreement entered on or before the Closing Date between the Management Company and the Depositary in connection with the depositary duties assumed by the Depositary, the keeping and management of the Accounts, and relating to the payments of principal and interest due in respect of the Units.

"Depositary" means BNP Paribas Securities Services, Luxembourg Branch, in its capacity as depositary of the Assets of the FCP, under the FCP Regulations and the Depositary Agreement.

"Disposal Price" means the disposal price of the Receivables sold or disposed by the FCP.

"Distributed Performance Fees" has the meaning ascribed to this term in the Section "OPERATION OF THE FCP - *Calculations of the Investment Advisor and Arranger Regular Fees and Performance Fees*".

"Earned Performance Fee Amount" has the meaning ascribed to this term in the Section "OPERATION OF THE FCP - *Calculations of the Investment Advisor and Arranger Regular Fees and Performance Fees*".

"ECB Impact" is the European Central Bank deposit facility rate for euro area provided by the European Central Bank, which banks may use to make overnight deposits with the Eurosystem.

"Eligibility Criteria" means together the Receivables Criteria and the Portfolio Criteria.

"EONIA" means, on any given day the weighted average rate *per annum* applicable to overnight unsecured lending transactions in the Euro-Zone interbank market as calculated by the European Banking Federation which appears on the Telerate page 247 and the Reuters page EURIBOR as of 7.00 p.m. (Brussels time), on that day (or: (a) such other page as may replace Telerate pages 247 and the Reuters page EURIBOR on that service for the purpose of displaying such information; or (b) if that service ceases to display such information, such page as displays such information on such service as may replace the Dow Jones/Telerate monitor).

If, on any day, the rate is unavailable at such time and on such day the Management Company will instruct the Central Administration Agent to request the principal Paris office of four (4) of the Reference Banks to provide it with its offered quotation to leading banks in the Euro-Zone interbank market as at 11.00 a.m. (Brussels time) on the day immediately following the day in question. The EONIA for the relevant day shall be determined, on the basis of the offered quotations of those Reference Banks, as the arithmetic mean (rounded upwards to four (4) decimal places) of the rates so quoted, provided that:

- (a) if, on any such day, 2 (two) or three (3) only of the Reference Banks provide such offered quotations to the Management Company, the EONIA for the relevant day shall be determined, as outlined above, on the basis of the offered quotations of those Reference Banks providing such quotations;
- (b) if, on any such day, 1 (one) only or none of the Reference Banks provides the Management Company with such an offered quotation, the Management Company will with, as the case may be, the assistance of the Central Administration Agent, forthwith designate in good faith 2 (two) banks (or, where 1 (one) only of the Reference Banks provides such a quotation, 1 (one) additional bank) to provide such a quotation or quotations to the Management Company and the EONIA for the day in question shall be determined, as outlined above, on the basis of the offered quotations of such banks as so designated (or, as the case may be, the offered quotations of such banks as so designated and the relevant Reference Bank); and
- (c) if no such bank(s) is (are) so designated or such bank(s) as so designated does (do) not provide such a quotation(s), then the EONIA for the relevant day will be the EONIA in effect for the last preceding day to which the foregoing provisions of this definition shall have applied.

"EURIBOR" means the rate for deposits in euros for the relevant period which appears on the Reuters Screen EURIBOR01 Page and Bloomberg screen EUR003M Page (or such other page as may replace that page on that service, or such other service as may be nominated as the information vendor, for the purpose of displaying comparable rates) as of 11:00 a.m., Brussels time, on the day that is two TARGET Business Days preceding that Payment Date and, if such rate does not appear on the Reuters Screen EURIBOR01 Page and Bloomberg screen EUR003M Page (or such other page as may replace that page on that service, or such other service as may be nominated as the information vendor, for the purpose of displaying comparable rates), the Reference Banks EURIBOR.

"EURO", "EUR" or "€" is the currency of the Grand-Duchy of Luxembourg since the beginning on 1 January 1999 of the third stage of the Economic and Monetary Union pursuant to the Treaty establishing the European Economic Community, as amended by the Treaty on the European Union. According to the provisions of article 1 of the Luxembourg law of 23 December 1998 concerning the monetary status of the Central Bank of Luxembourg, the Euro is the lawful currency of the Grand-Duchy of Luxembourg.

"Euro-Zone" means the region comprised of the Member States of the European Union that adopted the single currency in accordance with the Treaty establishing the European Community (signed in Rome on 25 March, 1957), as amended by the Treaty on European Union (signed in Maastricht on 7 February 1992).

"FCP" means the Luxembourg *fonds commun de placement* PriDe FCP SIF 2016-3 governed by the SIF Law.

"FCP Expenses" means all expenses and fees due by the FCP to the Management Company (including justified and reasonable out-of-pocket expenses and the fees due to the Statutory Auditor which will be paid directly by the Management Company to it), the Depositary, the Account Bank, the Central Administration Agent, the Paying Agent, the Investment Advisor, the Arranger, the Independent Valuer and to any service providers (such as, for example, legal fees) and such other fees and expenses as may be reasonably incurred or advanced by the Management Company and/or the Investment Advisor for the operation or the liquidation of the FCP, and all reasonable expenses relating to any notice and publication made in accordance with Condition 8 (*Notice to Unitholders*) of the Units, including reasonable expenses relating to the calling and holding of Unitholders' Meetings, and all reasonable administrative expenses resolved upon by a Unitholders' Meeting.

"FCP Expenses Arrears" means the FCP Expenses due and unpaid on a corresponding Payment Date.

"FCP Regulations" means this Prospectus and the Management Regulations.

"Final Legal Maturity Date" means, in respect of the Units, the Payment Date immediately following the 13th anniversary of the Closing Date, or, in the event the Investment Advisor should have advised the Management Company that the Investment Period be extended by 1 (one) year, the Payment Date immediately following the 14th anniversary of the Closing Date, as such date may be extended by the Management Company, acting on the advice of the Investment Advisor, by a Work-out Period ending on the earliest of (i) the date on which the last remaining Receivable is disposed of and (ii) the Payment Date falling 2 (two) calendar years from the date on which the Work-out Period commenced and being a period during which the Final Legal Maturity Date of the Units may be extended by the Management Company, acting on the advice of the Investment Advisor, in order to enable the Management Company, with the assistance of the Investment Advisor, using their best efforts, to sell the remaining Receivables, subject to the relevant Priority of Payments.

"Financing Arrangement" means the issue agreement (*contrat d'émission*) and any other related documents entered into in connection with a Receivable.

"General Account" means the bank account opened in the name of the FCP with the Account Bank and on which Collections Amount will, notably/among others, be credited or paid on each Purchase Date in respect of the immediately preceding Collection Period.

"Half-Yearly Activity Report" means the report prepared by the Management Company within three (3) months after the end of the first half of the financial year and sent to the Depositary and including, without such list being exhaustive:

- (a) a description of the transactions carried out by the FCP during the course of each Collection Period within three (3) months after the end of the first half of the financial year;
- (b) information relating to the Receivables, to any other assets owned by the FCP, as the case may be, and to any financial agreements entered into by the FCP notably in relation with the Units it issues, including any Swap Agreement;
- (c) the amount and proportion of all fees and expenses borne by the FCP during each Collection Period within three (3) months after the end of the first half of the financial year; and
- (d) the amount of the Cash by reference to the Assets.

"Half-Yearly Information Report" means the half-yearly report to be prepared by the Management Company and including (i) the financial statements and (ii) the Half-Yearly Activity Report, as described in more detail under the sub-paragraph entitled *Half-yearly Information* of the paragraph entitled *Information relating to the FCP*.

"Independent Valuer" means the actuarial firm, Prim'Act, 47 Avenue de la Grande Armée, 75017 Paris, France.

"Initial Principal Amount" means in respect of any Units considered individually, its nominal value, i.e. €125,000 (one hundred and twenty-five thousand Euros).

"Instalment Date" means the date on which a Units Instalment is due and payable by the Unitholders.

"Insurance Obligor" means insurance companies, mutual insurance companies, disability institutions (*institutions de prévoyance*), reinsurance companies, corporate entities at Lloyds, pension funds and any entities similar to, or any holding companies of, the abovementioned entities.

"Interest Amount" means the interest amounts due in respect of the Units on each Payment Date. This amount is equal to the Available Interest Amount less the Senior Expenses.

"Interest Collections" means, on any Purchase Date and in respect of the Collection Period immediately preceding such Purchase Date, (i) the amount of the Interest Component collected under the Receivables during that Collection Period plus (ii) any capital gain in relation to any Receivable which principal amount redemption exceeds the purchase price of such Receivables by the FCP less (iii) any capital losses in relation to any Receivable which principal amount redemption is less than the purchase price of such Receivable by the FCP, as calculated by the Management Company with the assistance of the Investment Advisor.

"Interest Component" means, in respect of a given Receivable, the interest component including any late interest, if any.

"Interest Determination Date" means the second (2nd) Business Day preceding, as the case may be, the Closing Date or any Payment Date.

"Interest Period" means in respect of a Payment Date, the period between the previous Payment Date (inclusive thereof) and the said Payment Date (exclusive thereof), with the exception of the first Interest Period which starts on the Closing Date (inclusive thereof) and ends on the first Payment Date (exclusive thereof), and the last Interest Period which ends on (and exclude) the Liquidation Date.

"Interest Priority of Payments" has the meaning given to it in Section "OPERATION OF THE FCP– *Priority of Payments during the Investment Period and the Amortisation Period*".

"Investment Advisor" means Cohen & Company Financial Limited, an English private limited company acting through its French branch at 3 rue du Faubourg Saint Honoré, 75008 Paris whose registered office is located at 5th Floor, 6 St. Andrew Street, London, United Kingdom, EC4A 3AE, with its English Companies House number as 05894236 and registered with the Trade and Companies Registry of Paris (France) under number 521 029 728, regulated by the English Financial Conduct Authority and passported in France as investment service provider (*prestataire en service d'investissement*).

"Investment Advisor Agreement" means the Investment Advisor Agreement entered into between the Management Company and the Investment Advisor pursuant to which the Investment Advisor will select and propose to the FCP to purchase the Receivables and monitor these.

"Investment Advisor Performance Fees" means amount of Investment Advisor Performance Fees payable by the FCP for the services of the Investment Advisor under the Investment Advisor Agreement, as calculated by the Management Company in Section "OPERATION OF THE FCP - *Calculations of the Investment Advisor and Arranger Regular Fees and Performance Fees*".

"Investment Advisor Regular Fees" means amount of Investment Advisor Regular Fees payable by the FCP for the services of the Investment Advisor under the Investment Advisor Agreement, as calculated by the Management Company in Section "OPERATION OF THE FCP - *Calculations of the Investment Advisor and Arranger Regular Fees and Performance Fees*".

"Investment Advisor Report" means each report established by the Investment Advisor in relation to a Receivable and its Obligor, and supplied by it to the Management Company in accordance with the terms of the Investment Advisor Agreement, the executive summary of which is solely disclosable to the Unitholders and may be incorporated in the Unitholders Report, Half-Yearly Activity Report or Annual Report as the Management Company deems appropriate.

"Investment Committee" means the investment committee as described in the Investment Advisor Agreement.

"Investment Period" means the period starting on the Closing Date and automatically terminating on (and including) the earliest to occur of (i) the Payment Date immediately following the third anniversary of the Closing Date, or, in the event the Investment Advisor should advise the Management Company that the Investment Period be extended by 1 (one) year, the Payment Date immediately following the fourth anniversary of the Closing Date and (ii) the date on which a Liquidation Event occurs.

"Life Insurance Obligor" has the meaning ascribed to it in Section "DESCRIPTION OF THE RECEIVABLES – *Eligibility Criteria – Portfolio Criteria*".

"Liquidation Date" means the date on which the FCP is liquidated, which shall be the date on which all of the then outstanding Assets of the FCP have been sold.

"Liquidation Event" means one of the events, upon the occurrence of which the Management Company may decide to liquidate the FCP, as set out in Section "LIQUIDATION OF THE FCP AND DISPOSAL OF THE RECEIVABLES – *Liquidation*" of this Prospectus.

"Liquidation Surplus" means any amount standing to the credit of the General Account following the liquidation of the FCP and the payment of principal, interest, expenses and commissions due under the provisions of the FCP Regulations.

"Management Company" means Alma Capital Investment Management, a Luxembourg company, whose registered office is located at 5 rue Aldringen L-1118 Luxembourg registered with the Trade and Companies

Registry of Luxembourg under number B171608, duly licenced as management company by the CSSF, acting in its own name but on behalf of the FCP (unless the context requires otherwise).

"Management Regulations" means the FCP management regulations (*règlement de gestion*) entered into on or before the Closing Date in connection with the establishment, the operation and the liquidation of the FCP.

"MIFID Law" means the Luxembourg law of 13 July 2007 on markets in financial instruments as may be amended from time to time.

"Net Asset Value" or **"NAV"** means the value determined on each Valuation Day of the assets of the FCP less its existing liabilities.

"Net Swap Amounts" means any net amount payable by the FCP to any Swap Counterparty and/or by any Swap Counterparty to the FCP in accordance with the relevant Swap Agreement.

"Outstanding Principal Amount" means from time to time, in relation to each Unit, the Aggregate Outstanding Principal Amount divided by the number of Units outstanding.

"Paying Agent" means BNP Paribas Securities Services, Luxembourg Branch in its capacity as Paying Agent under the Depositary Agreement. Such term will include any successors and permitted assigns of the Paying Agent under the Depositary Agreement.

"Payment Date" means, with respect to payments of principal and/or interest in respect of the Units, the 20th day of January, April, July and October in each year, it being understood that if the relevant calendar day is not a Business Day it shall fall on the next Business Day, except where this should fall on the next calendar month, in which case it shall fall on the immediately preceding Business Day, it being specified that the first Payment Date will fall on 20 April 2017.

"Performance Fees" has the meaning ascribed to this term in the Section "OPERATION OF THE FCP - *Calculations of the Investment Advisor and Arranger Regular Fees and Performance Fees*".

"Performance Fees Credit Amount" has the meaning ascribed to this term in the Section "OPERATION OF THE FCP - *Calculations of the Investment Advisor and Arranger Regular Fees and Performance Fees*".

"Performance Fees Reserve Account" means the bank account opened in the name of the FCP with the Account Bank and to which shall be credited the Deferred Performance Fees on any Payment Date.

"Portfolio Criteria" has the meaning ascribed to it in the Section "DESCRIPTION OF THE RECEIVABLES – *Eligibility Criteria – Portfolio Criteria*".

"PriDe FCT Compartment" means the sister compartment 2016-2 of the French *fonds commun de titrisation à compartiments multiples* PriDe, initiated by the Management Company (acting, in this case, only as arranger) and the Investment Advisor and which will be flagged as the sister fund of the FCP.

"Principal Balance" means, in respect of a given Receivable, the nominal value of the outstanding Principal Component of such Receivable.

"Principal Collections" means, on any Purchase Date and in respect of the Collection Period immediately preceding such Purchase Date, the amount of the Principal Component collected under the Receivables during that Collection Period, as calculated by the Management Company with the assistance of the Investment Advisor.

"Principal Component" means the principal component of each Receivable and of each payment received in connection therewith, including any prepayment indemnity.

"Principal Payment" means, during the Amortisation Period, the principal amount payable in respect of each of the Units, as calculated by the Management Company and as set out in Section "TERMS AND CONDITIONS OF THE UNITS – *Redemption*"; provided always that no Principal Payment shall exceed the Outstanding Principal Amount less (save on the Liquidation Date) 1 (one) Euro.

"Principal Priority of Payments" has the meaning given to it in Section "OPERATION OF THE FCP, REMUNERATION AND AMORTISATION OF THE UNITS DEPENDING ON THE PERIODS – *Priority of Payments during the Investment Period and the Amortisation Period*".

"Priority of Payments" means

- (a) the Interest Priority of Payments; and
- (b) the Principal Priority of Payments,

as set out in Section "OPERATION OF THE FCP, REMUNERATION AND AMORTISATION OF THE UNITS DEPENDING ON THE PERIODS – *Distributions*".

"Pro-rata Investment Share Allocation" has the meaning set out to such term in the Section "DESCRIPTION OF THE INVESTMENT ADVISOR AGREEMENT".

"Prospectus" means this prospectus prepared by the Management Company in accordance with article 52 of the SIF Law.

"Prospectus Directive" means the Directive 2003/73/EC on the prospectus to be published when securities are offered to the public or admitted to trading, as lastly amended by Directive 2010/73/EU of the European Parliament and of the Council of 24 November 2010.

"Purchase Date" means, at any time during the Investment Period, any date on which Receivables are purchased by the FCP.

"Purchase Price" means, on any Purchase Date in respect of any Receivable, the purchase or subscription price to be paid by the FCP for the purchase of such Receivable and which includes, as the case may be, any accrued coupons in relation to such Receivable, any brokerage fees and any origination fees.

"Qualifying European Country" means a member state of the European Economic Area, the United Kingdom (in the event that it would no longer be a member of the European Union, nor of the European Economic Area), Switzerland, Jersey, Guernsey and Gibraltar provided that such country is not a non-cooperative state or territory within the meaning of article 238-0 A of the French Tax Code unless any exception to the said article applies.

"Quarterly Performance Fee Credit Amount" has the meaning ascribed to this term in the Section "OPERATION OF THE FCP - *Calculations of the Investment Advisor and Arranger Regular Fees and Performance Fees*".

"Receivable" means any receivable arising from subordinated and/or senior debt securities or any other similar debt instruments (such as, but not limited to, participative loans and *Schuldschein*) issued by an Insurance Obligor, located in Qualifying European Countries, together with the Ancillary Rights, which is purchased or subscribed to by the FCP.

"Receivables Criteria" means the specifications with which each Receivable must comply on its relevant Selection Date (see Section "DESCRIPTION OF THE RECEIVABLES – *Eligibility Criteria – Receivables Criteria*").

"Reference Banks" means each of BNP Paribas, Société Générale, Crédit Agricole CIB and Natixis or any substitute reference bank, in their capacity as credit institutions responsible for communicating to the Management Company interest rate quotations for the calculation of EURIBOR and, as the case may be, EONIA.

"Reference Banks EURIBOR" means the rate determined on the basis of the rates at which deposits in euros are offered by the Reference Banks at approximately 11:00 a.m., Brussels time, on the day that is two TARGET Business Days preceding that Payment Date to prime banks in the Euro zone interbank market for the relevant period commencing on that Payment Date and in a representative amount, assuming an Actual/360 day count basis. The Management Company will instruct the Central Administration Agent to request the principal Euro zone office of each of the Reference Banks to provide a quotation of its rate. If at least two quotations are provided, the rate for that Payment Date will be the arithmetic mean (rounded if necessary, to the nearest one hundred-thousandth of a percentage point, 0.000005 being rounded upwards) of the quotations. If fewer than two quotations are provided as requested, the rate for that Payment Date will be the arithmetic mean of the rates quoted by major banks in the Euro zone, selected by the Management Company with, as the case may be, the assistance of the Central Administration Agent, at approximately 11:00 a.m., Brussels time on that Payment Date for loans in euros to leading European banks for the relevant period commencing on that Payment Date and in a representative amount.

"Reference Rate" has the meaning ascribed to this term in the Section "OPERATION OF THE FCP - *Calculations of the Investment Advisor and Arranger Regular Fees and Performance Fees*".

"Reference Rate Aggregate Amount" has the meaning ascribed to it in the Section "OPERATION OF THE FCP - *Calculations of the Investment Advisor and Arranger Regular Fees and Performance Fees*".

"Regular Fees" has the meaning ascribed to this term in the Section "OPERATION OF THE FCP - *Calculations of the Investment Advisor and Arranger Regular Fees and Performance Fees*".

"Regulations" means collectively the SIF Law, any other applicable law and the FCP Regulations.

"Reserve Account" means the bank account opened in the name of the FCP with the Account Bank and to which shall be credited the Reserve Amount on any Payment Date, as the case may be, and which may be debited on any date on which any Senior Expenses fall due and payable.

"Reserve Amount" means the amount of cash standing to be credited on the Reserve Account by an instruction of the Management Company following the recommendation of the Investment Advisor from time to time, in order to enable the FCP to make any payment which it is expected to make after such Payment Date and prior to the following Payment Date.

"SIF Law" means the Luxembourg law of 13 February 2007 on specialised investment funds as may be amended from time to time.

"Selection Date" means the date on which a binding commitment to acquire Receivables recommended by Investment Advisor is executed.

"Senior Expenses" means the fees and expenses set out in paragraphs (A) to (D) of the Interest Priority of Payments.

"Statutory Auditor" means Ernst & Young, *société anonyme*, 35E, Avenue John F. Kennedy, L-1855 Luxembourg.

"Swap Agreement" means a swap agreement (including the ISDA or FBF Master Agreement, the schedules, the confirmation, the credit support annex (FBF collateral annex or *Annexe de Remises en Garantie* or credit support annex or credit support deed) and any other related document) entered into between the Management Company and any Swap Counterparty.

"Swap Counterparty(ies)" means any swap counterparty with which the Management Company has entered into a Swap Agreement with regard to the FCP on the recommendation of the Investment Advisor.

"Swap Termination Amount" means, in relation to each Swap Agreement, any termination amounts due but unpaid by the FCP to the Swap Counterparty in the event of an early termination of the relevant Swap Agreement as a result of an event of default or a termination event or a change of circumstances.

"Target 2 System" means the *Trans-European Automated Real-Time Gross Settlement Express Transfer ("TARGET")* System that uses a single platform and which has been launched on 19 November 2007.

"Target Business Day" means a day on which the Target 2 System is open.

"Time Weighted Purchase Price" has the meaning ascribed to this term in the Section "OPERATION OF THE FCP - *Calculations of the Investment Advisor and Arranger Regular Fees and Performance Fees*".

"Transaction Documents" means the FCP Regulations, the Investment Advisor Agreement, the Central Administration Agency Agreement, any Swap Agreement(s), the Depositary Agreement, the Units Subscription Agreements and any agreement in relation to the FCP indicated as a Transaction Document by the parties thereto.

"Transaction Participant" means the Management Company (acting, as the case may be, as Arranger), the Depositary, the Investment Advisor, the Arranger, the Account Bank and the Paying Agent.

"Transfer Document" means, in relation to any Receivables, any single transfer document ("*Bordereau*") called *Acte de cession de créances*, governed by Luxembourg Law, or any other form of assignment available under Luxembourg or foreign law pursuant to which the Receivables will be assigned to or subscribed by the FCP on each Purchase Date. By exception to the foregoing, an assignment of Receivables consisting of financial instruments shall take place in accordance with the rules applicable to the transfer of such instruments and, if required, the FCP may subscribe directly for an issue of such instruments; in such event, the Transfer Document shall be construed and encompass as any document, subscription agreement, transfer order (*ordre de mouvement*) or otherwise under which the Receivables are purchased or subscribed to by the FCP.

"Unit" means each of the 1,200 Units issued by the FCP corresponding to an initial nominal amount equal to €125,000 (one hundred and twenty-five thousand Euros).

"Unitholder" means the holder of Units.

"Unitholders Report" means the report, to be sent to the Unitholders, prepared by the Management Company and published on its internet website on the basis of the disclosable executive summary of the Investment Advisor Report or any disclosable information provided by the Investment Advisor to the Management Company.

"Units Instalment" means each instalment payment to be made on each Instalment Date by the Unitholders to the FCP under the Units.

"Units Instalment Notice" means the units instalment notice to be delivered to the Unitholders 10 (ten) Business Days before each Instalment Date (such period being reduced to 4 (four) Business Days before the Instalment Date in case of a duly justified emergency by the Management Company) and acknowledged by the Unitholders no later than 2 (two) Business Days before each Instalment Date in the form substantially set out in Appendix II hereto, except for the first Units Instalment where it will not be required.

"Units Subscription Agreement" means the subscription agreement entered into on or before the Closing Date between the Management Company and each initial Unitholder.

"Valuation Day" means the 31 March, 30 June, 30 September and 31 December of each year.

"VAT" means value added tax (*taxe sur la valeur ajoutée*).

"Work-out Period" means a period commencing on the Payment Date immediately following the 13th anniversary of the Closing Date or, in the event the Investment Advisor should have advised the Management Company that the Investment Period be extended by 1 (one) year, on the Payment Date immediately following the 14th anniversary of the Closing Date, and ending on the earliest of (i) the date on which the last remaining Receivable is disposed of and (ii) the Payment Date falling 2 (two) calendar years from the date on which the Work-out Period commenced and being a period during which the Final Legal Maturity Date of the Units may be extended by the Management Company, acting on the advice of the Investment Advisor, in order to enable the Management Company, with the assistance of the Investment Advisor, using their best efforts, to sell the remaining Receivables, subject to the relevant Priority of Payments.

APPENDIX II – FORM OF UNITS INSTALMENT NOTICE

To: BNP Paribas Securities Services, Luxembourg Branch
60 Avenue J.-F. Kennedy
L-1855 Luxembourg (Luxembourg)

Tel: [●]

Fax: [●]

Attention: Clearing and Custody Services Department

(as depositary and paying agent in respect of the Units referred to below,
for forwarding to the holder of such Unit (the "Unitholder")).

[●]

Dear Sirs

PRiDE FCP SIF 2016-3 (THE "FCP")
[●] € PARTLY-PAID UNITS DUES (THE "UNITS")

We refer to the Units and, on behalf of the FCP, hereby give you notice (for forwarding to the Unitholder) that, pursuant to the Conditions of the Units, the following Units Instalment is payable by the Unitholder to the FCP (by credit to the account referred to below) on the following Instalment Date:

Units Instalment: []

Instalment Date: [].

The details of the account, to which payment of the Units Instalment should be credited on the Instalment Date, are as follows:

Bank: [●]

Swift code: [●]

In favour of: [●]

IBAN: [●]

Reference: [●]

We acknowledge that this notice is irrevocable.

This notice is governed by Luxembourg law.

Yours faithfully

For and on behalf of
ALMA CAPITAL INVESTMENT MANAGEMENT
(AS MANAGEMENT COMPANY)

ACKNOWLEDGEMENT OF UNITS INSTALMENT NOTICE

We hereby confirm that we have made arrangements for payment of the Units Instalment to the FCP (by credit to the account as set out in the Units Instalment Notice) by or before *[insert date]*.

This acknowledgement is irrevocable.

This acknowledgement is governed by Luxembourg law.

By:

For and on behalf of
[INSERT UNITHOLDER'S NAME]

MANAGEMENT COMPANY / AIFM / ARRANGER

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Luxembourg

DEPOSITARY

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CENTRAL ADMINISTRATION AGENT

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