

# **CONFIDENTIAL PROSPECTUS**

relating to Units of

**AB EMERGING MARKET INVESTMENT GRADE CORPORATE FUND**

A SERIES TRUST OF

**GLOBAL CAYMAN INVESTMENT TRUST**

(a Cayman Islands' unit trust)

**DATED JANUARY 2018**

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This Confidential Prospectus (the "**Prospectus**") relates only to the offer and private placement of Units of AB Emerging Market Investment Grade Corporate Fund (the "**Fund**"), a Series Trust of Global Cayman Investment Trust (the "**Trust**"). Beneficial interests in the Fund are represented by Units.

This Prospectus does not constitute an offer to sell or a solicitation of an offer to buy Units in any jurisdiction to any person to whom it is unlawful to make such an offer or sale.

The Units offered pursuant to this Prospectus have not been registered with or approved by any regulatory authority, (with the exception of filing this document with the Cayman Islands Monetary Authority), nor has any such authority passed upon the accuracy or adequacy of this Prospectus. Any representation to the contrary is unlawful.

The Trustee intends to register the Fund as a "mutual fund", with the Cayman Islands Monetary Authority, in terms of the Mutual Funds Law (as amended) of the Cayman Islands.

The Units are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under the U.S. Securities Act of 1933, as amended (the "**Securities Act**"), and applicable state and non-U.S. securities laws, pursuant to registration or exemption therefrom. No public or other market is expected to develop for the Units. The Units offered hereby may be sold, transferred, hypothecated or otherwise disposed of only upon the terms set out in this Prospectus and the Trust Deed which include the requirement to obtain the prior written consent of the Trustee, which consent shall not be unreasonably withheld or delayed. The Trustee has the right to repurchase compulsorily the Units of a Unitholder at any time and for any reason on 5 Business Days' notice to a Unitholder.

Units in the Fund are suitable only for sophisticated investors for which an investment in the Fund does not constitute a complete investment program, that do not require regular liquidity for their investment and that fully understand and are willing to assume the risks involved in the Fund's investment program. The Fund's investment practices, by their nature, may be considered to involve a substantial degree of risk. All investments in securities entail risks of loss. While the Fund's investment program seeks to achieve its investment objective, there can be no assurance that it will do so. An investor could lose all or a substantial amount of its investment in the Fund.

The Trustee may modify, withdraw or cancel any offering made pursuant to this Prospectus at any time prior to consummation of the offering and may reject any subscription, in whole or in part, in its sole discretion.

No offering materials will or may be employed in the offering of Units except for this Prospectus (including appendices, exhibits, amendments and supplements hereto) and the documents summarized herein. No person has been authorized to make representations or give any information with respect to the Trust or the Fund or the Units except for the information contained herein. Investors should not rely on information not contained in this Prospectus or the documents summarized herein.

This Prospectus is intended solely for use on a confidential basis by those persons to whom it is transmitted by the Trustee or its delegates in connection with the contemplated offering of Units. By the acceptance and retention of this Prospectus, recipients acknowledge and agree to preserve the confidentiality of the contents of this Prospectus and all accompanying documents and to return this Prospectus and all such documents to the Trustee or its duly appointed agent if the recipient does not purchase any Units. Neither this Prospectus nor any of the accompanying documents may be reproduced, in whole or in part, nor may they be used for any purpose other than that for which they have been submitted without the prior written consent of the Trustee.

None of the Trustee, the Administrator, the Investment Manager or other service providers is making any representation to any offeree or investor regarding the legality of any investment by such offeree or investor under applicable investment or similar laws.

This Prospectus is based on the law and practice currently in force in the Cayman Islands and is subject to changes therein. No invitation to the public in the Cayman Islands to subscribe for any Units is permitted to be made. This Prospectus should be read in conjunction with the Trust Deed.

Investors are not to construe the contents of this Prospectus as legal, business or tax advice. Each investor should consult its own attorney, business adviser and tax adviser as to legal, business, tax and related matters concerning this offering.

The distribution of this Prospectus and the offer and sale of the Units in certain jurisdictions may be restricted by law. Prospective investors should inform themselves as to the legal requirements and tax consequences within the countries of their citizenship, residence, domicile and place of business with respect to the acquisition, holding or disposal of Units, and any foreign exchange restrictions that may be relevant thereto.

Prospective investors have the opportunity to ask questions and receive answers from the Investment Manager concerning the investments of the Fund and from the Trustee concerning the Trust. Prospective investors are urged to request any additional information they may consider necessary in making an informed investment decision, to the extent that the Trustee or Investment Manager possesses such information or can acquire it without unreasonable effort or expense. However, each prospective investor must rely upon its own representatives in deciding whether to invest in the Fund.

This Prospectus contains summaries, believed to be accurate as of the date hereof, of certain terms of the Trust Deed, the Investment Management Agreement for the Fund and of the other documents referred to herein. However, the discussions set forth in this Prospectus do not purport to be complete and are subject to and qualified in their entirety by reference to the Trust Deed, the Investment Management Agreement for the Fund and the other referenced documents. Neither the delivery of this Prospectus nor the offer, sale or issue of Units constitute a representation that the information given in it is necessarily correct as of any time subsequent to the date on the cover. The information contained in this Prospectus supersedes any prior representations, written or oral, received by a prospective investor with respect to such Units before the date of this Prospectus. Certain information contained in this Prospectus constitutes "forward-looking statements", which can be identified by the use of forward-looking terminology such as "may", "will", "should", "expect", "anticipate", "project", "estimate", "intend", "continue", "target", "believe", the negatives thereof, other variations thereon or comparable terminology. Due to various risks and uncertainties, including those set forth herein in "risk factors", actual events or results or the actual performance of the Fund may differ materially from those reflected or contemplated in such forward-looking statements.

#### **INVESTORS' RELIANCE ON U.S. FEDERAL TAX ADVICE IN THIS PROSPECTUS**

**THE DISCUSSION CONTAINED IN THIS PROSPECTUS AS TO U.S. FEDERAL TAX CONSIDERATIONS IS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED, FOR THE PURPOSE OF AVOIDING PENALTIES. SUCH DISCUSSION IS WRITTEN TO SUPPORT THE PROMOTION OR MARKETING OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN. EACH TAXPAYER SHOULD SEEK U.S. FEDERAL TAX ADVICE BASED ON THE TAXPAYER'S PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISER.**

## **DIRECTORY**

### **The Trustee**

Brown Brothers Harriman Trust Company (Cayman) Limited  
18 Forum Lane  
Camana Bay  
PO Box 2330  
Grand Cayman KY1-1106  
Cayman Islands

### **Investment Manager**

AllianceBernstein L.P.  
1345 Avenue of the Americas  
New York, New York 10105  
United States of America

### **Administrator**

Brown Brothers Harriman & Co.  
50 Post Office Square  
Boston, MA 02110  
United States of America

### **Custodian**

Brown Brothers Harriman & Co.  
50 Post Office Square  
Boston, MA 02110  
United States of America

### **Class Actions Services Agent**

Brown Brothers Harriman & Co.  
50 Post Office Square  
Boston, MA 02110  
United States of America

### **Auditor**

PricewaterhouseCoopers  
18 Forum Lane  
Camana Bay  
PO Box 258  
Grand Cayman KY1-1104  
Cayman Islands

### **Legal Advisers to the Trustee** (as to Cayman Islands law)

Walkers  
190 Elgin Avenue  
George Town  
Grand Cayman KY1-9001  
Cayman Islands

## DEFINITIONS

**"Accounting Date"** means the last Business Day in November of each calendar year (commencing November 2018) or such other date as may be determined by the Trustee;

**"Administrator"** means Brown Brothers Harriman & Co. who will act as administrator in respect of the Fund;

**"Administrative Agency Agreement"** means the agreement entered into between the Trustee and the Administrator in respect of the Fund;

**"Auditors"** means PricewaterhouseCoopers, Cayman Islands who will act as auditors in respect of the Fund;

**"Base Currency"** means Japanese Yen;

**"Business Day"** means any day on which the banks in New York, London and Tokyo are open for business, and/or such other day or days as the Trustee may determine;

**"Cayman"** means the British Overseas Territory of the Cayman Islands;

**"Class"** means a class of Units of the Fund. The terms of the Trust Deed permit the Trustee to create classes (or further classes) of Units of the Fund without the consent of existing Unitholders;

**"Class Actions Services Agent"** means Brown Brothers Harriman & Co. who will act as Class Actions Services Agent in respect of the Fund;

**"Class Actions Services Agreement"** means the agreement entered into between the Trustee and the Class Actions Services Agent in respect of the Fund;

**"Custodian"** means Brown Brothers Harriman & Co. who will act as Custodian in respect of the Fund;

**"Custodian Agreement"** means the agreement entered into between the Trustee and the Custodian in respect of the Fund;

**"Dealing Day"** means each Business Day, or such other day or days as the Trustee may determine;

**"Dollars"** or **"\$"** means the lawful currency of the United States of America;

**"Eligible Investor"** means any person who meets the eligibility criteria set out in the Trust Deed and detailed below at the section titled "ELIGIBLE INVESTORS";

**"Emerging Market Sovereign"** or **"Emerging Market Sovereigns"** means government bonds whose countries in JPMorgan EMBI Global Diversified Index;

**"Fund"** means AB Emerging Market Investment Grade Corporate Fund, being a separate series trust of the Trust, established by a supplemental declaration of trust. References to the Fund shall where the context so permits, include the Trustee acting as trustee thereof;

**"Gross Negligence"** means acts or omissions showing so marked a departure from the standard of care usually expected of a professional engaged in providing the service in question as to demonstrate reckless or wilful disregard for the consequences;

**"Investments"** means the Investments detailed under the section titled "INVESTMENT OBJECTIVE AND GUIDELINES" and as otherwise defined in the Trust Deed;

**"Investment Manager"** means AllianceBernstein L.P. who will act as Investment Manager in respect of the Fund;

**"Investment Management Agreement"** means the agreement entered into between the Trustee and the Investment Manager in respect of the Fund, as amended from time to time;

**"Japanese Yen"** or **"JPY"** means the lawful currency of Japan;

**"NAV"**, **"Net Asset Value"** and/or **"Net Asset Value of the Fund"** means the net asset value of the Fund that is to be calculated in the manner described in the section titled "DETERMINATION OF NET ASSET VALUE" and as otherwise set out in the Trust Deed;

**"NAV per Unit"** and/or **"Net Asset Value per Unit"** means the net asset value of each Unit that is to be calculated in the manner described in the section titled "DETERMINATION OF NET ASSET VALUE" and as otherwise set out in the Trust Deed;

**"Prospectus"** means this prospectus, as amended, substituted or supplemented from time to time;

**"Repurchase Date"** means a Dealing Day or such other date as the Trustee may determine;

**"Repurchase Notice"** means a notice to repurchase Units in the form provided, or otherwise approved, by the Trustee;

**"Repurchase Price"** means the NAV per Unit on the Repurchase Date less any expenses or monies owed by the Unitholder to the Trustee;

**"Series Trust"** means a separate sub-trust, or "series trust" of the Trust, established in accordance with the Trust Deed as a separate and distinct trust. The terms of the Trust Deed permit the Trustee to create separate Series Trusts without the consent of existing Unitholders;

**"Subscription Application"** means an application to purchase Units in the form provided, or otherwise approved, by the Trustee;

**"Subscription Date"** means each Dealing Day, or such other day as the Trustee may determine;

**"Subscription Price"** means the initial offering price specified by the Trustee and, for subsequent offerings, the NAV per Unit on the Subscription Date plus any expenses or monies owed by the Unitholder to the Trustee;

**"Trust"** means Global Cayman Investment Trust, a Cayman Islands unit trust established by the Trust Deed;

**"Trust Deed"** means the Declaration of Trust in respect of the Trust dated 9 October 2013, as amended and supplemented from time to time, and governed by the laws of the Cayman Islands;

**"Trustee"** means Brown Brothers Harriman Trust Company (Cayman) Limited, who acts as trustee of the Trust and the Fund pursuant to the Trust Deed;

**"Unit"** means one unit of the Fund (or any Class thereof), representing an undivided beneficial interest in the assets of the Fund;

**"Unitholder"** means the registered holder for the time being of a Unit in the Fund including persons jointly so registered;

**"Unitholders' Resolution"** means a vote of Unitholders in a manner outlined in the Trust Deed which is required to approve or confirm certain actions;

**"U.S."** or **"United States"** means the United States of America; and

**"USD"**, **"US\$"**, or **"U.S. Dollars"** means the lawful currency of the United States of America.

Capitalized terms used in this Prospectus and not otherwise defined have the meanings ascribed to them in the Trust Deed.



## INVESTMENT OBJECTIVE AND GUIDELINES

For the purpose of this section only, where the context requires, references to the "Fund" shall be deemed to be references to the Fund acting through the Investment Manager or its duly appointed delegates (including its affiliates, which the Investment Manager may engage to provide portfolio management or trade execution services to the Fund on its behalf).

### Investment Objective

The principal investment objective of the Fund is to achieve total return investment returns for the Fund in excess of the reference benchmark, JPMorgan Corporate Emerging Markets Bond Global Index Broad Diversified IG ("**JPM CEMBI BD IG**" (JPY-Hedged) or the "**Reference Benchmark**").

There can be no assurance that the Fund's investment policy will achieve its investment objective or generate investment returns.

### Investment Policy

In selecting securities for the Fund, the Investment Manager develops an outlook for interest rates, currency exchange rates and the economy; analyses credit and call risks, and uses other security selection techniques. The proportion of the Fund's assets committed to investment in securities with particular characteristics (such as quality, sector interest rate or maturity) varies based on the Investment Manager's outlook for emerging market economy and the economies of other countries in the world, the financial markets and other factors.

### Investment Guidelines and Restrictions

<b>Eligible Instruments</b>	<p>Permissible Investments for the Fund shall be:</p> <ul style="list-style-type: none"> <li>Investment Grade Corporate Bond which conforms to the standards of JPM CEMBI BD IG (JPY Hedged). (Denomination of eligible bond shall be USD);</li> <li>Instruments issued by Sovereign, Quasi-Sovereign, Domestic or International Agencies, Supranational entities which is permitted without weighting limit as long as they meet other guideline criteria to be documented separately; provided however that the Fund's investments in the above category are limited to countries that are constituents of JPM CEMBI BD IG (JPY Hedged);</li> <li>Off-benchmark instruments so long as they meet the Credit Quality and Concentration Limit criteria below;</li> <li>Short-term money market instruments including cash and U.S. Treasury; and</li> <li>Derivatives which include (i) currency forwards contracts for the purpose of hedging currency exposure; and (ii) U.S. Treasury futures for the purpose of hedging and managing duration exposures.</li> </ul>
<b>Investment Restriction</b>	<p>Prohibited Investments for the Fund are:</p> <ul style="list-style-type: none"> <li>Investment in OFAC-listed entities (Office of Foreign Assets Control "<b>OFAC</b>" of the U.S. Department of Treasury)</li> </ul>
<b>Minimum face amount outstanding for each</b>	US\$ 300 million.

<b>instrument</b>	
<b>Liquidity</b>	Daily available pricing from a third-party valuation vendor.
<b>Leverage</b>	Prohibited.
<b>Credit Quality</b>	<ul style="list-style-type: none"> <li>• The Fund may only invest in securities which are rated by at least one of the three rating agencies: S&amp;P, Moody's or Fitch; provided however that the ratings must be referred in the following order: (1) S&amp;P, (2) Moody's, (3) Fitch. More specifically, rating reference shall be described as follows.</li> <li>• Each instrument must be rated BBB- or higher by S&amp;P, or Baa3 or higher by Moody's if S&amp;P rating is not available, or BBB- or higher by Fitch if S&amp;P and Moody's rating are not available at the time of the purchase. Preliminary, provisional or expected ratings may be used in case that final ratings are not available.</li> <li>• No specific limit for weighted average rating of the portfolio.</li> </ul>
<b>Concentration Limit</b>	<ul style="list-style-type: none"> <li>• The combined weighting of a single issuer should be 5% of the total NAV or lower (including the instruments issued by its parents and subsidiaries); provided, that there is no total limit for off-benchmark instruments combined.</li> <li>• Cash and U.S. Treasury are permitted to be held without weighting limit.</li> </ul>
<b>China Specific Guidelines</b>	<ul style="list-style-type: none"> <li>• Weighting of all of the Chinese entities combined must be equal to or lower than that of the Reference Benchmark, which is monitored on a daily basis.</li> <li>• In general, each sectorial weighting of the Chinese entities combined as a percentage of the total NAV must not significantly exceed that of the Reference Benchmark. (The sector criteria should conform to the standards of the Reference Benchmark).</li> </ul>
<b>Currency Hedging Policy</b>	The Fund will normally seek to hedge at least 90%, but not exceeding 110% of its exposure to the USD against JPY to reduce the risk of loss due to the fluctuation in the exchange rate.
<b>Duration</b>	Effective duration must be JPM CEMBI BD IG (JPY Hedged) plus 1.5 years or shorter including cash, which is revised on a monthly basis. No lower limit is applied.
<b>Maturity Restriction</b>	<ul style="list-style-type: none"> <li>• No maximum or minimum limit of each instrument at the time of purchase.</li> <li>• No limit of minimum maturity of each instrument in the portfolio.</li> </ul>
<b>Regulation</b>	<ul style="list-style-type: none"> <li>• At least 50% of the Fund's total NAV must be invested in "securities" as defined by Article 2, Paragraph 1 of the Financial Instruments and Exchange Law of Japan for Japanese regulations except immediately after the Fund is launched, when a large number of repurchase requests or other circumstances beyond the control of the Investment Manager are expected.</li> <li>• The Fund may not invest more than 10% of its NAV in securities which lack liquidity. However, the Investment Manager will ensure at any time the overall liquidity of the Fund is maintained.</li> </ul>

	<ul style="list-style-type: none"> <li>Borrowing is permitted only for temporary positions (an outstanding aggregate amount of borrowing shall be within 10% of the NAV of the Fund and the position has to be cleared within 30 calendar days); provided however, that in the case of extraordinary or emergency situations, such as mergers or amalgamations, this 10% limit may be temporarily exceeded.</li> </ul> <p>The Investment Manager may from time to time impose further investment restrictions in order to comply with the laws and regulations of the countries where the Units are sold.</p>
<b>Law/Settlement</b>	<ul style="list-style-type: none"> <li>Local law instruments are not eligible.</li> <li>Legal jurisdiction that is domestic to one of the G7 countries.</li> <li>Euroclearable or settled through another institution outside the issuing country.</li> </ul>

## Breaches

The restrictions on the Investment Guidelines should be applied on an "at-the-time-of-purchase" basis. To the extent an investment becomes a non-conforming investment due to a ratings downgrade, or other circumstances, the Investment Manager is expected to cure such passive breach of the Fund's Investment Guidelines and Restrictions within a period of 90 days from the date such investment becomes a non-conforming investment.

## Investment Management Agreement

Under the Investment Management Agreement, the Investment Manager has been authorized to (amongst other things):

- review and evaluate the proposed asset acquisition and investment strategies of the Fund as may be necessary from time to time with the Trustee;
- execute or cause to be executed purchases and sales of the Investments on behalf of the Fund as in its discretion it deems to be in the best interest of the Fund;
- provide a written overview of the Investments of the Fund whenever the Investment Manager shall deem necessary or the Trustee shall reasonably require;
- prepare material for inclusion, in the financial reports of the Fund whenever the Trustee shall require reasonably such material;
- be responsible for voting all proxies that pertain to the assets of the Fund in accordance with the Investment Manager's internal proxy voting guidelines. The Investment Manager shall also be responsible for making all such elections in connection with any conversions, mergers, acquisitions, tender offers, bankruptcy proceedings or other similar occurrences which may affect the securities in the Fund;
- assist the Administrator with the fair valuation of portfolio securities as necessary and identify the need to fairly value securities that are traded in markets that close prior to the time the Fund calculates its NAV per Unit, provided that the Administrator shall have sole responsibility for such calculation and that the Investment Manager shall have no liability for such valuation;

7. borrow cash and grant security interests in the assets of the Fund if authorized to do so by the Investment Policies and Investment Restrictions and the Trust Deed;
8. negotiate and execute derivative, futures, foreign exchange, financial and other agreements with counterparties (including, without limitation, ISDAs, "give ups" or other trading agreements), and to open and close accounts in connection therewith, on the Fund's behalf, if authorized to use any such product by the Investment Policies and Investment Restrictions and the Trust Deed as the Investment Manager deems appropriate from time to time in order to carry out the Investment Manager's responsibilities thereunder;
9. provide at least annual confirmation in writing to the Trustee that the investments made by the Investment Manager are in accordance with the Investment Policies and Investment Restrictions (as defined in the Investment Management Agreement) and that no legal proceedings exist (or are pending) against the Fund or the Investment Manager in relation to the Fund. To the extent that any Investment is not in compliance with the Investment Policies and Investment Restrictions (as defined in the Investment Management Agreement), the Investment Manager shall deliver to the Trustee a written explanation setting out the steps required, and any steps taken, to remedy any such non-compliance;
10. declare distributions to Unitholders in accordance with the distribution policy of the Fund and as described in this Prospectus; and
11. at its own expense, appoint sub-advisers, nominees, agents or other delegates to perform in whole or in part any of its duties or obligations thereunder. In such cases, the Investment Manager will exercise due care and diligence in appointing and instructing such sub-advisers, nominees, agents or other delegates and shall be liable for any loss incurred by the Fund by reasons of the acts or omissions of such persons.

**THERE CAN BE NO ASSURANCE THAT THE FUND'S INVESTMENT STRATEGY WILL ACHIEVE PROFITABLE RESULTS. THE INVESTMENT RISKS MEAN THAT AN INVESTOR MAY LOSE ALL OF ITS INVESTMENT IN THE FUND.**

## **INFORMATION ON THE TRUSTEE, THE INVESTMENT MANAGER, ADMINISTRATOR AND OTHER ADVISERS**

### **Trustee**

Brown Brothers Harriman Trust Company (Cayman) Limited is the Trustee of the Trust and the Fund.

Brown Brothers Harriman Trust Company (Cayman) Limited, a trust company incorporated in 1985 under the laws of the Cayman Islands, serves as Trustee to the Fund. The Trustee is licensed to carry on business as a trust company under the Cayman Islands Banks and Trust Companies Law (as amended). The Trustee performs trust services for both individual and institutional clients worldwide.

The Trustee has irrevocably submitted to Cayman Islands jurisdiction and law with regard to any dispute arising with regard to any interested party. All Unitholders and certain service providers to the Fund submit to the exclusive jurisdiction of the Cayman Islands and to its law.

The Trustee, in accordance with the Trust Deed, holds the assets of the Fund. The Trustee maintains overall responsibility for the administration of the Fund, including the payment of distributions in respect of Units, the acceptance of subscriptions for and repurchases of Units, and the satisfaction of repurchase and conversion requests all in accordance with the Trust Deed. It is the duty of the Trustee to discharge or cause to be discharged all of its responsibilities pursuant to the terms of the Trust Deed and to administer and manage the Fund in the interest of the Unitholders, in accordance with the provisions of the Trust Deed; provided, however, that neither the Trustee nor its delegates shall be required to take any action, if it shall have reasonably determined, or shall have been advised by counsel, that such action is likely to result in liability on its part or is contrary to the terms of the Trust Deed, or otherwise contrary to law.

The Trust Deed provides for indemnification of the Trustee from the assets of the Fund and exculpates the Trustee for acts or omissions in the absence of Gross Negligence, fraud or willful default.

Pursuant to the Trust Deed, the Trustee has exclusive authority and overall responsibility for the management and administration of the Fund. Subject to certain limitations, the Trustee is authorized to delegate its administrative and managerial responsibilities and all or any of its rights, privileges, powers, duties, trusts and discretions to any person, institution, firm or body corporate approved by the Trustee, including any affiliates of the Trustee, that the Trustee considers qualified to act as such delegate (and the Trustee shall have no obligation to consider appointing a non-affiliate as its delegate for this purpose). The Trustee shall cause each delegate to deliver such reports as may be set out in its written agreement with the delegate. Any such delegation may be upon such terms and conditions, for such periods and at such remuneration, and be subject to such regulations including power to sub-delegate, as the Trustee determines. The fees of such delegate or sub-delegate shall in no way diminish the fees to which the Trustee is entitled for acting as Trustee of the Trust or the Fund. Further, the fees payable to the Trustee shall in no way diminish the fees of such delegate (whether the delegate is an affiliate of the Trustee or otherwise) for acting in its capacity as such delegate in respect of the Trust or the Fund. A resolution of the Trustee making any such delegation shall be binding upon the Unitholders.

Subject to the provisions of the Trust Deed, the Trustee has delegated certain of its duties, and has appointed Brown Brothers Harriman & Co. as Custodian and Administrator of the Fund and the Investment Manager as the Investment Manager of the Fund. The Trustee's delegates shall have all rights, powers and authorities permitted to be delegated under the laws of the Cayman Islands.

In summary, the Administrator shall be responsible for the calculation of the Net Asset Value per Unit of the Fund (or each Class thereof, if applicable) in accordance with applicable law, the Trust Deed and this Prospectus. The Administrator shall also be responsible for supervising financial statement preparation and transmitting confirmations related thereto, transmitting monthly statements to Unitholders, and maintaining the Register of Unitholders. The Administrator shall be responsible for, among other things, processing subscription and repurchase requests. The Custodian shall receive subscription proceeds and is responsible for satisfying repurchase requests and shall hold custody of all assets of the Trustee in respect of the Fund. The Investment Manager will manage the assets of the Fund on a day-to-day basis, with the assistance of such other advisers and agents as the Investment Manager may appoint from time to time.

The Trustee shall be deemed to have discharged its duties and responsibilities under the terms of the Trust Deed to the extent (i) the Administrator has agreed in the Administrative Agency Agreement, (ii) the Custodian has agreed in the Custodian Agreement, and (iii) the Investment Manager has agreed in the Investment Management Agreement, respectively, to perform an act or to discharge any duty of the Trustee or the Fund thereunder, and the Trustee shall not be personally liable for the default or failure of such parties to carry out their obligations under such agreements.

The Trustee and its delegates may purchase, sell and hold Units, render investment advisory services to persons other than the Trustee, be a creditor or shareholder of an issuer of a security held by the Fund, and buy and/or sell any such security at any time on such terms, including price, as they may determine.

The Trust Deed provides that the Trustee may resign and be discharged by giving 60 days' prior written notice to all Unitholders. Such retirement and discharge shall only take effect upon the appointment of a successor trustee as provided by the terms of the Trust Deed.

If the Trustee or its delegates (which may be affiliates of the Trustee) shall act as banker in respect of the funds of the Fund then it shall be entitled to retain all normal banking profit and, in the event that the Trustee or its delegates shall act as administrator, custodian, broker or investment manager for the purchase and sale of investments, then it shall be entitled to charge and retain all normal fees and expenses.

### **Administrator**

The Trustee has appointed Brown Brothers Harriman & Co. as the Administrator of the Fund. Pursuant to the Administrative Agency Agreement, the Administrator is responsible for performing certain administration, registrar, transfer agency and accounting services for the Trust, maintaining the financial records of the Trust, and calculating the Net Asset Value per Unit of the Fund in accordance with applicable law and the Trust Deed. In addition, the Administrator may, in accordance with the terms of the Administrative Agency Agreement, delegate its obligations under the Administrative Agency Agreement to any person it considers is qualified to act as such delegate (which could include its affiliates or third parties) provided that (among other things) the Administrator shall remain responsible for supervising such delegate and shall be liable for any loss suffered by the Trustee in respect of the Fund as a result of or arising out of any act or omission of the delegate.

The Administrator is responsible for, among other things, registering the issuance and repurchase of Units, maintaining a record of distributions declared and distributions paid to Unitholders, and conducting in relation to each person who subscribes for Units, such due diligence investigations as may be required.

The Administrator is also responsible for, among other things: (i) maintaining the books and records of the Fund; (ii) supervising the preparation of the financial statements of the Fund and other administrative duties; (iii) maintaining a register of holders of Units; (iv) communicating with Unitholders and processing subscription applications and repurchase requests; (v) on behalf of the Fund, dealing with and replying to all correspondence and other communications addressed to the Fund in relation to the repurchase or transfer of Units; (vi) complying with applicable anti-money laundering regulations; and (vii) performing all other incidental services necessary to its duties under the Administrative Agency Agreement.

Pursuant to the Administrative Agency Agreement, the Administrator shall not be held accountable or liable for any losses, damages or expenses the Fund or any Unitholder or former Unitholder of the Fund or any other person may suffer or incur arising from acts, omissions, errors or delays of the Administrator in the performance of its obligations and duties under the Administrative Agency Agreement, including without limitation any error of judgment or mistake of law, except a damage, loss or expense directly resulting from the Administrator's willful misconduct, bad faith or negligence in the performance of its obligations and duties. The Administrator or the Trustee may terminate the Administrative Agency Agreement upon at least 75 days' written notice. Notwithstanding the foregoing, the Administrator or the Trustee may terminate the Administrative Agency Agreement at any time upon 30 days written notice in the event that any party thereto is adjudged bankrupt or insolvent, or there shall be commenced against such party a case under any applicable bankruptcy, insolvency or other similar law.

### **Custodian**

The Trustee has appointed Brown Brothers Harriman & Co. as Custodian to the Fund. Brown Brothers Harriman & Co. is a full-service financial institution that offers a full array of custody, multi-currency accounting and cash management capabilities for servicing financial assets worldwide, including treasury centers in the United States, Europe and the Pacific Basin. The Custodian will maintain a separate account for and hold title to all assets of the Fund that are delivered to and maintained by the Custodian in accordance with the provisions of the Custodian Agreement.

The Custodian is a "qualified custodian" within the meaning of Rule 206(4)-2(d)(6) under the U.S. Investment Advisers Act of 1940, as amended (the "**Advisers Act**") and will, under the Custodian Agreement, furnish the Trustee and the Unitholders with quarterly account statements identifying the amount of funds and of each security in the custody of the Custodian at the end of each quarter and setting forth all transactions during that period. To safeguard the interests of the Unitholders, all monies received by the Fund from the sale of Units or otherwise are maintained in an account at Brown Brothers Harriman & Co. and may be released from such account only to purchase investments, satisfy repurchase or payment requests by the Unitholders, pay the Fund's expenses or make other authorized payments. Pursuant to the Custodian Agreement, assets and securities of the Fund may also be held by sub-custodians. In addition, the Custodian may appoint and remove agents (including affiliates and/or third parties) to carry out some or all of the administrative provisions of the Custodian Agreement, provided that such appointment will not relieve the Custodian of such administrative obligations.

The Custodian will receive subscription proceeds and is responsible for satisfying repurchase requests as directed by the Trustee or its duly appointed agent.

Subject to the terms of the Custodian Agreement, the Custodian may perform its duties under the Custodian Agreement only on receipt of proper instructions from the Trustee or its duly appointed agents. The Custodian Agreement provides that the Custodian shall be liable for any direct damage incurred by the Trustee in respect of the Fund in consequence of the Custodian's negligence, bad faith or willful misconduct. Either party may terminate the Custodian Agreement upon at least 75 days' written notice. Notwithstanding the foregoing, either party may terminate the Custodian Agreement at any time upon 30 days written notice to the other party in the event that either party is adjudged bankrupt or insolvent, or there shall be commenced against such party a case under any applicable bankruptcy, insolvency or other similar law.

## **Investment Manager**

The Trustee has appointed AllianceBernstein L.P. as investment manager in respect of the Fund pursuant to the Investment Management Agreement (as amended and supplemented from time to time) and has full discretionary investment authority in respect of the Fund.

AllianceBernstein L.P., a Delaware limited partnership and an investment adviser registered with the Securities and Exchange Commission, is a leading global investment management firm supervising client accounts with assets totalling approximately \$535 billion as of 30 September 2017. AllianceBernstein L.P. provides management services for many of the largest U.S. public and private employee benefit plans, endowments, foundations, public employee retirement funds, banks, insurance companies and high net worth individuals worldwide. AllianceBernstein L.P. also is a mutual fund sponsor with a diverse family of portfolios distributed globally.

The following persons are responsible for the management of the Fund's portfolio:

### **Ashish Shah**

*Head—Fixed Income; Chief Investment Officer—Global Credit*

Ashish Shah is Chief Investment Officer of Global Credit and Head of Fixed Income for AB. He is also a Partner of the firm. As CIO of Global Credit, Shah oversees all of AB's credit-related strategies, including all global and regional investment-grade and high-yield strategies. In this capacity, he leads AB's internal Credit Research Review Committee, the primary investment policy and decision-making committee for all credit-related portfolios managed by AB. As Head of Fixed Income, Shah is responsible for the management and strategic growth of the overall business. He is the author of several published papers and blogs, including those highlighting high-yield bonds as attractive substitutes for equities (June 2015), concerns around the bank loan market (November 2013) and the dangers in reaching for yield in the high-yield market (August 2013). Shah joined AB in 2010 as the firm's head of Global Credit. Prior to that, he was a managing director and head of Global Credit Strategy at Barclays Capital (2008–2010), where he was responsible for the High Grade, High Yield, Structured Credit and Municipal Strategy groups and the Special Situations Research team. From 2003 to 2008, Shah was the head of Credit Strategy at Lehman Brothers, leading the Structured Credit/CDO and Credit Strategy groups and covering the cash bond, credit derivatives and CDO product areas for global credit investors.

He holds a BS in economics from the Wharton School of the University of Pennsylvania.

### **Shamaila Khan**

*Director—Emerging Market Debt*

Shamaila Khan is a Director of AB's Emerging Market Debt strategies. In January 2017, she was named a Director of Emerging Market Debt, expanding her influence on our Emerging Market Debt team to include the management and oversight of our hard- and local-currency emerging-market sovereign-debt strategies. Khan joined AB in 2011 as a senior vice president and portfolio manager, focusing on emerging-market corporate and quasi-sovereign issuers across all of AB's emerging-market debt and credit strategies. She has been actively managing and evaluating corporate and sovereign emerging-market debt issuance since 1997. Prior to joining AB, Khan served as managing director of emerging-market debt for TIAA-CREF. She has participated in many emerging-market panels and discussions worldwide, including Fitch's Annual Emerging Markets Outlook Conference, the Bank of America Merrill Lynch Emerging Markets Conference and Debtwire Emerging Markets Investors Summit.

Khan holds a BBA from Quaid-i-Azam University, Pakistan, and an MBA (with honors) from New York University's Leonard N. Stern School of Business.



The Investment Manager will serve as the discretionary investment manager to the Fund pursuant to the Investment Management Agreement. Any change in the identity of the investment manager requires the prior approval of the Unitholders by Unitholders' Resolution and the prior written approval of the Trustee pursuant to the Trust Deed.

The Investment Manager will be indemnified solely out of the assets of the Fund against all actions, costs, claims, damages, expenses or demands made against the Investment Manager save in respect of any action, cost, claim, damage, expense or demand which results from any act or omission occasioned directly by its breach of the Investment Management Agreement, violation of its fiduciary duty, willful misconduct, fraud or negligence by the Investment Manager or its delegates.

The Investment Management Agreement may be terminated by the Trustee or the Investment Manager upon at least 30 days' prior written notice to the other party or immediately in the event of the liquidation of either party, except a voluntary liquidation for the purpose of the reconstruction or amalgamation of such party; if the other party shall commit a material breach; or if any of the parties lose any necessary regulatory or other authorizations required to carry out its functions under the Investment Management Agreement.

### **Class Actions Services Agent**

The Trustee has appointed Brown Brothers Harriman & Co. to provide certain class action services to the Fund pursuant to the terms of a Class Actions Services Agreement entered into between the Trustee and the Class Actions Services Agent in respect of the Fund, as amended from time to time.

Under the Class Actions Services Agreement, Brown Brothers Harriman & Co.'s agent, Financial Recovery Technologies, LLC ("**FRT**") will file claims for all securities litigation cases settled in the United States and Canada. Additionally, FRT will provide, during the term of the Class Actions Services Agreement, exclusive, automatic filing for securities claims outside of the United States and Canada which:

1. involve current or future claim submission processes;
2. do not include a risk of adverse-party cost shifting or any out-of-pocket expense (except on a 'no win, no fee' basis);
3. do not obligate a client to serve as an active litigant or as a lead or representative member of the litigation;
4. are organized by entities that will not jeopardize any of the above criteria, as determined by FRT; and
5. are organized in jurisdictions in which none of the above criteria are jeopardized, as determined by FRT.

These will include but are not limited to (a) Australian securities class actions, open or closed; (b) Dutch Foundations if the Trustee on behalf of the Fund decides not to pursue direct action; (c) overseas regulatory compensation schemes or similar recovery funds; and (d) liquidation proceedings for securities fraud or similar investor claims.

### **The Auditors**

PricewaterhouseCoopers, Cayman Islands offices have been appointed as Auditors of the Fund.

The Fund will apply the generally accepted accounting principles in the United States (U.S. GAAP).

## **FEES AND EXPENSES**

Under the Trust Deed, the Trustee is entitled to pay, or authorize its agents to pay, out of the assets of the Fund: (i) such amounts as it determines proper to persons (including without limitation affiliates of the Trustee or Investment Manager) who render services in connection with the establishment, organization and structuring and on-going operations of the Fund and the Trustee shall be entitled to reimburse itself from the Fund for any advances made in connection therewith; and (ii) commission, finders fees, management consultancy fees or similar payments as it determines proper and as may be agreed in writing in advance to persons who introduce potential investments to the Trustee.

Organizational expenses relating to the legal costs of establishing the Trust and the Fund will be allocated equitably and paid out of the assets of the Trust and the relevant Series Trusts, including the Fund.

Under the Trust Deed, the Trustee is also entitled to receive from the Fund such commission, placement fee, finders fees or other fees or similar payment as disclosed herein.

The Trustee and/or the Investment Manager may also be entitled to enter into such arrangements where investments which comprise shares or securities to a company are acquired on behalf of the Trustee, and that company or any subsidiary pays such commission, finders fees or similar payments to any person involved in that acquisition and enters into such arrangement to receive management consultancy or similar services in return for the payment of management consultancy or similar fees to any person of such amount as the Trustee shall agree.

There are on-going operating expenses of the Fund which will be paid out of the assets of the Fund, including those for registration and legal services.

### **Trustee**

The Trustee will receive usual and customary fees and expenses from the assets of the Fund.

### **Investment Manager**

The Investment Manager will receive fees and expenses from the assets of the Fund as set forth in the Investment Management Agreement which is available to Unitholders upon request.

### **Administrator**

The Administrator will receive fees and expenses from the assets of the Fund as set forth in a separate fee schedule which is available to Unitholders upon request.

### **Custodian**

The Custodian will receive fees and expenses from the assets of the Fund as set forth in a separate fee schedule which is available to Unitholder upon request.

### **Class Actions Services**

Brown Brothers Harriman & Co. will receive fees and expenses from the assets of the Fund for class actions services as set forth in a separate fee schedule in the Class Actions Services Agreement which is available to Unitholders upon request

**Auditors**

The Auditors will receive fees and expenses from the assets of the Fund in accordance with their terms of engagement.

## DETERMINATION OF NET ASSET VALUE

The Net Asset Value of each Unit of the Fund will be calculated by dividing the Net Asset Value of the Fund ("Net Asset Value" being the value of its total assets minus its liabilities including accrued fees and expenses) by the total number of Units of the Fund then outstanding. The Trustee will compute the Net Asset Value of the Fund at the close of business on each Dealing Day. The value of each investment will be based on a determination by the Trustee as to the broadest and most representative market for such investment. Any investment for which the primary market is on a securities exchange or an organized over-the-counter market, will be valued at the discretion of the Trustee at either the last sale price or at the quoted bid price by one or more market makers. For purposes of ascertaining the said values, the Trustee may employ automated processes that rely upon reasonable commercial sources for such values as S&P, Bloomberg and the like. Investments or other assets for which market quotations are not readily available will be valued at their fair value as determined in good faith in accordance with advice from the Investment Manager of the Fund.

The price of Units shall, for all purposes, be calculated and paid in the currency in which the Fund is denominated.

The Trustee has delegated responsibility for calculation of the Net Asset Value to the Administrator. The Net Asset Value will accordingly be certified by an authorized officer or representative of the Administrator and any such certification shall be conclusive, except in the case of manifest error.

The Net Asset Value of the Fund shall be available at the offices of the Administrator each Dealing Day following the initial offering period for Units in the Fund.

The determination of Net Asset Value and the Fund's issuance of Units and the right of any person to tender Units for repurchase may be suspended during the following circumstances:

- (a) any period when any market or stock exchange which is the principal market or stock exchange on which a material part of the Fund's investments for the time being are quoted, is closed, otherwise than for ordinary holidays or during which dealings are substantially restricted or suspended; or
- (b) the existence of any state of affairs which constitutes an emergency as a result of which disposal of investments of the Fund by or on behalf of the Trustee would be impracticable; or
- (c) any breakdown in the means of communication normally employed in determining the price of any of the Fund's investments or the current price on any market or stock exchange; or
- (d) any period when remittance of money which will or may be involved in the realization of, or in the payment of, any of the Fund's investments is not reasonably possible; or
- (e) upon the occurrence of any event causing the Fund to liquidate substantially (as determined in the discretion of the Trustee) or terminate upon the order of a Cayman Islands authority.

All Unitholders will be notified in writing of any such suspension within 7 days of any such suspension and will be promptly notified upon termination of such suspension.

## THE UNITS AND TRUST DEED

Each Unit will represent an undivided beneficial interest in the Fund.

The Register of Unitholders will be conclusive evidence of ownership of a Unit. The Trustee will not issue certificates.

The Trustee may create Classes of Units of the Fund without the consent of existing Unitholders.

Unitholders will receive a monthly statement of their beneficial holdings in the Fund.

### Eligible Investors

Units shall only be issued to or for the benefit of an Eligible Investor, and an initial Unitholder shall be the sole Unitholder unless otherwise agreed by such Unitholder, the Trustee and the Investment Manager. The Trustee may reject any subscription for any reason and without providing reasons.

An "Eligible Investor" shall be a Japanese investment trust organized under the law concerning Investment Trust and Investment Company of Japan, a Japanese specified money trust a settlor of which is a Japanese institutional investor, or any other institutional investor as may be agreed from time to time by the Trustee, Unitholder and Investment Manager other than (i) citizens and residents of the United States, its territories, commonwealth or possessions, or (ii) any corporation, partnership, trust or other entity organized or existing in or under the laws of the United States or any state thereof, except an investor with respect to which Units shall be issued, transferred to, or registered in favor of, in compliance with the securities law of the United States or the relevant states thereof, or (iii) any person resident or domiciled (excluding an exempted or ordinary non-resident company incorporated in the Cayman Islands) in the Cayman Islands.

### Initial Subscription for Units

The purchase of a Unit by a Unitholder on its own account will result in the Unitholder having an undivided beneficial interest in the assets of the Fund. Joint Unitholders will have a corresponding joint interest.

The Subscription Price of Units for the initial Subscription Date offered hereby is JPY 10,000 per Unit. No minimum initial subscription shall be less than US\$100,000 or the equivalent in any other currency. All Unitholders must complete a Subscription Application.

The first Subscription Date is anticipated to be on or around 25 January 2018 or such other date as the Trustee may determine. All payments for the Units shall be made in Japanese Yen. The Trustee may reject any subscription for any reason and without providing reasons.

The Trustee or its duly designated agent must receive the completed Subscription Application by electronic transmission on or prior to 12:00 p.m. Eastern Time in the United States of America on the initial Subscription Date or such other time as the Trustee may determine, with the original to follow.

The subscription amount for the Units must be received by the Trustee or its duly designated agent on or prior to 12:00 p.m. Eastern Time in the United States of America on the initial Subscription Date or such other deadline as the Trustee may determine.

Subscription Applications are irrevocable unless the Trustee determines otherwise. Any Subscription Application received after the applicable deadline will be treated as a request to purchase Units on the next Subscription Date.

The Trustee will inform Unitholders of the number of Units they are issued as soon as practicable following the initial Subscription Date.

All Unitholders will be required to comply with such anti-money laundering procedures as are required by the Proceeds of Crime Law (as amended) of the Cayman Islands.

The Trustee, the Investment Manager, the Administrator, the Custodian and their delegates shall be held harmless and shall be indemnified by all Unitholders against any loss arising from the failure by any Unitholder or Unitholders to make payments for the subscription for Units in accordance with the Prospectus and the subscription agreement.

### **Subsequent Subscriptions for Units**

After the initial issue of Units, an Eligible Investor may subscribe for Units on any subsequent Subscription Date at the relevant Subscription Price. The minimum subsequent subscription shall be JPY 10,000. All Unitholders must complete a Subscription Application and orders may be placed for a specified subscription amount or number of Units.

The Trustee or its duly designated agent must receive the completed Subscription Application by electronic transmission on or prior to 12:00 p.m. Eastern Time in the United States of America on the relevant Subscription Date or such other time as the Trustee may determine.

The Trustee or its duly designated agent must receive the subscription amount for the Units on or prior to 12:00 p.m. Eastern Time in the United States of America by no later than the third Business Day after the relevant Subscription Date or such other deadline as the Trustee may determine.

All payments for the Units shall be made in Japanese Yen. The Trustee may reject any subscription for any reason and without providing reasons.

Subscription Applications are irrevocable unless the Trustee determines otherwise. Any Subscription Application received after the applicable deadline will be treated as a request to purchase Units on the next Subscription Date.

The Trustee will inform Unitholders of the number of Units they are issued as soon as practicable following the respective Subscription Date.

All Unitholders will be required to comply with such anti-money laundering procedures as are required by the Proceeds of Crime Law (as amended) of the Cayman Islands.

The Trustee, the Investment Manager, the Administrator, the Custodian and their delegates shall be held harmless and shall be indemnified by all Unitholders against any loss arising from the failure by any Unitholder or Unitholders to make payments for the subscription for Units in accordance with this Prospectus and the subscription agreement.

### **Conversion**

Units of any Class may be converted into Units of any other Class within the Fund by a repurchase of Units of the original Class and subscription for Units of the new Class in which event the procedures for repurchases and subscriptions set forth herein shall apply.

In the event that a Unitholder wishes to convert any part of its Units in the Fund into units of another Series Trust, so that it invests in another Series Trust instead of the Fund, it must apply to the Trustee who may approve the conversion on such conditions as it may determine, in consultation with the Investment Manager.

## **Transfer of Units**

Unitholders may transfer their holdings in Units only with the prior written consent of the Trustee which consent shall not be unreasonably withheld or delayed.

No transfer of Units will be effective and binding on the Trustee or Unitholder until entered into the Fund's Register of Unitholders.

All transferees will be required to comply with such anti-money laundering procedures as are required by the Trustee for the purposes of complying with the provisions of the Proceeds of Crime Law (as amended) of the Cayman Islands.

## **Repurchases**

Each Unitholder may submit to the Trustee or its duly designated agent a Repurchase Notice requesting to have all or a portion of its Units repurchased at the Repurchase Price on the relevant Repurchase Date. The Trustee or its duly authorized agent should receive the Repurchase Notice by electronic transmission on or prior to 12:00 p.m. Eastern Time in the United States of America on the applicable Repurchase Date or such other deadline as the Trustee may determine.

Repurchase Notices are irrevocable. Any Repurchase Notice received after the applicable deadline will be treated as a request to repurchase Units on the next Repurchase Date.

Remittances of repurchase proceeds (net of the costs of such remittance) will be effected by wire transfer in Japanese Yen, generally four Business Days following the applicable Repurchase Date (and without interest).

Amounts payable to the Unitholder in connection with the repurchase of Units of any Class will be paid in cash but may be made in kind (or partially in kind) by the distribution of securities held by the Trustee to the extent that the Trustee, in consultation with the Investment Manager, and with the consent of Unitholders by Unitholders' Resolution. If such a determination is made, distributions to all repurchasing Unitholders on the same day will be made on the same basis.

Payment may also be made in such other currency that may be freely purchased with such applicable currency as a Unitholder may request, provided that any foreign exchange cost shall be deducted from the amount payable to such Unitholder. No such repurchase proceeds will bear interest prior to actual distribution.

## **Compulsory Repurchases**

The Trustee may, by giving not less than 5 Business Days' prior written notice to a Unitholder, repurchase all or any portion of its Units for any reason at the then prevailing NAV per Unit less any expenses incurred by the Trustee or monies owed by such Unitholder.

## **Suspension of Subscriptions and Repurchases**

The issue and repurchase of Units and payments in respect of such transactions will be suspended in any circumstances where the calculation of the NAV per Unit is suspended.

The Trustee will inform Unitholders of such a suspension as soon as practicable after it is imposed or lifted. Subscription Applications and Repurchase Notices cannot be withdrawn during such suspension and will be processed for the next Subscription Date or Repurchase Date, as the case may be.

## Distribution Policy

The Trustee has delegated to the Investment Manager the authority to declare distributions to Unitholders. Distributions may be made out of the net investment income of the Fund for the period under review, provided that the Investment Manager may additionally pay distributions out of the net realized capital gains of the Fund if considered necessary to maintain a reasonable level of distributions for the Fund. Distributions may not be made out of initial capital invested by the Unitholders.

The Investment Manager accordingly intends (although it has no obligation) to declare quarterly distributions in the end of January, April, July and October of each year, or the next Business Day if such date is not a Business Day (each a "**Record Date**") starting on 30 April 2018.

The Investment Manager may change the distribution policy and distribute or cause to be distributed such amounts and with such frequency as may be determined by the Investment Manager from time to time in consultation with the Trustee and with the consent of Unitholders by Unitholders' Resolution.

Distributions will be paid to the person in whose name the Units are registered on the appropriate Record Date generally within 5 Business Days following the Ex-Date or such other date as determined by the Investment Manager.

There can be no assurances as to the frequency and amount, if any, of any distributions to Unitholders.



## **THE TRUST AND THE FUND**

### **Trust Structure**

The Fund is an open-ended unit trust established in the Cayman Islands. The Fund is governed under the Trusts Law (as amended) of the Cayman Islands and by the Trust Deed. The Trustee has delegated all investment management duties and responsibilities to the Investment Manager.

The Trust Deed is governed by the laws of the Cayman Islands. All Unitholders are entitled to the benefit of, are bound by and are deemed to have notice of, the provisions of the Trust Deed. In the event of any conflict between any of the provisions of this Prospectus and the Trust Deed, the provisions of the Trust Deed will prevail.

The Fund is a Series Trust of the Trust. The purchase of a Unit by a Unitholder on its own account will result in the Unitholder having an undivided beneficial interest in the assets of the Fund. (Joint Unitholders will have a corresponding joint beneficial interest).

The Trustee may create and issue Classes of Units of the Fund on such terms as the Trustee decides without the consent of the existing Unitholders. Additionally, the Trustee may create other Series Trusts without the consent of the existing Unitholders. The Trust is structured with the aim of segregating the assets and liabilities in respect of each Series Trust.

The prior authorization of the Unitholders may be required for a material change in the business or affairs of the Fund, any change to its structure that materially adversely affects the rights of existing Unitholders and certain other matters stipulated by Cayman Islands law.

In providing services to the Fund, none of the Trustee, the Administrator, the Investment Manager or the Custodian acts as guarantor or (except in the case of the Trustee) offeror of the Units.

### **Amendment of the Trust Deed**

The Trust Deed provides that the Trustee may amend the Trust Deed without the consent of the Unitholders provided such amendment is in the best interests of the Unitholders, provided no such amendment shall impose upon any Unitholder any obligation to make any further payment in respect of its Units or to accept liability in respect thereof. Any such amendment shall require the prior approval of a Unitholders' Resolution unless the Trustee determines in its reasonable judgment that the proposal does not materially adversely affect the interests of the Unitholders.

### **Change of Situs**

The Trust and the Fund are governed by Cayman Islands law, but if the Trustee determines that it would be in the best interests of the Unitholders to remove the Fund to some other jurisdiction then it may do so provided: (i) such other jurisdiction recognizes the existence of trusts and enforces the rights of beneficiaries under trusts and would grant the Trustee a valid discharge from its obligations; and (ii) a suitable and substantial trust company or institutional trustee incorporated or carrying on business in such other country or place and qualified under any applicable laws of such other country or place to act as trustee of the Fund, and approved by the Trustee will be appointed as Trustee. There is consequential power in the Trust Deed to make such alterations or additions as may be necessary or desirable to ensure that the Trust is as valid and effective under the laws of the new jurisdiction as under the laws of the Cayman Islands.

### **Termination of the Fund**

The Trust Deed provides that the Fund will terminate on the earlier of any of the following events:

1. if it becomes illegal or, in the opinion of the Trustee, impractical or inadvisable or contrary to the interests of the Unitholders of the Fund either to continue the Fund or to remove it to another legal jurisdiction;
2. if the Unitholders by Unitholders' Resolution shall so determine;
3. upon the termination of the period which shall commence on the date of the Trust Deed and terminate 149 years after the date thereof; or
4. if the Trustee shall have given written notice of its intention to retire, or if the Trustee shall be placed in voluntary or involuntary liquidation, and neither the Trustee nor the Unitholders are able to appoint or procure the appointment of another party ready to accept the office of Trustee as a replacement for the Trustee within 270 days after the giving of such notice or placement in liquidation.

Upon the Fund being terminated, the Trustee will realize all Investments constituting a part of the Fund sufficient (together with any cash on current or deposit account) to repay all borrowings effected by the Trustee in respect of the Fund (together with interest thereon) and (to the extent not otherwise paid out of the assets of the Fund by the Investment Manager or another relevant third party) to meet all costs, charges, expenses, and demands detailed in the Trust Deed. Such realization, and any repayment of borrowings, shall be carried out and completed in such manner and within such period after the termination of the Fund as the Trustee determines.

Following any such realization the Trustee shall from time to time and at such time or times as it shall deem convenient and subject to the matters set out in the paragraph above and in the Trust Deed, distribute to the Unitholders pro rata to the number of Units held or deemed to be held by them respectively in such amount or amounts as the Trustee shall determine all net cash proceeds derived from the realization of the Investments of the Fund and any other cash then forming part thereof and available for the purpose of such distribution.

The Trustee may also in its discretion, upon the advice of the Investment Manager, satisfy the payment to Unitholders of the net proceeds of realization of the Fund in whole or in part by an in specie distribution of assets comprised within the trust fund of the Fund. The Trustee shall distribute all monies standing to the credit of but previously undistributed from the Distributions Payable Account of the Fund. The Trustee will be discharged from all further liability in connection with any proceeds of realization which remain unclaimed by Unitholders for a period of 6 years from the date of completion of the realization of the trust fund of the Fund.

To the extent not otherwise paid by the Investment Manager or another third party out of the assets of the Fund, the Trustee shall be entitled to retain out of the trust fund full provision for all Duties and Charges, Expenses and other costs, charges, fees, expenses, claims and demands incurred, made or apprehended by the Trustee in connection with or arising out of the termination of the Fund.

## **Unitholders Generally**

A Unitholder as determined by reference to the Register of Unitholders shall be the only person recognized by the Trustee as having any right, title or interest in or to a Unit provided that the Trustee shall in its determination be entitled to consider at any time whether Units are held by or for the benefit of an Eligible Investor. The Trustee shall be entitled to recognize the Unitholder recorded on the Register of Unitholders as the absolute owner of such Units and shall not be bound by or compelled in any way to recognize (even when having actual or constructive notice thereof and notwithstanding any enquiries which the Trustee shall be required to make or shall have made concerning the beneficial ownership of Units registered or to be registered in the name of a nominee) any equitable, contingent, future or partial interest in any Units except as required by law or by order of a court of competent jurisdiction.

## **UNITHOLDERS' VOTING RIGHTS**

The Trust Deed provides that the vote of Unitholders may be required in certain circumstances, including:

1. any change in the identity of the Investment Manager;
2. any change in fees payable to the Investment Manager which will or may result in an increase in such fees payable to the Investment Manager;
3. any change in the investment restrictions and policies and investment objective of the Fund;
4. any change in the distribution policy of the Fund or of any Class;
5. to appoint a successor Trustee in the event that the Trustee having given written notice of retirement is unable to locate and appoint a successor trustee within 60 days of the date of the service of such notice; and
6. the amendment, modification, alteration of or addition to the Trust Deed unless the Trustee determines in its reasonable judgment that the proposal does not materially adversely affect the interests of the Unitholders.

In such circumstances, a Unitholders' Resolution shall be passed either by vote at a meeting by the holders who are registered as Unitholders on the record date for the meeting of a majority of the issued Units or consented to in writing by the holders of a majority of the issued Units.

## **ADDITIONAL CONSIDERATIONS**

### **Taxation**

It is the responsibility of all prospective investors to inform themselves as to any tax consequences arising from an investment in the Fund, the Fund's operations or management, as well as any foreign exchange or other fiscal or legal restrictions, which are relevant to their particular circumstances in connection with the acquisition, holding or disposition of Units. Prospective investors should seek their own separate tax advice in relation to their holdings of Units and accordingly, the Trustee, the Investment Manager and the Custodian do not accept any responsibility for the taxation consequences of any investment in the Fund by an investor.

There is, at present, no direct taxation in the Cayman Islands and interest and gains payable to the Fund will be received free of all Cayman Islands taxes. The Trust is registered as an exempted trust pursuant to Section 74 of the Trusts Law (as amended) of the Cayman Islands. The Trustee received an undertaking from the Governor in Cabinet of the Cayman Islands to the effect that, for a period of 50 years from the creation of the Trust, no law that thereafter is enacted in the Cayman Islands imposing any tax or duty to be levied on profits, income or on gains or appreciation, or any tax in the nature of estate duty or inheritance tax, will apply to any property comprised in or any income arising under the Trust, or to the Unitholders thereof, in respect of any such property or income.

### **Certain Japanese Tax Considerations**

Prospective Unitholders should consult their independent tax advisers regarding the tax laws and regulations of Japan which may be applicable to their investments in the Fund. By subscribing for Units, each prospective Unitholder acknowledges and agrees that it has obtained its own tax advice with respect to matters of Japanese taxation and none of the Fund, the Trustee, the Investment Manager or any of their respective designees has provided legal or tax advice to prospective Unitholders with respect to the tax laws and regulations of Japan.

### **Certain United States Tax Considerations**

#### *Investors' Reliance on U.S. Federal Tax Advice in this Prospectus*

The discussion contained in this Prospectus as to U.S. federal tax considerations is not intended or written to be used, and cannot be used, for the purpose of avoiding penalties. Such discussion is written to support the promotion or marketing of the transactions or matters addressed in this Prospectus. Each taxpayer should seek U.S. federal tax advice based on the taxpayer's particular circumstances from an independent tax adviser.

The following discussion is a general summary of certain U.S. federal tax consequences that may result to the Fund and its Unitholders in connection with their investment in the Trust. The discussion does not purport to deal with all of the U.S. federal income tax consequences applicable to the Fund or to all categories of investors, some of whom may be subject to special rules. In particular, because U.S. persons, as defined for U.S. federal income tax purposes (referred to herein as "U.S. Taxpayers" and defined below) generally will not be accepted as Unitholders, the discussion does not address the U.S. federal tax consequences to such investors of an investment in Units. Such investors should consult their own tax advisers.

The following discussion is based on laws and regulations currently in effect, which may change retroactively or prospectively. The discussion assumes that the Fund will not hold any interests (other than as a creditor) in any "United States real property holding corporations" as defined in the U.S. Internal Revenue Code of 1986, as amended (the "Code"). Furthermore, the discussion assumes that no U.S. Taxpayer will own directly or indirectly, or will be considered as owning by application of certain tax law rules of constructive ownership, any Units. Investors should consult their own tax advisers regarding the tax consequences to them of an investment in the Fund under applicable U.S. federal, state, local and non-U.S. income tax laws as well as with respect to any special gift, estate and inheritance tax issues in light of their particular circumstances.

As used herein, the term "**U.S. Taxpayer**" means: a U.S. citizen or resident alien of the United States (as defined for U.S. federal income tax purposes); any entity treated as a partnership or corporation for U.S. tax purposes that is created or organized in, or under the laws of, the United States or any State thereof (including the District of Columbia); any other partnership that is treated as a U.S. Taxpayer under U.S. Treasury Department regulations; any estate, the income of which is subject to U.S. income taxation regardless of source; and any trust over whose administration a court within the United States has primary supervision and all substantial decisions of which are under the control of one or more U.S. fiduciaries. Persons who have lost their U.S. citizenship and who live outside the United States may nonetheless, in some circumstances, be treated as U.S. Taxpayers.

The following discussion assumes that the Fund will be treated as a separate corporation for U.S. federal income tax purposes. The law in this area is uncertain. Thus, it is possible that the U.S. Internal Revenue Service could take a contrary view, treating the Trust (including each fund thereof) as a single entity for U.S. federal income tax purposes.

#### *Taxation of the Fund*

The Fund generally intends to conduct its affairs so that it will not be deemed to be engaged in trade or business in the United States and, therefore, none of its income will be treated as "effectively connected" with a U.S. trade or business carried on by the Fund. If none of the Fund's income is effectively connected with a U.S. trade or business carried on by the Fund, certain categories of income, including dividends (and certain substitute dividends and other dividend equivalent payments) and certain types of interest income, derived by the Fund from U.S. sources will be subject to a U.S. tax of thirty percent, which tax is generally withheld from such income. Certain other categories of income, generally including capital gains (including those derived from the use of derivative instruments) and interest on certain portfolio debt obligations (which may include United States Government securities), original issue discount obligations having an original maturity of one hundred and eighty three days or less, and certificates of deposit will not be subject to this thirty percent tax. If, on the other hand, the Fund derives income which is effectively connected with a U.S. trade or business carried on by the Fund, such income will be subject to U.S. federal income tax at the graduated rates applicable to U.S. domestic corporations, and the Fund may also be subject to a branch profits tax.

As stated above, the Fund generally intends to conduct its activities so as to avoid being treated as engaged in a trade or business in the United States for U.S. federal income tax purposes. Specifically, the Fund intends to qualify for safe harbors in the Code, pursuant to which the Fund will not be treated as engaged in such a business if its activities are limited to trading in stocks and securities or commodities for its own account. To qualify for the commodities safe harbor, the commodities must be of a kind customarily dealt in on an organized commodity exchange, and the transaction must be of a kind customarily consummated at such place. These safe harbors apply regardless of whether the trading is done by the Fund or a resident broker, commission agent, custodian or other agent, or whether such agent has discretionary authority to make decisions in effecting the transactions. These safe harbors do not apply to a dealer in stocks, securities or commodities; the Fund does not intend to be such a dealer.

It should be noted, however, that only limited guidance, including proposed regulations that have yet to be finalized, exists with respect to the tax treatment of non-U.S. persons who effect transactions in securities and commodities derivative positions for their own account within the United States. Future guidance may cause the Fund to alter the manner in which it engages in such activity within the United States.

Notwithstanding the foregoing, the Fund could be deemed to be engaged in a trade or business by reason of engaging in certain lending activities. The Fund intends to structure its loan investments, including investments in delayed funding loans and revolving credit facilities so as to minimise this possibility. Nevertheless, there can be no assurance that the Fund will not be deemed to be engaged in a U.S. trade or business in any given taxable year.

The treatment of credit default swaps and certain other swap agreements as "notional principal contracts" for U.S. federal income tax purposes is uncertain. Were the U.S. Internal Revenue Service to take the position that a credit default swap or other swap is not a "notional principal contract" for U.S. federal income tax purposes, payments received by the Fund from such investments might be subject to U.S. excise or income taxes.

In addition, given the relatively recent introduction of insurance-based and catastrophe securities and related derivative instruments into the marketplace, there can be no absolute assurance that such instruments would qualify as securities, the income and gain from which is not subject to U.S. federal income taxation.

Developments in the U.S. tax laws relating to the tax treatment of commodity-linked swaps, structured notes and other instruments may cause the Fund to alter the manner in which it gains commodity exposure.

#### *Taxation of Unitholders*

The U.S. tax consequences to Unitholders of distributions from the Fund and of dispositions of Units generally depends on the Unitholder's particular circumstances, including whether the Unitholder conducts a trade or business within the United States or is otherwise taxable as a U.S. Taxpayer.

U.S. Taxpayers will be required to furnish the Fund with a properly executed IRS Form W-9; all other Unitholders will be required to furnish an appropriate, properly executed IRS Form W-8, as necessary. Amounts paid to a U.S. Taxpayer as dividends from the Fund, or as gross proceeds from a repurchase of Units, generally will be reported to the U.S. Taxpayer and the U.S. Internal Revenue Service on an IRS Form 1099 (except as otherwise noted below). Failure to provide an appropriate and properly executed IRS Form W-8, as necessary (in the case of Unitholders who are not U.S. Taxpayers) or IRS Form W-9 (for U.S. Taxpayers), may subject a Unitholder to backup withholding tax. Backup withholding is not an additional tax. Any amounts withheld may be credited against a Unitholder's U.S. federal income tax liability.

Tax-exempt entities, corporations, non-U.S. Taxpayers and certain other categories of Unitholders generally will not be subject to reporting on IRS Form 1099 or backup withholding, if such Unitholders furnish the Fund with an appropriate and properly executed IRS Form W-8 or IRS Form W-9, as necessary, certifying as to their exempt status.

Unitholders will be required to provide such additional information as the Fund may from time to time request. Failure to provide requested information may subject a Unitholder to liability for any resulting U.S. withholding taxes or information reporting or mandatory repurchase of the Unitholder's Units.

#### *U.S. State and Local Tax Considerations*

In addition to the U.S. federal income tax consequences described above, investors should consider potential U.S. state and local tax consequences of an investment in the Fund. U.S. state and local tax laws

often differ from U.S. federal income tax laws. Investors should seek U.S. state and local tax advice based on the investor's particular circumstances from an independent tax adviser.

#### *Beneficial Ownership Reporting and Withholding on Certain Payments*

Under legislation enacted in 2010, US FATCA (as defined below), a generally non-refundable U.S. withholding tax of 30% will be imposed on (a) certain U.S. source payments (including interest and dividends) after June 30, 2014, (b) gross proceeds from the disposition of U.S. equity or debt investments realized after December 31, 2018 (each of (a) and (b), "withholdable payments"), and (c) starting no earlier than January 1, 2019, certain payments made by certain foreign entities to the extent the payments are treated as attributable to withholdable payments, unless the Fund timely enters into an agreement ("**FFI agreement**") with the IRS or is subject to the intergovernmental agreement ("**IGA**") relating to US FATCA between the Cayman Islands and the United States (or other applicable IGA). (It is possible that this provision will be applied at the Trust level, rather than at the Fund level). An FFI agreement or the Cayman Islands IGA will require the Fund to report to the IRS or the relevant Cayman Islands (or other applicable) authorities, on an annual basis, the identity and certain other information about direct and indirect U.S. investors in the Fund. An investor that fails to provide the required information to the Fund (or, in the case of an investor that is a "foreign financial institution" for purposes of US FATCA, fails to itself enter into an FFI agreement with the IRS, comply with an applicable IGA or otherwise establish an exemption from US FATCA) might have its investment in the Fund terminated, could become subject to the 30% withholding tax with respect to its share of any such payments directly or indirectly attributable to U.S. investments of the Fund, and might suffer other adverse consequences.

#### *Cayman Islands - Automatic Exchange of Information Reporting (AEOI)*

"**AEOI**" means one or more of the following, as the context requires:

1. sections 1471 to 1474 of the US Internal Revenue Code of 1986 and any associated legislation, regulations or guidance, commonly referred to as the US Foreign Account Tax Compliance Act ("**US FATCA**"), the Common Reporting Standard ("**CRS**") issued by the Organisation for Economic Cooperation and Development OECD, or similar legislation, regulations or guidance enacted in any other jurisdiction which seeks to implement equivalent tax reporting and/or withholding tax regimes;
2. any intergovernmental agreement, treaty or any other arrangement between the Cayman Islands and the U.S. or any other jurisdiction (including between any government bodies in each relevant jurisdiction), entered into to facilitate, implement, comply with or supplement the legislation, regulations or guidance described in paragraph (1); and
3. any legislation, regulations or guidance implemented in the Cayman Islands to give effect to the matters outlined in the preceding paragraphs.

On 29 November 2013, the Cayman Islands government entered into an inter-governmental agreement with the US (the "**US IGA**") in connection with the implementation of US FATCA. The US IGA is intended to result in the automatic exchange of tax information under US FATCA. The two governments have also signed a Tax Information Exchange Agreement which outlines the legal channels through which tax information will automatically be exchanged.

On 4 July 2014, the Cayman Islands government issued the Tax Information Authority (International Tax Compliance) (United States of America) Regulations, 2014 (as amended) (the "**US FATCA Regulations**") to accompany the Tax Information Authority Law (as amended) (the "**TIA Law**"). The US FATCA Regulations implement the provisions of the US IGA. The US FATCA Regulations provide for the identification of and reporting on certain direct and indirect U.S. investors who are U.S. citizens, and impact the Fund and its investors.



Investors in the Fund will be required to provide identifying information to the Fund in order for the Fund to correctly classify the investor for the purposes of US FATCA, and should note that in the event an investor does not supply such information on request, such investor may be classified as a 'US Reportable Account' and information pertaining to such investor (and its holding in the Fund) may be passed to the Cayman Islands Tax Information Authority or its delegate (the "TIA"), who may then provide it to the United States Internal Revenue Service (the "IRS"). Each investor should also note that any information provided to the Fund which identifies its direct or indirect ownership of an interest in the Fund may be reported to the TIA and/or the IRS.

On 29 October 2014, the Cayman Islands along with 50 other jurisdictions signed a Multilateral Competent Authority Agreement to demonstrate its commitment to implement the CRS. Local regulations, which require extensive due diligence to be undertaken on new and pre-existing accounts, were enacted on 16 October 2015 and 14 December 2016 with reporting on such accounts commencing during 2017. More than 100 countries have since agreed to implement the CRS, which imposes similar reporting and other obligations as the US IGA with respect to investors who are tax resident in other signatory jurisdictions. The Fund will be required to report to the TIA on an annual basis with account information being disseminated by the TIA to tax authorities around the globe. The Cayman Islands government may also enter into additional agreements with other countries in the future, and additional countries may adopt CRS, which will likely further increase the reporting and/or withholding obligations of the Fund.

**Each Unitholder acknowledges that the Fund may take such action as it considers necessary in accordance with applicable law in relation to such Unitholder's holding or repurchase proceeds to ensure that any withholding tax payable by the Fund, and any related costs, interest, penalties and other losses and liabilities suffered by the Fund, the Administrator or any other investor, or any agent, delegate, employee, director, officer, manager, member or affiliate of any of the foregoing persons pursuant to AEOL, arising from such Unitholder's failure to provide the requested information to the Fund, is economically borne by such Unitholder.**

**Prospective investors should consult their own tax advisers regarding the possible implications of the AEOL legislations on their investments in the Fund.**

**The foregoing does not purport to be a complete analysis of all relevant tax rules and considerations, nor does it purport to be a complete listing of all potential tax risks inherent in purchasing, holding or disposing of Units of the Fund. Each Unitholder should consult its own professional advisers on the possible tax and other consequences of buying, holding, selling or repurchasing Units under the laws of the jurisdictions to which it is subject.**

### **Accounting for Uncertainty in Income Taxes**

The Financial Accounting Standards Board (FASB) and the International Accounting Standards Board (IASB) issued guidance applicable to funds that require greater tax disclosure. ASC 740 (formerly known as FASB Interpretation No. 48) applicable for funds that adopt U.S. GAAP and International Accounting Standard 12 applicable to funds that adopt IFRS set out a framework for the measurement and recognition of uncertain income tax positions contained in the financial statements. The application of these standards may require the Fund to accrue income taxes which could adversely affect the net asset value calculations. The consequence of such adverse impact could cause benefits or detriments to certain Unitholders, depending upon the timing of their entry and exit from the Fund.

### **Taxation Generally**

The Fund's income from some jurisdictions may be subject to withholding taxes on dividends, interest and, in some cases, capital gains, and such withholding taxes will vary from jurisdiction to jurisdiction.

**THE TAX AND OTHER MATTERS DESCRIBED IN THIS PROSPECTUS DO NOT CONSTITUTE, AND SHOULD NOT BE CONSIDERED AS, LEGAL OR TAX ADVICE TO PROSPECTIVE UNITHOLDERS.**

### **Anti-Money Laundering Regulations**

#### *Cayman Islands*

As part of the Fund's responsibility for the prevention of money laundering, the Trustee and the Administrator (including its affiliates, subsidiaries or associates) will require a detailed verification of the applicant's identity and the source of payment. Depending on the circumstances of each application, a detailed verification might not be required where:

- (a) the applicant is a relevant financial business required to comply with the Anti-Money Laundering Regulations (2017) or is a majority-owned subsidiary of such a business; or
- (b) the applicant is acting in the course of a business in relation to which a regulatory authority exercises regulatory functions **and** which is in a country listed by the Cayman Islands Anti-Money Laundering Steering Committee ("**Equivalent Country**") or is a majority-owned subsidiary of such an applicant; or
- (c) the applicant is a central or local government organization, statutory body or agency of government in the Cayman Islands or an Equivalent Country; or
- (d) the applicant is a company that is listed on a recognized stock exchange and subject to disclosure requirements which impose requirements to ensure adequate transparency of beneficial ownership, or is a majority-owned subsidiary of such a company; or
- (e) the applicant is a pension fund for a professional association, trade union or is acting on behalf of employees of an entity referred to in sub-paragraphs (a) to (d); or
- (f) the application is made through an intermediary which falls within one of sub-paragraphs (a) to (e). In this situation the Fund may rely on a written assurance from the intermediary which confirms that (i) the requisite identification and verification procedures on the applicant for business and its beneficial owners have been carried out; (ii) the nature and intended purpose of the business relationship; (iii) that the intermediary has identified the source of funds of the applicant for business; and (iv) that the intermediary shall make available copies of any identification and verification data or information and relevant documents.

Alternatively, if the subscription payment is remitted from an account (or joint account) held in the applicant's name at a bank in the Cayman Islands or a bank regulated in an Equivalent Country, a detailed verification might not be required at the time of subscription. In this situation the Fund may require evidence identifying the branch or office of the bank from which the monies have been transferred, verify that the account is in the name of the applicant and retain a written record of such details. However, a detailed verification will need to be carried out prior to any redemption.

The Fund and the Administrator reserve the right to request such information as is necessary to verify the identity of an applicant. In the event of delay or failure by the applicant to produce any information required for verification purposes, the Administrator will refuse to accept the application and the subscription monies relating thereto.

If any person who is resident in the Cayman Islands has a suspicion that a payment to the Fund (by way of subscription or otherwise) contains the proceeds of criminal conduct that person is required to report such suspicion pursuant to The Proceeds of Crime Law (as amended).

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

In addition, the Trustee, Administrator, Custodian, Investment Manager or their affiliates or delegates may from time to time be required or may, in their sole discretion, determine that it is advisable to disclose certain information about the Trust, the Fund or the Unitholders, including but not limited to investments held by the Fund and the names and level of beneficial ownership of Unitholders, to (i) regulatory or taxing authorities of certain jurisdictions, which have or assert jurisdiction over the disclosing party or in which the Fund directly or indirectly invests, or (ii) any counterparty of or service provider to the Trustee, Administrator, Custodian or Investment Manager. By virtue of entering into a Subscription Application, each Unitholder will have consented to any such disclosure relating to such Unitholder.

#### *Other Jurisdictions*

The Fund will comply with applicable U.S. anti-money laundering regulations. In addition, many jurisdictions are in the process of changing or creating anti-money laundering, embargo and trade sanctions, or similar laws, regulations, requirements (whether or not with force of law) or regulatory policies and many financial intermediaries are in the process of changing or creating responsive disclosure and compliance policies (collectively "**Requirements**") and the Fund could be requested or required to obtain certain assurances from applicants subscribing for units, disclose information pertaining to them to governmental, regulatory or other authorities or to financial intermediaries or engage in due diligence or take other related actions in the future. It is the Trustee's policy to comply with Requirements to which the Fund is or may become subject to and to interpret them broadly in favour of disclosure. Each applicant will be required to agree in the Subscription Application, and will be deemed to have agreed by reason of owning any units, that it will provide additional information or take such other actions as may be necessary or advisable for the Fund (in the sole judgment of the Trustee) to comply with any Requirements, related legal process or appropriate requests (whether formal or informal) or otherwise. Each applicant by executing the Subscription Application consents, and by owning units is deemed to have consented, to disclosure by the Trustee and its agents to relevant third parties of information pertaining to it in respect of Requirements or information requests related thereto. Failure to honour any such request may result in repurchase by the Fund or a forced sale to another investor of such applicant's units.

#### **Cayman Islands Mutual Funds Law**

The Trustee intends to register the Fund as a "mutual fund" in terms of the Mutual Funds Law (as amended) of the Cayman Islands (the "**Law**") and accordingly the Fund is or will be regulated in terms of the Law. As a regulated mutual fund the Fund is subject to the supervision of the Cayman Islands Monetary Authority (the "**Monetary Authority**"). The Trustee must file this Prospectus and any changes that materially affect any information in this document with the Monetary Authority. The Trustee must also file annually with the Monetary Authority accounts approved by an approved auditor, together with a return containing particulars specified by the Monetary Authority, within 6 months of its financial year end or within such extension of that period as the Monetary Authority may allow. A prescribed fee must also be paid annually.

The Monetary Authority may, at any time, instruct the Trustee to have the Fund's accounts audited and to submit them to the Monetary Authority within such time as the Monetary Authority specifies. In addition, the Monetary Authority may ask the Trustee to give the Monetary Authority such information or such explanation in respect of the Fund as the Monetary Authority may reasonably require to enable it to carry out its duty under applicable laws.

The Trustee must give the Monetary Authority access to or provide at any reasonable time all records relating to the Fund and the Monetary Authority may copy or take an extract of a record to which it is given access. Failure to comply with these requests by the Monetary Authority may result in substantial fines being imposed on the Trustee and may result in the Monetary Authority applying to the court to have the Fund wound up.

The Monetary Authority shall, whenever it considers it necessary, examine, including by way of on-site inspections or in such other manner as it may determine, the affairs or business of the Fund for the purpose of satisfying itself that the provisions of the Law and applicable anti-money laundering regulations are being complied with.

The Monetary Authority may take certain actions if it is satisfied that a regulated mutual fund is, or is likely to become, unable to meet its obligations as they fall due; is carrying on, or is attempting to carry on, business or is winding up its business voluntarily in a manner that is prejudicial to its investors or creditors; is not being managed in a fit and proper manner; or has persons appointed as a Trustee that are not fit and proper to hold the respective position.

The powers of the Monetary Authority include, *inter alia*, the power to require the substitution of the Trustee, to appoint a person to advise the Trustee on the proper conduct of its affairs or to appoint a person to assume control of the affairs of the Fund. There are other remedies available to the Monetary Authority including the ability to cancel the registration of the Fund and to apply to the court for approval of other actions.

### **Reports to Unitholders**

The NAV of the Fund shall be available at the offices of the Administrator on each Dealing Day.

Audited annual financial statements of the Fund will be sent to the Unitholders within 90 days (or as soon as reasonably practicable thereafter) of the Accounting Date, together with a report relating to the Units held by that Unitholder.

### **Further Information**

Additional requests for information regarding the Trust and the Fund will be furnished to the Unitholders at the discretion of the Trustee. Information provided to Unitholders may be provided by the Trustee to a third party if so directed by the Unitholder.

As the Fund serves as an underlying investment vehicle for subscription only by Japanese investment trust and/or institutional investors, portfolio holdings information will be made available on a daily basis to investment advisers and management companies to such Japanese investment trust and/or institutional investors who agree to maintain confidentiality in relation to the information.

The Trustee, the Investment Manager or their designees may share the Fund's non-public portfolio holdings information with sub-advisers, pricing services, proxy voting services and other service providers to the Fund who require access to such information in order to fulfil their contractual duties to the Fund. The Trustee, the Investment Manager or their designees may also disclose non-public information regarding the Fund's portfolio holdings information to certain mutual fund analysts and rating and tracking entities, such as Morningstar and Lipper Analytical Services, or other entities that appear to the Trustee to have a legitimate business purpose in receiving such information on a more frequent basis as applicable.

The Trustee and/or the Investment Manager may disclose information in relation to the Fund to third parties if required to disclose the same by law, regulation or legal proceeding in a court or pursuant to the request or requirement of a regulatory authority or self-regulatory authority of a relevant jurisdiction. The Investment Manager may also provide information regarding the Fund or its investments to its delegates whether affiliates or third parties under agreement for the confidentiality of client information, and may exchange information with the Fund's custodian or broker-dealers or other trading counterparties as necessary in conducting the business of the Fund. The Investment Manager shall have the right to disclose the track record and other performance or portfolio information of the Fund as a "separate account" or similar generic term, provided that such disclosure does not, without the prior written consent of the Trustee, identify the name of the Trustee, the Fund or any direct or indirect beneficial owner whose name has been provided to the Investment Manager.

### **Translations**

This Prospectus may be translated into other languages, but in the event of any inconsistency or ambiguity as to the meaning of any word or phrase in any such translation, the English text shall prevail, and all controversies as to the interpretation of this Prospectus and to the governance of the Trust and the Fund shall be determined by the laws of the Cayman Islands.

### **Fiscal Impositions**

The Trustee may pay out of the assets of the Fund any fiscal impositions becoming payable in any part of the world in respect of any assets or any Unitholder and may make or provide information for the purposes of any filings it is obliged by law to make with the revenue authorities of any country.

## **RISK FACTORS**

An investment in the Fund is speculative and involves a high degree of risk. As with any fund, there can be no guarantee that the Fund will meet its objectives or that the Fund's performance will be positive for any period of time. Accordingly, prospective investors should consider the following risk factors. These risk factors may not be a complete list of all risk factors associated with an investment in the Fund.

### **Market Risk and Selection Risk**

Market risk is the risk that one or more markets in which the Fund invests will go down in value, including the possibility that a market will go down sharply and unpredictably. Selection risk is the risk that the securities that Fund management selects will underperform the markets, the relevant indices or the securities selected by other funds with similar investment objectives and investment strategies.

### **Interest Rate Risk**

Interest rate risk is the risk that prices of fixed income securities generally increase when interest rates decline and decrease when interest rates increase. Prices of longer term securities generally change more in response to interest rate changes than prices of shorter term securities. The Fund may lose money if short-term or long-term interest rates rise sharply or otherwise change in a manner not anticipated by Fund management.

### **Credit Risk**

Credit risk is the risk that the issuer of a security will be unable to pay interest or repay the principal when due. Changes in an issuer's credit rating or the market's perception of an issuer's creditworthiness may also affect the value of the Fund's investment in that issuer. The degree of credit risk depends on both the financial condition of the issuer and the terms of the obligation.

### **Systemic Risk**

Credit risk may also arise through a default by one or several large institutions that are dependent on one another to meet their liquidity or operational needs, so that a default by one institution causes a series of defaults by the other institutions. This is sometimes referred to as a "systemic risk" and may adversely affect financial intermediaries, such as clearing agencies, clearing houses, banks, securities firms and exchanges, with which the Fund interacts on a daily basis.

### **Foreign Securities Risk**

Securities traded in foreign markets have often (though not always) performed differently from securities traded in the United States. However, such investments often involve special risks not present in U.S. investments that can increase the chances that the Fund will lose money. In particular, the Fund is subject to the risk that because there may be fewer investors on foreign exchanges and a smaller number of securities traded each day, it may be more difficult for the Fund to buy and sell securities on those exchanges. In addition, prices of foreign securities may go up and down more than prices of securities traded in the United States and/or in an investor's jurisdiction of domicile.

## **Foreign Economy Risk**

The economies of certain foreign markets may not compare favorably with the economy of the United States or an investor's jurisdiction of domicile with respect to such issues as growth of gross national product, reinvestment of capital, resources and balance of payments position. Certain foreign economies may rely heavily on particular industries or foreign capital and are more vulnerable to diplomatic developments, the imposition of economic sanctions against a particular country or countries, changes in international trading patterns, trade barriers and other protectionist or retaliatory measures. Investments in foreign markets may also be adversely affected by governmental actions such as the imposition of capital controls, nationalization of companies or industries, expropriation of assets or the imposition of punitive taxes. In addition, the governments of certain countries may prohibit or impose substantial restrictions on foreign investments in their capital markets or in certain industries. Any of these actions could severely affect securities prices or impair the Fund's ability to purchase or sell foreign securities or transfer the Fund's assets or income back into the jurisdiction of its domicile or to the jurisdiction in which its assets are custodied, or otherwise adversely affect the Fund's operations. Other potential foreign market risks include foreign exchange controls, difficulties in pricing securities, defaults on foreign government securities, difficulties in enforcing legal judgments in foreign courts and political and social instability. Legal remedies available to investors in certain foreign countries may be less extensive than those available in an investor's home jurisdiction.

## **Currency Risk**

Securities and other instruments in which the Fund invests may be denominated or quoted in currencies other than the Functional Currency. For this reason, changes in foreign currency exchange rates can affect the value of the Fund's portfolio. Generally, when the Functional Currency rises in value against another currency, a security denominated in that currency loses value because the currency is worth less giving effect to the conversion into the Functional Currency. Conversely, when the Functional Currency decreases in value against another currency, a security denominated in that currency gains value. This risk, generally known as "currency risk", means that a strong Functional Currency may reduce returns to investors while a weak Functional Currency may increase those returns.

Currency rates may fluctuate significantly over short periods of time for a number of reasons, including changes in interest rates, intervention (or the failure to intervene) by U.S. or other governments, central banks or supranational entities such as the International Monetary Fund, or by the imposition of currency controls or other political developments in the U.S. or abroad. As a result, the Fund's investments in foreign-currency instruments or denominated securities may reduce its returns. Certain of the positions taken by the Fund are designed to profit from forecasting currency price movements. Predicting future prices is inherently uncertain and the losses incurred, if the market moves against a position, may not be hedged. The speculative aspect of attempting to predict absolute price movements is generally perceived to exceed that involved in attempting to predict relative price fluctuations.

Through the use of various types of foreign currency transactions, the Fund may be exposed to the performance of a particular currency or currencies to hedge or contribute to the performance of the Fund. There can be no assurance that the Investment Manager will employ a successful currency program and the Fund could incur losses attributable to its currency activities when the value of the Functional Currency weakens against the other currencies of the Fund. In addition, the Fund will incur transaction costs in connection with the currency strategy designated by the Investment Manager.

## **Issuer Risk**

The value of a security may decline for a number of reasons which directly relate to the issuer, such as management performance, financial leverage and reduced demand for the issuer's goods or services.

## **Governmental Supervision and Regulation/Accounting Standards**

Many foreign governments do not supervise and regulate stock exchanges, brokers and the sale of securities to the same extent as in the United States or other parts of the world. Some countries may not have laws to protect investors comparable to the U.S. securities laws or other more developed bodies of securities and corporate law. For example, some foreign countries may have no laws or rules against insider trading. Insider trading occurs when a person buys or sells a company's securities based on material non-public information about that company. Accounting standards in other countries may also differ from generally accepted accounting principles in the United States (U.S. GAAP) or International Financial Reporting Standards (IFRS). If the accounting standards in another country do not require as much detail as the Fund's accounting method, it may be harder for Fund management to completely and accurately determine a company's financial condition.

## **Certain Risks of Holding Fund Assets in Various Jurisdictions**

The Fund generally may hold foreign securities and cash in foreign banks and securities depositories. Some foreign banks and securities depositories may be recently organized or new to the foreign custody business. In addition, there may be limited or no regulatory oversight of their operations. Also, the laws of certain countries limit the Fund's ability to recover its assets if a foreign bank, depository or issuer of a security, or any of their agents, goes bankrupt. In addition, it is often more expensive for the Fund to buy, sell and hold securities in certain foreign markets than in the United States or other jurisdictions where the Fund regularly invests. The increased expense of investing in foreign markets reduces the amount the Fund can earn on its investments and typically results in a higher operating expense ratio for the Fund than for investment companies invested only in the United States.

## **Settlement Risk**

Settlement and clearance procedures in certain foreign markets differ significantly from those in the United States, the European Union and Japan. Foreign settlement and clearance procedures and trade regulations also may involve certain risks (such as delays in payment for or delivery of securities) not typically associated with the settlement of U.S. investments. At times, settlements in certain foreign countries have not kept pace with the number of securities transactions. These problems may make it difficult for the Fund to carry out transactions. If the Fund cannot settle or is delayed in settling a purchase of securities, it may miss attractive investment opportunities and certain of its assets may be uninvested with no return earned thereon for some period. If the Fund cannot settle or is delayed in settling a sale of securities, it may lose money if the value of the security then declines or, if it has contracted to sell the security to another party, the Fund could be liable for any losses incurred.

## **Derivatives**

The Fund may use derivative instruments to hedge its investments. Derivatives allow the Fund to increase or decrease its risk exposure more quickly and efficiently than other types of instruments. Derivatives are volatile and involve significant risks, including:

- *Credit Risk* - the risk that the counterparty (the party on the other side of the transaction) on a derivative transaction will be unable to honor its financial obligation to the Fund.
- *Leverage Risk* - the risk associated with certain types of investments or trading strategies that relatively small market movements may result in large changes in the value of an investment. Certain investments or trading strategies that involve leverage can result in losses that greatly exceed the amount originally invested.
- *Liquidity Risk* - the risk that certain securities may be difficult or impossible to sell at the time that the seller would like or at the price that the seller believes the security is currently worth.



The Fund may use derivatives for hedging purposes, including anticipatory hedges. Hedging is a strategy in which the Fund uses a derivative to offset the risks associated with other Fund holdings. While hedging can reduce losses, it can also reduce or eliminate gains or cause losses if the market moves in a manner different from that anticipated by the Fund or if the cost of the derivative outweighs the benefit of the hedge. Hedging also involves the risk that changes in the value of the derivative will not match those of the holdings being hedged as expected by the Fund, in which case any losses on the holdings being hedged may not be reduced and may be increased. There can be no assurance that the Fund's hedging strategy will reduce risk or that hedging transactions will be either available or cost effective. The Fund is not required to use hedging and it may choose not to do so.

### **Futures Trading Risks**

The Fund may invest in futures and forwards, and such trading can quickly lead to large losses as well as gains. Such trading losses can sharply reduce the Net Asset Value of the Fund and consequently the value of an investor's Units. In addition, potential restrictions on redemption may affect an investor's ability to redeem from participation in the Fund. Further, the Fund may be subject to substantial charges for management, distribution, advisory and brokerage fees. The Fund will need to make substantial trading profits to avoid depletion or exhaustion of its assets over time.

Futures markets are highly volatile. To the extent the Fund engages in transactions in futures contracts, the profitability of the Fund will depend to some degree on the ability of the Investment Manager to analyze correctly the futures markets, which are influenced by, among other things, changing supply and demand relationships, governmental policies, commercial and trade programs, world political and economic events, and changes in interest rates. Moreover, investments in commodities futures involve additional risks including, without limitation, leverage and credit risk vis-à-vis the contract counterparty. Finally, the U.S. Commodity Futures Trading Commission (the "CFTC") and futures exchanges have established limits referred to as "speculative position limits" on the maximum net long or net short position which any person may hold or control in particular commodity contracts. All of the positions held by all accounts controlled by the Investment Manager, including the Fund's accounts, will be aggregated for the purposes of determining compliance with these position limits. It is possible that the trading instructions for the Fund may have to be modified and that positions held by the Fund may have to be liquidated in order to avoid exceeding such limits. Such modification or liquidation, if required, could adversely affect the operations and profitability of the Fund.

### **Emerging Markets**

Investing in emerging markets involves special risks not associated with investing in more established capital markets such as the United States, Western Europe and Japan, including risks attributable to fluctuations in foreign exchange rates, political, economic and diplomatic instability, hyperinflation, expropriation, different legal systems, limitations on the removal of funds or other assets of the Fund, exchange controls, confiscatory taxation or other governmental restrictions. Individual economies may differ substantially with respect to growth of gross national product, rates of inflation, capital reinvestment, resources, self-sufficiency and balance of payments position. An issuer of securities may be domiciled in a country other than the country in whose currency the instrument is denominated. The values and relative yields of investments in the securities markets of different countries, and their associated risks, are expected to change independently of each other. In addition, certain foreign investments may be subject to foreign withholding taxes or other taxes or changes in the rates or methods of taxation applicable to the Fund or to entities in which the Fund has invested.

Certain of the risks associated with international investments and investing in smaller capital markets are heightened for investments in emerging markets. For example, some emerging market currencies have experienced steady devaluations relative to the U.S. dollar, and major adjustments have been made in certain of such currencies periodically. In addition, governments of certain emerging markets have exercised and continue to exercise substantial influence over many aspects of the private sector. In certain cases, the government owns or controls many companies, including the largest in the country. Accordingly,

government actions in the future could have a significant effect on economic conditions in such countries, which could affect private sector companies and the value of securities in the Fund's portfolio.

Smaller capital markets with substantially less volume than capital markets of non-emerging markets are common in emerging markets and, therefore, the currencies and securities traded therein are generally less liquid and the prices of various financial instruments are generally more volatile than in non-emerging markets. The limited liquidity of these securities markets may also affect the Fund's ability to acquire or dispose of currencies or securities at the price and time it wishes to do so. In addition, currency and securities markets in emerging markets are susceptible to influence by large investors trading in significant volume or by large dispositions of positions resulting from failure to meet margin calls when due.

Brokerage commissions, custodial services and other costs relating to investment activities are generally more expensive in emerging markets than in non-emerging markets. Such markets have different clearance and settlement procedures, and settlements may lag, making it difficult to close securities transactions. Satisfactory custodial services may be unavailable and the Fund may experience additional costs and delays in transporting and maintaining custody of securities outside such countries. Inability to dispose of a portfolio security on a timely basis due to settlement problems could result in losses to the Fund.

Disclosure and regulatory standards in emerging markets are in many respects less stringent than those in other international securities markets, with a low level of monitoring and regulation of the market and market participants, and limited and uneven enforcement of existing regulations. Consequently, the prices at which the Fund may acquire investments may be affected by other market participants' anticipation of the Fund's investing and by trading by persons with material non-public information. There may be less publicly available information about an issuer in an emerging market than would be available in a non-emerging market, and the issuer may not be subject to accounting, auditing and financial reporting standards comparable to those of companies in non-emerging markets. Balance sheet and income statement data appearing in the financial statements of emerging markets issuers may not reflect the financial position or results of operations of such issuers in the same way as financial statements prepared in accordance with generally accepted accounting principles in the United States, Western Europe or Japan. Emerging markets issuers that operate in certain inflationary economies may be required to keep records according to inflation accounting rules that require that certain balance sheet assets and liabilities be restated annually in order to express such items in terms of currency of constant purchasing power. This process may indirectly generate losses or profits. In part as a result, traditional investment measurements, such as price/earnings ratios, may not be useful in certain emerging markets.

Some emerging markets prohibit or impose substantial restrictions on investments in their capital markets, particularly their equity markets, by foreign entities such as the Fund. Certain emerging markets require governmental approval prior to investment by foreign persons, limit the amount of such investment in a particular company or limit such investment to only a specific class of securities which may have less advantageous terms than securities available for purchase by nationals.

Substantial limitations may exist in certain emerging markets with respect to the ability to repatriate income, capital or the proceeds of sales of securities by foreign investors. In addition, if there is a deterioration in a country's balance of payments or for other reasons, an emerging market may impose restrictions on foreign capital remittances abroad. The Fund could be adversely affected by delays in, or a refusal to grant, any required governmental approval for repatriation of capital, as well as by the application to the Fund of any restrictions on investments.

Due to its emphasis on emerging markets, the Fund should be considered as a vehicle for diversification and not as a balanced investment program.

### **Sovereign Debt**

The Fund may invest in sovereign debt securities. These securities are issued or guaranteed by foreign government entities. These investments are subject to the risk that a governmental entity may delay or

refuse to pay interest or repay principal on its sovereign debt due, for example, to cash flow problems, insufficient foreign currency reserves, political considerations, the relative size of the governmental entity's debt position in relation to the economy or the failure to put in place economic reforms required by the International Monetary Fund or other multilateral agencies. If a government entity defaults, it may ask for more time in which to pay or for further loans. There is no legal process for collecting sovereign debts that a government does not pay nor are there bankruptcy proceedings through which all or part of the sovereign debt that a governmental entity has not repaid may be collected.

### **When Issued and Delayed Delivery Securities and Forward Commitments**

The Fund may purchase or sell securities that it is entitled to receive on a when issued basis. The Fund may also purchase or sell securities on a delayed delivery basis or through a forward commitment. When issued and delayed delivery securities and forward commitments involve the risk that the security the Fund buys will lose value prior to its delivery. There also is the risk that the security will not be issued or that the other party to the transaction will not meet its obligation. If this occurs, the Fund loses both the investment opportunity for the assets it set aside to pay for the security and any gain in the security's price.

### **Repurchase Agreement Risk**

The Fund may enter into repurchase agreements. Under a repurchase agreement, the seller agrees to repurchase a security at a mutually agreed-upon time and price. If the seller in a repurchase agreement transaction defaults on its obligation under the agreement, the Fund may suffer delays and incur costs or lose money in exercising its rights under the agreement.

### **Risk Management**

Generally, the Fund will seek to measure, monitor and control aggregate risk in the Fund's portfolio through the consistent use of mathematical models and other analytical tools and methodologies. Certain of these models, tools and methodologies are proprietary to the Investment Manager and its affiliates. There can be no assurance that the Investment Manager's measurement of the aggregate amount of risk assumed by the Fund will be accurate. The models, tools and methodologies used to measure risk do not take into account all contingencies which might affect the value of the Fund's assets, but rather take into account broad categories of risk, such as exposure to interest rates, volatility, credit spreads and mortgage prepayments. Mathematical models are designed to function within specified parameters set by their designers and operators and include assumptions with respect to the likelihood and relevance of the occurrence of certain events. Actual events may occur that earlier were determined by the designer or operator to be so remotely contingent that the risk they represent should be discounted to zero for purposes of the model. Similarly, movements in certain categories of risks may exceed the parameters contemplated by the model. Miscalibration by the Investment Manager of the parameters and assumptions built into the model may cause the model to fail to predict actual events. Consequently, monitoring or actions taken seeking to control risks may not be effective and losses could exceed the measure predicted by these models, tools, and methodologies.

### **Market Disruption and Geopolitical Risk**

Various social and political tensions have resulted in volatility in certain markets and may have long-term effects and create uncertainties in the U.S. and globally. The Investment Manager does not know how long the U.S. and global markets will continue to be affected by these events and cannot predict the impact of future events on the U.S. and global economies. Macroeconomic and microeconomic developments will tend to have a significant effect on the financial performance of the Fund and, war, terrorism, inflation, recessions, interest rates, competition, government action or inaction, developments of law and regulation and a variety of other facts and circumstances, may negatively affect the global economy and, consequently, an investment in the Fund. Given the foregoing risks, an investment in the Fund may not be appropriate for all investors. Prospective investors should carefully consider their abilities to assume these risks before making an investment in the Fund.

### **Absence of Operating History**

The Fund is newly established and does not have an operating history upon which investors may base an evaluation of its likely performance. The Fund's results will depend upon the availability of suitable investment opportunities for the Fund and the performance of the Fund's investments.

### **Reliance on the Investment Manager**

Although the Trustee has the ultimate authority and responsibility in connection with the trusteeship and administration of the Fund, all decisions relating to the investment of the Fund's assets has been delegated to, and will be made by, the Investment Manager (or its delegates), who will therefore have total trading authority over the Assets. The expertise relating to the investment and reinvestment of the Assets is therefore largely dependent on the continuation of an agreement with the Investment Manager and the services and skills of its officers and employees. The loss of the Investment Manager's services (or that of one of its key personnel) could materially and negatively impact the value of the Assets as it may lead to the loss of the use of any proprietary investment methodology developed by the Investment Manager. Unitholders will have no right or power to take part in the management of the Fund.

### **Effect of Repurchases**

If significant repurchases of Units are requested, it may not be possible to liquidate the Investments at the time such withdrawals are requested or may be able to do so only at prices which the Trustee believes do not reflect the true value of such Investments, resulting in an adverse effect on the return to the Unitholders. In addition, although it is expected on termination of the Fund to liquidate all of the Investments and distribute only cash to the Unitholders, there can be no assurance that this objective will be attained.

### **Absence of Secondary Market**

Currently there is no public market for the Units and it is unlikely that any active secondary market for any of the Units will develop. Units are not being registered to permit a public offering under the securities laws of any jurisdiction. The Unitholders might be able to dispose of their Units only by means of repurchases on the relevant Repurchase Date at the Repurchase Price, in the absence of an active secondary market. The risk of any decline in the Net Asset Value during the period from the date of notice of repurchase until the Repurchase Date will be borne by the Unitholder(s) requesting repurchase. In addition, the Trustee has the power to suspend and compel repurchases. There are also restrictions on transferring Units.

### **Operating Deficits**

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

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

There is no assurance that the determination of the NAV per Unit as described above reflects the actual sales prices of the securities, even when such sales occur very shortly after the Dealing Day. If sales of Investments result in fewer proceeds than estimated, the remaining Unitholders will see the Net Asset Value of the Fund reduced.

## **Conflicts of Interest**

The Investment Manager, the Trustee and the Administrator may from time to time act in a similar capacity to, or otherwise be involved in, other trusts or collective investment schemes, some of which may have similar investment objectives to those of the Fund. Thus, each may be subject to conflicting demands in respect of allocating management time, services and other functions between the activities each has undertaken with respect to the Fund and the activities each has undertaken or will undertake with respect to other investors, commodity pools, managed accounts and/or trading advisers. It is therefore possible that any of them may, in the course of their respective businesses, have potential conflicts of interest with the Fund or the Unitholders. Each will at all times have regard to its obligations to the Fund and/or the Unitholders and, in the event that a conflict of interest arises they will endeavor to ensure that such conflicts are resolved fairly.

The Investment Manager and other affiliates, including those involved in the investment activities and business operations of the Fund, are engaged in businesses in addition to, or unrelated to, the Fund. This may be a consideration of which investors in the Fund should be aware.

## **Access to Confidential Information**

With respect to the Fund, the issuer of a security may offer to provide material, non-public information about the issuer to investors such as the Fund. Normally, the Investment Manager will seek to avoid receiving this type of information about the issuer of a security either held by, or considered for investment by, the Fund. The Investment Manager's decision not to receive the information may place it at a disadvantage, relative to other investors, in assessing a security or the security's issuer. It is therefore possible that the Investment Manager's decision not to receive material, non-public information under normal circumstances could adversely affect the Fund's investment performance.

## **Regulations**

With the exception of registration under the Cayman Islands Mutual Funds Law, the Fund is not registered pursuant to any other applicable law, rule or regulation. Consequently, Unitholders will not benefit from certain of the protections afforded by such other laws or regulations.

## **Trustee Conflicts of Interest**

The Trustee, or any affiliate of the Trustee, may act as administrator, custodian, banker or other service provider in respect of the Fund or any other fund and perform any service in respect of such fund on the same terms as would be made with a third party or customer as the case may be without accounting for any resultant profit. The Trustee may establish accounts and contracts for services with any affiliate of the Trustee and no principle or rule of law restricting those dealings because of conflict of interests shall apply.

The Trustee and its employees or affiliates may conduct other businesses, including, without limitation, any business within the securities, loans and investment advisory industry. Without limiting the generality of the foregoing, the Trustee and its employees or affiliates, may act as investment adviser, investment manager, trustee, fiduciary, administrator, custodian or investment service or data provider or any similar capacity for others, may manage funds or capital for others, may have, make and maintain investments in its own names or through other entities, may serve as a consultant, trustee, manager, partner, stockholder or in any similar capacity of one or more investment funds, partnerships, securities firms or advisory firms and may act as director, officer or employee of any corporation, a trustee of any trust, an executor or administrator of any estate or an administrative official of any other business entity.

The Trustee, or its employees or affiliates, may provide services to those contemplated under this Prospectus as well as investment advisory, management, administration or custody services to other entities, and such other entities may make investments with the Investment Manager or its affiliates or any other funds in which a Series Trust or Unitholders may from time to time invest, by means of the same or similar structure as the Trust. Such other entities may make investments through other instruments, securities, loans or contracts in portfolios, funds, managers or other investment vehicles that are the same or substantially similar to the Trust. Assets held in different portfolios may vary in both size and composition, and accordingly, the Trustee may provide input or advice or take action or decide to take action in the performance of its duties with respect to other entities which may be different or opposite to the input provided by the Trustee hereunder. The Trustee is not required to give the Unitholders information with respect to any such other entities, and none of the Trustee, its employees or affiliates, will be required to refrain from any other activities or disgorge any profits therefrom and any compensation or remuneration received by the Trustee shall not be reduced or diminished.

### **Consequences for Investors as a result of AEOI**

The Fund may take such action as it considers necessary in relation to a Unitholder's holding or repurchase proceeds, as a result of relevant legislation and regulations, including but not limited to, AEOI, as further detailed in the section of this Prospectus titled "Taxation". Such actions may include, but are not limited to the following:

1. The disclosure by the Fund, the Administrator or such other service provider or delegate of the Fund, of certain information relating to an investor to the TIA or equivalent authority and any other foreign government body as required by AEOI. Such information may include, without limitation, confidential information such as financial information concerning an investor's investment in the Fund, and any information relating to any shareholders, principals, partners, beneficial owners (direct or indirect) or controlling persons (direct or indirect) of such investor.
2. The Fund may compulsorily repurchase any Units held by an investor in accordance with the terms of this Prospectus and may deduct relevant amounts from a recalcitrant investor so that any withholding tax payable by the Fund or any related costs, debts, expenses, obligations or liabilities (whether internal or external to the Fund) are recovered from such investor(s) whose action or inaction (directly or indirectly) gave rise or contributed to such taxes, costs or liabilities. Failure by an investor to assist the Fund in meeting its obligations pursuant to AEOI may therefore result in pecuniary loss to such investor.

### **Distributions**

The distribution policy of the Fund may be changed from time to time and all of the Fund's income and gain may be reinvested into the Fund. In such circumstances, an investment in the Fund may not be suitable for investors seeking current returns for financial or tax planning purposes.

Distributions may be made from income or capital or both. The consequence of this is that a distribution can in effect result in a return of an investor's initial capital, or capital gains, thereby eroding that capital to the extent the distribution exceeds available income. Consequently, investors who seek capital preservation are strongly advised to consider that not only may deterioration in the value of the Fund's investments be caused by declining asset value but also by return of capital to investors by way of distribution.

### **No Guarantee**

There is no guarantee that implementation of the investment objective or strategy with respect to the assets of the Fund will not result in losses to Unitholders.

### **Cross Class Liabilities**

Liabilities incurred by the Trustee with respect to a particular Series Trust will be allocated among the units representing a beneficial interest in such Series Trust. Assets and liabilities attributable to more than one Series Trust will be allocated among the respective Series Trusts and, accordingly, among the classes comprising the respective Series Trust to which they are allocable, as determined by the Trustee, in a fair and reasonable manner, in consultation with the Investment Manager.

## **Market Risk**

The market price of securities owned by the Fund may go up or down, sometimes rapidly or unpredictably. Securities may decline in value due to factors affecting securities markets generally or particular industries represented in the securities markets. The value of a security may decline due to general market conditions which are not specifically related to a particular company, such as real or perceived adverse economic conditions, supply and demand for particular securities or instruments, changes in the general outlook for corporate earnings, changes in interest or currency rates or adverse investor sentiment generally. They may also decline due to factors which affect a particular industry or industries, such as labour shortages or increased production costs and competitive conditions within an industry. During a general downturn in the securities markets, multiple asset classes may decline in value simultaneously. Equity securities generally have greater price volatility than fixed income securities.

When the Fund invests in non-developed country securities, it may experience more rapid and extreme changes in value than if it had invested exclusively in securities of companies from developed countries. The securities markets of many non-developed countries are relatively small, with a limited number of companies representing a small number of industries. Additionally, issuers of non-developed country securities are usually not subject to the same degree of regulation as issuers based in developed countries. Reporting, accounting and auditing standards of non-developed countries differ, in some cases significantly, from developed country standards. Also, nationalization, expropriation or confiscatory taxation, currency blockage, political changes or diplomatic developments could adversely affect the Fund's investments in a non-developed country. In the event of nationalization, expropriation or other confiscation, the Fund could lose its entire investment in non-developed country securities. Adverse conditions in a certain region can adversely affect securities of other countries whose economies appear to be unrelated. To the extent that the Fund invests a significant portion of its assets in a concentrated geographic area like Eastern Europe or Asia, the Fund will generally have more exposure to regional economic risks associated with non-developed country investments. Similarly, to the extent the Fund concentrates its investments in a particular country or issuer within a country, it may be affected significantly by economic, regulatory or political developments in that country.

## **Issuer Risk**

The value of a security may decline for a number of reasons which directly relate to the issuer, such as management performance, financial leverage and reduced demand for the issuer's goods or services.

## **Liquidity Risk**

Liquidity risk exists when particular investments are difficult to purchase or sell. The Fund's investments in illiquid securities may reduce the returns of the Fund because it may be unable to sell the illiquid securities at an advantageous time or price. To the extent that the Fund's principal investment strategies involve non-developed country securities, derivatives or securities with substantial market and/or credit risk, the Fund will tend to have the greatest exposure to liquidity risk.

## **Derivatives Risk**

Derivatives are financial contracts, the values of which depend on, or are derived from, the value of an underlying asset, reference rate or index. The Fund typically uses derivatives as a substitute for taking a

position in the underlying asset and/or as part of a strategy designed to reduce exposure to other risks, such as interest rate or currency risk.

The Fund's use of derivative instruments involves risks different from, or possibly greater than, the risks associated with investing directly in securities, loans, and other traditional investments. Derivatives are subject to a number of risks described elsewhere in this section, such as liquidity risk, interest rate risk, market risk, credit risk and management risk. They also involve the risk of mispricing or improper valuation and the risk that changes in the value of the derivative may not correlate perfectly with the underlying asset, rate or index. If the Fund invests in a derivative instrument, it could lose more than the principal amount invested. Also, suitable derivative transactions may not be available in all circumstances and there can be no assurance that the Fund will engage in these transactions to reduce exposure to other risks when that would be beneficial.

## Management Risk

*Conflicts of Interest – Generally.* As a global provider of investment management, risk management and advisory services to institutional and retail clients, the Investment Manager and its affiliates (for purposes of this discussion of conflicts, "Investment Manager"), engages in a broad spectrum of activities, including sponsoring and managing a variety of public and private investment funds, funds of funds and separate accounts across fixed income, liquidity, equity, alternative investment and real estate strategies, providing financial advisory services, providing technology infrastructure and analytics and engaging in certain broker-dealer activities and other activities. Although the relationships and activities of the Investment Manager should help enable these entities to offer attractive opportunities and service to the Fund, such relationships and activities create certain inherent conflicts of interest between or among the Investment Manager, the Fund and/or the Unitholders. In the ordinary course of business, the Investment Manager engages in activities where its interests or the interests of its clients may conflict with the interests of the Fund and one or more of the Unitholders. Certain portions of the discussion below describe certain potential and actual conflicts of interest. By acquiring the Units, each Unitholder will be deemed to have acknowledged the existence of such actual and potential conflicts of interest and to have waived any claims with respect to the existence of such conflicts of interest.

*Allocation of Investment Opportunities.* The Investment Manager will seek to execute orders for all of the participating accounts, including the Fund, on a fair and equitable basis and in accordance with the investment allocation policy of the Investment Manager (as such may be amended or supplemented from time to time).

Although the key employees of the Investment Manager will devote as much time to the Fund as they believe is necessary to assist the Fund in achieving its investment objective and to administer the Fund's operations, the Investment Manager is not subject to any other specific obligations or requirements regarding its allocation of time, effort or investment opportunities to the Fund. The Investment Manager is not required to accord any exclusivity or priority to the Fund in the event of "limited availability" investment opportunities.

Side-by-side management by the Investment Manager, and its advisory business affiliates, of investment companies registered under the U.S. Investment Company Act of 1940, as amended, the Fund, separate accounts and other private investment funds (collectively, "**Client Accounts**") may also raise potential conflicts of interest, including those associated with any differences in fee structures. Registered investment companies, for example, generally pay management fees based on a fixed percentage of assets under management and separate accounts and private investment funds often have more varied fee structures, including a combination of asset- and performance-based compensation or wrap fees. The prospect of achieving higher compensation from a private investment fund or separate account than from a registered investment company or the Fund may provide incentives for the Investment Manager or its applicable affiliates to favor the private investment fund or separate account over the registered investment company or the Fund when, for example, placing securities transactions that the Investment Manager believes could more likely result in favorable performance or engaging in cross trades. It is the policy of the Investment



Manager not to make decisions based on the foregoing interests or greater fees or compensation. See also "Certain Transactions" below.

The management of numerous Client Accounts by the Investment Manager and its advisory business affiliates necessarily creates a number of potential conflicts of interest. Under certain circumstances, the Fund may participate in a transaction in which one or more other Client Accounts are expected, or seek, to participate, or already have made, or concurrently will make or seek to make, an investment. The Fund and the other Client Accounts may have conflicting interests and objectives in connection with such transactions, including with respect to views on the operations or activities of the issuer/pool involved, the targeted returns from the investment and the timeframe for, and method of, exiting the investment. Conflicts will also arise in cases where the Fund and/or other Client Accounts invest in different parts of the capital structure of an issuer/pool, including circumstances in which one or more Client Accounts (including the Fund) may own private securities or obligations of an issuer and other Client Accounts (including the Fund) may own public securities of the same issuer. For example, the Fund may acquire senior class of securities in a particular pool in which one or more other Client Accounts have more junior or residual interests. In negotiating the terms and conditions of any such investments, or any subsequent amendments or waivers, the Investment Manager and its advisory business affiliates may find that their own interests, the interests of the Fund and/or the interests of one or more other Client Accounts could conflict. If an issuer in which the Fund and one or more other Client Accounts hold different classes of securities (or other assets, instruments or obligations issued by such issuer/pool) encounters financial problems, decisions over the terms of any workout will raise conflicts of interests (including, for example, conflicts over proposed waivers and amendments to debt covenants). For example, a debt holder may be better served by a liquidation of the issuer in which it may be paid in full, whereas an equity holder or holder of some other residual interest might prefer a reorganization that holds the potential to create value for the "equity" holders. Any of the foregoing conflicts of interest will be discussed and resolved on a case-by-case basis by senior officers of the Investment Manager and its Affiliates. Any such discussions will take into consideration the interests of the relevant parties, the circumstances giving rise to the conflict and applicable laws. Prospective Unitholders should be aware that conflicts will not necessarily be resolved in favor of the interests of the Fund. There can be no assurance that any actual or potential conflicts of interest will not result in the Fund receiving less favorable investment terms in certain investments than if such conflicts of interest did not exist.

The Investment Manager may, by way of a delegation of authority, utilize the personnel or services of its affiliates in a variety of ways to make the Investment Manager's global capabilities available to the Fund. Although the Investment Manager believes this practice is generally in the best interests of its clients, it is possible that conflicts with respect to allocation of investment opportunities, portfolio execution, client servicing or other matters may arise due to differences in regulatory requirements in various jurisdictions, time differences or other reasons. The Investment Manager will seek to ameliorate any conflicts that arise and may determine not to utilize the personnel or services of a particular affiliate in circumstances where it believes the potential conflict or adverse impact of ameliorative steps may outweigh the potential benefits.

*Material, Non-Public Information.* The Investment Manager, its affiliates, officers, directors and employees may acquire confidential or material non-public information or be restricted from initiating transactions in certain securities, loans or other assets. Any of the foregoing persons or entities will not be free to act upon any such information. Due to these restrictions, the Fund (whether or not in actual possession of material, non-public information) may not be able to initiate a transaction that it might otherwise have initiated and may not be able to sell an investment that it otherwise might have sold.

*Valuation of Assets.* The Investment Manager may make recommendations to the Custodian/Administrator with respect to the valuation of certain of the Fund's assets, including recommendations based on the Investment Manager's proprietary models. The Investment Manager may have a conflict of interest in making such recommendations, as higher valuations will tend to raise the amount of the Investment Manager's fees, and lower valuations could reduce the amounts received by Unitholders in connection with any redemption.

*Certain Transactions.* Certain investments may be appropriate for the Fund and also for other Client Accounts advised by the Investment Manager. Investment decisions for the Fund and other Client Accounts are made with a view to achieving their respective investment objectives and risk profiles and after consideration of such factors as their current holdings, availability of cash for investment and the size of their investments generally. Frequently, a particular security may be bought or sold for only one client or in different amounts and at different times for more than one but less than all clients. Similarly, a particular security may be bought or sold for one or more clients when one or more other clients are selling or buying the security. In addition, purchases or sales of the same security may be made for two or more clients on the same day. In such event, such transactions will be allocated among the clients in a manner believed by the Investment Manager to be equitable to each over time. In some cases, this procedure could have an adverse effect on the price or amount of the securities purchased or sold by the Fund.

The Investment Manager has discretion with respect to all voting and consent rights of the assets of the Fund and exercises such rights pursuant to proxy voting policies maintained by the Investment Manager, which contain procedures for identifying and resolving conflicts of interest.

The Investment Manager may cause the Fund to purchase interests in SEC-registered investment companies (open-end or closed-end) managed or serviced by the Investment Manager or its affiliates or in which the Investment Manager or its affiliates retain an ownership interest that does not represent a controlling ownership interest. However, in each such instance the Investment Manager must determine in good faith that such investment is reasonable for the Fund in light of its investment objectives, policies and restrictions.

The Investment Manager, its affiliates and their employees may trade for their own account in securities, loans and other instruments suitable for the Fund.

*U.S. Securities Act of 1933.* The Units have not been and will not be registered under the Securities Act. The Units are being offered in reliance on the exemption from registration provided by Section 4(2) of the Securities Act and Regulation S promulgated thereunder. Each prospective investor will be required to represent, among other customary private placement representations, that it is not a "U.S. person" as defined in Regulation S, and is acquiring the Units for its own account for investment purposes only and not for resale or distribution. The Units may not be transferred or resold except as permitted under the Trust Deed and unless registered under the Securities Act or pursuant to an exemption from such registration.

*U.S. Securities Exchange Act of 1934.* The Units have not been and will not be registered under the U.S. Securities Exchange Act of 1934, as amended. As a consequence, the Fund will not have more than 499 Unitholders who are U.S. Persons.

*U.S. Investment Company Act of 1940.* The Fund will be exempt from the provisions of the U.S. Investment Company Act of 1940, as amended, pursuant to an exemption for non-U.S. investment companies that are making a "global private offering" of their securities to either non-U.S. persons or to "qualified purchasers". In order to ensure that the Fund may rely on such exemption, the Fund will obtain appropriate representations and undertakings from its investors. A non-U.S. investor will be required to certify to the Fund, among other things, that the investor's Units are not being acquired and will not at any time be held for the account or benefit of a "U.S. person" (generally as defined in Regulation S under the Securities Act).

*U.S. Investment Advisers Act of 1940.* The Investment Manager is registered as an investment adviser under the Advisers Act.

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

