

# **CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM**

relating to the continuous offer of shares to  
non-US persons and permitted US persons only

## **FORTLAKE SIGMA OPPORTUNITIES FUND**

**MANAGER**

***FORTLAKE ASSET MANAGEMENT LIMITED***

**THESE ARE SPECULATIVE SECURITIES**

**DECEMBER 2024**

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## IMPORTANT NOTICES

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This Memorandum is submitted in connection with the offer of up to 4,989,000 non-voting redeemable Participating Shares in Fortlake Sigma Opportunities Fund (the "**Fund**") to a limited number of offerees, qualified institutional investors and other sophisticated investors. Please refer to **Appendix B** to this Memorandum for the restrictions on the offer of Participating Shares in the Fund in certain jurisdictions. By accepting delivery of this Memorandum, each recipient irrevocably agrees not to reproduce, copy, use, transmit, circulate or distribute this Memorandum in whole or in part to any other person, with the exception of professional advisers, without the prior written consent of the Fund. The recipient further agrees that it will cause its directors, officers and professional advisers to use this Memorandum only to evaluate the specific private offer contemplated by this Memorandum and will use this Memorandum for no other purpose and will return this Memorandum to the Fund without retaining any copies, upon request, or if a decision is made not to apply for any Participating Shares.

No application has been made to list the Participating Shares on any stock exchange. Save for any filings required to be made for the purposes of compliance with the securities laws of a state of the United States and the laws of the Cayman Islands, neither this Memorandum nor any other offering or related document has been registered or filed in any jurisdiction in connection with the offer of the Participating Shares.

### **INVESTOR RESPONSIBILITY**

No representations or warranties of any kind are intended or should be inferred with respect to the economic return from, or the tax consequences of an investment in the Fund. Neither the delivery of this Memorandum nor the issue of Participating Shares shall under any circumstances create any implication or constitute any representation that the affairs of the Fund have not changed since the date of issue of this Memorandum. Prospective investors are not to construe this Memorandum as legal, investment or tax advice.

Prospective investors should review this Memorandum carefully and in its entirety and consult with their legal, tax and financial advisers in relation to: (a) the legal and regulatory requirements within the countries of their nationality, ordinary residence or domicile for the purchase, holding, redemption or disposition of Participating Shares; (b) any foreign exchange restrictions to which they are subject in relation to the purchase, holding, redemption or disposition of Participating Shares; and (c) the legal, tax, financial or other consequences of subscribing for, purchasing, holding, redeeming or disposing of Participating Shares.

Prior to the subscription for any Participating Shares, the Fund will make available to each subscriber, or his or her representative, the opportunity to ask questions of and receive answers from representatives of the Fund concerning any aspect of the investment and to obtain any additional information, to the extent that the Fund possesses such information or can acquire it without unreasonable effort or expense.

### **DISTRIBUTION**

This Memorandum constitutes an offer only if the name of an offeree appears in the appropriate space provided on the cover page of this Memorandum and only if delivery of this Memorandum to such offeree is properly approved by the Fund, the Manager or an approved placement agent of the Fund. No person has been authorized to issue any advertisement, give any information or to make any representations other than those contained in this Memorandum in connection with the offering, subscription or sale of Participating Shares and, if given or made, such information or representations must not be relied on as having been authorized by the Fund, the Manager, the Administrator or the Prime Brokers. The Directors may amend or replace this Memorandum at any time.

The distribution of this Memorandum and the offering or purchase of the Participating Shares may be restricted in certain jurisdictions. The information is for general guidance only, and it is the responsibility of any person or persons in possession of this Memorandum and wishing to make application for Participating Shares to inform themselves of, and to observe, all applicable laws and regulations of any relevant jurisdiction.

No persons receiving a copy of this Memorandum or the accompanying Subscription Agreement in any jurisdiction may treat this Memorandum or such Subscription Agreement as constituting an invitation to them to subscribe for Participating Shares, nor should they in any event use such Subscription Agreement, unless in the relevant jurisdiction such an invitation could lawfully be made to them and such Subscription Agreement could lawfully be used without compliance with any registration or other legal requirements.

Accordingly, this Memorandum does not constitute an offer or solicitation to sell or a solicitation of an offer to buy, nor may there be any offer, solicitation or sale of the Participating Shares in any jurisdiction in which such offer, solicitation or sale is not authorized or to any person to whom it is unlawful to make any such offer, solicitation or sale. This Memorandum is not, and under no circumstances is it to be construed as, a prospectus or advertisement, and the offering contemplated in this Memorandum is not, and under no circumstances is it to be construed as, a public offering of the Participating Shares in any jurisdiction.

The Fund will not issue Participating Shares to any person if the Directors determine that the issuance of such Participating Shares could cause adverse consequences for the Fund or its Shareholders. Moreover, the Fund may, in its sole discretion and at any time, require the redemption or transfer of all or any part of any such person's Participating Shares to avoid such adverse consequences.

Neither the SEC, ASIC, the MAS nor the securities commission of any jurisdiction has passed upon the value of these securities, made any recommendations as to their purchase, approved or disapproved this offering, or passed upon the adequacy or accuracy of this Memorandum. It is illegal for anyone to tell a recipient of this Memorandum otherwise.

No invitation may be made to the public in the Cayman Islands to subscribe for the Participating Shares and this Memorandum does not constitute such an invitation. The Participating Shares may not be sold or transferred to members of the public of the Cayman Islands, except to an exempted or ordinary non-resident company, exempted limited partnership or exempted trust incorporated or registered in the Cayman Islands.

The Fund is only made available to Wholesale Clients in Australia, as defined by section 761G Corporations Act 2001 (Cth) ("**Corporations Act**"). No offer for subscription or purchase of the Participating Shares offered hereby has been made or issued in Australia, otherwise than by means of an offer in respect of which disclosure under Part 6D.2 of the Corporations Act of 2001 is not required. Accordingly, this Memorandum has not been lodged with the Australian Securities and Investments Commission.

The Fund is not authorized or recognized by the Monetary Authority of Singapore (the "**MAS**") and the Participating Shares in the Fund are not allowed to be offered to the Singapore retail public. This Memorandum is not a prospectus as defined in the Securities and Futures Act, Chapter 289 of Singapore (the "**SFA**") and accordingly, statutory liability under the SFA in relation to the content of prospectuses does not apply. Investors should consider carefully whether an investment in the Participating Shares is suitable for them.

The Participating Shares have not been, and will not be, registered under the US Securities Act or other securities laws of any state of the United States and will be offered and sold for investment only to qualifying recipients of this Memorandum pursuant to the exemption from the registration requirements of the US Securities Act provided by Regulation D under Section 4(a)(2) of the US Securities Act or pursuant to Regulation S promulgated under the US Securities Act, and in compliance with any applicable securities laws of relevant states of the United States. The Fund will not be registered as an investment company under the US Company Act. Furthermore, the Manager is not and does not intend to be registered as an investment adviser under US Investment Advisers Act of 1940, as amended (the "**Investment Advisers Act**") (although the Manager may, in the future, choose to be or may be required to be registered under the US Advisers Act pursuant to applicable US securities laws). As a consequence, the protections afforded by these laws and the regulations thereunder are not applicable to an investment in the Fund. The Manager intends to rely on the "private fund adviser" exemption (Investment Advisers Act Rule 203(m)-1), be considered an "exempt reporting adviser," and compared to an SEC-registered advisor, will be subject to very limited Investment Advisers Act requirements and SEC oversight.

Prospective investors must verify that they are permitted to own Participating Shares and to ensure that the Participating Shares held will at no time be held for the account or benefit of any person who is a Prohibited

Person<sup>1</sup>. Shareholders are required to notify the Fund immediately of any change in their status with respect to the suitability requirements described in this Memorandum and in their Subscription Agreement.

The Participating Shares are subject to restrictions on transferability and resale and may not be transferred or resold without the consent of the Fund and compliance with applicable securities laws, including, if relevant, the US Securities Act and any applicable securities laws of relevant states of the United States pursuant to registration or exemption therefrom. Prospective investors should be aware that they will be required to bear the financial risks of an investment in the Participating Shares for an indefinite period of time. There is no obligation on the part of any person to register the Participating Shares under the US Securities Act or the securities laws of any state of the United States.

## **RISKS**

**Prospective applicants should read this Memorandum carefully before deciding whether to purchase Participating Shares and should pay particular attention to the information set forth in the sections headed "Risk Factors" and "Conflicts of Interest". An investment in the Fund carries substantial risks and is not suitable for persons who cannot afford to take such risks. Applicants should understand such risks and have the financial ability and willingness to accept such risks for an extended period of time. There can be no assurance that the Fund's investment objective will be achieved and investment results may vary substantially over short periods of time. Applicants may lose all or substantially all of their investment in the Fund. The Fund is not a complete investment program and potential applicants should carefully consider whether an investment in the Fund is suitable for them in light of their own circumstances and financial resources. THESE ARE SPECULATIVE SECURITIES.**

## **RELEVANT REGULATIONS**

This Memorandum has been prepared on the basis of the relevant legislation and regulations of the Cayman Islands, Australia and the United States and their interpretation, and is believed to reflect accurately current interpretations by relevant authorities as at the date of this Memorandum. Relevant legislation and regulations, and their interpretation by relevant authorities, may be altered in the future or interpreted adversely.

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

THERE IS NO INVESTMENT COMPENSATION SCHEME AVAILABLE TO INVESTORS IN THE CAYMAN ISLANDS.

## **INQUIRIES**

Inquiries concerning the Fund and the Participating Shares, including information concerning subscription and redemption procedures, and past performance details (where applicable), should be directed to:

### **Fortlake Asset Management Limited**

Level 27, 25 Bligh Street

Sydney

NSW 2000 Australia

Email: [enquiries@fortlake.com.au](mailto:enquiries@fortlake.com.au)

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<sup>1</sup> "**Prohibited Person**" means any person, firm or corporate entity determined in the discretion of the Fund as not being entitled to subscribe for or hold Participating Shares in the event that such holding: (a) may be prejudicial to the interests of the Shareholders as a whole; (b) would result in any contravention of any laws or requirements of any country, any governmental or regulatory authority or any stock exchange on which such Participating Shares are listed; (c) would result in the Fund, the Manager or any of their Affiliates or the other Shareholders as a whole incurring any liability to taxation or suffering any pecuniary, regulatory or material disadvantage which any or all of them might not otherwise have incurred or suffered; or (d) would result in such person not complying with the investor qualification requirements for Participating Shares as set out in this Memorandum.

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## DIRECTORY

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### Registered Office of the Fund

Walkers Corporate Limited  
190 Elgin Avenue, George Town  
Grand Cayman KY1-9008  
Cayman Islands

### Directors of the Fund

Dr. Christian Baylis  
Mr. Jonathan Caldwell  
Mr. David Richardson

*\*Each Director's correspondence address is the business address of the Manager as set out below.*

### Manager

Fortlake Asset Management Limited  
Level 27, 25 Bligh Street  
Sydney NSW 2000  
Australia

### Directors of the Manager

Dr. Christian Baylis  
Mrs Tiffany Heath  
Mr Martin Casey

### Prime Broker

J.P. Morgan Securities plc  
25 Bank Street  
Canary Wharf  
London E14 5JP  
United Kingdom

### Administrator

ASCENT Fund Services (Australia) Pty Ltd  
PO Box Q273, Queen Victoria Building  
Sydney NSW 1230 Australia  
Email: Fortlake-TA@ascentgfs.com

### Auditor

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

### Lead Legal Adviser

Mayer Brown  
16th – 19th Floors, Prince's Building  
10 Chater Road, Central  
Hong Kong

### Legal Adviser to the Fund as to matters of Cayman Islands Law

Walkers (Singapore) Limited Liability Partnership  
3 Church Street, #16-02  
Samsung Hub  
Singapore 049483

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## SUMMARY

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Please refer to Appendix A for details of the defined terms used throughout this Memorandum.

The following is a summary description of the offer of Participating Shares in the Fund. This summary does not purport to be complete and is qualified in its entirety by reference to the more detailed information appearing elsewhere in this Memorandum, the material contracts, which are available to prospective investors upon request, and the Memorandum of Association and the Articles. An investment in the Fund is also subject to the terms of the Subscription Agreement in connection with the subscription for Participating Shares including any representations, warranties, acknowledgments and undertakings in such agreements.

**Prospective investors in the Fund should carefully review this Memorandum in its entirety together with the Subscription Agreement, and the Memorandum of Association and the Articles.**

**The Fund:** The Fund was incorporated in the Cayman Islands as an exempted company with limited liability on 15<sup>th</sup> February 2022 for an unlimited duration. The authorised share capital of the Fund is US\$50,000 divided into 100 voting, non-redeemable Management Shares of US\$1.00 par value each, 4,989,000 non-voting redeemable Participating Shares of US\$0.01 par value each and 1,000 Class P Shares of US\$0.01 par value each. As at the date of this Memorandum, the Management Shares are held by Walkers Fiduciary Limited as trustee of Fortlake Sigma Opportunities Trust. The Class P Shares, which are entitled to receive Performance Allocations from the Fund or the Fund's feeder fund, if any, will be held by carry vehicle(s) affiliated with the Manager.

The Fund may accept subscriptions from direct investors or from other investment vehicles (feeder funds) with substantially similar investment objectives, strategies, and restrictions as those of the Fund, including other investment funds and managed accounts managed by the Manager or its Affiliates.

**Investment Program:** The Fund targets 7-10% annualised returns above the US Federal Funds Effective Rate. The Fund's strategy is quantitative lead and seeks to generate real returns in more liquid parts of the fixed income market using specialized techniques available to institutional-grade fixed income managers. The Manager seeks to target areas of the fixed income market that have a lower probability of default. The Manager only invests in areas where it deems it has a competitive advantage to other fixed income managers. There are no material limitations on the instruments or strategies in which the Fund may invest.

For further details in this regard, please refer to the section headed "**Investment Program**".

**Eligible Investors:** Shareholders must be Non-US Persons or Permitted US Persons, and must qualify as an "accredited investor" (or investors in an equivalent class under the laws of the country or territory in which the offer or invitation to subscribe for Participating Shares is made) or as a "Wholesale Client", each as defined in the Corporations Act and/or the regulations promulgated thereunder.

The Directors may decline to accept the subscription of any prospective investor. Please refer to the section headed "**General Information**" for further information.

**Offer of Participating Shares:** The Fund is currently offering two Classes of Participating Shares for subscription. Further details are set out in the section headed "**Subscription, Issue and Redemption of Participating Shares – Offer of Participating Shares**".

The Directors may, in their sole discretion, offer additional Classes of Participating Shares for subscription during such periods as they may determine. New Classes of Participating Shares may also be issued in the future, with such rights and obligations as the Directors may determine.

**Subscription:**

Applications to subscribe for Participating Shares of a particular Class may be made for the Subscription Price.

Completed Subscription Agreements to subscribe for Participating Shares and the Subscription Price, in cleared funds in the Relevant Currency, must be received by the Administrator no later than 2:00 p.m. (Sydney time) at least 2 Business Days prior to the relevant Subscription Day ("**Subscription Deadline**"). If Subscription Agreement is received after the Subscription Deadline, it will be treated as having been received for the following Subscription Day. Subscription Agreements, along with any other requisite documentation, should be submitted to the Administrator in accordance with the section headed "**Subscription, Issue and Redemption of Participating Shares – Communications Policy**".

The Directors may extend any offer period and/or extend or waive the Subscription Deadline for receipt of any Subscription Agreements and/or subscription monies.

Refer to the section headed "**Subscription, Issue and Redemption of Participating Shares**" for more detail.

**Minimum Initial Subscription:**

A new investor must subscribe for Participating Shares representing a minimum sum as applicable to the relevant Class of Participating Shares set out in the section headed "**Subscription, Issue and Redemption of Participating Shares – Offer of Participating Shares**".

Notwithstanding the above, the Directors may specify a different minimum amount in general or in relation to any specific investor in respect of each Class of Participating Shares, provided that such minimum will be no lower than that prescribed by the Cayman Mutual Funds Act.

**Minimum Holding:**

The minimum holding of Participating Shares per Shareholder is set out in the section headed "**Subscription, Issue and Redemption of Participating Shares – Offer of Participating Shares**".

Notwithstanding the above, the Directors may prescribe such other minimum holding amount in respect of each Class of Participating Shares and subject to compliance with applicable laws.

**Redemption:**

Except during a Suspension or a Redemption Payment Extension, a Shareholder may submit a Redemption Notice to redeem its Participating Shares as at any Redemption Day prior to 2:00 p.m. (Sydney time) on a Business Day that is at least 30 calendar days prior to the relevant Redemption Day.

The Directors may waive, extend or reduce the period for receipt of a Redemption Notice on any particular Redemption Day or generally (in which case Shareholders will be notified of such variation of the period for receipt of a Redemption Notice).

In the absence of any specific instructions from a Shareholder, a Shareholder shall be deemed to have requested the redemption of Participating Shares on a "first acquired, first redeemed" basis. Participating Shares will be redeemed at the Redemption Price. Please refer to the section headed "**Subscription, Issue and Redemption of Participating Shares**" for further details.



Except during a Suspension or a Redemption Payment Extension, redemption proceeds will generally be paid to the redeeming Shareholder within 21 Business Days of the relevant Redemption Day or, if the Net Asset Value of the relevant Participating Shares has not been finalized at that time, within 21 Business Days of finalization of the Net Asset Value of the Participating Shares being redeemed.

The Directors have the right to compulsorily redeem the Participating Shares of any Class, in accordance with the Articles. Please refer to the section headed "**Subscription, Issue and Redemption of Participating Shares – Compulsory Redemption**" for further details.

**Transfer Restrictions:** Participating Shares may only be transferred strictly in accordance with the Articles. All transfers of Participating Shares are subject to the prior written consent of the Directors, and such other restrictions as set out in the section headed "**General Information – Articles – Restriction on Transfer of Participating Shares**".

**Manager:** The Board has appointed the Manager to manage the investments for the Fund in accordance with the Investment Program approved by the Board. These decisions are subject to the requirement that the Manager invests substantially all of the Fund's trading assets in the Fund.

Details of the background of the Manager and its key personnel are set out in the section headed "**Management and Administration**".

The Manager may delegate certain of its functions, duties, powers and discretions to any of its Affiliates, on such terms and conditions as the Manager determines in its sole discretion.

**Management Fee:** The Manager will receive an aggregate Management Fee from the Fund equal to a stipulated percentage per annum of the Net Asset Value (prior to reduction for any accrued but unmade Performance Allocations) of each Class of Participating Shares, as set out in the section headed "**Subscription, Issue and Redemption of Participating Shares – Offer of Participating Shares**".

The Management Fee will be calculated as at each Valuation Point, accrue monthly, and be paid monthly in arrears within 30 calendar days of the relevant Valuation Day.

A Class of Participating Shares may be subject to no, or a reduced amount of, Management Fee as determined by the Manager in its absolute discretion.

**Performance Allocation:** It is intended that the Fund will make a Performance Allocation to the Class P Shares in respect of each Class of Participating Shares during each Performance Period.

The Performance Allocation with respect to each Class for each Performance Period will be equal to a stipulated percentage of the appreciation in the Net Asset Value per Participating Share (before accrual of the Performance Allocation but after deduction of the Management Fee with respect to the Performance Period) of the relevant Class above the High Water Mark adjusted by the Hurdle Rate as at the last Valuation Point in the Performance Period, multiplied by the number of Participating Shares in issue of the relevant Class at the end of the Performance Period, as set out in the section headed "**Subscription, Issue and Redemption of Participating Shares – Offer of Participating Shares**", and subject to relevant adjustments as set out in the section headed "**Fees and Charges - Adjustments**".

Notwithstanding the above, a Class of Participating Shares may be subject to no, or a reduced amount of, Performance Allocation as determined by the Manager in its absolute discretion.

Details of the Performance Allocation arrangements for each Class of Participating Shares are set out in the section headed "**Fees and Charges**".

**Other Fees:**

Details of the other fees and expenses payable by the Fund or Shareholders are set out in the section headed "**Fees and Charges**".

**Organizational Expenses and Operating Expenses:**

Details of the allocation and payment of the expenses in connection with the establishment of the Fund, organizational and other operating expenses are set out in the section headed "**Fees and Charges**".

**Risk Factors and Conflicts of Interest:**

**It is critical that prospective investors read this Memorandum and the Articles carefully before deciding whether to purchase Participating Shares and pay particular attention to the information and non-exhaustive list of the risks of investing in the Fund, and the limitations of risk monitoring and risk management set forth in the sections headed "Risk Factors" and "Conflicts of Interest".**

**An investment in the Fund involves substantial risks. Investors in the Fund must be fully able to bear the risk of a total loss of their investment in the Fund as well as be fully able to evaluate (together with such investor's financial advisers, if any) the risks, conflicts of interest and potential merits of such investment. Alternative investment programs may not be suitable for many investors. Due to their general dependence on the availability of credit and the liquidity of the markets, alternative investment programs are subject to significant risks to which traditional investments are not. Among the risks which prospective investors should note are the following:**

- **The Participating Shares are a speculative and illiquid investment. There is no secondary market for the Participating Shares, and none is expected to develop. There are material restrictions on transferring and redeeming Participating Shares.**
- **The Fund's performance may be volatile.**
- **The Fund may invest on a highly leveraged basis. This may further amplify any losses.**
- **Many of the instruments that are traded by the Manager for the Fund contain embedded leverage.**
- **The Fund is subject to substantial expenses, costs and fees. These expenses, costs and fees, unless offset by investment gains, will cause the Net Asset Value of the Fund to decline.**

**The Fund is subject to various conflicts of interest, including potential conflicts arising from the fact that the personnel managing the Fund's portfolio may at the same time be managing the portfolios of other funds or managed accounts (whether or not such other funds or managed accounts deploy the same or similar strategies as the Fund), and may have financial incentives to favor such other funds or managed accounts over the Fund. The Manager will have a conflict between its interest in acting for the benefit of investors in those funds and accounts and acting for the benefit of the Fund. This conflict will be especially**

**acute if the other funds or accounts are investors in the Fund and the Manager or its Affiliates have to make decisions about redemptions from the Fund.**

**Tax Treatment:**

Prospective investors should refer to the section headed "**Taxation**" for further details in relation to the taxation of the Fund in addition to seeking their own, independent professional tax advice.

Prospective investors should note that withholding taxes or other taxes may be assessed in jurisdictions from which the Fund derives income and in which their operations are based. At the sole discretion of the Manager, the Fund may seek to minimize its tax exposure by using special purpose vehicles or through other tax optimization structures.

Whether or not the Manager or the Fund pursue strategies to minimize tax exposure, the tax exposures and liabilities of Shareholders may not be optimal and may differ from Shareholder to Shareholder and from jurisdiction to jurisdiction. Shareholders should consult their own advisers regarding the tax treatment of their Investment in the Fund in the jurisdictions applicable to them. Shareholders should rely only upon advice received from their own tax advisers based upon their own individual circumstances and the laws applicable to them.

**Dividend Policy:**

Distributions will be determined quarterly as at 30 September, 31 December, 31 March, 30 June each year or more frequently at the Manager's discretion. Investors must elect in the Fund's Subscription Agreement whether they wish to be paid distributions in cash or have distributions automatically reinvested into the Fund after each distribution date. An investor can change their distribution option by notifying the Administrator in writing at least twenty 20 Business Days prior to the relevant distribution date. Investors may still have to pay tax on a distribution, even if it is reinvested.

**Reports and  
Notification Rights:**

The Fund will prepare its annual financial statements in accordance with IFRS or such other generally accepted accounting standards determined by the Directors from time to time.

Copies of the audited financial statements of the Fund, which will be made up to the end of December in each year, will generally be provided to Shareholders within 90 calendar days after the end of the relevant Financial Year. In addition, the Manager and/or the Administrator will provide each Shareholder with monthly unaudited statements which detail the Net Asset Value, and monthly unaudited statement which detail the estimated Net Asset Value, of that Shareholder's Participating Shares, as well as the past performance of the Fund.

Any audited financial statements and monthly unaudited statements which have previously been provided to Shareholders will thereafter be available from the Manager at the request of any Shareholder.

Shareholders should also note that certain notifications will be provided by the Manager, as detailed in the section headed "**Investment Program – Notification and Information Rights**".

**Base Currency:**

The base currency of the Fund is US dollars (i.e., the currency in which it maintains its books, records, and financial statements and in which it is charged applicable fees).

All subscriptions and redemptions in respect of each Class of Participating Shares will be transacted in the Relevant Currency for that Class.

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## INVESTMENT PROGRAM

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### Investment Objective

The Fund targets 7-10% annualized returns above the US Federal Funds Effective Rate.

The Fund will take long, short, relative value and directional trading positions in a broad range of Investments, based on the Manager's discretionary judgment in accordance with the Investment Program as approved by the Board. There are no material limitations on the instruments or strategies in which the Fund may invest.

### Investments Style

The focus of the Fund is to invest in fixed interest investments. The Fund's investment style utilizes a variety of institutional techniques, including a combination of inflation hedges, overlays, arbitrage strategies and to opportunistically allocate to selective opportunities or to apply a distortions based investment approach in order to generate a meaningful return above the US Federal Funds Effective Rate. The focus and style of the Manager is to seek out lower probability of default (POD) opportunities in fixed income markets relative to risk and then use specialized techniques to deliver strong returns to investors using a variety of return sources that have market-based correlations.

### Investment Strategy

The Manager acts in accordance with the Investment Program approved by the Board as and when it directs investment and divestment decisions for the Fund. The strategy is quantitative lead and seeks to generate real returns in more liquid parts of the fixed income market using specialized techniques available to institutional-grade fixed income managers. The Manager seeks to target areas of the fixed income market that have a lower probability of default. The Manager only invests in areas where it deems it has a competitive advantage to other fixed income managers..

### Investment Philosophy

The fundamental principle underpinning the investment strategy is that returns can be enhanced and delivered with lower risk via the use of the interposing methodology.

- Opportunity identification should be qualified through a risk framework the Manager calls 'interposing'. It starts with probability of default (POD) extraction methods and then applies investment capability into the themes that exhibit the most attractive results.
- Interposing effectively allows silos of value to overlap one another and not to sit independently of one another. In practice silos of value are co-dependent in various shades albeit contingent on the environment
- Fixed income professionals tend to be specialized within particular areas of the fixed income market i.e. credit, duration, high-grade or inflation. Rarely do these professionals possess a strong understanding of the connectivity across the different silos of the fixed income market. For example, a duration position should be applied in a 'best of fit' way be it through corporate duration, real yield duration, global duration or curve duration. This is an atypical approach given duration managers typically manage positioning through government bonds or futures / derivatives.
- Fixed income markets have deep 'alpha pools', with that comes breadth and scope to deliver value at lower per unit risk, more so than other asset classes. This can be done by seeking alpha in the lowest risk form in variety of markets with different liquidity profiles. Firstly, understanding where to deliver it from i.e. credit then secondly how best to apply it. Fixed income markets allow a multiple of unique ways to apply various exposures of like nature.

- The Manager's point of difference is that it aims to interpose the silos of value to ascertain causality. This is achieved by multi-tasking between the value sources or across the FI spectrum.
- With risk being blended across the silos, the focus of the investment effort is targeted at how each silo is inter-related.

### Investment Guidelines

The investment universe is comprised mainly of investment-grade corporate bonds, asset backed securities inflation derivatives, interest rate derivatives, bank bills and Negotiable Certificates of Deposit (NCDs) issued by larger Australian banks. The Manager's remit is to seek out the best opportunities irrespective of geography across rates, credit and inflation markets. As a result the investment universe is a function of return versus probability of default (POD) and risk. Consequently, the investment universe is statistically based due to the filters that are used and will be dynamic and based on changes in the investment environment. The Manager aims to hedge any foreign currency exposure back to the Australian dollar for the relevant Class of Participating Shares denominated in AUD.

The Manager will generally not advise investment in instruments that it believes, at the relevant time, are illiquid (other than certain OTC derivative transactions which may constitute illiquid securities). In addition, the Manager does not intend to recommend any Investments on behalf of the Fund by way of privately negotiated or issued transactions.

The Fund does not intend to invest in any restricted countries based securities, physical commodities or real estate linked securities.

The Manager is responsible for day-to-day monitoring and ensuring compliance with the investment guidelines (including the escalation of any breaches to the Board) pursuant to the Investment Management Agreement.

The Board will provide oversight of compliance by the Fund, including for any potential breaches as raised by the Manager from time to time, with the investment guidelines.

***Other than as set out above, there are no other restrictions on the strategies, markets or instruments which may be incorporated into the Fund's portfolio or the percentage of the Fund's assets that may be committed to any particular strategy type, market or instrument. By investing in the Fund, investors are relying on the discretionary judgment of the Manager in accordance with the Investment Program as approved by the Board.***

***The trading methods and strategies of the Manager are proprietary and confidential. The foregoing description is not intended to be exhaustive. There is no assurance that the Manager will trade profitably for the Fund or avoid substantial losses.***

### Leverage

Leverage can magnify both the gains and losses and investors may experience increased volatility in the value of their investments.

The Manager may leverage the Fund's market exposure when the Manager believes that this is in the best interests of the Fund, for example, where the Manager is seeking to hedge the Fund's risks or where the Manager believes in good faith that potential rewards outweigh the potential risks arising from such leverage. The amount of leverage (i.e., the borrowing of money and/or the purchase of commodities, securities, derivatives or other assets on margin or otherwise) employed by the Fund will be a function of prevailing market conditions and the Manager's investment and market views.

The Manager has full discretion over the level of leverage deployed by the Fund in its trading activities and will monitor the level of leverage on behalf of the Fund. Although the Manager may utilize several methods to measure the level of leverage deployed by the Fund, including an adjusted gross / commitment method and a Value-at-Risk ("VaR") methodology, there is no limit on the amount of leverage that may be utilized by the Fund,

and the level of such leverage may vary materially over time.

### **Risk Management**

The Manager will monitor the risk parameters and expected volatility of the Fund's overall portfolio and attempt to prevent the over-concentration of the portfolio in any particular Investment, strategy or market. However, the Manager will not follow any formal diversification policies. As a result, from time to time the Fund's portfolio may be highly concentrated in a strictly limited number of positions. This has the potential to amplify any gains as well as any losses.

The Manager will not attempt to hedge all market or other risks inherent in the Fund's portfolio. This is not only because of the number of market risks that are fundamentally non-hedgeable, but also because the cost of hedging is often, in the Manager's view, not justified when compared to other means of controlling risks. The means of risk management include diversification or establishing positions in incremental steps and only as (and if) the market bears out the Manager's trading ideas.

### **Amendment of Investment Program**

The investment objective, investment process and other details of the investment program as set out above may evolve, expand, and be amended, supplemented or added to as circumstances change over time as determined by the Board. These changes may be implemented at any time and with immediate effect, in whole or in part, without obtaining Shareholder approval (subject to compliance with the conditions set out in the section headed "**General Information**").

Notwithstanding the foregoing, the Shareholders will be informed as soon as practicable and no later than 30 days of any material change in the Fund's investment objectives, investment program or the investment guidelines.

### **Notification and Information Rights**

The Manager shall make available or procure that each Shareholder shall be provided with the following information:

- on a monthly basis, an estimated NAV of Participating Shares generally within 5 Business Days after the relevant month-end;
- on a monthly basis, a completed calculation of NAV and past performance of Participating Shares owned by all Shareholders, which is to be prepared and distributed by the Administrator, generally within 10 Business Days after the relevant month-end; and
- annual audited financial statements generally within 90 calendar days after the end of the relevant Financial Year and in no event later than 180 calendar days after the end of the relevant Financial Year.

Any audited financial statements and quarterly unaudited statements which have previously been provided to Shareholders will thereafter be available from the Manager at the request of any Shareholder.

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The Fund's investment program is speculative and entails substantial risks including the risk of significant or total loss of investment in the Fund. There can be no assurance that the investment objective of the Fund will be achieved or that its investment program will be successful. Investors should consider the Fund as a supplement to an overall investment program and should invest only if they are willing to undertake the risks involved. Please refer to the section headed "**Risk Factors**" for more details.

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## SUBSCRIPTION, ISSUE AND REDEMPTION OF PARTICIPATING SHARES

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Subscriptions must be forwarded to the Fund in accordance with the provisions of this Memorandum, the Articles and the terms of the relevant Subscription Agreement. The Directors may accept or reject any application to subscribe for Participating Shares in whole or in part. In the event that a subscription is rejected, subscription payments will be refunded at the applicant's risk, without interest, in the same currency in which the application was made. Subscription Agreements will be irrevocable, save as determined by the Fund.

### Offer of Participating Shares

The Fund is currently offering two Classes of Participating Shares for subscription. The key terms of the Participating Shares are set out in the below table.

| Class                                  | Class A Shares (USD)                                    | Class B Shares (AUD)  |
|--|---|---|
| Types of Investors                     | All eligible investors                                  | Relevant feeder fund(s) or eligible investors as determined by the Manager. |
| Minimum Initial Subscription           | US\$100,000   | US\$100,000 (or its equivalent in a foreign currency)                       |
| Minimum Holding                        | US\$100,000   | US\$100,000 (or its equivalent in a foreign currency)                       |
| Management Fee Rate (% per annum)      | 1.5   | 0   |
| Performance Allocation Rate (%)        | 20  | 0   |
| Hurdle Rate (% per annum)              | 1% over the prevailing US Federal Funds Effective Rate. | Not applicable  |
| Sell Spread (% per redemption request) | 0.15  | 0   |

Class A Shares will be available for subscription at US\$1,000 per share, and Class B Shares will be available for subscription at AU\$1,000 per share ("**Initial Subscription Price**") on the initial Subscription Day. On each Subscription Day thereafter, Class A Shares and Class B Shares will be available for subscription at a Subscription Price equal to the NAV per Share as at the Valuation Point immediately preceding the Subscription Day, unless the Directors determine otherwise.

### Subscriptions

Unless subscriptions are closed or there is a Suspension, subscriptions to the Fund may be made on any Subscription Day by any persons who meet the criteria set out in the section above under the heading "**Offer of Participating Shares**" unless otherwise determined by the Directors in their sole discretion.

### Different Class of Participating Shares

The Directors have the right, from time to time, to issue new Class of Participating Shares in the capital of the Fund upon such terms and in such manner as they may determine. The terms and conditions of such Participating Shares may differ including, without limitation, in relation to:



- (a) Management Fees and Performance Allocations;
- (b) redemptions, including redemption gates, lock-in periods and redemption procedures;
- (c) dividend rights; and
- (d) information rights.

All Participating Shares of a particular Class, will have identical rights and conditions.

### **Subscription Procedures**

Completed Subscription Agreements to subscribe for Participating Shares and the Subscription Price, in cleared funds in the Relevant Currency, must be received by the Administrator no later than 2:00 p.m. (Sydney time) at least 2 Business Days prior to the relevant Subscription Day ("**Subscription Deadline**") to be processed using the Subscription Price effective as at the Valuation Point of the Valuation Day immediately preceding the relevant Subscription Day. If Subscription Agreement is received after the Subscription Deadline, it is treated as having been received the following Subscription Day. Subscription Agreements, along with any other requisite documentation, should be submitted to, and will be dealt with by, the Administrator in accordance with the section below under the heading "**Communications Policy**".

Applicants should instruct their banks to pay the subscription amount in the Relevant Currency at least 1 Business Day in Sydney preceding the Subscription Deadline in order to ensure that cleared funds are received prior to the Subscription Deadline.

The Directors may decide whether to extend any offer period and/or to extend or waive the Subscription Deadline for receipt of any Subscription Agreements and/or subscription monies.

Unless the Directors decide otherwise, applications and subscription monies received after the relevant Subscription Deadline will be held over without interest and will be treated by the Fund as having been received in respect of the next Subscription Day.

### **Subscription Amount**

Each Participating Share may be subscribed for at the Subscription Price. If a Subscription Agreement is accepted, Participating Shares will be issued on the Subscription Day. Details of the price at which a subscription was accepted may be obtained by the relevant Shareholder from the Manager.

The Subscription Price payable for Participating Shares must be paid by the applicant and must originate from a bank account held in the name of the applicant, or in the case of joint applicants, one of the applicants. Third party payments will not be accepted.

### **Acceptance of Subscriptions and Confirmations**

The Directors may reject any application to subscribe for Participating Shares in whole or in part in their sole discretion. In this event, the balance of the amount paid by the investor will be returned, without accrued interest, as soon as practicable to the original bank account of the investor from where the original subscription monies derived, as stated in the Subscription Agreement, and at the risk and cost of the investor.

Investors should note that neither the Administrator and its Affiliates or delegates, the Fund, the Directors nor the Manager or its Affiliates accept any responsibility for any loss caused in respect of the Fund's failure to process any Subscription Agreement.

Subscription Agreements constituting applications for Participating Shares will not be dealt with, and Participating Shares will not be issued, until the Administrator has received confirmation that the Subscription Price for each Participating Share subscribed for by the applicant has been received in the Fund's investor account and cleared in full.

Although Participating Shares will not be issued until the relevant Subscription Day, all subscription proceeds are immediately deposited into the Fund and retained in custodial status, without accruing interest. Prior to issuing Participating Shares on the relevant Subscription Day, and notwithstanding that the subscription proceeds are being retained in custodial status, subscription monies may be released to the custody and brokerage accounts of the Fund, or by the relevant feeder fund to the Fund as the case may be, to ensure that investments can be effected by the Fund. In the event that the Fund is wound up before the Participating Shares are issued, the subscriber will become an unsecured creditor of the Fund in the context of any insolvency proceedings.

Trade confirmations will be sent by the Administrator or its Affiliate to investors upon receipt of their Subscription Agreement. Such confirmations will set out the details of the investor's Participating Shares. If the investor does not receive a trade confirmation, it is the investor's responsibility to contact the Administrator to ascertain the status of its Subscription Agreement. An investor cannot assume its subscription has been successful until it receives a trade confirmation from the Administrator or its Affiliate. In the event that no acknowledgement is received from the Administrator or its Affiliate within 1 Business Day of submission of the Subscription Agreement, the investor should contact the Administrator to confirm receipt by the Administrator of the Subscription Agreement.

Where a Subscription Agreement is accepted, Participating Shares will be issued in registered form. No Participating Share certificates or temporary documents of title will be issued.

Participating Shares will be issued to 4 decimal places. Fractions of a Participating Share will be rounded down to the nearest decimal place and any excess subscription amount will be retained for the benefit of the Fund.

The Directors may from time to time, without prior notice, close the Fund to new subscriptions, either for a specified period or until they otherwise determine. During any such period, Participating Shares will not be available for subscription and no Subscription Agreements or subscription monies will be accepted.

#### **Minimum Subscriptions and Minimum Investments**

The minimum subscription an investor must invest in the Fund is as set out in the section headed "**Subscription, Issue and Redemption of Participating Shares – Offer of Participating Shares**".

Notwithstanding the above, the Directors may specify a different minimum amount in general or in relation to any specific investor in respect of each Class of Participating Shares, provided that such minimum will be no lower than that prescribed by the Cayman Mutual Funds Act. The Directors may determine the number of applications for Participating Shares that are accepted.

A Shareholder may subscribe for additional Participating Shares as set out in the section headed "**Subscription, Issue and Redemption of Participating Shares – Offer of Participating Shares**".

Notwithstanding the above, the Directors may accept additional subscriptions in lesser amounts in respect of each Class of Participating Shares.

The minimum holding of Participating Shares per Shareholder is as set out in the section headed "**Subscription, Issue and Redemption of Participating Shares – Offer of Participating Shares**".

Notwithstanding the above, the Directors may prescribe such other minimum holding amount in respect of each Class of Participating Shares and subject to compliance with applicable laws.

#### **Applications for Redemption of Participating Shares**

Except during a Suspension or a Redemption Payment Extension, a Shareholder may submit a Redemption Notice to redeem its Participating Shares as at any Redemption Day. In the absence of any specific instructions from a Shareholder, a Shareholder shall be deemed to have requested the redemption of Participating Shares on a "first acquired, first redeemed" basis. Redemption Notices must be submitted to the Fund in accordance with the Fund's Communications Policy set out below.

The minimum amount of Participating Shares in respect of which a Shareholder may submit a Redemption Notice is as set out in the section headed "**Subscription, Issue and Redemption of Participating Shares – Offer of Participating Shares**" although the Directors may accept redemption requests in lesser amounts.

A Participating Share of the Fund will be redeemed at the Redemption Price which is subject to adjustments set out below under the heading "**Payment of Redemption Proceeds**".

### **Redemption Procedures**

In order to be dealt with on a particular Redemption Day, emailed copies of a Redemption Notice in the form prescribed by the Manager from time to time, setting out the details of the Participating Shares to be redeemed, must be received by the Administrator no later than 2:00 p.m. (Sydney time) on the Business Day that is at least 30 calendar days prior to the relevant Redemption Day, for processing using Redemption Price effective as at the Valuation Point of the Valuation Day immediately preceding the relevant Redemption Day. The Directors may at its discretion allow withdrawals at other times and with longer or shorter notice periods. If the Redemption Notice is received by the Administrator after the deadline for receipt of requests for any particular withdrawal date, it will be treated as a request for redemption on the next Redemption Day.

The Directors may waive, extend or reduce the period for receipt of a Redemption Notice on any particular Redemption Day or generally (in which case Shareholders will be notified of such variation of the period for receipt of a Redemption Notice).

In the sole discretion of the Directors, Redemption Notices received after the deadline for receipt of a Redemption Notice will be held over, without interest, and will be treated by the Fund as having been received in respect of the next applicable Redemption Day in respect of which the deadline is satisfied unless the Directors determine otherwise.

A form of Redemption Notice may be obtained from the Administrator. Completed Redemption Notices must include the full details of the shareholding including the names and addresses of the Shareholders, the number and Class of Participating Shares to be redeemed (if known, and if not, the Net Asset Value of Participating Shares to be redeemed) and the Redemption Day as at which redemption is requested.

The partial redemption of a shareholding may be effected. If a Redemption Notice would result in the Shareholder having a residual holding of Participating Shares of the relevant Class with an aggregate value that is less than the minimum holding immediately after the relevant Redemption Day, the Shareholder's Redemption Notice will be deemed to have been made in respect of all Participating Shares of the relevant Class held by that Shareholder. In this event, a Shareholder's holding in the relevant Class will be reduced to zero.

Details of the Redemption Price applicable to any Participating Shares may be obtained by the relevant redeemed Shareholder from the Manager.

### **Revocation and Cancellation of Redemption Notices**

Once given, a Redemption Notice may not, unless the Directors determine otherwise (and before the NAV has been calculated), be revoked by a Shareholder. The Directors may cancel any Redemption Notice upon the occurrence of a Suspension Event.

### **Confirmation of Receipt of Redemption Notice**

As soon as practicable after each Redemption Day, and provided the Administrator acknowledges receipt of the relevant Redemption Notice, the Administrator will confirm in writing to a redeeming Shareholder the number of Participating Shares of each relevant Class or cash amount to be redeemed (the "**Administrator's Confirmation Order**").

If any of the information contained in the Administrator's Confirmation Order is incorrect or incomplete, the Shareholder must contact the Administrator within 1 Business Day to arrange for amendment, otherwise it will be deemed that the Shareholder has agreed to the information provided in the Administrator's Confirmation

Order. In the event that a Shareholder does not receive an Administrator's Confirmation Order within 3 Business Days of submission of the Redemption Notice, a redeeming Shareholder should contact the Administrator or its Affiliate to confirm receipt of the Redemption Notice.

### **Payment of Redemption Proceeds**

Subject to the conditions set out under the heading "**Deferral Provisions**" and except during a Suspension or a Redemption Payment Extension, redemption proceeds will generally be paid to the redeeming Shareholder within 21 Business Days of the relevant Redemption Day or, if the Net Asset Value of the relevant Participating Shares has not been finalized at that time, within 21 Business Days of finalization of the Net Asset Value of the Participating Shares being redeemed. Redemption proceeds will comprise the Redemption Price per Participating Share which is net of: (a) all bank charges, administrative, fiscal and conversion expenses and charges and applicable withholding taxes reasonably incurred in effecting the redemption; (b) any fees accrued in relation to the relevant Participating Shares; and (c) any applicable buy/sell spread.

There is a difference between the Subscription and the Redemption Price which is a result of transaction costs. The buy/sell spread is applied because a subscription or redemption may necessitate the purchase or sale of Fund assets, incurring transaction costs such as brokerage, government duties and taxes. Existing investors do not continually bear the transaction costs resulting from new investments or redemptions that are made. Each investor of the relevant Class pays a sell spread of up to 0.15% when they redeem from the Fund. This amount is deducted from the gross redemption proceeds and retained in the Fund for the benefit of all investors.

The Manager will be entitled to receive any Management Fee, and the Class P Shares will be entitled to receive any Performance Allocation, accrued in respect of redeemed Participating Shares. Accordingly, as indicated above, an amount on account of such Management Fees and Performance Allocation may be deducted from the redemption proceeds payable to Shareholders.

Subject to the conditions set out under the heading "**Deferral Provisions**", redemption proceeds will be paid to the redeeming Shareholder by telegraphic transfer. Redemption proceeds will only be paid to the account specified in the Shareholder's Subscription Agreement in the name of the Shareholder from which the subscription monies were originally received or, upon approval of the Directors (where required), to another account in the name of the Shareholder.

The Fund reserves the right to delay or refuse to make any redemption payment or distribution to a Shareholder if: (a) any of the Directors, the members of the Board, the Manager or the Administrator knows or suspects or is advised that the payment of any redemption proceeds or other distribution to such Shareholder might result in a breach or violation of any applicable anti-money laundering or other laws, regulations or policies by any person in any relevant jurisdiction; or (b) such refusal is considered necessary or appropriate to ensure the compliance by the Fund, its Directors, the members of the Board, the Manager or the Administrator with any such laws, regulations or policies in any relevant jurisdiction.

### **Deferral Provisions**

#### ***Withholding of a Portion of Proceeds***

Subject to any declaration by the Fund of a Suspension or a Redemption Payment Extension, the Fund will be authorized to withhold a reserve of up to 5% of the actual or estimated redemption amount for up to an additional 30 calendar days after the date by which redemption proceeds would typically become payable in accordance with the section headed "**Subscription, Issue and Redemption of Participating Shares - Payment of Redemption Proceeds**" or pending completion of the year end audit if the redemption is effective as at the close of a Financial Year or the final audit if the redemption is effective as part of the winding down operations of the Fund.

### **Compulsory Redemption**

The Directors may compel the compulsory redemption of any Participating Shares, with or without cause, on not less than 5 Business Days prior written notice in accordance with the provisions of the Articles.

Except in relation to Participating Shares redeemed in the circumstances described in the section headed "**Suspensions and Restructures**", the payment of redemption proceeds and the settlement of compulsory redemptions will be made in the same manner as voluntary redemptions.

The compulsory redemption price for a Participating Share will be the Redemption Price calculated as at the first Valuation Day following the decision of the Directors to redeem such Participating Shares on a compulsory basis.

### **Communications Policy**

The following form of communication are acceptable to the Fund for submitting Subscription Agreements, Redemption Notices, requests to transfer Participating Shares or any other instructions (for example, but not limited to notices of change of address) ("**Relevant Communications**") to the Administrator via electronic mail (provided that it contains a scanned copy of the relevant duly completed and signed document) to [Fortlake-TA@ascentgfs.com](mailto:Fortlake-TA@ascentgfs.com) and [enquiries@fortlake.com.au](mailto:enquiries@fortlake.com.au) (for submission of documents only) and [Fortlake-TA@ascentgfs.com](mailto:Fortlake-TA@ascentgfs.com) (for all other queries). Electronic mail messages that do not contain a duly completed and signed document as an attachment will not be accepted.

In addition to the foregoing, the originals of all Relevant Communications must also be forwarded promptly via courier upon the request of the Fund and/or the Administrator, to the Fund and the Administrator at:

ASCENT Fund Services (Australia) Pty Ltd  
PO Box Q273, Queen Victoria Building, Sydney NSW 1230 Australia Attn: Shareholder Services  
Email: [Fortlake-TA@ascentgfs.com](mailto:Fortlake-TA@ascentgfs.com)

Notwithstanding the method of communication that is utilized, the Fund and/or the Administrator reserve the right to ask for the production of original documents or any other information or documentation to authenticate the communication or satisfy any enquiry that they might have. In the event of the mis-receipt or corruption of any message, prospective investors and Shareholders will be required to re-send the documents. Prospective investors and Shareholders must use the prescribed form of document provided by the Fund in respect of the subscription, redemption or transfer of Participating Shares, unless such condition is waived by the Fund and/or the Administrator.

In the event that no acknowledgement is received from the Administrator within 3 Business Days of submission of the Relevant Communication, the relevant investor or Shareholder must contact the Administrator at [registry@ascentgfs.com](mailto:registry@ascentgfs.com) to confirm receipt by the Administrator of the Relevant Communication.

Neither the Fund nor the Administrator will be responsible for any mis-delivery or non-receipt of any electronic mail, mail or courier if they have not acknowledged receipt of the electronic mail, mailed or couriered original document. Any documents (including Relevant Communications) sent to the Fund or the Administrator shall only be effective when actually acknowledged by the Fund or the Administrator. By signing the Subscription Agreement, subscribers agree and acknowledge that no liability will be accepted by the Fund, the Administrator or their Affiliates in respect of documents that are submitted, but not acknowledged as received by the Fund or the Administrator, as the case may be.

### **Master-Feeder Fund Structure**

Notwithstanding the foregoing, where the Shareholder is a feeder fund (the "**Feeder Fund**"), or in such other circumstances as the Directors may determine or agree with the operators of the Feeder Fund, the Directors on behalf of the Fund may determine such alternative procedure for the communication, receipt, acceptance, withdrawal and/or processing of any Redemption Notices in respect of Participating Shares held by such Feeder Fund, in each case subject to the provisions of the Articles of the Fund. Such alternative procedures may include, without limitation, the automated processing of redemptions of Participating Shares held by the Feeder Fund by the Fund or its agent (including its administrator from time to time) in connection with a redemption request by investors in such Feeder Fund, or the receipt of Redemption Notices by telephone, e-mail, password protected or secure Internet website, electronic platforms, regular mail and facsimile or such other arrangements as the Directors may from time to time determine.



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## VALUATION

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### Calculation of Net Asset Value

The Net Asset Value of the Fund, the Class and the Net Asset Value per Participating Share will be calculated by the Administrator, in the manner described below at each Valuation Point on each Valuation Day and/or at such other time or times as the Directors may determine in accordance with IFRS.

The Net Asset Values shall be determined in the Relevant Currency at the relevant times in accordance with the Articles on the basis of the "net asset value" of the shares of the Fund as at the same Valuation Point together with all cash and other assets held for the benefit of the Fund, less the liabilities of the Fund.

The Net Asset Value per Participating Share of any Class as at a given Valuation Point shall be the Net Asset Value of such Class divided by the number of Participating Shares of such Class in issue as at such Valuation Point. The resultant amount will be rounded to 6 decimal places.

The Board and the Directors have delegated to the Administrator the calculation of the Net Asset Value of the Fund and the Net Asset Value per Participating Share of each Class subject to the overall supervision and direction of the Board and the Directors. The Board will approve and review the valuation policies and pricing models used on an annual basis.

The value of the Investments which are held by the Fund shall be calculated by the Administrator, in consultation with the Board and the Manager, from time to time, in accordance with IFRS and the valuation methodology set out below:

- (a) any security which is listed or quoted on any securities exchange or similar electronic system and regularly traded thereon will be valued at its last traded price or closing settlement price on the relevant Valuation Day or, if no trades occurred on such day or no such price is available, then the average will be taken between the closing bid price and the closing offer price, as at the relevant Valuation Day, and as adjusted in such manner as the Board thinks fit, having regard to the size of the holding, and where prices are available on more than one exchange or system for a particular security the price will be the last traded price or the average between the closing bid and offer price, as the case may be, on the exchange which constitutes the main market for such security or the one which the Manager determines, subject to approval by the Board, provides the fairest criteria in ascribing a value to such security;
- (b) investments, other than securities, which are dealt in or traded through a clearing house or an exchange or through a financial institution will be valued by reference to the most recent official settlement price quoted by that clearing house, exchange or financial institution. If there is no such price, then the average will be taken between the lowest offer price and the highest bid price at the close of business on any market on which such investments are or can be dealt in or traded, provided that where such investments are dealt in or traded on more than one market, the Board may determine in its sole discretion which market provides the fairest criteria in ascribing a value to such security;
- (c) any security which is not listed or quoted on any securities exchange or similar electronic system or if, being so listed or quoted, is not regularly traded thereon or in respect of which no prices as described above are available, will be valued at its probable realization value as determined by the Board in good faith having regard to its cost price, the price at which any recent transaction (within 1 month) in the security may have been effected, the size of the holding having regard to the total amount of such security in issue, and such other factors as the Board deems relevant in considering a positive or negative adjustment to the valuation. Although the Manager will not invest in instruments that it believes, at the relevant time, are illiquid (other than certain over-the-counter derivative transactions which may constitute illiquid securities), it is anticipated that if an investment becomes illiquid, the valuation methodology for such illiquid investments will take into account factors such as the size of the position and materiality of the adjustment to the net asset valuation. Investors should note that

such factors are subject to change from time to time, depending on the Board and/or its duly authorized agents' assessment of the nature of the circumstances giving rise to the illiquidity, general market conditions and input from the Manager and independent valuation agents (to the extent relevant or appropriate);

- (d) investments, other than securities, which are not dealt in or traded through a clearing house or an exchange or through a financial institution will be valued on the basis of the latest available valuation provided by the relevant counterparty or third party valuation agent, as Directors deem appropriate;
- (e) deposits will be valued at their cost plus accrued interest; and
- (f) any value (whether of an investment or cash) otherwise than in US dollars will be converted into US dollars at the applicable rate of exchange as at close of business on the relevant Valuation Day.

For the purpose of valuing the assets of the Fund as set out above, the Board may rely upon the opinions of third-party valuation agents (being those with appropriate professional qualifications or experience in the relevant markets) to value assets of any Class.

The Board, in consultation with the Manager, may permit any other method of valuation to be used if it considers that such method of valuation better reflects value or is in accordance with good accounting practice.

In calculating the Net Asset Value of the Fund, the Administrator will follow the valuation policies and procedures adopted by the Fund as set out above and in the Fund valuation policy as approved by the Board. For the purpose of calculating the Net Asset Value of the Fund, the Administrator shall, and shall be entitled to, rely on, and will not be responsible for the accuracy of, financial data furnished to it by the Prime Brokers, the Manager, any market makers and/or independent third party pricing services. The Administrator may also use and rely upon industry standard financial models or other financial models as approved by the Board in pricing any of the securities or other assets of the Fund. If and to the extent that the Manager is involved in the pricing of any of the securities or other assets of the Fund, the Administrator undertakes to independently verify the Manager's pricing, to the extent such independent verification is reasonably possible. If the Board, in its sole discretion and in good faith, decides that any price determined above does not fairly represent the value of the Investment, the Board, in consultation with the Manager, may value such Investment as it reasonably determines and will set forth the basis of such valuation in writing for approval by the Board. The determination of the fair value of Investments may be based on a variety of factors including, without limitation, the nature of the Investments, restrictions to which the Investments are subject, model-based valuation techniques, broker quotes, market valuation of similar investments, valuation of underlying components and collateral, valuation of Investments at their conversion value (taking into account conversion costs and restrictions), third party appraisals, counterparty risk, recent trading activity and other observable market conditions that would affect the fair value of the Investment. The amount of Investments valued in this manner may change over time and may be significant. The Board may, at its absolute discretion and at the cost of the Fund, engage independent valuers to assist with valuation of any or all of the assets of the Fund or to review or affirm a valuation of an asset of the Fund or to review or audit or provide an opinion on any procedures or protocols utilized in the valuing of assets of the Fund, in any particular case or on a periodic basis.

The Directors have adopted IFRS in drawing up the annual accounts of the Fund. However, investors should note that the calculation of the Net Asset Value in the manner described above which the Fund intends to adopt for the purpose of determining Subscription Prices and Redemption Prices, and for the purpose of the calculation of various fees as described in this Memorandum, may not necessarily be in compliance with generally accepted accounting principles (i.e., IFRS). Accordingly, investors should note that the Net Asset Values as described in this Memorandum may not necessarily be the same as the Net Asset Values that will be reported in the annual accounts of the Fund as the Directors may make necessary adjustments in the annual accounts to comply with IFRS.



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## SUSPENSIONS AND RESTRUCTURES

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### Suspension of Valuation, Issue and/or Redemption of Participating Shares

The Directors may at any time in the circumstances set out below, suspend: (a) the determination of the Net Asset Value and/or the Net Asset Value per Participating Share; and/or (b) the subscription for and/or issue of Participating Shares; and/or (c) the redemption of Participating Shares (either in whole or in part); and/or (d) the purchase of Participating Shares; and/or (e) the payment of any amount to a redeeming Shareholder in connection with a redemption of Participating Shares (each a "**Suspension**"). For the avoidance of doubt, the Directors may suspend the issue and/or redemption of Participating Shares without suspending the determination of the Net Asset Value or the Net Asset Value per Participating Share.

The Directors may also, at any time in the circumstances set out below, as an alternative to, or in conjunction with, a Suspension, or prior to or following a Suspension extend for a specified time the period for the payment of redemption proceeds (a "**Redemption Payment Extension**").

The Directors may declare a Suspension or a Redemption Payment Extension for the whole or any part of any period as follows:

- (i) any period when any exchange or market on which a part of the Fund's Investments is quoted, listed, traded or dealt in is closed otherwise than for ordinary holidays;
- (ii) any period when dealings on any exchange or market are restricted or suspended;
- (iii) a breakdown in the means of communication normally employed in determining the Net Asset Value, the Subscription Price or the Redemption Price, or when for any other reason the price or value of any of the Investments cannot be promptly and accurately ascertained;
- (iv) any period when the realization of the Investments, or the transfer of funds involved in such realization cannot, in the opinion of the Directors, be effected at normal prices or normal rates of exchange;
- (v) in order to effect an orderly liquidation of the assets of the Fund as is deemed necessary to effect the requested redemptions;
- (vi) the period of time following the date that the Directors have determined to cease operations and return all of the Fund's capital;
- (vii) when the business operations of the Manager, the Administrator, the Prime Brokers, or their respective agents in relation to the operation of the Fund, are substantially interrupted or closed as a result of, or arising out of, extraordinary events such as pestilence, acts of war, terrorism, insurrection, revolution, civil unrest, riot, strikes or acts of God;
- (viii) the Fund has suspended the determination of its net asset value, issue and/or redemption of Participating Shares in the Fund for any reason;
- (ix) with respect to any Shareholder(s), if the Directors deem it necessary to do so to comply with anti-money laundering laws and regulations or any other legal requirement applicable to the Fund, the Manager, any other service provider to the Fund or any affiliate of any of them; or
- (x) any other period during which the Directors have determined that it is in the best interests of the Fund to declare a Suspension or Redemption Payment Extension,

each of these circumstances being a "**Suspension Event**".

All reasonable steps will be taken by the Directors to bring any period of Suspension, or Redemption Payment Extension, to an end as soon as possible, provided that the Directors consider that such steps, and the termination of the Suspension or Redemption Payment Extension, is in the best interests of the Fund.

The Manager will notify Shareholders of any Suspension or Redemption Payment Extension as soon as reasonably practicable, and the subsequent lifting of such measures. In the event of any Suspension or Redemption Payment Extension being imposed, the Directors may instruct the Administrator to cease processing any Subscription Agreements and Redemption Notices and may cancel any Subscription Agreements and Redemption Notices received prior to such Suspension or Redemption Payment Extension being imposed. Any prospective investors or Shareholders, as the case may be, affected by any such cessation or cancellation may be required to re-submit their Subscription Agreements or Redemption Notices upon the lifting of the Suspension or Redemption Payment Extension.

It is anticipated that any Suspension would ordinarily be temporary. However, there may be certain circumstances, where the Directors may make a determination that the investment strategy should no longer be continued and continue to keep the Suspension in place. During any such period of Suspension, or where a Suspension has been declared but the Directors determine that the investment strategy should no longer be continued, the Manager will recommend to the Directors and the Board that the Fund be managed with the objective of returning the Fund's assets to Shareholders in an orderly and timely manner, such that prospects for realization of specific amounts, and timing of payments to Shareholders, are reasonably balanced (an "**Orderly Realization**").

The Directors and the Board may, in such circumstances, resolve to effect an Orderly Realization should they determine that doing so is in the best interests of the Shareholders. Such an Orderly Realization will not constitute a winding up or dissolution of the Fund for any purposes, but rather only the continued management of the Fund's portfolio so as to reduce such portfolio to cash (to the extent reasonably practicable, as advised by the Manager) and return such cash, as well as all other assets of the Fund, to the Shareholders including by way of a compulsory redemption.

The Directors will promptly communicate to Shareholders any resolution to proceed with an Orderly Realization of the Fund. During an Orderly Realization, the Manager will, in consultation with the Directors and/or the Board, take such steps as are considered appropriate and in the best interests of the Shareholders (unless the Fund is determined by the Directors to be insolvent, or in the zone of insolvency, and such determination has been communicated to Shareholders, in which event the relevant determination will be what is in the best interests of all of the Fund's stakeholders) to effect the Orderly Realization. The Directors and the Board, in consultation with the Manager and the Shareholders, will establish what they consider to be a reasonable time by which the Orderly Realization should be effected (the "**Realization Period**") and will promptly communicate such timeline to the Shareholders. In determining the appropriate Realization Period, the Directors will balance the expected value of an asset at realization with the length of time it is expected to take to realize such value.

The Directors, in consultation with the Manager, may resolve to cease the Orderly Realization within the Realization Period and recommence active trading if the circumstances permit a lifting of any applicable Suspension or, where no Suspension is in effect, if the circumstances are such that the investment strategy can then be continued, provided that all Shareholders seeking to redeem from the Fund will have the opportunity to do so in full prior to the Fund recommencing active trading.

Investors should note that the Directors, in consultation with the Manager, may make a determination that the investment strategy of the Fund should no longer be continued and, without declaring a Suspension, the Directors may compulsorily redeem the Participating Shares held by the Shareholders to return the Fund's assets to the Shareholders as a means to wind down the operations of the Fund.

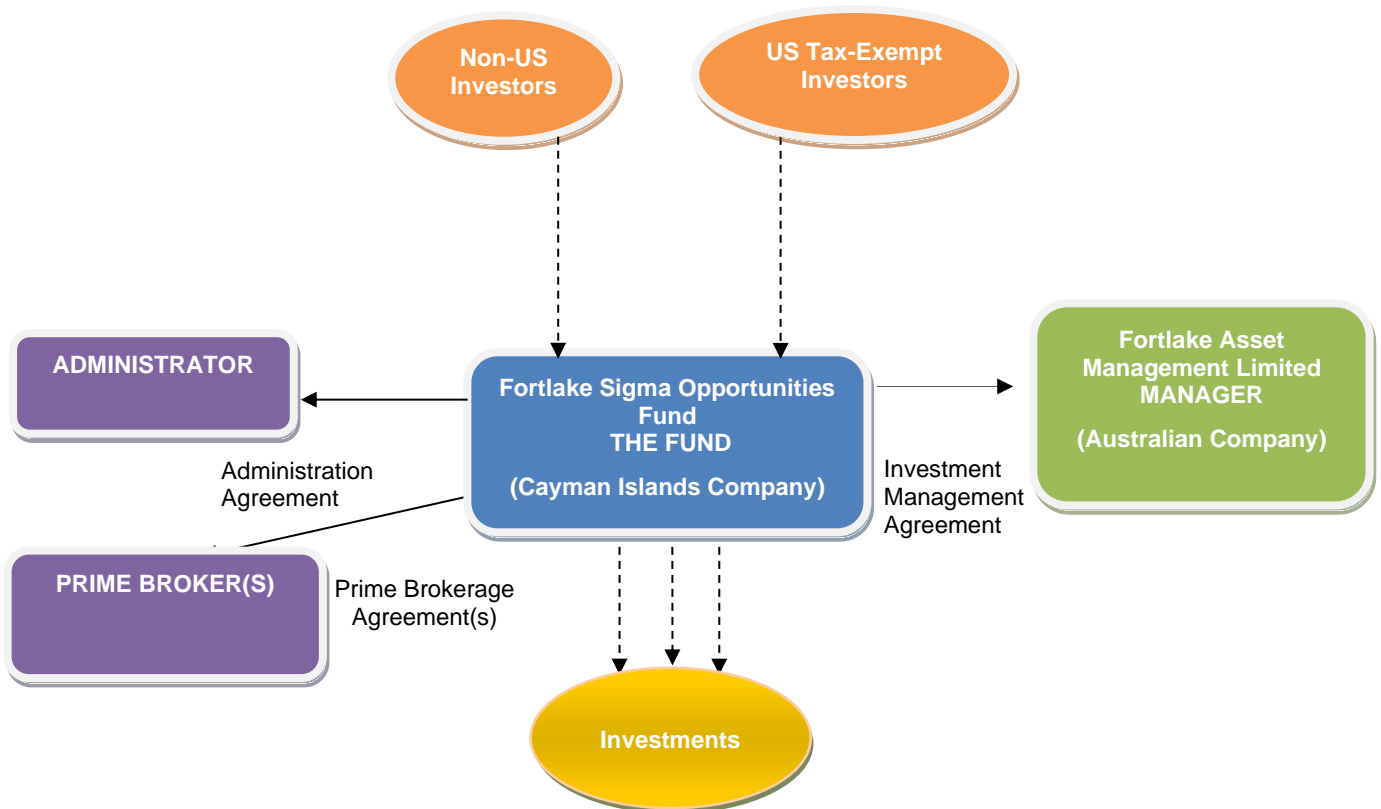
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## MANAGEMENT AND ADMINISTRATION

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### Fund Structure

The following diagram summarizes the structure of the Fund and its management arrangements:



The Fund was incorporated in the Cayman Islands as an exempted company with limited liability on 15<sup>th</sup> February 2022 for an unlimited duration. The authorized share capital of the Fund is US\$50,000 divided into 100 voting, non-redeemable Management Shares with a nominal or par value of US\$1.00 each, 4,989,000 non-voting redeemable Participating Shares with a nominal or par value of US\$0.01 each and 1,000 Class P Shares with a nominal or par value of US\$0.01 each. As at the date of this Memorandum, the Management Shares are held by Walkers Fiduciary Limited as trustee of Fortlake Sigma Opportunities Trust. The Class P Shares will be held by carry vehicle(s) affiliated with the Manager. The Class P Shares entitle the holder(s) thereof to receive the Performance Allocation, but the Class P Shares do not otherwise participate in the gains or losses of the Fund.

The Fund will be wound up and dissolved in accordance with the Articles or otherwise pursuant to a formal liquidation under the Cayman Companies Act or any other applicable bankruptcy or insolvency regime. Copies of the Memorandum of Association and Articles of the Fund, together with copies of the Fund's annual or periodic reports as detailed in this Memorandum, are available upon request from the Manager and, upon reasonable notice, may be inspected at the offices of the Manager. The Fund will not generally issue any certificates in respect of its Participating Shares and the Participating Shares are not expected to be listed on any stock exchange.

### The Fund – Fortlake Sigma Opportunities Fund

The Directors have overall control and responsibility for managing the business of the Fund. The Directors may consult with the Manager on any matter. The Directors may delegate certain functions to other parties subject to the overall supervision and direction of the Directors. The Directors have delegated investment discretion over the Fund's assets to the Manager pursuant to the terms of the Investment Management Agreement, and the Directors, in their capacities as such, are not responsible as such for the day-to-day conduct of the Fund's investment program.

The rights, obligations, standard of liability and right of indemnification of the Directors are set out in the Articles. The Articles also specify the manner in which the Directors operate and how Directors may be appointed and removed.

The business of the Fund includes its management and administration and shall include the realization and distribution of the net assets of the Fund to Shareholders during a wind-down of the operations of the Fund.

The Fund may also accept subscriptions by feeder funds, or by certain direct investors, from time to time, including other investment funds and managed accounts managed by the Manager or its Affiliates.

### **Directors of the Fund**

The Directors of the Fund are Dr. Christian Baylis, Mr. Jonathan Caldwell and Mr. David Richardson. The address of the Directors for the purposes of the Fund is the address of the registered office of the Fund, as set out in the Directory.

Each of the Directors of the Fund are registered under the Directors Registration and Licensing Act (as amended) of the Cayman Islands.

The biography of each director of the Fund is summarized below.

#### ***Dr Christian Baylis***

Christian is a highly regarded Australian-based manager with broad experience across global fixed income and derivatives strategies, having worked previously at UBS Asset Management and the Reserve Bank of Australia (RBA).

Christian managed in excess of \$8 billion AUM and was the lead Portfolio Manager in the UBS Australian Fixed Income team for the UBS Cash Plus Fund, the Insurance and ALM book of business and ran a complex suite of overlay strategies for large cross-border liability clients. Christian was also a member of the Global Multi Strategy Committee and was appointed as the Australian representative for the Global Dynamic Fund, the core global unconstrained Fixed Income offering for UBS Asset Management.

Christian was the Head of Derivative Strategy, Inflation Linked Assets and Credit Trading across the Australian Fixed Income business, managing in excess of \$26 billion. This role incorporated oversight of Sector Strategy—incorporating Semi-government and Sovereign Supra National Agencies (SSAs) and the development of the associated ESG framework for these assets. As a member of the Global Multi Strategy Committee Christian was actively involved in the macro analysis and research of fixed income markets for the global Fixed Income business.

Christian joined UBS Asset Management in March 2011. Whilst managing the UBS Cash-Plus Fund from March 2011 to May 2020, Christian obtained the only 'Highly Recommended' rating from Zenith for consecutive years 2017 – 2020 for the Short-Term Credit category.

Prior to this, he was a Senior Analyst at the Reserve Bank of Australia (RBA), managing the Bank's investment portfolio, liquidity and liability profile. Prior to his role at the RBA, Christian worked for Standard and Poor's, as a Rating Specialist conducting rating assessments and research.

Christian has a PhD in Econometrics from Monash University and was a recipient of the distinguished Exceed First Class Honours award, receiving a perfect GPA. Christian won the Australian Postgraduate Scholar Award at

both University of New South Wales (UNSW) and the University of Sydney (USYD) for his work in the Econometrics field and was a visiting scholar at Monash University in the Econometrics faculty. Christian was also the recipient of the prestigious Capital Markets CRC PhD Scholarship where his work focused on alternative methods of inflation modelling, probability density functions and option implied distributions.

#### ***Mr Jonathan Caldwell***

Mr Caldwell has over 20 years of experience in financial markets, most recently as senior prime finance sales executive focused on South-East Asia & Australia at J.P. Morgan. There, he also had the responsibility of leading the regional macro fund agenda within prime brokerage. Mr Caldwell brings deep asset class knowledge and strong relationships across the investment world.

#### ***Mr David Richardson***

David Richardson's career in the investment business spans over 30 years of experience. He has held various senior positions with the Bank of Bermuda (now HSBC Bermuda), followed by serving as Managing Director for MeesPierson (Bahamas) Ltd, and Chairman of Lighthouse Capital Insurance Company (Fortis' insurance affiliate in the Cayman Islands). With his broad experience in the financial services sector, he serves on the boards of several large private companies including registered investment funds, insurance companies and large multinational family foundations and trusts.

Mr. Richardson has authored and/or co-authored a number of articles on subjects relating to U.S. and international taxation and asset protection, including *Asset Protection Revisited* and *U.S. Tax Planning for Passive Investments* published by the American Law Institute in 2013.

#### **The Manager – Fortlake Asset Management Limited**

Fortlake Asset Management Limited (ACN: 643 640 939) is the Manager of the Fund. The Manager was registered in Australia as a proprietary company, limited by shares on 19 August 2020. The Manager has been appointed to advise on the investment realization and reinvestment of the assets of the Fund and supervise the implementation of the investment objective and strategy of the Fund including consideration of any investment restrictions, subject to the overall control of the Directors.

The Manager is currently authorized to conduct funds management activities by an Australian financial services licence ("**AFS Licence**") holder (Corporate Authorised Representative number 001283388, authorised by AFS Licence number: 226199).

The Manager is exempt from registration as an investment adviser with the SEC pursuant to Rule 203(m)-1 under the US Advisers Act as it has no clients that are United States persons except for one or more private funds and manages less than US\$150 million in private fund assets at a place of business in the United States. However, as a private fund adviser, the Manager is an "exempt reporting adviser" for purposes of the US Advisers Act, will be required to file periodic reports with the SEC describing certain aspects of its advisory business and is subject to limited provisions of the US Advisers Act. The reports will be publicly available. However, investors in the Fund will not be afforded most of the protections of the US Advisers Act or SEC regulations promulgated thereunder that would otherwise apply to an investment in a private fund advised by a registered investment adviser. The Manager will not be subject to the same oversight or examination by the SEC as a registered investment adviser. The Manager may, in the future, choose to be or may be required to be registered under the US Advisers Act pursuant to applicable US securities laws.

The Manager may claim an exemption with respect to the Fund under CFTC Rule 4.13(a)(3) or Rule 3.10(c)(5) from registration with the CFTC as a "commodity pool operator" and, accordingly, may not be subject to certain regulatory requirements with respect to the Fund (which are intended to provide certain regulatory safeguards to investors) that would otherwise be applicable absent such an exemption. In the future, the Manager may also choose to be or may be required to be registered under the US Commodity Exchange Act pursuant to applicable

US laws. Specifically, the Manager may register as a “commodity pool operator” and “commodity trading advisor” with the CFTC and become a member of National Futures Association.

### **Directors of the Manager**

The directors of the Manager are Dr Christian Baylis and Dr Kylie-Anne Richards. The address of the key personnel of the Manager for the purposes of the Fund is the address of the Manager, as set out in the Directory.

#### ***Dr Christian Baylis, Chief Investment Officer/Executive Director***

The biography of Christian is set out above

#### ***Mrs Tiffany Heath, Chief Strategy Officer/Executive Director***

Tiffany Heath is the Chief Strategy Officer at Fortlake, responsible for the overall strategic direction of the business, including functional synergies across the various trade-related offices of Fortlake, investment and implementation solutions, managing Fortlake’s domestic and international footprint, domestic and international stakeholder engagement, counterparty risk and relationships. Tiffany is a member of the Audit Risk and Compliance Committee (ARCC). A highly regarded financial markets professional, Tiffany is recognised for her expertise in technical trading solutions across large global pools of capital and commercial strategy.

With over 17 years of extensive experience in top-tier global financial institutions, Tiffany has held senior leadership positions at Goldman Sachs and UBS, overseeing diverse global markets businesses. During her 13-year tenure at Goldman Sachs, Tiffany served as Head of Cleared Derivatives for Australia and New Zealand, led the Australian-based Global Financing Sales & Distribution effort, and excelled as a lead project manager within the Global Portfolio Solutions, Pension Services, and Transition Management business. Her contributions were marked by strategic insights leading to business expansion, effective risk management, and a steadfast commitment to delivering client-centric solutions.

At UBS, Tiffany continued to demonstrate her leadership prowess, serving as Head of Cleared Derivatives for Australia and New Zealand, and Lead Sales and Relationship Management within the Global Financing Division. Her role involved driving business growth through innovative commercial and business strategies, comprehensive risk management, advanced clearing technology solutions, and optimizing trade-to-operations processes. Tiffany also distinguished herself in forging enduring partnerships and fostering a culture of collaboration and adept change management.

Tiffany holds a Bachelor of Agricultural Economics from the University of Sydney, graduating with First-Class Honors and awarded the G.W. Walker Memorial Prize for Agricultural Economics.

#### ***Mr Martin Casey, Non-Executive Director***

Martin is an experienced corporate and business adviser, gained through experience as an investment banker at Credit Suisse, a partner at an international law firm, and as a business principal. Martin has deep experience in M&A and general corporate advisory, focussed on the mid-market. Martin is a partner in Rampersand, a technology focused Venture Capital firm, and a director of a number of companies.

### **Investment Management Agreement**

The Fund has entered into the Investment Management Agreement with the Manager. Pursuant to this Memorandum and subject to the overall supervision, control and direction of the Directors and the Board, the Investment Management Agreement provides that the Manager has a discretionary power and authority (to, inter alia, manage, supervise, select and evaluate Investments of the Fund.

Set out below is a summary of the indemnity and termination provisions of the Investment Management Agreement.

### ***Indemnity in Favor of the Manager***

The Fund agrees to hold harmless, fully indemnify and keep indemnified, on demand, the Manager against all actions, proceedings, losses, claims, costs, demands, expenses and liabilities, including legal and other expenses reasonably incurred in connection with such liabilities (“**Claims**”), including Claims for indemnity by any sub-manager or third party delegate of the Manager. The Manager will be entitled to indemnification in respect of such Claims based upon the action or inaction of any of its delegates provided that the Manager has acted in good faith and with reasonable skill and care in the selection, use and monitoring of the delegate. Any delegate which is an Affiliate (as defined therein) of the Manager will be held to the same standard of care as the Manager. The indemnity does not apply in relation to any Claim incurred by reason of the Manager’s actual fraud, acts of wilful default or reckless misconduct, Gross Negligence, material breach of duty or bad faith, in each case as determined by a court of competent jurisdiction exercising final authority, in the performance of any of the Services or its duties under the terms of the Investment Management Agreement.

### ***Indemnity in Favor of the Fund***

The Manager agrees to hold harmless, fully indemnify and keep indemnified, on demand, the Fund against all Claims which may be brought against, suffered or incurred by the relevant Fund as a result of the actual fraud, acts of wilful default or reckless misconduct, Gross Negligence, material breach of duty or bad faith, in each case as determined by a court of competent jurisdiction exercising final authority, on the part of the Manager, its directors, officers, personnel and Affiliates (as defined therein) in the performance of the Services or duties under the terms of the Investment Management Agreement (“**Indemnified Act**”). The Manager shall not be liable for any act or omission which results from the Manager’s implementation of any express direction of the Directors provided that in following any express direction of the Directors, the Manager, its directors, officers, personnel and Affiliates have not acted or omitted to act with actual fraud, acts of wilful default or reckless misconduct, Gross Negligence, material breach of duty or bad faith, in each case as determined by a court of competent jurisdiction exercising final authority, in the performance of the services or duties under the terms of the Investment Management Agreement.

### ***Termination Provisions***

The appointment of the Manager and the Investment Management Agreement may be terminated by a party giving not less than 90 calendar days’ prior written notice to each other party.

The Investment Management Agreement may be terminated by a party, with immediate effect, by giving notice in writing to each other party in any of the following events:

- (A) if a Fund or the Manager goes into liquidation (except voluntary liquidation for the purposes of reconstruction or amalgamation upon terms previously approved in writing by all parties); or (B) if a receiver or administrator is appointed to the whole or a substantial part of the assets or undertaking of the Fund or the Manager; or (C) if a Fund or the Manager convenes a meeting of its creditors or makes or proposes to make any arrangement or composition with or assignment for the benefit of its creditors; or (D) if a Fund or the Manager ceases or threatens to cease to carry on its business or becomes unable to pay its debts, or commits an act of bankruptcy;
- if a Fund or the Manager commits any material breach of its obligations under the Investment Management Agreement and (if such breach is capable of remedy) that party fails to remedy such breach within forty five (45) calendar days of receipt of a written notice served by the aggrieved party, requiring it to do so;
- if a Fund or the Manager has committed actual fraud, acts of wilful default or reckless misconduct, Gross Negligence, material breach of duty (if such breach is not capable of remedy) or bad faith, in each case as determined by a court of competent jurisdiction exercising final authority;
- if it becomes illegal for the Manager to provide the services to a Fund in the manner required pursuant to the Investment Management Agreement; or

- if a Fund is wound-up by way of liquidation or strike-off pursuant to the Companies Act (as amended) of the Cayman Islands, as amended and supplemented or the Articles.

### **Professional Indemnity Insurance and Directors' and Officers' Liability Insurance**

As at the date of this Memorandum, the Manager, the Fund and the Directors are covered under a group professional indemnity insurance policy and a directors' and officers' liability insurance policy covering certain selected customary risks. Investors should note that such professional indemnity insurance policy and directors' and officers' liability insurance policy are not exhaustive and do not cover all risks. The Manager and/or the Directors may from time to time, if they consider appropriate in their discretion, vary the coverage terms of such professional indemnity insurance and/or directors' and officers' liability insurance. The insurance policies details are available to investors upon request.

### **Prime Brokers**

**J.P. Morgan Securities plc.** J.P. Morgan Securities plc ("**JPM**") and certain of its Affiliates (each such Affiliate, a "**J.P. Morgan Entity**") and collectively, "**J.P. Morgan**") has been appointed to act as the foreign exchange prime broker (the "**Prime Broker**") to the Fund. The Fund and JPM are parties to a Foreign Exchange Authorisation Agreement ("**FX Prime Brokerage Agreement**") whereby JPM authorizes the Fund to act as agent for JPM to execute certain types of foreign exchange transactions (as may be amended from time to time by notice from JPM to the Fund and third party dealers) between JPM and third party dealers. JPM does not provide investment advice or custody services to the Fund. All trading decisions are made by the Fund. The International Prime Brokerage Agreement can be terminated by either JPM or the Fund at any time.

JPM has been appointed as a clearing broker for the Fund. JPM has agreed to provide execution and clearing services for futures and options contracts and contracts cleared alongside futures and options on a central counterparty to the Fund pursuant to a client agreement (the "**Agreement**"). JPM is authorized by the Prudential Regulation Authority and regulated by the Financial Conduct Authority ("**FCA**") and the Prudential Regulation Authority. In its capacity as clearing broker, JPM may execute futures and options for the Fund, and clear and settle such transactions. Also, JPM may clear other futures and options transactions executed by other brokers and given up to JPM in accordance with the relevant International Uniform Brokerage Execution Services (Give-up) Agreement. In addition, the Fund will be counterparty to transactions to which it enters into under the Agreement with JPM unless applicable exchange or clearing house rules provide otherwise.

JPM is a service provider to the Fund and is not responsible for the preparation of this document or the activities of the Fund, and, therefore, JPM accepts no responsibility for any information contained in this document other than, as of the date of this prospectus, the fact that it has been engaged by the Fund to provide services to the Fund. Moreover, JPM's engagement by the Fund to provide services to the Fund and the inclusion of the following information in this prospectus should not be viewed as a recommendation by JPM to invest in the Fund.

### **Administrator**

Pursuant to the administration agreement (the "**Administration Agreement**"), the Fund has appointed ASCENT Fund Services (Australia) Pty Ltd. as the Administrator of the Fund.

Under the Administration Agreement, the Administrator has agreed to administer the affairs of the Fund and in connection therewith perform certain designated services for the Fund under the ultimate supervision of the Directors, including, but not limited to, the calculation of the Net Asset Value of the Fund, maintaining the accounts, books and records of the Fund, preparing information for the Fund's reports to Shareholders, responding to Shareholders' enquiries relating to the Fund, ensuring that the Fund complies with the applicable AML/CFT laws and regulations, accepting and processing subscriptions and redemption requests from investors, maintaining the register of members of the Fund, providing confirmations of share ownership to Shareholders, compliance services with respect to the U.S. Foreign Account Tax Compliance Act (FATCA) and to the Common Reporting Standard (CRS) and such other administrative services as may be required by the Fund from time to time.



The Administration Agreement provides, inter alia, that the Administrator shall exercise reasonable care in the performance of its duties thereunder and shall not be liable to the Fund for any loss sustained by the Fund in connection with the performance of the Administrator of its obligations under the Administration Agreement, except a loss resulting directly from the gross negligence, wilful misconduct or fraud on the part of the Administrator.

Under the Administration Agreement, the Fund has undertaken to hold harmless and indemnify the Administrator against all liabilities, damages, costs, claims, regulatory fines and expenses (including and without limitation reasonable legal fees and amounts in settlement with the agreement of the Fund, such agreement not to be unreasonably withheld) incurred by the Administrator, its directors, officers, employees, servants, delegates or agents in the performance of the services under the Administration Agreement except such liabilities, damages, costs, claims, regulatory fines and expenses as shall arise from the wilful default, wilful misconduct, fraud or gross negligence on the part of the Administrator.

Pursuant to the Administration Agreement, the Administrator shall not be liable, to the Company, for any suit or compensation or punitive damages (“**Damages**”) that may arise, including, but not limited to, Damages as a result of any direct or indirect economic loss, of, for example, profit, expected Management Fee or Performance Allocation, goodwill or business reputation, Net Asset Value or investor subscription in the Fund, save where such loss arises from the wilful default, wilful misconduct, fraud or gross negligence on the part of the Administrator.

The Administrator shall have no responsibility for ensuring compliance by or on behalf of the Fund with the legislation or regulations or exemptions from legislation or regulations of any jurisdiction in which the Participating Shares are offered, placed or sold including, and, without limitation, the U.S. The duties of the Administrator pursuant to the Administration Agreement shall not constitute a duty to monitor or enforce the compliance of the Fund or its delegates or any other person whatsoever with any investment restriction or guideline imposed in relation to the Fund.

The Administration Agreement has an initial term of one year and will be automatically renewed for each subsequent one-year period. It may be terminated by either party on no less than 90 days’ notice in writing before each automatic renewal, and forthwith in certain circumstances. The Administration Agreement is governed by the laws of New South Wales.

THE ADMINISTRATOR WILL NOT PROVIDE ANY INVESTMENT ADVISORY OR MANAGEMENT SERVICE TO THE FUND AND THEREFORE WILL NOT BE IN ANY WAY RESPONSIBLE FOR THE FUND’S PERFORMANCE OR INVESTMENT DECISIONS. THE ADMINISTRATOR WILL NOT BE RESPONSIBLE FOR MONITORING ANY INVESTMENT RESTRICTIONS OR COMPLIANCE WITH THE INVESTMENT RESTRICTIONS AND THEREFORE WILL NOT BE LIABLE FOR ANY BREACH THEREOF.

### **Legal Advisers to the Fund**

Mayer Brown served as lead legal adviser to the Fund in connection with the preparation of this Memorandum. Mayer Brown may continue to serve in such capacity in the future but has not assumed any obligation to update this Memorandum. Mayer Brown may advise the Fund and the Manager in matters relating to the operation of the Fund on an ongoing basis. Mayer Brown does not represent and has not represented the prospective investors or the Fund in the course of the organization of the Fund, the negotiation of its business terms, the offering of the Participating Shares or in respect of its ongoing operations. Prospective investors must recognize that, as they have had no representation in the organization process, the terms of the Fund relating to themselves and the Participating Shares have not been negotiated at arm’s length.

Mayer Brown’s engagement by the Fund is limited to the specific matters as to which it is consulted by the Fund and, therefore, there may exist facts or circumstances which could have a bearing on the Fund’s (or the Manager’s) financial condition or operations with respect to which Mayer Brown has not been consulted and for which Mayer Brown expressly disclaims any responsibility. More specifically, Mayer Brown does not undertake to monitor the compliance of the Fund, the Directors, the Manager and its Affiliates with the investment program, valuation procedures and other guidelines set forth in this Memorandum, nor does it monitor compliance with applicable laws. In preparing this Memorandum, Mayer Brown relied upon

information furnished to it by the Fund and/or the Manager, and did not investigate or verify the accuracy and completeness of information set forth in this Memorandum concerning the Manager, or the service providers, Affiliates and personnel of the Fund.

Walkers (Singapore) Limited Liability Partnership ("**Walkers**") served as Cayman Islands counsel to the Fund in connection with the preparation of this Memorandum. Walkers may continue to serve in such capacity in the future, but has not assumed any obligation to update this Memorandum. Walkers may advise the Fund in matters relating to the operation of the Fund on an ongoing basis. Walkers does not represent and has not represented the prospective investors or the Fund in the course of the organization of the Fund, the negotiation of its business terms, the offering of the Participating Shares or in respect of its ongoing operations.

#### **Auditors**

Ernst & Young Ltd. of 62 Forum Lane Camana Bay, Cayman Islands has agreed to accept appointment as auditor of the Fund.

The engagement letter entered into between the Fund and Ernst & Young Ltd contains provisions limiting the liability of Ernst & Young Ltd. arising out of or in connection with each engagement, except to the extent finally determined to have resulted from the fraud or wilful default of Ernst & Young Ltd.

Other release and indemnity provisions also contained in the engagement letter relate to any misrepresentation, omission, wilful default or fraudulent act by management or their employees or agents. The engagement letter also requires that any claim arising in connection with the engagement be brought against Ernst & Young Ltd. no later than one year after the Fund became aware (or ought reasonably to have become aware) of the facts giving rise to any such claim and in any event, no later than three years after the completion of the particular audit services (as provided in the engagement letter).

The Fund may from time to time appoint additional custodians, terminate certain custodians or vary existing arrangements with its custodians.

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## FEES AND CHARGES

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### **Fees of the Manager**

Under the Investment Management Agreement, the Manager is entitled to receive a Management Fee. The manner in which the Management Fee is calculated and paid in respect of the Participating Shares is set out below.

#### *Management Fee*

The Manager will receive an aggregate Management Fee from the Fund equal to a stipulated percentage per annum of the Net Asset Value (before the accrual of any Performance Allocation during the Performance Period) of each Class of Participating Shares, as set out in the section headed "**Subscription, Issue and Redemption of Participating Shares – Offer of Participating Shares**".

The Management Fee will be calculated as at each Valuation Point, accrue monthly, and be paid monthly in arrears within 30 calendar days of the last calendar day of the relevant month.

The Management Fee may be varied by agreement in writing between the Fund and the Manager.

The Manager may, in its sole discretion, out of its own resources, reduce, waive, rebate, or otherwise vary the Management Fee payable in whole or in part for certain Shareholders within a Class, including in particular during any wind-down of the Fund's business.

### **Performance Allocation**

The Fund shall make a Performance Allocation to the Class P Shares in respect of the appreciation of each Participating Share of each relevant Class during each Performance Period.

Subject to the limitations discussed below, the Performance Allocation with respect to each Class of Participating Shares for a Performance Period will be equal to a stipulated percentage (the "**Performance Allocation Rate**" as set out in the section headed "**Subscription, Issue and Redemption of Participating Shares – Offer of Participating Shares**" above in respect of the relevant Class of Participating Shares) of the appreciation in the Net Asset Value per Participating Share (before accrual of the Performance Allocation with respect to the Performance Period and after deduction of the Management Fee with respect to the Performance Period) of the relevant Class of Participating Shares above the High Watermark, adjusted by the Hurdle Rate, at the last Valuation Point in the Performance Period, multiplied by the number of Participating Shares in issue of such Class as at the end of the Performance Period. The Hurdle Rate is determined and cumulated as at each Valuation Point.

For example, if the Performance Allocation Rate applicable to a particular Class of Participating Shares is 10%, the Performance Allocation made in respect of such Class as of the end of each Performance Period will be equal to 10% of the amount by which the Net Asset Value per Participating Share on the Valuation Day immediately preceding the end of the Performance Period exceeds the High Water Mark, adjusted by the Hurdle Rate per annum, multiplied by the number of Participating Shares in issue of such Class.

The Performance Allocation with respect to each Class of Participating Shares is made (subject to deferral as set out below) to the Class P Shares on the last Valuation Day of each Performance Period and/or on a Redemption Day (where a Shareholder has redeemed the relevant Participating Shares on a Redemption Day that is not the last Business Day of a Performance Period).

The holder(s) of the Class P Shares may, in their sole discretion, out of their own resources, reduce, waive, or otherwise vary the Performance Allocation allocable in whole or in part or in respect of any particular Class for certain Shareholders within a Class, including in particular during any wind-down of the Fund's business.

Except as set out below, the Performance Allocation will be calculated and allocable on a half-yearly basis.

For the avoidance of doubt, the manner in which a Performance Allocation is calculated and made in respect of Participating Shares that are redeemed part way through a particular Performance Period is set out below under the heading "**Redemptions Part Way Through a Performance Period**".

#### *Redemptions Part Way Through a Performance Period*

Where Participating Shares of a Class are redeemed part way through a Performance Period, the Performance Period for such Participating Shares ends as of the relevant Redemption Day and a Performance Allocation is calculated and made in respect of the Participating Shares redeemed as at the relevant Redemption Day. The Performance Allocation so made will be equal to the Performance Allocation Rate in respect of the relevant Class of Participating Shares of the amount by which the Net Asset Value per Share on the Valuation Day immediately preceding the Redemption Day ("**Redemption NAV Per Share**") exceeds its High Water Mark adjusted by the Hurdle Rate, multiplied by the number of Participating Shares in the relevant Class being redeemed.

#### **Adjustments**

If a subscriber subscribes for Participating Shares at a time when the Net Asset Value per Share of the relevant Class is other than the High Water Mark of that Class, certain adjustments will be made to reduce inequities that could otherwise result to the subscriber or to the holder(s) of the Class P Shares.

- (a) If Participating Shares are subscribed for at a time when the Net Asset Value per Share is less than the High Water Mark of the relevant Class, the Shareholder will be required to bear an amount equal to the Performance Allocation with respect to any subsequent appreciation in the value of those Participating Shares. With respect to any appreciation in the value of those Participating Shares from the Net Asset Value per Share at the relevant Subscription Day up to the High Water Mark, the Performance Allocation will be determined and allocated to Class P Shares at the end of each Performance Period by redeeming at par value such number of the Shareholder's Participating Shares of the relevant Class as have an aggregate Net Asset Value equal to the relevant Performance Allocation Rate of any such appreciation (a "**Performance Allocation Redemption**"). An amount equal to the aggregate Net Asset Value of the Participating Shares so redeemed will be made as a Performance Allocation. The Fund will not be required to pay to the Shareholder the redemption proceeds of the relevant Participating Shares, being the aggregate par value thereof.

Performance Allocation Redemptions are employed to maintain a uniform Net Asset Value per Share of each Class. As regards the Shareholder's remaining Participating Shares of the relevant Class, any appreciation in the Net Asset Value per Share of those Participating Shares above the High Water Mark of that Class will be subject to an amount equal to a Performance Allocation in the manner described above. If a Shareholder redeems Participating Shares during a Performance Period and an adjustment in accordance with the principles of this paragraph (a) is required in relation to such Participating Shares, such adjustment shall be deducted from the redemption proceeds and will be allocated to Class P Shares.

- (b) If Participating Shares are subscribed for at a time when the Net Asset Value per Share is greater than the High Water Mark of the relevant Class, the Shareholder will be required to bear an amount in excess of the then current Net Asset Value per Share of that Class equal to the relevant Performance Allocation Rate of the difference between the then current Net Asset Value per Share of that Class (before accrual for the Performance Allocation) and the High Water Mark of that Class (an "**Equalization Credit**"). At the relevant Subscription Day, the Equalization Credit will equal the Performance Allocation per Participating Share accrued with respect to the other Participating Shares of the same Class (the "**Maximum Equalization Credit**").

The Equalization Credit is payable to account for the fact that the Net Asset Value per Share has been reduced to reflect an accrued Performance Allocation to be borne by existing Shareholders; it serves as a credit against the Performance Allocation that might otherwise be borne out of the assets of the

relevant Shareholders in the Fund but that should not, in fairness, be borne by the Shareholder making the subscription because, as to such Participating Shares, no favorable performance has yet occurred. The Equalization Credit ensures that all holders of Participating Shares of the same Class have the same amount of capital at risk per Participating Share.

The Equalization Credit will be at risk in the assets of the relevant Shareholders in the Fund, and will appreciate or depreciate based on the performance of the Participating Shares of the relevant Class subsequent to the issue of the relevant Participating Shares, but will never exceed the Maximum Equalization Credit. In the event of a decline as at any Valuation Day in the Net Asset Value per Share of those Participating Shares, the Equalization Credit will be reduced by an amount equal to the relevant Performance Allocation Rate of the difference between the Net Asset Value per Share (before accrual for the Performance Allocation) at the date of issue and as at that Valuation Day. Any subsequent appreciation in the Net Asset Value per Share of the relevant Class will result in the recapture of any reduction in the Equalization Credit but only to the extent of the previously reduced Equalization Credit up to the Maximum Equalization Credit.

At the end of each Performance Period, if the Net Asset Value per Share (before accrual for the Performance Allocation) exceeds the High Water Mark of the relevant Class, that portion of the Equalization Credit equal to the relevant Performance Allocation Rate of the excess, multiplied by the number of Participating Shares of the relevant Class subscribed for by the Shareholder, will be applied to subscribe for additional Participating Shares of the relevant Class for the Shareholder. Additional Participating Shares of the relevant Class will continue to be so subscribed for at the end of each Performance Period until the Equalization Credit, as it may have appreciated or depreciated in the Fund after the original subscription for Participating Shares was made, has been fully applied.

If the Shareholder redeems Participating Shares before the Equalization Credit (as adjusted for depreciation and appreciation as described above) has been fully applied, the Shareholder will receive additional redemption proceeds equal to the Equalization Credit then remaining multiplied by a fraction, the numerator of which is the number of Participating Shares of the relevant Class being redeemed and the denominator of which is the number of Participating Shares of that Class held by the Shareholder immediately prior to the redemption in respect of which an Equalization Credit was applied on subscription.

### **Buy/Sell Spread**

Redemption requests for certain Class are generally subject to a sell spread of 0.15%. For more information on the buy/ sell spread, please refer to section headed “**Offer of Participating Shares**” and “**Payment of Redemption Proceeds**”.

### **Prime Brokers’ Fees**

The Prime Brokers are compensated for their services pursuant to the terms of the relevant International Prime Brokerage Agreement.

### **Administration Fees**

The Administrator is compensated for its services in accordance with the terms of the Administration Agreement.

### **Other Service Providers**

Other service providers engaged by the Fund are compensated for their services pursuant to the terms of their relevant engagements.

### **Organizational Expenses**

The Fund was responsible for paying the preliminary expenses of, and incidental to, the initial offer of Participating Shares. These preliminary expenses included, among other things, expenses relating to the

establishment of the Fund in the Cayman Islands, the registration of the Fund as a mutual fund in the Cayman Islands, the negotiation and preparation of the contracts to which the Fund would be a party, the costs of drafting, designing and printing this Memorandum and the fees and expenses of its professional advisers. These expenses will be amortized on a straight-line basis over a period of 60 months, starting from the date of commencement of trading of the Fund.

If the Fund is terminated within 60 months of its trading commencement, any unamortized expenses will be recognized. If a Shareholder redeems all or part of its Shares prior to the end of the 60 month period during which expenses are being amortized, the Board may, but is not required to, accelerate a proportionate share of the unamortized expenses based upon the amount being redeemed and reduce redemption proceeds by the amount of such accelerated expenses. A redeeming Shareholder may be charged its pro-rata share of any organizational expenses that remain unamortized at the time of redemption.

### **Operating Expenses**

The Fund will bear all of the on-going fees and expenses incurred in its operation including legal, accounting and other professional fees and expenses. Such ongoing fees and expenses may be borne by the relevant feeder funds of the Fund, if any, proportionate to such feeder fund's share of the ongoing costs of the Fund.

In addition, the Fund will bear certain other operating expenses, including but not limited to those listed below. Stamp duties, taxes and similar amounts, commissions, government and fiscal charges, foreign exchange costs, annual fees, brokerage fees, exchange and electronic communication network (ECN) fees, bank charges, registration, licensing, filing and collection fees will be borne by the Fund. Insurance (including the costs of professional indemnity and directors' and officers' insurance), safe custody, transport, storage, handling and security costs of Investments, legal and recording fees and expenses, custodial expenses and expenses connected with the issue and redemption of Participating Shares will also be the responsibility of the Fund, to the extent that such expenses are considered relevant and appropriate by the Manager and which relate to the Fund and/or its investments.

The Fund will bear the fees of the Manager and expenses incurred by the Manager for and on behalf of the Fund, the fees and expenses of the auditors, the prime brokers, the Administrator and legal advisers (associated with establishing and/or maintaining the Fund which includes the negotiation and preparation of contracts or agreements to which the Fund is a party) and certain other expenses incurred in relation to the Fund including expenses incurred in the acquisition, holding, exchange, divestment and disposal of Investments.

Without limiting the foregoing, the Fund will bear all investment related expenses (i.e., expenses which the Directors or the Manager reasonably determine to be directly related to the investment of the Fund's assets, such as brokerage commissions, clearing and settlement charges, bank service fees, spreads, interest expenses, borrowing charges, and short dividends, and other investment expenses). The costs and expenses of entering into and utilizing credit facilities and structured notes, or other instruments, authorized agent fees, the Manager's legal expenses incurred in relation to the operations of the Fund, fees and expenses of the registered office provider and retention of directors' services, and any extraordinary expenses relating to the business of the Fund (such as expenses incurred in relation to dispute settlement, litigation and indemnification) will also be borne by the Fund on this basis.

In addition, specific expenses incurred in obtaining systems, research and other information utilized for portfolio management purposes that facilitate valuations and accounting, including the costs of statistics and pricing services (to the extent that such expenses can reasonably be regarded as relating to the activities of the Fund) will be borne by the Fund, as will all expenses of, or incidental to, convening, attending and holding meetings of Shareholders and of the Directors including, without limitation, the expenses of and incidental to producing, printing and posting or otherwise sending notices of meetings and any documents enclosed with such notices or designed to be read in conjunction with such notices. This will include third party due diligence expenses, data processing costs and expenses, quotation and news services, ongoing sales and administrative expenses, to the extent that such expenses are considered relevant and appropriate by the Directors and which relate to the Fund and/or its investments. The Fund will also bear the costs of preparing, printing and distributing valuations, financial statements, this Memorandum (as amended from time to time), accounts and reports

together with any other costs associated with providing information about the Fund and its Investments to Shareholders.

Except for those expenses that are reimbursable to the Manager under the Investment Management Agreement, the Manager will render its services to the Fund at its own expense, including in respect of all overhead expenses of an ordinary and recurring nature such as office rent, furniture and fixtures, salaries, entertainment expenses and employee insurance.

The Fund will bear all of its establishment and operating costs subsequent to its incorporation, and the relevant feeder funds of the Fund, if any, will indirectly bear its proportional share of such costs of the Fund by virtue of its shareholding in the Fund. Additionally, each of the feeder funds of the Fund, if any, will bear its own operating costs and other on-going fees and expenses that are not directly related to the operation of the Fund.

### **Attribution of Costs and Expenses**

The Directors may determine the manner in which fees payable to any service provider appointed by the Fund, and the costs of (and any profits and/or losses arising from) any currency hedging may be levied or charged against any Class. The assets, profits, gains, income, liabilities, losses and expenses attributable to a particular Class shall be applied to the separate accounts established by the Directors for each separate Class at the end of each Performance Period.

In the case of any asset or liability (including any expense) of the Fund that the Directors do not consider is attributable to a particular account, the Directors will allocate such asset or liability among the accounts in proportion to the Net Asset Value of each Class. Shareholders of each Class will bear the fees and costs and any profits and/or losses determined by the Directors to be attributed to such Class.

The Fund will charge any and all relevant fees and expenses in connection with regulatory and/or tax registrations, filings and associated costs expressly requested or required by any particular Shareholder, to the extent that such expenses are considered relevant and appropriate by the Manager to be charged to such Shareholder (and not charged to the Fund or any particular Class).

The Fund does not plan to pay placement commissions out of its net assets. Financial institutions may, however, receive retrocessions with respect to subscriptions submitted through them, in which case only the net amount received or retained by the Fund will be invested in Participating Shares. The Manager may compensate placement agents or others for introducing investors to the Fund. It also may take such introductions into account as a factor in the selection of brokers to execute portfolio transactions for the Fund.

### **Board of Directors**

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

### **"Soft Dollar" Commissions / Arrangements**

The Manager may receive benefits from brokers and counterparties selected to execute transactions on behalf of the Fund. In selecting brokers or dealers to effect portfolio transactions, the Manager need not solicit competitive bids and does not have an obligation to seek the lowest available commission cost.

Portfolio transactions for the Fund will be allocated to brokers on the basis of a number of factors including, but not limited to, best execution and in consideration of a broker's ability to effect the transactions, its facilities, reliability and financial responsibility and the provision or payment by the broker of the costs of research and research-related services that are of benefit to the Fund, the Manager or related funds and accounts. Accordingly, the commission rates (or dealer markups and markdowns arising in connection with riskless principal transactions) charged to the Fund by brokers in the foregoing circumstances may be higher than those charged by other brokers who may not offer such services. The use of commission or "soft" dollars (or dealer

markups and markdowns arising in connection with riskless principal transactions) for research and research-related services are expected to typically come within the safe harbour for the use of soft dollars provided under section 28(e) of the U.S. Securities Exchange Act of 1934, as amended. Under section 28(e), research obtained with soft dollars generated by the Fund may be used by the Manager to service accounts other than the Fund. Where a product or service obtained with commission dollars provides both research and non-research assistance to the Manager, the Fund will make a reasonable allocation of the cost which may be paid for with commission dollars.

**The foregoing conflicts of interest do not purport to be a complete explanation of the conflicts of interest or potential conflicts of interest involved in this offering. Potential investors must read the entire Memorandum including all annexures and must consult their own professional advisers, before deciding to invest in the Fund.**



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## CONFLICTS OF INTEREST

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The following inherent and potential conflicts of interest will exist in respect of the Fund and each Class of Participating Shares that may be issued. The Fund may be subject to future or other actual or potential conflicts of interest in addition to those described in this Memorandum. In the event that a conflict of interest arises, the Board, the Directors, the Manager and/or their respective Affiliates (as applicable) will attempt to resolve such conflicts in a fair and equitable manner.

### Compensation

The Management Fee payable to the Manager and the Performance Allocation allocable to the Class P Shares have not been negotiated at arm's length and involve inherent conflicts of interest as set out below.

The Management Fee is payable without regard to the overall success of, or income earned by, the Fund. Therefore, the Management Fee may create an incentive on the part of the Fund to raise or otherwise increase assets under management to a level higher than would be the case if the Manager was receiving a lower Management Fee.

The Performance Allocation, which is based on the increase in Net Asset Value of the Participating Shares, may create an incentive on the part of the Manager to make riskier or more speculative Investments to generate profits than would be the case if no Performance Allocation was made. In addition, the Performance Allocation is determined on the basis of increases in the Net Asset Value, including value attributable to unrealized appreciation.

### Management Time

The Directors and the Manager will use their reasonable efforts in connection with the purposes and objectives of the Fund and will devote so much of their time and effort to the affairs of the Fund as may, in their judgment, be necessary to accomplish the purposes of the Fund.

The Directors, the members of the Board, the Manager, their respective members, officers, employees, principals, agents and Affiliates (the "**Affiliated Parties**") may conduct any other business, including any business within the securities industry, whether or not such business is in competition with the Fund.

Without limiting the generality of the foregoing, the Affiliated Parties may act as general partner, investment adviser or investment manager for others, may manage funds, separate accounts or capital for others, may have, make and maintain investments in their own name or through other entities and may serve as an officer, director, consultant, partner or stockholder of one or more investment funds, partnerships, securities firms or advisory firms. These other entities or accounts may have investment objectives or may implement investment strategies that are similar to, or different from, those of the Fund.

As a result of the foregoing, the Affiliated Parties may have conflicts of interest in allocating their time and activity among the Fund and other entities in respect of whom they may be contractually bound to act. No Shareholder or Class will be entitled to any of the profits that may be generated from these other activities.

The officers and key employees/consultants of the Manager, the Directors and the members of the Board may terminate employment/consulting agreements. The loss of the services of one or more of them may have a material adverse effect on the Fund.

### Other Clients; Allocation of Investment Opportunities

The Manager is responsible for the investment decisions made on behalf of the Fund, and is also responsible, directly or indirectly, for investment decisions made on behalf of other funds, clients or accounts of the Manager. Affiliates and employees and officers of the Manager may also provide investment advice to various clients and trade for their own account. Accounts of other clients may have different terms of investment than the Fund,

including different fee and liquidity terms. There are no restrictions on the ability of the Manager or its Affiliates to manage accounts or the business activities of other funds, clients or accounts and trade for their own account, whether the accounts follow the same or different investment objectives, philosophies and strategies as those used for the Fund.

The Manager may determine that an investment opportunity is appropriate for a particular Class, fund or account that it manages, or for itself, but not for another Class, fund or account. Situations may arise in which investment funds or accounts managed by the Manager or its Affiliates have made investments that would have been suitable for investment by the Fund but, for various reasons, were not pursued by, or made available to, the Fund. To the extent that entities affiliated with the Manager invest in a particular investment, the ability of the Fund to invest in the same investment may be adversely affected by any limitation on availability of the investment. In addition, the Manager may be required to choose between the Fund and other advisory clients, funds or accounts that adopts a similar investment strategy to the Fund in allocating investments.

The Manager may face potential conflicts of interest in making allocations between the Fund and other clients, funds and accounts. However, to the extent possible, it generally intends to allocate all investment opportunities that may be appropriate for the Fund and other clients in a manner that is fair and equitable to all clients over time, taking into account the different investment mandates and investment strategies applicable to such clients, current investment positions of a client, the relative capitalization and cash availability of a client, investment time horizon, leverage ratios and other considerations. In particular, because the Fund will implement particular strategies, whereas other clients may employ a broader range of strategies, allocations of certain investments may not necessarily be made on a *pro rata* basis (except where described below). For example, the Fund may receive a higher allocation of certain investments but none or only a limited allocation of other investments, as determined by the Manager in its good faith discretion. Circumstances may occur, however, in which an allocation could have an adverse effect on the Fund or another client with respect to the price or size of the securities position that can be obtained.

While the Manager will seek to execute orders for all client accounts on an equitable basis, the management of multiple funds and accounts having similar or overlapping strategies could result in less favorable terms of execution or allocations than might otherwise be the case.

The Manager or an Affiliated Party may, in certain circumstances, take positions in accounts of other clients, funds or accounts opposite to those taken in relation to the Fund and/or take positions in accounts of other clients which involve conflicts or potential conflicts with positions of the Fund (e.g., investments in different levels of a company's capital structure or dispositions or acquisitions involving large positions in an investment). These positions could adversely affect the performance of Investments held by the Fund. For example, a large short position in a security in an account of a client could cause a decline in the value of a long position held by the Fund, or a particular Class in the same security (if applicable). The Manager may also decline to make an investment for the Fund out of concern that such investment might harm another Class or another client of the Manager or an Affiliated Party.

The Manager may be required to choose between the Fund and other advisory clients, funds or accounts in allocating certain expenses and liabilities. For example, the Manager may engage with US and non-US governmental entities regarding investments or matters related to the Fund and other entities advised by the Manager. This could give rise to certain conflicts of interest as the Manager may be forced to address multiple entities' liabilities (including, but not limited to, tax liabilities) in a single negotiation with such governmental entity which could result in the Manager negotiating in a manner to provide the best outcome on an aggregate basis whereas the interests of the Fund and such other entities may not be aligned. To the extent the Manager, its affiliates and their respective principals and employees have investments in any one or more funds, the Manager will have a conflict of interest in acting in a manner which benefits the funds in which the Manager, its affiliates and their respective principals and employees are invested.

### **Investments by Other Funds and Accounts Managed by Manager or Its Affiliates**

Certain investment funds and managed accounts managed by the Manager or its Affiliates may invest in the Fund alongside the Fund's existing investors. In deciding when such fund and accounts should redeem their interests in the Fund, the Manager will have a conflict between its interest in acting for the benefit of the other

funds and accounts, on the one hand, and its interest in acting for the benefit of the Fund's existing investors on the other hand. Substantial redemptions by such feeder funds or accounts could result in losses to the Fund's existing investors.

### **Trading with Other Funds and Accounts Managed by Manager or Its Affiliates**

Cross trades may arise when the Manager or its Affiliates provides instructions or arranges to have one or more investment funds and/or managed accounts trade with another fund and/or account. Such cross trades may be warranted in instances of overall cost savings to the funds or accounts and must be executed for good cause, be fair and equitable, and be consistent with the Manager's fiduciary duty to its clients.

Unless otherwise approved by the Board, internally-arranged transactions where investment funds and/or managed accounts are facing directly against each other are not allowed.

Subject to any applicable investment restrictions of an investment fund or managed account and unless otherwise approved by the Board, cross trades must adhere to the following salient requirements:

- be executed on a recognized trading platform, electronic communication network and/or market exchange, where applicable;
- be executed on arms' length terms;
- have a consistent price determination process depending on the market or type of transaction and based on defined pricing criteria or as approved by the Board;
- be in the best interests of the relevant collective investment vehicles and client managed accounts and fall within their investment objectives, restrictions and policies; and
- be duly documented and approved by the Chief Operating Officer(s) and the Manager's compliance department prior to execution.

### **Interest of Affiliated Parties in Fund and Fund Investments**

The Affiliated Parties may, through other investments, including other investment funds or managed accounts, have interests in the Fund and the securities in which the Fund invests as well as interests in investments in which the Fund does not invest.

### **Valuation**

As noted above, the Directors may permit alternative methods of valuation to be used if they consider that such valuation better reflects the fair value of Investments. The Manager has a conflict between its interest in the assets of the Fund being valued at a high level to increase the amount of the Management Fee and the Performance Allocation to be made to holder(s) of the Class P Shares who are affiliates of the Manager, and its interest in such assets being valued so as not to disadvantage redeeming Shareholders or persons purchasing Participating Shares. The Manager would also have an interest in a high value being attributed to Investments to the extent of its, or its Affiliates', intent to redeem all or a portion of their own Participating Shares (if any). On the other hand, during the period prior to a Redemption Day the Manager, to the extent it is not a redeemer or to the extent it intends to purchase the assets of the Fund to fund redemptions, has an interest in a lower value being placed on Investments. Although the calculation of the NAV has been delegated to the Administrator, the Administrator will do so under procedures established by the Fund in consultation with the Manager and under the ultimate supervision of the Directors and the Board. As the Administrator may be terminated by the Fund in various circumstances under the terms of the Administration Agreement, it cannot be said to be beyond the influence of the Manager. However, the Directors retain ultimate discretion in respect of the valuation of Investments and may, if they deem appropriate, intervene by issuing a board resolution to determine the final price of any asset for the purpose of calculating the relevant final month-end NAV of the Fund. In addition, the Directors may, at their absolute discretion and at the cost of the Fund, engage independent valuers to assist with valuation of any or all of the assets of the Fund or to review or affirm a valuation of an asset of the Fund or

to review or audit or provide an opinion on any procedures or protocols utilized in the valuing of assets of the Fund, in any particular case or on a periodic basis.

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

The Affiliated Parties may acquire material non-public and/or confidential information that may restrict by law, internal policies or otherwise, the Manager from purchasing securities or other assets, or selling securities or other assets for themselves or their clients (including any Class) or otherwise using or receiving such information for the benefit of the Affiliated Parties or their clients. Due to these restrictions, the Manager may not initiate a transaction for the Fund's account that the Manager otherwise might have initiated. The Fund may thereby become frozen in an investment position that it otherwise might have liquidated or closed out. In order to maintain flexibility to invest in securities without violating securities laws that restrict trading while in possession of material non-public information, the Manager may establish information walls restricting its access to material non-public information that might otherwise be available to it through its relationships with other Affiliated Parties. As a result, the Manager may sometimes make investment decisions that are different than those it would make if it had such access. These decisions may result in a material loss to the Fund.

#### **Conflicts as to Affiliates**

The Manager may contract with entities that provide certain technology, research, consulting and other services that may have employees, principals and officers affiliated with, or in common with, the Manager.

#### **Shareholders' Acknowledgement of Conflicts of Interest**

The Manager will discuss the above conflicts of interest with any prospective or existing investor upon request. These activities and conflicts of interest are explicitly acknowledged and consented to by each Shareholder in the Subscription Agreement as a necessary condition of the Shareholder's admission to the Fund. Consent to the foregoing is an integral part of the consideration of each Shareholder being admitted to the Fund.

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## RISK FACTORS

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Investment in the Fund carries a high degree of risk including, but not limited to, the risks referred to below. There can be no assurance that the investment objective of the Fund will be achieved. In addition, as the Manager's investment program develops and changes over time, an investment in the Fund may be subject to additional and different risk factors. The Fund is suitable for sophisticated individual and institutional investors for whom an investment in the Fund does not constitute a significant portion of the investor's wealth, who fully understand and are capable of bearing the risks of such investment. It is designed only for sophisticated investors who are able to bear the economic risk of the loss of their investment in the Fund and who have a limited need for liquidity in their investment. The following risks should be carefully evaluated before making an investment in the Fund. The trading methods and strategies of the Manager are proprietary and confidential. The description of such methods and strategies in this Memorandum is not intended to be exhaustive. There is no assurance that the Manager will trade profitably for the Fund or avoid losses. All of the risks discussed below apply equally to the Fund. The Fund may be subject to material risks in addition to those described herein. Prospective investors should carefully evaluate the merits and risks of an investment in the Fund in the context of their overall financial circumstances. The following is not intended to include all the factors relating to the risks which may be encountered.

### General

**Limited Operating History.** The Fund is has limited operating history and performance record. There can be no assurance that the Fund will achieve their objectives.

**Dependence upon the Manager.** The Fund must depend solely upon the ability and the continued availability of the Manager with respect to making investments. The Manager, in turn, is dependent on the services of certain key personnel, and the loss of the services of one or more such professionals could impair the ability of the Manager to provide services to the Fund and be material and adverse to the Fund. In connection with the management of the business of the Fund, the Manager will contribute services to the Fund and devote such time as it deems appropriate. Please refer to the section headed "**Conflicts of Interest**". The Shareholders will have no right or power to participate in the management or control of the Fund.

**Manager's Discretion in Making Investments.** In addition, Shareholders will not have an opportunity to evaluate the specific Investments made by the Fund or the terms of any Investment. The Manager will seek to engage in the investment activities described herein. Nonetheless, the Fund's portfolio may be altered at any time in the sole discretion of the Manager and without the approval of any Shareholders. Although the Manager will follow a general policy of seeking to spread the Fund's capital among a number of Investments, the Manager may depart from such policy from time to time and may hold a few, relatively large securities positions in relation to the Fund's capital. The result of such concentration of Investments is that a loss in any such position could materially reduce the Fund's capital.

**No Assurance on Performance.** Investors may lose all or substantially all of their investment in the Participating Shares. There can be no assurance that the Fund will achieve their objectives. The past performance of other funds or accounts managed by the Manager and its officers is available upon request but is not necessarily indicative of future results. The markets in which the Fund operates have been severely disrupted over the past several years, so results observed in earlier periods may have little relevance to the results observable in the current environment.

**Nature of Investments.** The Manager has broad discretion in making investments for the Fund. Investments will generally consist of securities and derivatives in the primary and secondary markets that may be affected by business, financial market or legal uncertainties. There can be no assurance that the Manager will correctly evaluate the nature and magnitude of the various factors that could affect the value of and return on investments. Prices of investments may be volatile, and a variety of factors that are inherently difficult to predict, such as domestic or international economic and political developments, may significantly affect the results of the activities of the Fund and the value of the Fund's Investments. In addition, the value of the Fund's portfolio

may fluctuate as the general level of interest rates fluctuates. No guarantee or representation is made that the investment objectives of the Fund will be achieved.

**Difficulty of Locating Attractive Investments.** Identifying, completing and realizing gain on attractive investments is a highly competitive activity and involves significant uncertainty. The Fund will compete for investments with other investment vehicles, as well as financial institutions and other institutional investors, which may have more resources than the Fund. The activity of identifying, completing and realizing attractive investments involves a high degree of uncertainty. There can be no assurance that the Fund will be able to locate and complete investments which satisfy the Fund's investment objective or that the Fund will be able to fully invest its funds in a manner consistent with its investment strategy.

**General Market Risks.** The Fund's investment strategy is subject to some dimension of market risk: directional price movements, deviations from historical pricing relationships, changes in the regulatory environment, changes in market volatility, "flights to quality", "credit squeezes", etc. The Manager's style of alternative investing may be no less speculative than traditional investing strategies. On the contrary, due in part to the degree of leverage embedded in the derivative instruments in which the Fund may invest, the Fund may from time to time incur sudden and dramatic losses.

The particular or general types of market conditions in which the Fund may incur losses or experience unexpected performance volatility cannot be predicted, and the Fund may materially under-perform other investment funds with substantially similar investment objectives and approaches.

**Taxation.** The Manager's investment decisions will be based primarily upon economic and not tax considerations, and this could result, from time to time, in adverse tax consequences to some or all investors. Further, investing in the Fund may have taxation implications for a Shareholder. The taxation implications of investing in the Fund may depend on the particular circumstances of each Shareholder. Potential Shareholders are strongly urged to seek independent advice referable to their own circumstances prior to making any investment decision. Further details are set out in the section headed "**Taxation**".

### **Risks Related to Investments in Asia and Emerging Economies**

**Development of the Asian Economies.** The economies of the various nations in Asia differ from the economies of most developed countries in many aspects, including as to: (a) the political structure; (b) the degree of government involvement; (c) the degree of development; (d) the level and control of capital reinvestment; (e) the control of foreign exchange; (f) the allocation of resources and (g) the degree of liquidity in their capital markets.

Certain economies in Asia have been transitioning from centrally planned economies to more market oriented economies. For example, for more than two decades, the PRC government has implemented economic reform measures emphasizing utilization of market forces in the development of the PRC economy. Although the Manager intends to monitor various systemic and systematic risks, the Manager cannot ensure that changes in economic, political and social conditions, laws, regulations and policies in the Asia region will not have an adverse effect on the Fund including its financial condition or results of operation, or that such changes will not have an adverse "knock-on" effect on other jurisdictions outside of Asia.

**Uncertainty of Legal and Tax Systems.** The legal and tax systems of certain countries in Asia are less predictable than most legal and tax systems in countries with fully developed capital markets. Currently, the tax rules and regulations prevailing in certain countries in Asia are, as a general matter, either new or under varying stages of review and revision, and there is considerable uncertainty as to whether new tax laws will be enacted and, if enacted, the scope and content of such laws. Reliance on oral administrative guidance from regulators and procedural inefficiencies hinder legal remedies in many areas, including bankruptcy and the enforcement of creditors' rights. Moreover, companies may experience delays in certain countries in Asia when obtaining governmental licenses and approvals. These factors contribute to the exogenous and systemic risks to which the Fund may be exposed. There can be no assurance that current taxes will not be increased or that additional sources of revenue or income, or various other activities, will not be subject to new taxes, charges or similar fees in the future. Any such increase in taxes, charges or fees payable in connection with the Investments or by the Fund itself may reduce the returns for the Shareholders. In addition, changes to tax treaties (or their

interpretation) between countries in which the Fund invests and countries through which the Fund conducts its investment program, may have significant adverse effects on the Fund's ability to efficiently realize income or capital gains. Consequently, it is possible that the Fund may face unfavorable tax treatment resulting in an increase in the taxes payable by the Fund on its Investments. Any such increase in taxes could reduce the investment returns that might otherwise be available to the Shareholders.

**Risks of Global Investing. Market Disruption Risk. Pandemic and Natural Disasters Risk.** The global financial markets have in the past few years experienced pervasive and fundamental disruptions that have led to extensive and unprecedented governmental intervention. Such intervention has in certain cases been implemented on an "emergency" basis, suddenly and substantially eliminating market participants' ability to continue to implement certain strategies or manage the risk of their outstanding positions. In addition — as one would expect given the complexities of the financial markets and the limited time frame within which governments have felt compelled to take action — these interventions have typically been unclear in scope and application, resulting in confusion and uncertainty which in itself has been materially detrimental to the efficient functioning of the markets as well as previously successful investment strategies.

The Fund could be adversely affected by outbreaks of a highly contagious novel coronavirus ("COVID-19") or other pandemics, epidemics or outbreaks of serious contagious disease such as the avian flu, H1N1 flu, MERS or SARS. Natural disasters, an outbreak of COVID-19 and other contagious diseases, or any other adverse public health development, could result in a widespread health crisis. Such a development could adversely affect and severely disrupt the business operations, economies and financial markets of many countries, including those of the PRC, Hong Kong, the United States and countries in Europe. As a result, the Fund and the Manager may be adversely affected. There is no guarantee that any preventative measure or contingency plan that is adopted by the Fund and the Manager to combat any natural disaster or outbreak of a pandemic or epidemic will be effective in minimizing the effect of such an event on the Fund and the Manager.

The Fund may incur major losses in the event of disrupted markets and other extraordinary events in which historical pricing relationships become materially distorted. The risk of loss from pricing distortions is compounded by the fact that in disrupted markets many positions become illiquid, making it difficult or impossible to close out positions against which the markets are moving. The financing available to the Fund from its banks, dealers and other counterparties is typically reduced in disrupted markets. Such a reduction may result in substantial losses to the Fund. Market disruptions may from time to time cause dramatic losses for the Fund, and such events can result in otherwise historically low-risk strategies performing with unprecedented volatility and risk.

**Local Intermediary Risks.** Certain of the Fund's transactions may be undertaken through local brokers, banks or other organizations in the Asia-Pacific region. The Fund will be subject to the risk of default, insolvency or fraud of such organizations. There can be no assurance that any money advanced to such organizations will be repaid or that the Fund would have any recourse in the event of default. The collection, transfer and deposit of bearer securities and cash expose the Fund to a variety of risks including theft, loss and destruction. The Fund will also be dependent upon the general soundness of the banking systems throughout the Asia-Pacific region which, in some cases, remain relatively under-developed or unstable compared to developed markets such as the US and the United Kingdom.

**Political and Economic Instability.** The Fund intends to trade and invest in various global currencies, fixed income instruments of entities and/or securities of companies domiciled or operating in numerous countries around the globe. Investing in securities issued by companies in certain regions involves considerations and possible risks not typically involved in investing in securities of companies domiciled and operating in the G-10 Countries, including instability of governments, the possibility of expropriation, limitations on the use or removal of funds or other assets, changes or instability in governmental administration or economic or monetary policy, changed circumstances in dealings between nations and confiscatory taxation. The Fund may incur higher expenses from investment in the securities issued in certain countries than from investment in others. Certain nations' securities markets also may be less liquid, more volatile and less subject to governmental supervision than others. The Fund's Investments in certain countries could be adversely affected by certain factors not present in developed nations, including lack of uniform accounting, auditing and financial reporting standards and potential difficulties in enforcing contractual obligations. In addition, the governments of such countries may participate in their economies through ownership or regulation in ways that can have a

significant effect on securities prices. The economies of certain countries depend heavily on international trade and can be adversely affected by the enactment of trade barriers or changes in the economic conditions of their trading partners. In some countries, especially developing or emerging countries, political or diplomatic developments could lead to programs that would adversely affect investments, such as confiscatory taxation or expropriation. Further, although the recent general trend in many of the less developed economies in Asia has been towards more open markets and the promotion of private business initiatives, no assurance can be given that the governments of these countries will continue to pursue such policies or that such policies may not be altered significantly. Political instability, geo-regional territorial conflict, economic distress, the difficulties of adjustment to a market economy, social instability, organized crime or other factors beyond the Manager's control could have a material adverse effect on the performance of the Fund.

As a result of these factors, certain economies within the Asia region are more susceptible to reacting violently to changing economic conditions than the more developed economies. In addition, certain economies in Asia have been affected by frequent and significant intervention by the relevant governments and/or central banks, which have often changed monetary, credit, tax and other policies which have involved wage and price controls as well as other measures, such as raising interest rates, imposing capital controls and inhibiting international trade.

Although economic conditions are different in each country, investors' reactions to the developments in one country may have effects upon the currencies and/or securities of issuers in other countries. Developments or conditions in emerging market countries may significantly affect the availability of credit in other countries in Asia and result in considerable outflows of funds and declines in the amount of foreign currency invested in those markets.

**Restrictions on Investment and Repatriation.** Some countries impose restrictions and controls regarding investment by foreigners. Among other things, they may require prior governmental approvals, impose limits on the amount or types of securities that may be held by foreigners or impose limits on the types of companies in which foreigners may invest. These restrictions may at times limit or preclude the Fund's investment in certain countries and may increase the Fund's costs and expenses. Indirect foreign investment may, in some cases, be permitted through investment funds that have been specifically authorized for that purpose. Because of the limited number of authorizations granted in such countries, however, units or shares in most of the investment funds authorized in those countries may at times trade at a substantial premium over the value of their underlying assets. There can be no certainty that these premiums will be maintained, and if the restrictions on direct foreign investment in the relevant country were significantly liberalized, premiums might be reduced, eliminated altogether, or turned into a discount. In addition, certain countries impose restrictions and controls on repatriation of investment income and capital. In addition, if a deterioration occurs in a country's balance of payments, the country could impose temporary restrictions on foreign capital remittances. 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. Investing in entities either in, or which have a substantial portion of their operations in, Asia may require the Fund to adopt special procedures, seek local government approvals or take other actions, each of which may involve additional costs to the Fund. Controls will exist, in varying degrees, over the repatriation of capital and profits that result from foreign investment. There can be no assurance that the Fund will be permitted to repatriate capital or profits, if any, over the life of its activities.

### **Risks Related to Sovereign Debt**

**Sovereign Debt.** The Fund may invest in debt securities issued by the US government, or guaranteed by the US government or any agency thereof. The Fund may also invest in non-US government debt securities, which include debt obligations issued or guaranteed by national, state or provincial governments, political subdivisions or quasi-governmental or supranational entities. The issuers of sovereign debt securities in which the Fund invests may experience serious difficulties in servicing their external debt obligations. These difficulties may, among other effects, force such countries to reschedule interest and principal payments on obligations and to restructure certain indebtedness. Rescheduling and restructuring arrangements often include reducing and rescheduling interest and principal payments by negotiating new or amended credit agreements, or converting outstanding principal and unpaid interest to new instruments, and obtaining new credit to finance interest payments. Sovereign debt could be rated below investment grade by Moody's and Standard and Poor's if it is



regarded as predominantly speculative with respect to the issuer's capacity to pay interest and repay principal in accordance with the terms of the obligations. Certain sovereign debt may be in distress or even default. Non-US government debt securities may involve a particularly high degree of risk, as such governmental entities may default on or restructure their obligations. Governments may also intervene from time to time in the markets by changing the interest rates payable on their sovereign debt. Such intervention may have a material and adverse effect on the Fund's Investments.

**Uncertain Sovereign Finances.** The equity markets have been roiled over the past several years by evolving developments relating to the possible default of Greece, Spain, Italy, Portugal, the United States and other sovereign governments. A sovereign's financial condition is subject to numerous factors — social programs, political pressure, supra-national economic actions — which may not be fully incorporated into the Manager's analytic framework and may from time to time overwhelm idiosyncratic factors (even if correctly identified by the Manager).

### **Fund's Strategies and Other Investment Related Risks**

**Overall investment risk:** All securities investments risk the loss of capital. The nature of the securities to be purchased and traded by the Manager and the investment techniques and strategies to be employed in an effort to increase profits may increase this risk. While the Manager will devote its best efforts to the management of the Fund's portfolio, there can be no assurance that the Fund will not incur losses. Many unforeseeable events, including actions by various government agencies, and domestic and international political events, may cause sharp market fluctuations. Changes in the macroeconomic environment, including, for example, interest rates, inflation rates, industry conditions, competition, technological developments, political events and trends, changes to tax laws, currency exchange rates, regulatory policy, employment and consumer demand and innumerable other factors, can substantially and adversely affect the performance of an Investment of the Fund. None of these conditions will be within the control of the Manager.

**Global Macro Strategies.** The success of the Fund's global macro investment strategy depends upon the Manager's ability to identify and exploit perceived fundamental, economic, financial and political imbalances that may exist in and between global markets across a variety of financial instruments and asset classes. The identification and exploitation of such imbalances and the prediction of price movements in these instruments involves significant uncertainties due to their reliance on various factors, including political, economic, international and environmental trends and events. There can be no assurance that the Manager will be able to identify investment opportunities or exploit such imbalances. The Fund may incur substantial losses if the investment theses underlying the Fund's positions fail to develop as expected by the Manager.

**Difficulty in Translating Macro Economic Conclusions into Trading Positions.** Having reached a macroeconomic conclusion regarding the future price level of a given asset, the Manager is then faced with the difficulty of identifying an efficient means of acquiring market exposure so as to profit from this conclusion. Not only can it be difficult to find a workable medium through which to express a macro conclusion, but also factors extraneous to that conclusion may influence the pricing of the chosen medium. The Manager may correctly identify a macro opportunity, but not capitalize on the opportunity, and, in fact, incur material losses, due to the Investment chosen in an attempt to exploit such opportunity.

**Technical Analysis.** While the trading strategies utilized by the Manager on behalf of the Fund are frequently based on fundamental research and analysis, the Manager also employs technical factors in its strategies and analysis, i.e., the analysis of historical and current market data. Technical strategies are subject to the risk that unexpected fundamental or other factors may dominate the market during certain periods. Furthermore, a frequent premise of technical strategies is that past market conditions are indicative of future market prices. The influx of different market participants, structural changes in the markets, the introduction of new financial products and other developments could materially adversely affect the profitability of Investments made based upon technical analysis.

**Long and Short Fundamental Investments.** The identification of investment opportunities in undervalued and overvalued securities is a difficult task, and there are no assurances that such opportunities will be successfully recognized or acquired. While investments in undervalued and overvalued securities offer the opportunities for high or above market capital appreciation, these investments involve a high degree of financial risk and can

result in substantial losses.

**Investment and Trading Risks in General.** There is no guarantee that the Fund's Investments will be successful. Investment results may vary significantly over time. The Fund's investment program may utilize investment instruments and techniques that involve margin transactions and significant leverage. Such instruments and techniques may magnify the adverse impact to which the Fund may be subject during excessive market volatility. As is true of any investment, there is a risk that an investment in the Fund will be lost entirely or in part. The Fund is not a complete investment program and should represent only a portion of an investor's portfolio management strategy.

**Directional Trading.** There are no material limitations on the strategies or instruments in which the Fund may invest. However, it is intended that the approach to be adopted by the Fund will include identifying mispricing and then taking appropriate directional positions. Directional investing is subject to all the risks inherent in incorrectly predicting future price movements. Often these price movements will be determined by unanticipated factors, and even if the determining factors are correctly identified, the Manager's analysis of those factors may prove inaccurate. This can lead to substantial losses.

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

**Fundamental Strategies.** Fundamental analysis, which posits that markets are imperfect and that mispricing can be identified between prevailing market prices and those indicated by underlying fundamental data, is subject to the risk of inaccurate or incomplete market information, as well as the difficulty of predicting prices based on such information. Furthermore, even if an analyst is able successfully to identify mispricing on the basis of fundamental factors, there is the additional uncertainty of predicting the duration of such mispricing and, accordingly, when or whether to invest so as to profit from them. Fundamental analysis is subject to significant losses when market sentiment leads to the market price of the Investments being materially discounted from the level indicated by fundamental analysis (as in the case of "flights to quality" when the demand for Investments other than treasury securities diminishes to a degree significantly in excess of that indicated by the fundamental differences between treasury and other securities) or technical factors, such as price momentum or option expirations, dominate the market.

**Relative Value Strategies.** The Manager may cause the Fund to acquire relative value positions if it identifies mispricing between related currencies or assets. Although relative value positions are generally considered to have a lower risk profile than directional positions as the former attempt to exploit exchange rate or price differentials, not overall price movements, relative value strategies are by no means without risk. Mispricing, even if correctly identified, may not converge within the time frame within which the Fund is able to maintain its positions. Even pure "riskless" arbitrage can result in significant losses if the arbitrage cannot be sustained (due, for example, to margin calls) until expiration. To the extent that the Fund will use relative value strategies, these strategies will be subject to the risks of disruptions in historical price relationships, the restricted availability of credit and the obsolescence or inaccuracy of the Manager's or third-party valuation models. Market disruptions may force the Fund prematurely to close out one or more positions. Such disruptions have in the past resulted in substantial losses for funds employing relative value strategies.

A major component of relative value trading typically involves spreads between two or more positions. To the extent that the price relationships between such positions remain constant, no gain or loss may occur. Such positions do, however, entail a substantial risk that the price differential could change unfavorably and, due to the leveraged nature of such trading, result in increased losses.

Changes in the shape of the yield curve can cause significant changes in the profitability of relative value strategies due to the highly leveraged nature of such strategies.

Increased competition among market participants seeking to exploit the same perceived mispricing reduces the profitability of relative value trading.

**Arbitrage Transaction Risks.** Arbitrage strategies attempt to take advantage of perceived price discrepancies of identical or similar financial instruments, on different markets or in different forms. The Manager may employ any one or more of these arbitrage strategies. If the requisite elements of an arbitrage strategy are not properly analyzed, or unexpected events or price movements intervene, losses can occur which can be magnified to the extent the Fund is employing leverage. Moreover, arbitrage strategies often depend upon identifying favorable "spreads" which can also be identified, reduced or eliminated by other market participants.

**Hedging Transactions.** The Fund intends to utilize certain financial instruments (including derivatives) for hedging purposes or as part of its trading strategies. The Manager does not, in general, attempt to hedge all market or other risks inherent in the Fund's positions, and hedges certain risks, if at all, only partially. Specifically, the Manager may choose not, or may determine that it is economically unattractive, to hedge certain risks, either in respect of particular positions or in respect of the Fund's overall portfolio. The Fund's portfolio composition may result in various directional market risks remaining unhedged, although the Manager may rely on diversification to control such risks to the extent that the Manager believes it is desirable to do so. Such imperfect hedging (and the limits on the types of instruments that the Fund will use to implement its hedges) means the Fund is not rid of the risk of loss. In addition, the Manager may not anticipate a particular risk so as to hedge against it. Although the Manager may utilize various instruments to hedge against the negative movements in currency exchange rates and various Asian securities markets, such hedges will not always be successful. Hedging sometimes does not work to limit loss and sometimes actually increases and amplifies loss. Hedging against a decline in the Fund's portfolio does not eliminate fluctuations in the values of the Fund's positions or prevent losses if the values of such positions decline, but establishes other positions designed to gain from those same developments, thus moderating the decline in the value of an investment in the Fund. Such hedging transactions also limit the opportunity for gain if the value of the Fund's positions should increase. Moreover, it may not be possible for the Manager to hedge against an exchange rate or price fluctuation that is so generally anticipated that the Manager is not able to enter into a hedging transaction at a price sufficient to protect the Fund from the decline in value of the position anticipated as a result of such a fluctuation. In addition, it may not be possible to hedge against certain fluctuations at all. Further, there are additional risks that counterparties to any hedging transactions will not perform as expected. Furthermore, to the extent that any hedging strategy involves the use of OTC derivatives transactions, such a strategy would be affected by implementation of the various regulations adopted pursuant to the Dodd-Frank Act.

**Distressed Investing.** The Manager may invest in securities of issuers in sub-optimal financial condition, experiencing poor operating results, having substantial capital needs or negative net worth, facing special competitive or product obsolescence problems, or that are involved in bankruptcy or reorganization proceedings. Investments of this type may involve financial and business risks that can result in losses. Among the risks inherent in investments in under-performing entities is the inability to obtain information as to the true condition of such issuers. The Manager will conduct thorough due diligence to obtain the best information on the targeted company. Laws relating to, among other things, fraudulent transfers and other voidable transfers or payments, lender liability and a bankruptcy court's power to disallow, reduce, subordinate, or disenfranchise particular claims may also affect such investments adversely. The market prices of such securities are also subject to abrupt and erratic market movements and above-average price volatility, and the spread between the bid and ask prices of such securities may be greater than normally expected with respect to normal issuers. It may take a number of years for the market price of such securities to reflect their intrinsic value. The Manager anticipates that some of the securities in which the Fund invests may not be widely traded or otherwise illiquid, and that the Fund's positions in these securities may be substantial in relation to the market for the securities. In addition, there is no minimum credit standard that is a prerequisite to the Fund's investment in any security. The debt securities in which Fund is permitted to invest may be rated lower than investment grade and hence may be considered to be "junk bonds" or distressed securities.

Securities of financially weak companies require active monitoring and may, at times, require participation in bankruptcy or reorganization proceedings by the Manager. To the extent that the Manager becomes involved in such proceedings, the Manager may have a more active participation in the affairs of the issuer than that assumed generally by an investor.

In liquidation (both in and out of bankruptcy) and other forms of corporate reorganization, there exists the risk that the reorganization either will be unsuccessful (due to, for example, failure to obtain requisite approvals), will be delayed (for example, until various liabilities, actual or contingent, have been satisfied) or will result in a

distribution of cash or a new security the value of which will be less than the purchase price to the Fund of the security in respect to which such distribution was made.

Reorganizations are contentious and adversarial. It is by no means unusual for participants to use the threat of, as well as actual, litigation as a negotiating technique. The Fund may be named as a defendant in a civil proceeding. The Fund will bear, directly or indirectly, the expense of defending against those claims and paying settlements, judgments, and indemnification obligations.

**Bankruptcy Proceedings Risk.** With regard to the purchase of Investments of, and other investments involving, companies in bankruptcy proceedings, the following additional risks exist:

- Many of the events within a bankruptcy proceeding are adversarial and beyond the control of the creditors. Generally, creditors are afforded an opportunity to object to significant actions, but there can be no assurance that a bankruptcy court would not approve actions contrary to the interests of the Fund. There are also instances where creditors lose their ranking and priority as creditors when they obtain management and functional operating control of a debtor.
- Generally, the duration of a bankruptcy proceeding can only be roughly estimated. Therefore, and unless an investor is entitled to receive interest on its pre-bankruptcy petition claim, the investor's return on investment can be adversely affected by the passage of time prior to the effective time of the reorganisation of the debtor. It should also be noted that reorganisations outside of bankruptcies are also subject to unpredictable and potentially lengthy delays.
- Bankruptcy law permits the classification of "substantially similar" claims in determining the classification of claims for purposes of voting on a plan of reorganisation. The standard for classification is vague; consequently, there exists a significant risk that the investor's influence with respect to a class of securities can be lost due to the number and the amount of claims in the class.
- Administrative costs in connection with a bankruptcy proceeding are frequently high and are paid out of the debtor's estate prior to any return to creditors or equity holders.

The Manager, on its own behalf or on behalf of others, may seek to take an active role in the financial reorganisation process and/or the management of financially distressed companies, whether by securing representation on boards of directors, creditor committees, equity committees or other groups, obtaining employment by such companies of experts selected by such Manager (other than itself or its Affiliates) or otherwise. A member of any such committee or group may owe certain obligations to all investors in the issuer that the committee represents who are similarly situated. If the Manager concludes that its obligations owed to these other investors as a committee or group member conflict with its contractual duties owed to its shareholders or members, as the case may be, under general fiduciary principles, it would resign from that committee or group.

**Emerging Growth, Small and Medium-sized Companies; Unseasoned Issuers.** The Fund may invest its assets in the securities of companies with all levels of market capitalisation including in emerging growth companies, small companies and unseasoned issuers. Investments in securities of these issuers may involve greater risks since these securities may have limited marketability and, accordingly, may be more volatile. Because there is generally less liquidity for securities of these issuers, it may be more difficult for the Fund to buy or sell significant amounts of such shares without an unfavorable impact on prevailing prices. These issuers may have limited product lines, markets or financial resources and may lack management depth. In addition, these issuers are typically subject to a greater degree of change in earnings and business prospects than larger, more established companies. There is typically less publicly available information concerning these companies than for larger, more established companies. Although investments in the securities of these issuers may offer the potential for above average returns as a result of these factors, they also involve a greater degree of risk. Additionally, it is not generally possible to hedge against the types of credit risk that are inherent in these companies.

**Directly Sourced and Negotiated Transactions.** These types of transactions include directly sourced and negotiated blocks of stock and/or new issuances of warrants, convertible bonds or credit. Although the Manager

expects that these securities will be exited, or converted and exited in the public markets, they may be subject to Rule 144A under the US Securities Act or other restrictions on conversion and transfer.

**Temporary Defensive Positions.** In anticipation of or in response to adverse market or other conditions, or atypical circumstances such as unusually large cash inflows or withdrawals, the Fund may temporarily hold a significant portion of its assets in cash, cash equivalents or high-quality debt instruments, which may have an adverse impact on the ability of the Fund to achieve its investment objectives.

**Delay in Use of Proceeds.** Investment of subscription proceeds may be delayed if the Manager determines suitable investments are unavailable at the time or for other reasons. As a result, such proceeds may be invested in cash, cash equivalents, high-quality debt instruments, or other securities pending their investment in other financial instruments, which may have an adverse impact on the ability of the Fund to achieve its investment objectives.

**Prepayment Risk.** A variety of factors will affect the frequency at which prepayments (including voluntary prepayments by the obligors and liquidations due to default and foreclosures) occur on loans and other debt underlying certain of the Fund's investments, including the prevailing level of interest rates as well as economic, demographic, tax, social, legal, and other factors. In general, "premium" financial instruments (financial instruments whose market values exceed their principal or par amounts) are adversely affected by faster than anticipated prepayments, and "discount" financial instruments (financial instruments whose principal or par amounts exceed their market values) are adversely affected by slower than anticipated prepayments.

**Corporate Debt Obligations and High-Yield Securities.** The Fund may invest in corporate debt obligations and high-yield securities. The market value of debt securities generally tends to decline as interest rates increase and, conversely, increase as interest rates decline. Debt obligations are subject to the risk of an issuer's inability to meet principal and interest payments on the obligations, i.e., credit risk.

Because the various credit rating agencies rate "high yield" bonds and securities in the lower rating categories, these securities result in greater risk of loss of principal and interest than higher-rated securities and are generally considered to be predominately speculative. They are also generally considered to be subject to greater risk than securities with higher ratings because the yields and prices of the securities may tend to fluctuate more than those for higher-rated securities and the market for lower-rated securities is less active and has a lower volume of transactions.

**Lender Liability Considerations; Equitable Subordination.** In recent years, a number of judicial decisions in the United States have upheld the right of borrowers to sue lenders or bondholders on the basis of various evolving legal theories (commonly referred to as "lender liability"). Generally, lender liability is founded upon the premise that an institutional lender or bondholder has violated a duty (whether implied or contractual) of good faith and fair dealing owed to the borrower or issuer or has assumed a degree of control over the borrower or issuer resulting in the creation of a fiduciary duty owed to the borrower or issuer or its other creditors or stockholders.

In addition, under common law principles that in some cases form the basis for lender liability claims, if a lender or bondholder: (a) intentionally takes an action that results in the undercapitalization of an obligor to the detriment of other creditors of the obligor; (b) engages in other inequitable conduct to the detriment of any other creditors; (c) engages in fraud with respect to, or makes misrepresentations to, any other creditors; or (iv) uses its influence as a lender or bondholder to dominate or control an obligor to the detriment of the creditors, a court may elect to subordinate the claim of the offending lender or bondholder to the claims of the disadvantaged creditor or creditors, which remedial action is called "equitable subordination".

**Structured Credit Products.** Structured credit products are subject to prepayment, credit, liquidity, market, structural, legal, and interest (among other) risks. A variety of factors will affect the performance of a structured credit product, including the level and timing of the payments and recoveries on the underlying assets and the adequacy of the related collateral.

**Tail Risk Protection Strategies.** The Manager may attempt to hedge certain portfolio risks by allocating capital to strategies intended to perform best in declining markets or in times of market disruption. Because these strategies seek to profit from market disruptions and/or declines, they may suffer losses during periods of

stability or generally improving market conditions. Moreover, any gains that these strategies achieve when market disruptions or market declines occur may not fully offset losses suffered at other times. There can be no assurance that these strategies will not be correlated with the overall market during periods of market disruption and stress. In addition, other extraordinary events, like distortions in historical pricing relationships, loss of leverage, or government intervention during market disruptions, may adversely affect these strategies. There can be no assurance that these strategies will achieve their objectives.

**No Limitations on Strategies.** Other than as specifically set forth in this Memorandum, there are no material limitations on the investment strategies which the Manager may use when investing assets on behalf of the Fund. The Manager will opportunistically implement whatever strategies or discretionary approaches the Manager believes from time to time may be best suited to prevailing market conditions. Over time, the strategies implemented on behalf of the Fund can be expected to expand, evolve and change, perhaps materially. The Manager will not be required to implement any particular strategies and may discontinue employing any particular strategy on behalf of the Fund, whether or not such strategies are specifically described in this Memorandum, and without notice to Shareholders. There can be no assurance that the various investment strategies which the Manager expects from time to time to develop and implement for the Fund will be successful or that strategies that have been successful will continue to be profitable.

**Model Risk and Market Judgment.** The Manager may utilize quantitative valuation models in implementing the Fund's investment strategy. As market dynamics shift over time, due to factors such as changed market conditions and participants, a previously highly successful model could become outdated or inaccurate, perhaps without the Manager recognizing that fact before substantial losses are incurred. There can be no assurance that the Manager will be successful in developing and maintaining effective quantitative models. Although the Manager uses quantitative valuation models in evaluating the economic components of certain prospective trades, the Manager's quantitative strategies are by no means wholly systematic; the market judgment and discretion of the Manager's personnel are fundamental to the implementation of these strategies.

**Spread Trading Risks.** A part of the Fund's trading operations may involve spreads between 2 or more positions. To the extent the price relationships between such positions remain constant, no gain or loss on the positions will occur. Such positions do, however, entail a substantial risk that the price differential could change unfavorably, causing a loss to the spread position. In periods of trendless, stagnant markets and/or deflation, many alternative investment strategies have materially diminished prospects for profitability. A "spread" position may not be less risky than a simple "long" or "short" position.

**Trade Execution Risk.** Many of the trading techniques to be used by the Fund will require the rapid and efficient execution of transactions. Inefficient execution can negatively impact, possibly materially, the profitability of the Fund's positions, and in certain cases cause the Fund to miss a limited life market opportunity entirely.

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

**Derivatives.** The Fund intends to make investments in derivative financial instruments, including, without limitation, warrants, options, swaps, convertible securities, notional principal contracts, contracts for differences, forward contracts, futures contracts and options thereon, and may use derivative techniques for hedging and for other trading purposes. The use of derivative instruments involves a variety of material risks, including the extremely high degree of leverage often embedded in such instruments and the possibility of counterparty non-performance as well as of material and prolonged deviations between the actual and the theoretical value of a derivative, due to, e.g., non-conformance to anticipated or historical correlation patterns. In addition, the markets for certain derivatives are frequently characterized by limited liquidity, which can make it difficult as well as costly to the Fund to close out positions in order either to realize gains or to limit losses.

Some of the derivatives that may be traded by the Fund will be principal-to-principal or "over-the-counter" contracts between the Fund and third parties entered into privately, rather than on an established exchange. As a result, the Fund will not be afforded the regulatory protections of an exchange or its clearing house, or of a government regulator that oversees the exchange or clearing house, if a counterparty fails to perform. In

privately negotiated transactions, the risk of the negotiated price deviating materially from fair value is substantial, particularly when there is no active market available from which to derive benchmark prices.

Many derivatives are valued on the basis of dealers' pricing of these instruments. However, the price at which dealers value a particular derivative and the price which the same dealers would actually be willing to pay for such derivative should the Fund wish or be forced to sell such position may be materially different. Such differences can result in an overstatement of the Fund's Net Asset Value and may materially adversely affect the Fund in situations in which the Fund is required to sell derivative instruments. The Fund's use of derivatives and other techniques (such as short sales) for hedging purposes involves certain additional risks, including: (a) dependence on the ability to predict movements in the price of the asset being hedged; (b) imperfect correlation between movements in the asset on which the derivative is based and movements in the asset being hedged; and (c) possible impediments to effective portfolio management or the ability to meet short-term obligations because of the percentage of the Fund's assets segregated to secure its obligations under derivative contracts. In addition, by hedging a particular position, the Fund may limit any potential gain from an increase in value of such position.

**OTC Derivatives.** The Fund may enter into various OTC transactions involving or relating to, among other things, interest rates, currencies, or securities. Such transactions may include individually negotiated, non-standardized agreements between 2 parties to exchange cash flows, and sometimes principal amounts, measured by different rates or prices with payments generally calculated by reference to a principal ("**notional**") amount or quantity. OTC derivatives are not traded on exchanges; rather, banks and dealers act as principals in these markets. As a result, the Fund will be subject to the risk of the inability or refusal to perform with respect to such contracts on the part of any counterparties with which the Fund trades. OTC derivatives markets are generally not regulated by any governmental authority and are not guaranteed by an exchange or clearing house.

Participants in OTC markets are not required to make continuous markets in the contracts they trade. Accordingly, OTC derivatives may not have continuously liquid markets. There can be no assurance that the Fund will be able to liquidate an OTC derivative at a favorable price, or, where relevant, at any time prior to its expiration. In addition, if a counterparty to an OTC transaction becomes insolvent, the Fund may be unable to liquidate an OTC instrument. In addition, a failure by a dealer to take delivery of the underlying securities in connection with an OTC derivative transaction (for example, an option) would result in the loss of the premium paid by the Fund as well as the loss of the expected benefit of the transaction.

Further, the Dodd-Frank Act includes provisions that comprehensively regulate the OTC derivatives markets for the first time. While the Dodd-Frank Act is intended in part to reduce certain of the risks described above, its success in this respect may not be evident for some time after the Dodd-Frank Act is fully implemented, a process that may take several years. Please also refer to the risk factor "**OTC Derivatives Markets**" below.

**Futures Contracts and Options.** The Fund intends to trade futures and options and the risk of loss in such transactions can be substantial. Futures markets are highly volatile. In investing in futures, the Fund must be able to analyze correctly such markets, which are influenced by, among other things, changing supply and demand relationships, weather, governmental, agricultural, commercial and trade programs and policies designed to influence world political and economic events and changes in interest rates.

The purchase or sale of a futures contract may lead to a total loss of the initial margin funds and any additional funds that may be used to establish or maintain a position. If the market moves against the position, the Fund may be called upon to deposit a substantial amount of additional margin funds on short notice in order to maintain the position. If such funds are not provided within the specified time, the position may be liquidated at a loss and a liability may be incurred for any resulting deficit in the account.

A principal risk in trading futures contracts is the traditional volatility in market prices and the leverage inherent in futures contracts. A relatively small movement in the market price of a futures contract may result in a disproportionately large profit or loss. Certain commodity exchanges may not permit trading in particular futures beyond certain set limits. If prices fluctuate during a single day's trading beyond those limits (which conditions may last for several days in certain contracts), the Fund could be prevented from promptly liquidating unfavorable positions and thus be subject to substantial losses.

The placement of contingent orders such as a "stop-loss" or "stop-limit" order, will not necessarily limit the losses to the intended amounts, since market conditions may make it difficult or impossible to execute such orders.

Purchasing options involves the risk that the instruments underlying the option will not change price in the manner expected, so that the investor loses its premium. Selling options involves potentially greater risk because the investor is exposed to the extent of the actual price movement in the underlying security rather than only the premium payment received, which could result in a potentially unlimited loss. OTC options also involve counterparty solvency risk.

A large number of options are traded on and off exchanges. An option is a right, purchased for a certain price, to either buy or sell the underlying futures contract, physical commodity, or a security during a certain period of time for a fixed price. Although successful options trading requires many of the same skills as does successful securities trading, the risks involved are somewhat different. Options markets may also lack liquidity because of insufficient trading activity and this may make it difficult or impossible for a trade to be executed within a favorable time frame.

**Effect of Speculative Position Limits.** The CFTC and US futures exchanges (the "Exchanges") impose limits referred to as "speculative position limits" on the maximum net long or net short speculative positions that any person may hold or control in any particular futures or options contract traded on the Exchanges. For example, the CFTC currently imposes speculative position limits on a number of physical delivery commodities (e.g., agricultural, energy, metals) and the Exchanges currently impose speculative position limits on many other futures and options contracts. The Fund could be required to liquidate positions it holds in order to comply with position limits or may not be able to fully implement trading instructions generated by its trading models, in order to comply with position limits. Any such liquidation or limited implementation could result in substantial costs to the Fund.

**Forward Contracts.** The Fund may trade deliverable forward contracts in the inter-bank currency market. Such deliverable forward contracts are not currently traded on exchanges; rather, banks and dealers act as principals in these markets. As a result of the Dodd-Frank Act, the CFTC now regulates non-deliverable forwards. Changes in the forward markets may entail increased costs and result in burdensome reporting requirements. There is currently no limitation on the daily price movements of forward contracts. Principals in the forward markets have no obligation to continue to make markets in the forward contracts traded. The imposition of credit controls by governmental authorities or the implementation of regulations might limit such forward trading to less than that which the Manager would otherwise recommend, to the possible detriment of the Fund.

**Convertible Securities.** Convertible securities are bonds, debentures, notes, preferred stocks, or other securities that may be converted into or exchanged for a specified amount of common stock of the same or different issuer within a particular period at a specified price or formula. A convertible security entitles the holder to receive interest that is generally paid or accrued on debt or a dividend that is paid or accrued on preferred stock until the convertible security matures or is redeemed, converted or exchanged. Convertible securities have unique investment characteristics in that they generally: (a) have higher yields than common stocks, but lower yields than comparable non-convertible securities; (b) are less subject to fluctuation in value than the underlying common stock due to their fixed income characteristics; and (c) provide the potential for capital appreciation if the market price of the underlying common stock increases.

The value of a convertible security is a function of its "investment value" (determined by its yield in comparison with the yields of other securities of comparable maturity and quality that do not have a conversion privilege) and its "conversion value" (the security's worth, at market value, if converted into the underlying common stock). The investment value of a convertible security is influenced by changes in interest rates, with investment value declining as interest rates increase and increasing as interest rates decline. Endogenous factors such as the credit standing of the issuer and other factors may also have an effect on the convertible security's investment value. The conversion value of a convertible security is determined by the market price of the underlying common stock. If the conversion value is low relative to the investment value, the price of the convertible security is governed principally by its investment value. To the extent the market price of the underlying common stock approaches or exceeds the conversion price, the price of the convertible security will be increasingly influenced by its conversion value. A convertible security generally will sell at a premium over



its conversion value by the extent to which investors place value on the right to acquire the underlying common stock while holding a fixed income security. Generally, the amount of the premium decreases as the convertible security approaches maturity.

A convertible security may be subject to redemption at the option of the issuer at a price established in the convertible security's governing instrument. If a convertible security held by the Fund is called for redemption, the Fund will be required to permit the issuer to redeem the security, convert it into the underlying common stock, or sell it to a third party. Any of these actions could have an adverse effect on the Manager's ability to achieve the investment objective of the Fund.

**Swaps.** The Fund may enter into swap and similar derivative transactions which seek to modify or replace the investment performance of particular interest rates, currencies, securities, investment fund interests, indices, prices or markets on a leveraged or an unleveraged basis. A swap transaction is an individually negotiated, non-standardized agreement between two parties to exchange cash flows (and sometimes principal amounts) measured by different interest rates, exchange rates, indices or prices, with payments generally calculated by reference to a principal ("notional") amount or quantity. Swap contracts and similar derivative contracts are not traded on exchanges; rather, banks and dealers act as principals in these markets. As a result, such derivatives transactions are subject to the risk of the inability or refusal to perform with respect to such contracts on the part of the counterparties with which the Fund trades. The swap market is generally not regulated by any US or foreign governmental authority. Speculative position limits are not applicable to swap transactions, although the counterparties with which the Fund deals may limit the size or duration of positions available to the Fund as a consequence of credit considerations. Participants in the swap markets are not required to make continuous markets in the swap contracts they trade.

**Credit Default Swaps.** The "buyer" in a credit default contract is obligated to pay the "seller" a periodic stream of payments over the term of the contract in return for a contingent payment upon the occurrence of a credit event with respect to an underlying reference obligation. Generally, a credit event means bankruptcy, failure to pay or obligation acceleration. If a credit event occurs, the seller typically must pay the contingent payment to the buyer, which is typically the "par value" (full notional value) of the reference obligation. The contingent payment may be a cash settlement or physical delivery of the reference obligation in return for payment of the face amount of the obligation. The Fund may be either the buyer or seller in the transaction. If the Fund is a buyer and no credit event occurs, the Fund may lose its investment (or premium) and recover nothing. However, if a credit event occurs, the buyer typically receives full notional value for a reference obligation that may have little or no value. As a seller, the Fund receives a fixed rate of income throughout the term of the contract, which typically is between one month and five years, provided that no credit event occurs. If a credit event occurs, the seller may pay the buyer the full notional value of the reference obligations.

Credit default swaps involve greater risks than if the Fund had invested in the reference obligation directly. In addition to general market risks, credit default swaps are subject to liquidity risk and credit risk. A buyer also may lose its investment and recover nothing should no credit event occur. If a credit event were to occur, the value of the reference obligation received by the seller, coupled with the periodic payments previously received, may be less than the full notional value it pays to the buyer, resulting in a loss of value to the Fund. In the event that there are sharp increases in the volume of credit derivatives trading in the financial markets, settlement of such contracts may also be delayed beyond the time frame originally anticipated by counterparties. Such delays may adversely impact the Fund's ability to otherwise productively deploy any capital that is committed with respect to such contracts.

Certain governmental entities have indicated that they intend to regulate the market in credit default swaps. It is difficult to predict the impact of any such regulation on the Fund, but it may be adverse (including by making the Fund ineligible to be a "seller" of credit default swaps).

**Repurchase and Reverse Repurchase Agreements Present Certain Risks.** The Fund may engage in repurchase and reverse repurchase agreements. In the case of default by the transferee of a security in a reverse repurchase agreement, the transferor runs the risk that the transferee may not deliver the security when required. In the event of the bankruptcy or other default of a transferor of a security in a repurchase agreement, the transferee could experience both delays in liquidating the underlying security and losses, including: (i) a possible decline in the value of the collateral during the period while the transferee seeks to enforce its rights thereto; (ii) possible

subnormal levels of income and lack of access to income during this period; and (iii) expenses of enforcing its rights.

**Credit Markets.** The Fund may be concentrated in the credit markets, attempting to take advantage of undervalued securities as well as relative mispricing. The identification of attractive investment opportunities in disrupted credit markets is difficult and involves a significant degree of uncertainty. The credit markets are, in general, highly susceptible to interest-rate movements, government interference, economic news, and investor sentiment.

There was significant volatility in the credit markets in 2007-2009, and volatility can be expected to arise in the future.

During periods of “credit squeezes” or “flights to quality”, the market for credit instruments other than US Treasury bills can become substantially reduced. This poses the risk that leveraged credit instrument positions held by the Fund that pursue credit related investment strategies may need to be sold at discounts to fair value in order to meet margin calls. At the same time, the dealers may correspondingly reduce the value of outstanding positions, resulting in additional margin calls as loan to value triggers are hit under prime brokerage and swap agreements.

Downward pressures on price and leverage could cause substantial or total losses for the Fund implementing credit strategies. Moreover, even if the Manager does not implement leveraged strategies, forced sales from the Fund into illiquid markets due to investor redemptions could result in substantial losses.

During the financial market crisis of 2007-2009, the market for credit instruments was so illiquid that a number of investment funds had to sell otherwise desirable investments in other asset classes in order to meet margin calls on their credit positions.

**Fixed Income Securities Generally.** All fixed income securities are subject to credit risk, market risk, and interest rate risk. Credit risk is the risk that a fixed income security will decline in price, or fail to pay interest or principal when due, because the issuer of the security experiences a decline in its financial status. Market risk relates to the changes in the risk or perceived risk of an issuer, country, or region. Interest rate risks include: (a) if interest rates increase, the value of fixed income securities will generally decline; (b) during periods of rising interest rates, the average life of certain fixed income securities may be extended because of slower than expected principal payments, which may lock in a below market interest rate, increase the security’s duration, and reduce the value of the security (i.e., extension risk); and (c) during periods of declining interest rates, the issuer of a security may exercise its option to prepay principal earlier than scheduled, forcing the Fund to invest in lower yielding securities (i.e., call or prepayment risk). Because of the resetting of interest rates, adjustable rate debt instruments are less likely than non-adjustable rate debt instruments of comparable quality and maturity to increase or decrease significantly in value when market interest rates fall or rise, respectively. Lower or unrated securities frequently have call features that allow the issuer to repurchase the security prior to its stated maturity. An issuer may redeem an obligation if the issuer can refinance the security at a lower cost due to declining interest rates or an improvement in the credit standing of the issuer.

**Lower Rated and Unrated Fixed Income Securities.** The Fund may invest in lower rated and unrated fixed income securities and can do so without limit. Credit rating agencies do not rate many of the issuers of these securities and their obligations, and a significant portion of these issuers and obligations would likely fall in the lowest rating category if they were rated. There is greater risk that issuers of lower rated and unrated fixed income securities will default on their obligations to pay interest or to repay principal than in the case of issuers of higher-rated securities. Issuers of these securities are also at greater risk for insolvency. The prices of lower or unrated fixed income securities are likely to be more sensitive to adverse economic changes or individual corporate developments than higher-rated securities. During an economic downturn or substantial period of rising interest rates, lower or unrated issuers and, in particular, highly leveraged issuers may experience financial stress that adversely affects their ability to service their principal and interest payment obligations, to meet their projected business goals, or to obtain additional financing. In the event of a default, the Fund will likely incur additional expenses to seek a recovery of its investment in a restructuring or other proceeding. The secondary market for lower and unrated securities will likely be less liquid (or even non-existent) than markets for higher quality securities and, as a result, may have an adverse effect on the market prices of certain securities.

The illiquidity of the market may adversely affect the ability of the Manager to arrive at a fair value for those securities at certain times and could make it difficult for the Fund to sell the securities. There are fewer dealers in the market for lower and unrated securities than investment grade securities. The prices quoted by different dealers may vary significantly and the spread between the bid and asked price is generally much larger than for higher quality instruments. Under adverse market or economic conditions, the secondary market for lower and unrated fixed income securities could contract further, independent of any specific adverse changes in the condition of a particular issuer, and these instruments may become illiquid. As a result, the Fund could find it more difficult to sell these securities or may be able to sell them only at prices lower than if they were widely traded. Prices realized upon the sale of the lower or unrated securities, under these circumstances, may be less than the prices used in calculating the Fund's value. Since investors generally perceive that there are greater risks associated with lower or unrated fixed income securities, the yields and prices of the securities may tend to fluctuate more than those for higher rated securities. In the lower quality segments of the fixed income securities market, changes in perceptions of issuers' creditworthiness tend to occur more frequently and in a more pronounced manner than do changes in higher quality segments of the fixed income securities market, resulting in greater yield and price volatility.

**Stock Indices and Related Derivatives.** The use of options on stock indices and stock index futures contracts as hedging devices involves several risks. No assurance can be given that a correlation will exist between price movements in the stock index and price movements in the securities that are the subject of the hedge. Positions in futures contracts may be closed out only on the exchange on which they were entered into or through a linked exchange. In addition, although the Manager intends to enter into futures contracts only if an active market exists for the contracts, no assurance can be given that an active market will exist for the contracts at any particular time. Certain exchanges do not permit trading in particular contracts at prices that represent a fluctuation in price during a single day's trading beyond a certain set limit. If prices fluctuate during a single day's trading beyond those limits, the Fund could be prevented from promptly liquidating unfavorable positions and thus be subject to losses.

**Initial Public Offerings and Secondary Offerings.** The Fund may invest in securities and bonds offered in initial public offerings ("IPOs"). It is difficult to predict what such securities/bonds will do on the issuer's initial day of trading and in the near future since there is often little historical data with which to analyze the issuer. Also, most IPOs are of issuers undertaking a transitory growth period, and they are therefore subject to additional uncertainty regarding their future value. In addition, there will usually be a delay between the offer date of an IPO and the allocation date. During this period the Fund will not know the amount of IPO securities/bonds it will acquire and as a result will not know how much to hedge for this period.

In addition to investing in IPOs, the Fund may invest in securities and bonds offered in secondary offerings and block trades. When IPOs and secondary offerings are "hot", appealing to many investors, the demand will far exceed the supply. This may result in the Fund receiving less securities or bonds than it subscribed for. The excess demand can generally only be satisfied once trading in the IPO securities/bonds begins or a liquid secondary market develops.

**Investing in ADRs and GDRs.** The Fund may invest in American Depositary Receipts ("ADRs") and Global Depositary Receipts ("GDRs"). ADRs and GDRs are negotiable receipts similar to stock certificates issued by a depository bank. The receipts evidence depository securities, which in turn evidence underlying securities of a foreign issuer deposited with a custodian bank in the foreign issuer's home country.

Investing in ADRs and GDRs involves a variety of material risks associated with international investing or investing in instruments where the underlying securities are of a foreign issuer denominated in foreign currencies. These risks include changes in exchange rates and exchange control regulations, political and social instabilities that influence the markets in which the foreign issuer is based or has business operations, imposition of taxes in foreign jurisdictions, less liquid markets and less available information than is generally the case in more developed economies and markets, higher transaction costs, foreign government restrictions, greater price volatility, inflation risks in foreign countries that may be more, or less, prone to inflation than more developed economies, difficulty in enforcing contractual obligations in foreign jurisdictions, reliance on foreign legal remedies, lack of uniform accounting and auditing standards and different market operations in foreign jurisdictions. Accordingly, these systemic and systematic risks may adversely affect the performance of the

underlying securities of a foreign issuer, which, in turn, may adversely affect the performance of the ADRs and GDRs and the return realized on the Fund's Investments.

**Short Sales.** Short sales can, in certain circumstances, substantially increase the impact of adverse price movements on the Fund's portfolio. A short sale involves the risk of a theoretically unlimited increase in the market price of the particular Investment sold short, which could result in an inability to cover the short position and a theoretically unlimited loss. There can be no assurance that securities necessary to cover a short position will be available for purchase. In addition, purchasing securities to close out the short position can itself cause the price of the relevant security to rise further, thereby increasing any loss incurred by the Fund. Furthermore, the Fund may be forced to prematurely close out a short position if a counterparty from which the Fund borrowed securities demands their return, resulting in a loss on what might otherwise have been ultimately a profitable position. Regulatory changes that affect the short selling regime in any jurisdiction in which the Fund invests may also adversely impact the Investments and lead to material loss. These, and any continued or additional regulatory limitations, could materially adversely affect the Manager's abilities to implement its strategies.

The Fund may at times engage in short sales (i.e., the sale of a security not owned in the hope of purchasing the same security at a later date at a lower price). In a short sale, there is no limit to the amount of potential loss. The Fund will incur a loss as a result of a short sale if the price of the security increases between the date of the short sale and the date on which the Fund covers its short position (i.e., purchases the security to replace the borrowed security). The Fund will realise a gain if the security declines in price between these dates. A short sale involves the theoretically unlimited risk of an increase in the market price of the security.

**Use of Leverage.** The Manager has full discretion over the level of leverage deployed by the Fund in its trading activities. The Fund will invest on a highly leveraged basis, both through its borrowings and through the significant degree of leverage typically embedded in the derivative instruments in its portfolio. The more the Fund leverages itself, the more likely a substantial change will occur, either up or down, in the value of the Fund's positions. The Fund will also incur interest expense on the borrowings of money, purchase of commodities, securities or other assets on margin or otherwise used to leverage its positions which may not be recovered. To the extent that the Investments of the Fund have been leveraged through the borrowing of money, the purchase of commodities, securities or other assets on margin or otherwise, the interest expense and other costs and premiums incurred in relation thereto may not be recovered.

The more the Fund leverages itself, the more likely a substantial change will occur, either up or down, in the value of the Fund's positions. If gains earned by the Fund's portfolio fail to cover such costs, the Net Asset Value of the Fund may decrease faster than if it had not engaged in such borrowing transactions. The Fund may be subject to major losses in the event that market events disrupt the hedged nature of its positions or it is forced to liquidate positions at a disadvantageous time. Furthermore, the credit extended to the Fund by dealers to permit it to maintain its positions can be terminated by the dealers largely in their discretion, forcing such liquidation at potentially material losses.

**Interest Rate Risk.** The Fund is subject to interest rate risk both in respect of its borrowings (if any) and any debt instruments in which it may invest. Generally, the value of fixed income securities will change inversely with changes in interest rates. As interest rates rise, the market value of fixed income securities tends to decrease. Conversely, as interest rates fall, the market value of fixed income securities tends to increase. This risk will be greater for long-term securities than for short-term securities. The Manager may attempt to minimize the exposure of the Fund's portfolio to interest rate changes through the use of interest rate swaps, interest rate futures and/or interest rate options. However, there can be no guarantee that the Manager will be successful in fully mitigating the impact of interest rate changes on the Fund's portfolio.

**Financing Arrangements; Availability of Credit.** The Fund intends to utilize leverage and, to the extent utilized, the Fund will depend on the availability of credit in order to finance its portfolio. There can be no assurance that the Fund will be able to maintain adequate financing arrangements under all market circumstances. As a general matter, the dealers that provide financing to the Fund can apply essentially discretionary margin, haircut, financing, security and collateral valuation policies. Changes by dealers in such financing policies, or the imposition of other credit limitations or restrictions, whether due to market circumstances or governmental, regulatory or judicial action, may result in large margin calls, loss of financing, forced liquidation of positions at

disadvantageous prices, termination of swap and repurchase agreements and cross-defaults to agreements with other dealers. Any such adverse effects may be exacerbated in the event that such limitations or restrictions are imposed suddenly and/or by multiple market participants at or about the same time. The imposition of such limitations or restrictions could compel the Fund to liquidate all or part of its portfolio at disadvantageous prices. Banks and dealers have in recent times substantially curtailed financing activities and increased collateral requirements, forcing many hedge funds to liquidate.

**Credit Analysis and Credit Risk.** The investment strategy to be utilized by the Manager may require accurate and detailed credit analysis of issuers. There can be no assurance that the Manager's analysis will be accurate or complete. The Fund may be subject to substantial losses in the event of credit deterioration or bankruptcy of one or more issuers in its portfolio. While the Fund generally intends to hedge its credit risk with short positions, there can be no assurance the Fund will have the ability to establish such hedges in the marketplace or, if established, that the hedges will offset losses.

**Credit Ratings.** The credit ratings of issuers of securities represent a rating agency's opinions regarding the issuers' credit quality and are not a guarantee of the future credit performance of such issuers. Rating agencies attempt to evaluate the issuers' credit worthiness (i.e., their ability to pay back a loan) and do not evaluate the risks of fluctuation in the market value of the issued securities of such issuers. However, fluctuations in the market value of these securities may be affected by ratings assigned to such issuers by rating agencies, particularly in the event such the ratings are subsequently found to be inaccurate. Therefore, where the credit ratings of such issuers are downgraded and adversely affect the market value of their securities, the return realized on the Fund's Investments may be adversely affected.

**Inflation.** Some of the countries in the Fund's investment universe have experienced extremely high rates of inflation for many years. Inflation and rapid fluctuations in inflation rates have had and may continue to have negative effects on the economies and securities markets of certain emerging countries. Therefore, the performance of the Fund could be affected by rates of inflation in countries in which the Fund invests.

**Volatility.** The prices of some of the instruments traded by the Fund have been subject to periods of excessive volatility in the past (including over the past several years), and such periods can be expected to recur or continue. Price movements are influenced by many unpredictable factors, such as market sentiment, inflation rates, interest rate movements and general economic and political conditions. While volatility can create profit opportunities for the Fund, it can also create the specific risk that historical or theoretical pricing relationships will be disrupted, causing what should otherwise be comparatively low risk positions to incur significant losses. On the other hand, the lack of volatility can also result in losses for certain of the Fund's positions that profit from price movements.

**Foreign Currency and Exchange Rate Risks.** A substantial amount of the Fund's assets may be invested in Investments denominated in a functional currency other than the US dollar. Investments in such assets will be subject to the systemic and systematic risks connected with changes in exchange rates. Changes in the exchange rate may result over time from the interaction of many factors that directly or indirectly affect economic and political conditions in the countries in which the Fund invests. Among the factors that may affect currency values are trade balances, the level of short-term interest rates, differences in relative values of similar assets in different currencies, long-term opportunities for investment and capital appreciation and political developments. National governments rarely voluntarily allow their currencies to float freely in response to economic forces. Sovereign governments use a variety of techniques, such as intervention by a country's central bank or imposition of regulatory controls or taxes, to affect the exchange rates of their currencies. The Fund may use hedging techniques with the objective of protecting against loss through the fluctuation of the valuation of foreign currencies, particularly the forward market in foreign exchange, currency option and currency futures. To the extent the Fund enters into currency forward contracts (agreements to exchange one currency for another at a future date), these contracts involve a risk of loss if the Fund fails to predict accurately the direction of currency exchange rates. In addition, forward contracts are not guaranteed by an exchange or clearing house. Therefore, a default by the forward contract counterparty may result in a loss to the Fund for the value of unrealized profits on the contract or for the difference between the value of its commitments, if any, for purchase or sale at the current currency exchange rate and the value of those commitments at the forward contract exchange rate.

To the extent the Fund seeks to hedge its foreign currency exposure, it may not always be practicable to do so. Moreover, hedging may not neutralize all currency risks. Furthermore, the Fund may incur costs in connection with conversions between various currencies. There can be no guarantee that instruments suitable for hedging currency or market shifts will be available at the time the Fund wishes to use them or will be able to be liquidated when the Fund wishes to do so. In addition, the Fund may choose not to enter into hedging transactions with respect to some or all of its positions. For certain currencies, however, there currently may not be a reliable and cost efficient method of hedging currency risk. Consequently, currency exchange rate fluctuations, currency devaluations and exchange control regulations may adversely affect the performance of certain Investments and the return realized on such Investments.

Because a component of the Fund's investment strategy is investing in Asian securities that are denominated or quoted in currencies other than US dollars, whereas the functional currency of the Fund is in US dollars, performance may be significantly affected, either positively or negatively, by fluctuations in the relative currency exchange rates and by exchange control regulations. Accordingly, any hedging of currency exposure that is implemented by the Fund will primarily involve hedging back to the US dollar, but in certain circumstances may involve other hedging activities.

Currency exchange dealers realize a profit based on the difference between the prices at which they are buying and selling various currencies. Accordingly, a dealer normally will offer to sell currency to the Fund at one rate, while offering a lesser rate of exchange should the Fund desire immediately to resell that currency to the dealer. The Fund conducts its currency exchange transactions either on a spot (i.e., cash) basis at the spot rate prevailing in the currency exchange market, or through entering into a number of different types of hedging transactions including, without limitation, forwards, contracts to purchase or sell currencies, and entering into foreign currency borrowings. There is no assurance that the Fund will attempt to hedge its overall currency exposure, or, if it does engage in hedging activity, that this activity will be effective.

The Investments of the Fund may be denominated in a range of currencies. Investors, therefore, may bear the risk of fluctuations in the exchange rates of such Investments and the base currency of the Fund and/or the Participating Shares concerned and between such base currency and the investor's own base currency if different. While the Manager may seek to hedge currency risks, it will not be obliged to do so.

**Denomination of Class of Shares.** The Participating Shares are denominated in one of the two Relevant Currencies. Consequently, an investor whose functional currency is not the USD or AUD (as the case may be) will be subject to exchange rate risk in relation to the Fund.

**Importance of General Economic Conditions.** The success of the Fund's investment program may be substantially and adversely affected by general economic and market conditions, such as interest rates, changing supply and demand relationships, availability of credit, inflation rates, economic uncertainty, changes in laws, and national and international political and economic circumstances. Each strategy that the Manager selects for the Fund is unlikely to achieve its objectives under certain market conditions, which conditions may prevail for substantial periods of time. None of these conditions is within the control of the Manager, and no assurance can be given that the Manager will anticipate or be able to respond effectively to these developments.

In particular, the economies of the Asian and G-10 Countries are affected by global economic conditions. Global credit markets have experienced, and may continue to experience, volatility and liquidity disruptions, which have resulted in the consolidation, failure or near failure of a number of institutions in the banking and insurance industries. There remains a concern that the debt crisis affecting Europe will impinge upon the health of the global financial system. These events could adversely affect the Investments. There is also uncertainty as to the strength of the global economy, the potential for slowdown in consumer demand, the impact of the global downturn on the Asian and G-10 economies and the impact of political or constitutional instability, conflicts and/or crises in countries where investments are made.

These factors may affect the price level, volatility, and liquidity of investments to which the Fund has exposure. Unexpected price level changes or volatility or illiquidity could impair the Fund's profitability or result in losses.

**Accidental, Erroneous, and Fraudulent Trades; Slippage.** The transactions the Fund executes are intended to be based on the bid and ask prices presented to the traders of the Manager by each counterparty. It is

anticipated that the prices will be displayed on a computer monitor and that contracts can be executed electronically. The Fund has no assurance that the prices displayed will be accurate. Various flaws in communications systems, such as data entry errors and transmission errors, can result in corrupted or inaccurate data. Moreover, the Fund has no assurance that a continuous display of electronic connectivity between the Fund and its counterparties can be maintained. Communication failures such as electrical outages, computer failures and hard drive failures can result in an inability of the systems to initiate or complete a transaction. There can be no assurance that errors in communication would not lead to erroneously executed transactions or a failure to execute transactions that would have been intended to hedge the Fund's positions. The performance of the Fund can be affected by data transmissions that are delayed. This phenomenon is sometimes also called latency. The Fund has no assurance that performance will not be adversely affected by latency. The Fund's counterparties have not made any representation to the Fund that any particular level of latency will be maintained, nor that the counterparty would not deliberately degrade latency. Execution of a contract at an erroneous price can therefore affect the performance of the Fund.

**Cyber Risks.** The Fund and/or one or more of its service providers, including the Manager may be prone to operational, information security and related risks resulting from failures of or breaches in cybersecurity. A failure of or breach in cybersecurity ("**cyber incidents**") refers to both intentional and unintentional events that may cause the relevant party to lose proprietary information, suffer data corruption, or lose operational capacity. In general, cyber incidents can result from deliberate attacks ("**cyber-attacks**") or unintentional events. Cyber incidents may cause disruption and impact business operations, potentially resulting in financial losses, interference with the Fund's and/or the Fund's ability to calculate their Net Asset Value, impediments to trading, the inability of Shareholders to subscribe for or redeem Participating Shares, violations of applicable privacy and other laws, regulatory fines, penalties, reputational damage, reimbursement or other compensation costs, or additional compliance costs. In addition, substantial costs may be incurred in order to prevent any cyber incidents in the future which may adversely impact the Fund. While the Manager and its Affiliates have established business continuity plans in the event of, and risk management strategies, systems, policies and procedures to seek to prevent cyber incidents, there are inherent limitations in such plans, strategies, systems, policies and procedures including the possibility that certain risks have not been identified. Furthermore, none of the Fund, the Manager and their respective Affiliates can control the cybersecurity plans, strategies, systems, policies and procedures put in place by other service providers to the Fund and/or the issuers in which the Fund invests.

**Potential Inability to Liquidate Investments.** Under certain market conditions (for example, upon the suspension of trading on the exchange on which such investment is listed), the Fund may find it difficult or impossible to liquidate a position. If for any reason the Fund's Investments cannot be sold, otherwise disposed of or valued, the Manager may not be able to liquidate sufficient assets of the Fund, or value such assets, in order to meet redemption requests by the Fund and consequently, the Fund may not be in a position to meet Shareholder redemption requests in respect of the Participating Shares. In such circumstances investors should be aware that the Directors are empowered to suspend the determination of the Net Asset Value and/or the processing of redemption requests in accordance with the Articles. Accordingly, Shareholders may be prevented from redeeming some or all of their investment in the Fund for an indefinite period.

**Failure of Exchanges and Clearing Houses.** The Fund is subject to the risk of the failure of any of the exchanges on which its positions trade or of the clearing houses for such exchanges.

**Uninsured Losses.** The Manager may use insurance to cover certain risks where the Manager determines that coverage is desirable, available, and cost effective. However, there can be no assurance that insurance coverage will be available or sufficient to cover any such risks. Insurance against certain risks, such as war, acts of terrorism, pandemics, earthquakes, typhoons, tsunamis or floods, may be unavailable, or may be available in amounts that are less than the full market value or replacement cost of underlying assets, or may be subject to a large deductible. In addition, the Manager may invest in jurisdictions in which insurance is unavailable. There can be no assurance that particular risks that are currently insurable will continue to be insurable on an economically affordable basis. Because the Fund is a pooled investment fund, all assets of the Fund may be at risk in the event of an uninsured liability to third parties.

**Unspecified Investments.** The Manager has discretion to select investments for the Fund as investment opportunities arise. A Shareholder must rely upon the ability of the Manager to identify and implement

investments consistent with the Fund's investment program. Investors in the Fund will not be aware of the investments the Manager makes prior to the execution of such investments.

**Difficulty of Locating Attractive Investments.** Identifying, completing and realizing a gain on attractive investments is a highly competitive activity and involves significant uncertainty. The Fund will compete for investments with other investment vehicles, as well as financial institutions and other institutional investors, which may have more resources than the Fund. The activity of identifying, completing and realizing attractive investments involves a high degree of uncertainty. There can be no assurance that the Fund will be able to locate and complete investments which satisfy the Fund's rate of return objective, realize their value or that the Fund will be able to fully invest its subscribed capital in a manner consistent with its investment strategy.

**Concentration of Investments.** Subject to compliance with the investment guidelines set out in this Memorandum, the Investment Management Agreement does not limit the amount of capital that may be committed to any single Investment, industry or sector. The Fund's investment portfolio (on account of size, investment strategy and other considerations) may at times be limited to a few positions. While the Manager will generally attempt to spread capital among a number of Investments, and may establish maximum position size targets and maximum exposure targets relative to total capital in the Fund, at times it may hold a relatively small number of positions, each representing a relatively large portion of the Fund's capital. The Fund may at times have a relatively large portion of its capital invested in particular types of securities or other instruments, or it may be highly exposed to a particular industry or market sector. Losses in one or more large positions or a downturn in an industry or market sector in which the Fund has concentrated its investments could materially adversely affect the Fund's performance in a particular period and have a materially adverse effect on the Fund's overall financial condition. In addition, if the price of an investment should decrease and the Manager is unable for any reason to liquidate the position quickly or at a relatively advantageous price, the effect of such decrease on the Fund's portfolio will be greater if the Fund had concentrated its assets in such a position. Such effects could have the result of decreasing the Fund's returns. Further, significant losses or redemptions may leave the Fund with insufficient funds to diversify its investments.

The Manager may seek to concentrate its investments in Asia or in a particular geographical region which would also reduce diversification. A limited degree of diversification increases the risk of loss because, as a consequence, the aggregate return experienced by Shareholders may be substantially adversely affected by the unfavorable performance of one or more single Investments, or by economic or market driven factors that affect the target market. Accordingly, the strategy of the Fund creates the risk that the Manager may, from time to time, be unable to make optimal investment decisions and the Fund may experience significant losses.

**Duration of Investment Positions.** The Manager may not know, except in the case of certain derivative positions which have pre-established expiration dates, the maximum, or even the expected (as opposed to optimal), duration of any particular position at the time of initiation. The length of time for which a position is maintained may vary significantly, based on the Manager's judgment as approved by the Board, of the appropriate point at which to liquidate a position so as to augment gains or reduce losses. The Fund's transactions may involve acquiring related positions in a variety of different instruments or markets at or about the same time. Frequently, optimizing the probability of being able to exploit the pricing anomalies among these positions requires holding periods of significant length. Actual holding periods depend on numerous market factors which can both expedite and disrupt price convergences. There can be no assurance that the Fund will be able to maintain any particular position, or group of related positions, for the duration required to realize the expected gains, or avoid losses, from such positions.

**Reliance on Corporate Management and Financial Reporting.** The investment strategy implemented by the Fund may rely on the financial information made available by issuers in which the Fund invests and such issuers' trustees or managers. The Manager has no ability to independently verify the financial information disseminated by these third parties and is dependent upon the integrity of both the management of these third parties and the financial reporting process in general. Recent events have demonstrated the material losses that investors such as the Fund can incur as a result of corporate mismanagement, fraud and accounting irregularities.

**Disparity between Quoted and Actionable Values.** The prices quoted by dealers for certain Investments for some purposes may differ materially from the prices at which such dealers are willing to execute transactions in such Investments. This disparity can result in unexpected losses when such Investments are bought or sold at



prices that differ from those quoted by dealers.

**Portfolio Turnover.** The Fund may invest on the basis of short-term market considerations, and the mispricing from which the Fund will seek to profit can be short-lived. The turnover rate of the Fund's positions may be significant, potentially involving substantial brokerage commissions, fees, bid-ask spreads and other transaction costs, which the Fund must recoup before the Fund's investment can be profitable.

**Custody Risk.** There are risks involved in dealing with the prime broker who hold assets of the Fund and who settle the Fund's trades. Securities and other assets deposited with brokers may not be clearly identified as being assets of the Fund, and hence the Fund may be exposed to a credit risk with regard to such prime broker. In some jurisdictions, the Fund may only be an unsecured creditor of its prime broker in the event of bankruptcy or administration of such prime broker. Further, there may be practical or time problems associated with enforcing the Fund's rights to its assets in the event of the insolvency of the prime broker (including sub-custodians or agents appointed by the prime broker in jurisdictions where sub-custodians are not available).

The significant losses incurred by many hedge funds in connection with the financial crisis of 2008 to 2009 and the bankruptcy and/or administration of several large financial institutions illustrate the risks incurred in both derivatives trading and custody/brokerage arrangements. Assets deposited with prime brokers which are fully paid may be held in segregated safe custody in accordance with the prime brokerage agreements. Assets held as collateral by the prime broker in relation to facilities offered to the Fund and the assets deposited as margin with the prime brokers may therefore be available to the creditors of such persons in the event of their insolvency. The banking and other financial systems in certain countries in the target markets are generally not well developed or well regulated. Delays in transfers by banks may result, as may liquidity crises and other problems arising as a result of the under-capitalization of the banking sector as a whole. A general banking crisis in any of the countries in which the Fund invests would have a material adverse effect on the Fund.

**Competition.** The Fund competes with numerous other private investment funds as well as other investors. Many of these investors and funds have substantially greater financial resources, larger research staffs, and more securities traders than are available to the Fund and the Manager. There can be no assurance that the Fund will be able to compete successfully against those investors. In recent years there has been a marked increase in the number of, and flow of capital into, investment vehicles established in order to implement alternative asset investment strategies, including the Fund's strategies. While the Manager cannot determine the precise effect of that increase, it may result in greater competition for investment opportunities or may result under certain circumstances in increased price volatility, decreased liquidity, or lower returns with respect to certain positions. No assurance can be given that the returns on the Fund's investments will be commensurate with the risk of investment in the Fund.

**Counterparty Risk.** Institutions, such as brokerage firms, banks and broker-dealers, generally have custody of the Fund's portfolio assets and may hold such assets in "street name". The Fund is subject to the risk that these firms and other brokers, counterparties or clearing houses with which the Fund deals may default on their obligations to the Fund. Any default by any of such parties could result in material losses to the Fund. Bankruptcy or fraud at one of these institutions could also impair the operational capabilities or the capital position of the Fund. In addition, securities and other assets deposited with custodians or brokers may not be clearly identified as being assets of the Fund, causing the Fund to be exposed to a credit risk with regard to such parties. The Fund generally will only be an unsecured creditor of its trading counterparties in the event of bankruptcy or administration of such counterparties. In some jurisdictions, the Fund may also only be an unsecured creditor of its brokers in the event of bankruptcy or administration of such brokers. The Fund attempts to limit its brokerage and custody transactions to well capitalized and established banks and brokerage firms in an effort to mitigate such risks, but the collapse in 2008 of the seemingly well capitalized and established Bear Stearns and Lehman Brothers demonstrates the limits on the effectiveness of this approach in avoiding counterparty losses.

The Fund may effect transactions in "over-the-counter" or "interdealer" markets. The participants in such markets are typically not subject to the same level of credit evaluation and regulatory oversight as are members of "exchange-based" markets. This exposes the Fund to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a dispute over the terms of the contract (whether or not bona fide) or because of a credit or liquidity problem, thus causing the Fund to suffer a loss. Such "counterparty

risk” is accentuated for contracts with longer maturities where events may intervene to prevent settlement, or where the Fund has concentrated its transactions with a single or small group of counterparties. The Fund is not restricted from dealing with any particular counterparty or in the size of the exposure which the Fund may provide to a given counterparty. The inability to make complete and “foolproof” evaluations of the financial capabilities of the Fund’s counterparties and the absence of a regulated market to facilitate settlement increases the risk to the Fund.

While the Dodd-Frank Act is intended to bring more stability and lower counterparty risk to derivatives market by requiring central clearing of certain standardized derivatives trades, not all of the Fund’s trades will be subject to a clearing requirement because the trades are grandfathered or because they are bespoke, or because they are within a class that is not currently subject to mandatory clearing. Furthermore, it is yet to be seen whether the Dodd-Frank Act will be effective in reducing counterparty risk or if such risk may actually increase as a result of market uncertainty, mutuality of loss to clearing house members, or other reasons.

**Institutional Risk.** Institutions, such as brokerage firms, banks and broker-dealers, generally have custody of the Fund’s portfolio assets and may hold such assets in “street name”. A bankruptcy or fraud at one of these institutions could impair the operational capabilities or the capital position of the Fund.

### **Fund Related Risks**

**Performance Allocation Arrangement.** The holder(s) of the Class P Shares could receive substantial Performance Allocations in the event that the Fund generates increases in Net Asset Value. Prospective investors should note that the holder(s) of the Class P Shares, which are affiliated with the Manager, may receive increased compensation because the Performance Allocation will be calculated on a basis that includes unrealized appreciation as well as realized gains. The holder(s) of the Class P Shares is entitled to a Performance Allocation in respect of the performance of each Class of Participating Shares during each Performance Period. Allocation of the Performance Allocation will reduce the amounts that may have otherwise been allocated to the Shareholders. As a result, the returns realized by the Shareholders from the activities of the Fund, if any, will be substantially less than the returns such Shareholders might realize from engaging in the same activities directly. The existence of such allocations may also create an incentive to make Investments which are more speculative than would be the case without such Performance Allocation. Since the Performance Allocation is assessed and made at the end of the Performance Period or up to the relevant Redemption Day, the amount received by a Shareholder redeeming Participating Shares will reflect the Performance Allocation assessed and made in respect of the relevant redeemed Participating Shares.

**True-Up Accounting or Payment.** The Management Fee and the Performance Allocation may be calculated and paid or made based on the fair valuation of unrealized assets irrespective of whether the ultimate realized value is more or less than the fair valuation and that no recovery or claw back mechanism is in place if the Performance Allocation is under or over made. This means that Shareholders and the Manager alike must bear the risk that the Fund has no mechanism in place to determine the difference between what has actually been charged to Shareholders, or earned by the Manager, and what should have been charged or earned based on actual results. As the Fund does not use true-up accounting, there will be no true-up payments or other adjustments as between the Shareholders and the Manager to adjust the valuations, Management Fee or Performance Allocation where ultimately there is a discrepancy in the valuation of the Fund’s and the Fund’s assets.

**Fund Expenses.** The Fund will be subject to fees and expenses, including the Management Fee payable to the Manager and the Performance Allocation allocable to the Class P Shares. Such fees, allocations and various other expenses of the Fund may therefore represent a higher percentage of net assets than is the case for many other private investment funds.

**Possible Indemnification Obligations.** The Fund is generally obligated to indemnify the Administrator, the Manager, the Independent Directors and possibly other parties under the various agreements entered into with such persons against any liability they or their respective Affiliates may incur in connection with their relationship with the Fund. Prospective investors should refer to the relevant material contracts (listed below in the section headed "**General Information – Material Contracts**") for more information.

**Redemption.** Shareholders may only redeem their Participating Shares at certain limited times and upon certain required advance notice. Redemptions are also subject to the liquidity of the Investments. The redemption provisions of different Class may differ. It is possible that one or more significant redemptions by one or more Shareholders could result in the Fund liquidating interests in certain Investments. This could result in the reduction of the diversification of the Fund's assets and/or the sale of the Fund's assets at less favorable times and/or prices than would have otherwise been available. In addition, redemptions generally will be paid by the Fund based on estimated unaudited financial data. If there is a subsequent adjustment to the estimated unaudited financial data that was originally used to calculate the Redemption Price, generally such adjustment will be reflected in the calculation of the Net Asset Value attributable to the relevant Class of the Participating Shares as at the next succeeding Business Day on which the Net Asset Value is determined. As a result, the redeeming Shareholder may receive more or less than such redeeming Shareholder would be entitled to receive based on the adjusted estimated unaudited financial data, and other applicable Shareholders will absorb the excess or deficiency resulting therefrom.

**Possible Effect of Redemptions.** Substantial redemption requests could require the Manager to liquidate the Fund's positions more rapidly than otherwise desirable or in undesirable market conditions to raise the necessary cash to fund redemption requests and achieve a market position that appropriately reflects a smaller asset base. These factors could adversely affect the Net Asset Value of the Participating Shares that are not redeemed. Also, the Fund could become significantly less liquid for non-redeeming Shareholders following the satisfaction of one or more redemption requests.

**Compulsory Redemption of a Shareholder's Participating Shares.** The Participating Shares of any Shareholder may be compulsorily redeemed by the Fund in accordance with the Articles if, the Directors deem such redemption to be desirable, including where the Directors determine that it is no longer feasible to pursue the Fund's investment program. There is no guarantee that Participating Shares will be redeemed at advantageous prices in the event of such a compulsory redemption.

Investors should note that the Directors, in consultation with the Manager, may make a determination that the investment strategy of the Fund should no longer be continued and, without declaring a Suspension, the Directors may compulsorily redeem the Participating Shares held by the Shareholders to return the Fund's and the Fund's assets to the Shareholders as a means to wind down the operations of the Fund.

**Suspension of Redemptions.** The Fund may suspend the right of any Shareholder to redeem Participating Shares or to receive redemption proceeds from the Fund if, in the Directors' reasonable judgment, such a suspension would be in the best interests of the Fund. Situations in which a Suspension might occur are set out in the section headed "**Suspensions and Restructures**".

**Restriction on Transferability.** Participating Shares may only be transferred in accordance with the Articles, subject to the prior written consent of the Directors, and such transfer restrictions applicable to certain jurisdictions set out below, by using such form or forms as may from time to time be prescribed by the Manager and signed by both the transferor and the transferee. Please refer to the section headed "**General Information – Articles - Restriction on Transfer of Participating Shares**" for further details.

**Recourse to All Assets/Cross Class Liability.** The Fund is a separate legal entity. Accordingly, all of the assets of the Fund, including any Investments made by the Fund and any funds held by the Fund, are available to satisfy all liabilities and other obligations of the Fund, regardless of the Class to which such assets or liabilities are attributable, and regardless of the fact that Investments may be held through special purpose trading subsidiaries. If the Fund becomes subject to a liability, parties seeking to have the liability satisfied may have recourse to the Fund's assets generally and not be limited to any particular assets, such as the asset representing the Investment giving rise to the liability. This may result in the Manager disposing of assets the Fund holds in order to satisfy liabilities arising from other assets. In practice, cross Class liability will usually only arise where any Class of Participating Shares become insolvent and is unable to meet all of its liabilities. In this case, all of the assets of the Fund attributable to another Class of Participating Shares may be applied to cover the liabilities of the insolvent Class.

**Master-Feeder Fund Structure.** The Fund may serve as the master fund to accept investments from other investment vehicles (feeder funds) and accounts with substantially similar investment objectives, strategies, and

restrictions as those of the Fund, some of which may be managed by the Manager or its Affiliates and thus give rise to a conflict of interest as set out in the section headed "**Conflicts of Interest – Investments by Other Funds and Accounts Managed by Manager or Its Affiliates**". Neither the Fund nor the Manager is obligated to notify or disclose the existence or the name of any such funds or accounts to the other investors of the Fund. Substantial redemptions by such funds or accounts could result in losses to the Fund's existing investors.

**Co-Investment Vehicles and Parallel Funds.** The Manager and/or its Affiliates may make investments alongside the Fund via co-investment vehicles, funds or accounts with investment strategies that are the same or similar to the investment strategy which is being deployed by the Fund and in such circumstance, the Manager will endeavor to allocate any of such investment opportunities on a proportionate basis to the extent possible. However, there may be occasions where the Manager may not be able to allocate such investment opportunities on a proportionate basis, whether due to limitations in counterparty relationships, operational limitations, regulatory considerations or other relevant reasons applicable to the Fund and such other clients, funds or accounts.

**Disaster Recovery.** The Manager has only limited disaster recovery plans for its operations, and the Manager relies on outside parties, including the Administrator, for some key accounting and operational functions, who in turn may also have limited disaster recovery plans. There is no assurance that any of these disaster recovery plans will work, which could result in significant losses to the Fund.

**Trading Errors.** Errors or mistakes with respect to the placement or execution of trades for the Fund by the Manager and/or its Affiliates ("**Trade Errors**") may occur, as such Trade Errors are an intrinsic factor in any complex investment process notwithstanding any due care and special procedures designed to prevent such Trade Errors. The Manager gives no guarantee or assurance that Trade Errors will not be sent to the Fund's brokers. If Trade Errors do occur, they are for the account of the Fund. The Manager will be obligated to reimburse the Fund for Trade Errors pursuant to the exculpation of liability and indemnification provisions in the Investment Management Agreement only if they are the result of the Manager's wilful default, actual fraud, gross negligence, material breach of duty or bad faith. The Directors will determine whether or not any Trade Error is required to be reimbursed in accordance with such exculpation of liability and indemnification provisions. The Manager's reimbursement of the Fund for any Trade Errors will not constitute a waiver of any policy to cause the Fund to bear the losses from such Trade Errors or an admission of wrongdoing. The Manager has an inherent conflict of interest with respect to the discovery and treatment of Trade Errors. Any positive Trade Errors will be for the benefit of the Fund, and not retained by the Manager.

**Soft Wind-Down.** If the Directors, in consultation with the Manager, decide that the investment strategy of the Fund is no longer viable, the Directors may resolve that the Fund be managed with the objective of realising assets in an orderly manner and distributing the proceeds to Shareholders in such manner as they determine to be in the best interests of the Fund, in accordance with the terms of the Articles and this Memorandum, including, without limitation, compulsorily redeeming Participating Shares, paying any dividend proceeds in specie and/or declaring a suspension while assets are realized. This process is integral to the business of the Fund and may be carried out without recourse to a formal liquidation under the Cayman Companies Act or any other applicable bankruptcy or insolvency regime, but shall be without prejudice to the right of the holder(s) of Management Shares to place the Fund into voluntary liquidation.

### **Regulatory Related Risks**

**Exempt Offering.** The Fund offers Participating Shares on a continuing basis without registration under any securities or futures laws, except as disclosed in this Memorandum. While the Fund intends to rely on exemptions from such registration that the Fund and the Manager believe are available, there can be no assurance that factors such as the manner in which offers and sales are made, the scope of disclosure provided or changes in applicable law will make such exemptions available. A violation of securities or futures registration requirements could result in the rescission of investors' purchases of Participating Shares at prices higher than the current value of those Participating Shares, potentially materially and adversely affecting the Fund's performance and business.

**Regulatory Approvals.** The Fund may be restricted in its investments in various countries as a foreign company and require the approval of various regulatory bodies. There is no guarantee that the policies of relevant

regulatory authorities towards investment by foreign companies will remain unchanged. Any adverse changes in such policies may have a significant impact on the Fund's ability to invest, or to dispose of Investments, in companies in countries in which such restrictions or policies exist.

**Changes in Applicable Law.** The Fund must comply with various legal requirements, including requirements imposed by securities laws and tax laws in the jurisdictions in which the Fund or the service providers to the Fund operate and/or offer Participating Shares. Should any of those laws change over the term of the Fund, the legal requirements to which the Fund and the Shareholders may be subject could differ materially from current requirements.

**Government Intervention and Issuer Risk.** Currency exchange rates, interest rates and trading in derivatives on currencies or interest rates are subject to certain risks arising from government regulation of or intervention in the currency and interest rate markets, through regulation of the local exchange market, restrictions on foreign investments by residents, limits on inflows of investment companies or changes in the general level of interest rates. Such regulation or intervention could adversely affect the Fund's performance. The Fund's investment in securities or other financial instruments issued or guaranteed by sovereign governments, governmental entities, banks or other entities also presents risk of loss in the event of a default by the issuers of such instruments.

**Dividends and Distributions.** Generally, the Fund does not intend to pay dividends or other distributions, but intends instead to reinvest all of the Fund's income and gains. Accordingly, an investment in the Fund may not be suitable for investors seeking current returns for financial or tax planning purposes. The Directors do however reserve the right to declare and pay dividends.

**Market Disruptions; Governmental Intervention; Dodd-Frank Wall Street Reform and Consumer Protection Act.** The global financial markets have in the past gone through pervasive and fundamental disruptions that have led to extensive and unprecedented governmental intervention. Such intervention has in certain cases been implemented on an "emergency" basis, suddenly and substantially eliminating market participants' ability to continue to implement certain strategies or manage the risk of their outstanding positions. In addition, as one would expect given the complexities of the financial markets and the limited time frame within which governments have felt compelled to take action, these interventions have typically been unclear in scope and application, resulting in confusion and uncertainty, which in itself has been materially detrimental to the efficient functioning of the markets, as well as previously successful investment strategies.

The Fund may incur major losses in the event of disrupted markets and other extraordinary events in which historical pricing relationships become materially distorted. The risk of loss from pricing distortions is compounded by the fact that in disrupted markets many positions become illiquid, making it difficult or impossible to close out positions against which the markets are moving. The financing available to the Fund from its banks, dealers and other counterparties is typically reduced in disrupted markets. Such a reduction may result in substantial losses to the Fund. Market disruptions may cause dramatic losses for the Fund, and such events can result in otherwise historically low-risk strategies performing with unprecedented volatility and risk.

The Dodd-Frank Act was enacted in July 2010. The Dodd-Frank Act established a comprehensive framework for the regulation of markets, market participants and financial instruments that were previously unregulated and substantially altered the regulation of many other markets, market participants and financial instruments. Although most provisions of the Dodd-Frank Act have now been implemented, certain provisions require rulemaking by applicable regulators before becoming fully effective. It is difficult to predict the ultimate impact of the Dodd-Frank Act on the Fund, the Manager and the markets in which the Fund trades and invests. The Dodd-Frank Act could result in certain investment strategies in which the Fund engages or may have otherwise engaged becoming non-viable or non-economic to implement. The Dodd-Frank Act and regulations adopted pursuant to the Dodd-Frank Act could have a material adverse impact on the profit potential of the Fund.

**Limited Regulatory Oversight.** Since the Fund and Fund are not required to be registered as investment companies, certain protections of the US Company Act will not be available to Shareholders, the Fund. The Dodd-Frank Act imposes burdensome reporting and recordkeeping requirements on the Fund. The Fund intends to trade with dealers who will be required by regulation or will undertake to fulfill the Fund's Dodd-Frank Act mandated reporting requirements. The costs associated with such compliance may result in certain investment strategies in which the Fund engages or may have otherwise engaged becoming non-viable or non-economic to

implement. Further, the Manager is not currently registered under the US Advisers Act as an investment adviser, thus protections offered by the US Advisers Act will not be available to the Shareholders.

**EU Directive on Alternative Investment Fund Managers.** The European Union Alternative Investment Fund Managers Directive (Directive 2011/61/EU (the “**AIFMD**”), where implemented in a member state of the European Economic Area (“**EEA Member State**”), applies to alternative investment fund managers (“**AIFMs**”) which manage and/or market alternative investment funds (“**AIFs**”) in the EEA.

For an AIFM established in a jurisdiction other than an EEA Member State which implemented the AIFMD (a “**non-EEA AIFM**”) marketing an AIF established in a jurisdiction other than an EEA Member State which implemented the AIFMD (a “**non-EEA AIF**”), the AIFMD requires that, at a minimum, the non-EEA AIFM must provide certain disclosures to EEA investors in the non-EEA AIF, as well as provide reports on a regular basis to the regulator in each EEA Member State where the non-EEA AIF is marketed. In addition, the AIFMD includes a requirement that there must be cooperation arrangements in place between the regulators in each of: (i) the jurisdiction where the non-EEA AIFM is established; (ii) the jurisdiction where the non-EEA AIF is established (if different from (i)); and (iii) each EEA Member State into which the non-EEA AIF is being marketed. Individual EEA Member State regulators may also impose additional marketing restrictions on a national basis. As such, the provisions of the AIFMD may limit the Manager’s ability to market the Fund in the EEA Member States.

The UK has equivalent rules to those in the AIFMD, since the AIFMD has been implemented under the UK Alternative Investment Fund Managers Regulations 2013 (the “**UK AIFM Regulations**”), in the FCA Handbook and retained as UK law by the European Union (Withdrawal) Act 2018 (the “**EUWA**”). Accordingly, although the Fund is not organized in the UK, and is not authorized or regulated by the UK FCA, similar requirements and consequences to those discussed above would arise where the Fund is marketed to investors domiciled or with a registered office in the UK.

**EU Short Selling Regulation.** Regulation (EU) No 236/2012 on Short Selling and Certain Aspects of Credit Default Swaps (as supplemented by Commission Delegated Regulations 918/2012, 919/2012, 826/2012 and Commission Implementing Regulation 827/2012) (the “**SSR**”) applies directly (i.e. without national implementation) in all Member States of the EU.

The SSR imposes certain private and public disclosure obligations on all natural or legal persons, irrespective of regulatory status, located inside or outside the EU, who have net short positions (as calculated in accordance with the SSR) in EU listed shares and EU sovereign debt, which reach or fall below the specified thresholds.

The SSR also contains prohibitions on uncovered short sales of EU listed shares and EU sovereign debt (a short sale is “uncovered” unless the specified conditions under the SSR are met for such short sale). In addition, the SSR prohibits uncovered positions in credit default swaps (“**CDS**”) referencing EU sovereign debt issuers.

National regulators, and in certain circumstances the European Securities and Markets Authority (“**ESMA**”), are able to take certain additional emergency measures (including complete bans on short-selling activities) if certain conditions are met.

The SSR may prevent the Manager from fully expressing negative views in relation to EU listed shares and/or EU sovereign debt and may also restrict the ability of the Manager to hedge certain risks through EU sovereign CDS. Accordingly, the ability of the Manager to implement the investment approach and to fulfil the investment objective of the Fund may be constrained.

For the purposes of this provision, “**EU listed shares**” means shares admitted to trading on a regulated market or multilateral-trading facility (as defined in MiFID) in the EU, unless the principal trading venue (as determined by the relevant national regulator) for the relevant shares is located in a country outside the EU; “**EU sovereign debt**” means debt instruments issued by an EU sovereign issuer (which includes EU institutions, governments of EU Member States and certain international institutions established by two or more EU Member States); and “**MiFID**” means Directive 2014/65/EU on Markets in Financial Instruments.

The UK has equivalent rules that apply to UK listed shares, UK sovereign debt and UK sovereign CDS, mutatis mutandis (“**UK SSR**”), since the SSR has been retained as UK law by the European Union (Withdrawal) Act 2018.

Accordingly, the UK SSR may prevent the Manager from fully expressing negative views in relation to UK listed shares and/or UK sovereign debt and may also restrict the ability of the Manager to hedge certain risks through UK sovereign CDS.

**MiFID II.** The European Union Markets in Financial Instruments Directive (Directive 2014/65/EU) and Markets in Financial Instruments Regulation (Regulation (EU) No 600/2014) (together, “**MiFID II**”) governs the provision of investment services and activities in relation to, as well as the organized trading of, financial instruments such as shares, bonds, units in collective investment schemes and derivatives. MiFID II was required to be implemented in EU member states from January 3, 2018. Although the Fund is not organized in the EU and is not authorized or regulated by any EU member state financial services regulator, certain aspects of MiFID II may have an impact on the Fund.

MiFID II imposes certain restrictions as to the trading of shares and derivatives, which could apply to transactions made by or with the Fund. Subject to certain conditions and exceptions, the Fund may be unable to trade shares or derivatives with or through affected EU regulated firms (e.g. EU broker-dealers) other than as provided by MiFID II. MiFID II also applies position limits to the size of a net position that a person can hold at all times in commodity derivatives traded on EU trading venues and in “economically equivalent” OTC derivatives.

More generally, EU regulated firms that have trading relationships with the Fund may be obliged by MiFID II to impose certain requirements on the Fund, or they may seek to do so contractually, with a view to satisfying their own compliance obligations. It is difficult to predict the full impact of MiFID II on the Fund. Prospective investors should also be aware that there may be costs (whether direct or indirect) of compliance with MiFID II.

The UK has equivalent rules to those in MiFID II. Accordingly, although the Fund is not organized in the UK, and is not authorized or regulated by the UK FCA, similar consequences to those discussed above would arise when trading with or through UK regulated firms and/or holding positions in commodity derivatives traded on UK trading venues and in economically equivalent OTC derivatives.

**European Market Infrastructure Regulation.** The European Market Infrastructure Regulation (Regulation (EU) No 648/2012) (“**EMIR**”) entered into force on August 16, 2012.

EMIR introduced certain requirements in respect of derivative contracts, which apply primarily to “financial counterparties” (“**FCs**”) such as EU authorized investment firms, credit institutions, insurance companies, UCITS and AIFs as well as non-EU AIFs which are managed by AIFMs authorized under AIFMD. EMIR also applies to “non-financial counterparties” (“**NFCs**”) which are entities established in the EU which are not FCs. NFCs whose transactions in OTC derivative contracts exceed EMIR’s prescribed clearing thresholds (“**NFC+s**”) are generally subject to more stringent requirements under EMIR than NFCs whose transactions in OTC derivative contracts do not exceed such clearing thresholds (including because such contracts are excluded from the threshold calculation on the basis that they are concluded in order to reduce risks directly relating to the NFC’s commercial activity or treasury financing activity) (“**NFC-s**”). Additionally, amendments made to EMIR in 2019 introduced relief from central clearing requirements for those FCs which do not exceed prescribed clearing thresholds (“**FC-s**”).

Broadly, EMIR’s requirements which apply to derivative users in respect of derivative contracts include: (i) mandatory clearing of OTC derivative contracts declared subject to the clearing obligation; (ii) risk mitigation techniques in respect of uncleared OTC derivative contracts, including the bilateral exchange of collateral; and (iii) reporting and record-keeping requirements in respect of all derivative contracts.

As the Fund is established outside the EU and is not managed by an AIFM authorized under AIFMD, the Fund is not directly subject to the requirements of EMIR; however, where the Fund transacts with in-scope EU counterparties, such counterparties may be required to apply certain provisions of EMIR so that the EU counterparty can fulfil its regulatory obligations and ensure that the transaction is EMIR-compliant.

The EU regulatory framework and legal regime relating to derivatives is set out not only by EMIR but also by MiFID II. In particular, MiFID II require transactions between FC+s and NFC+s in certain sufficiently liquid OTC derivatives to be executed on a trading venue which meets the requirements of the MiFID II regime (the “**Derivatives Trading Obligation**” or “**DTO**”). This trading obligation will also extend to FC+s and NFC+s which

trade with third country counterparties that would be classed as FC+s or NFC+s if they were established in the EU.

Prospective investors should be aware that the costs of complying with the requirements of EMIR and MiFID II could significantly raise the costs of entering into derivative contracts and may adversely affect the Fund's ability to engage in certain transactions in derivatives.

The UK has equivalent rules to those in EMIR ("**UK EMIR**"), since EMIR has been retained as UK law by the European Union (Withdrawal) Act 2018 ("**EUWA**"), and also UK rules equivalent to that of the DTO under MiFID II ("**UK DTO**"). As the Fund is established outside the UK and is not managed by a UK AIFM (as defined in the FCA Handbook), the Fund is not directly subject to the requirements of UK EMIR or the UK DTO; however, where the Fund transacts with in-scope UK counterparties, such counterparties may be required to apply certain provisions of UK EMIR so that the UK counterparty can fulfil its regulatory obligations under UK EMIR and the UK DTO. As a result, the Fund may be subject to additional contractual obligations and/or costs that may not otherwise have applied.

**Revised Regulatory Interpretations Could Make Certain Strategies Obsolete.** In addition to proposed and actual accounting changes, there have recently been certain well-publicized incidents of regulators unexpectedly taking positions that prohibited strategies which had been implemented in a variety of formats for many years. In the current unsettled regulatory environment, it is impossible to predict if future regulatory developments might adversely affect the Fund.

**OTC Derivatives Markets.** The Dodd-Frank Act includes provisions that comprehensively regulate the OTC derivatives markets, subject to rulemaking and oversight by the CFTC and the SEC. The Dodd-Frank Act mandates that a substantial portion of OTC derivatives be executed in regulated markets and be submitted for clearing to regulated clearinghouses ("**Central Clearing**"). The CFTC has implemented Central Clearing rules for certain OTC derivatives and the SEC may implement such rules in the future. OTC trades submitted for clearing are subject to minimum initial and variation margin requirements set by the relevant clearinghouse, as well as margin requirements mandated by the CFTC, the SEC and/or federal prudential regulators. Additionally, when trading cleared OTC derivatives, the Fund will not face a clearinghouse directly but rather will do so through a member of the clearinghouse. Clearing members typically demand the unilateral ability to increase the Fund's margin requirements for cleared OTC trades beyond any regulatory and clearinghouse minimums. Clearing members also are required to post margin to the applicable clearinghouses instead of using such margin in their operations, as was widely permitted before the Dodd-Frank Act. This has increased the clearing members' costs, which increased costs are generally passed through to other market participants, including the Fund.

In addition to Central Clearing requirements, the CFTC imposes, and the SEC in the future may impose, margin requirements on non-cleared OTC derivatives, which apply to the holding of customer collateral by OTC derivatives dealers. These requirements may increase the amount of collateral the Fund is required to provide and the costs associated with providing it.

The CFTC also requires, and the SEC in the future may require, certain derivative transactions that were previously executed on a bi-lateral basis in the OTC markets be executed through a regulated exchange or execution facility. Such requirements may make it more difficult and costly for investment funds, including the Fund, to enter into highly tailored or customized transactions. They may also render certain strategies in which the Fund might otherwise engage impossible or so costly that they will no longer be economical to implement. If the Fund decides to execute derivatives transactions through such exchanges or execution facilities—and especially if it decides to become a direct member of one or more of these exchanges or execution facilities—the Fund would be subject to the rules of the exchange or execution facility, which would bring additional risks and liabilities, and potential requirements under applicable regulations and under rules of the relevant exchange or execution facility.

OTC derivative dealers are required to register with the CFTC and in the future may be required to register with the SEC. Registered swap dealers are subject to minimum capital and margin requirements, business conduct standards, disclosure requirements, reporting and recordkeeping requirements, transparency requirements, position limits, limitations on conflicts of interest, and other regulatory burdens. These requirements further increase the overall costs for OTC derivative dealers, which costs may be passed along to market participants.



Additional regulation of the OTC derivatives markets, whether as a result of expanded CFTC and/or SEC mandated clearing and execution requirements, increased initial margin requirements or overlapping, regulatory requirements imposed by non-US regulators, may make OTC derivatives more costly, may limit the availability of certain derivatives transactions or may otherwise adversely affect the value or performance of certain derivatives.

**Collective Investment Vehicle.** The Fund is a collective investment vehicle permitting subscriptions and redemptions. Depending on the timing of such subscriptions and redemptions, a Shareholder may be exposed to risks, costs and outcomes arising from investment activity that occurred prior to (or after) such Shareholder's investment in the Fund. Therefore, Shareholders in the Fund may receive income (e.g., class action proceeds or appraisal actions) or bear expenses (e.g., regulatory actions, litigation matters and taxes) which are attributable to activities, transactions or other events that occur in a time period unrelated to the time period during which such investor is a Shareholder. Furthermore, the Fund may not have any authority or practical ability to allocate such items to the investors which were Shareholders in such other time period and Shareholders in the Fund at the time the item of income or expense is received, paid or accrued may receive the benefit or burden of such item.

**Consequences for Investors as a result of AEOI.** The Fund may take such action as it considers necessary in relation to an investor's holding or redemption proceeds, as a result of relevant legislation and regulations, including but not limited to, AEOI, as further detailed in the section headed "**Taxation**". Such actions may include, but are not limited to the following:

- The disclosure by the Fund, the Administrator or such other service provider or delegate of the Fund, of certain information relating to an investor to the Cayman Islands Tax Information Authority or its delegate (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.
- The Fund may compulsorily redeem any Participating Shares held by an investor in accordance with the terms of this Memorandum and may deduct relevant amounts from a recalcitrant investor so that any withholding tax payable by the Fund or any related costs, debts, expenses, obligations or liabilities (whether internal or external to the Fund) are recovered from such investor(s) whose action or inaction (directly or indirectly) gave rise or contributed to such taxes, costs or liabilities. Failure by an investor to assist the Fund in meeting its obligations pursuant to AEOI may therefore result in pecuniary loss to such investor.

**Tax Audits.** The Fund may be audited by tax authorities. A tax audit may result in an increased tax liability of the Fund, including with respect to years when an investor was not a Shareholder of the Fund, which could reduce the Net Asset Value of the Fund and affect the return of all Shareholders.

**Withholding Taxes.** Dividend and interest payments on, and proceeds on disposal of, certain securities (or payments or proceeds on certain derivatives on securities) the Fund may own may be subject to withholding taxes, which would reduce net payments received and net proceeds.

### **Other Risks**

**Disclosure of Investment Portfolio.** The audited financial statements of the Fund will not include a detailed listing of positions held by the Fund. Such confidentiality is maintained to prevent third parties from using information concerning the Fund or the Fund's positions to its detriment. Examples of ways in which such information could be used adversely to the Fund include: (a) to "front run" the Fund on sales, or additional purchases, of such positions; (b) to make it more difficult for the Fund to protect its positions by withholding, or causing others to withhold, prospective trades; (c) to make it difficult to acquire or borrow securities; or (d) otherwise to interfere with the Fund's investment objectives. For this reason, the Manager believes it is important to take extra precautions to maintain the confidentiality of the positions in the Fund's investment

portfolio. However, the Manager, in its sole discretion, may permit such disclosure on a selective basis to certain Shareholders, if it determines that there are sufficient confidentiality agreements and procedures in place.

**Litigation and Regulatory Action.** In the ordinary course of its business, the Fund may be subject to litigation or regulatory action from time to time. The outcome of litigation or regulatory action, which may materially adversely affect the value of the Funds, may be impossible to anticipate, and such proceedings may continue without resolution for long periods of time. Any litigation or regulatory action may consume substantial amounts of the Manager's time and attention, and that time and the devotion of these resources to litigation or regulatory action may, at times, be disproportionate to the amounts at stake in the litigation. The acquisition, ownership, and disposition of structured investments entail certain litigation risks. Litigation may be commenced with respect to a security acquired by the Fund in relation to activities that took place prior to the Fund's acquisition of such security. In addition, at the time of disposition for a security, a potential buyer may claim that it should have been afforded the opportunity to purchase the security or alternatively that such buyer should be awarded due diligence expenses incurred or statutory damages for misrepresentation relating to disclosures made, if such buyer is passed over in favor of another as part of the Manager's efforts to maximize sale proceeds. Similarly, buyers of Fund assets may later sue the Fund under various damage theories, including those sounding in tort, for losses associated with problems not uncovered in due diligence.

**Impacts of Recent Geopolitical Events.** Recent increases in and volatility of the price of oil, current developments in Afghanistan, Iraq and the Middle East, the continued threat of terrorism in the world (on a regional and global basis), the ongoing military and other actions and heightened security measures in response to these threats, international tensions between the United States and other nations, instability in the credit and sub-prime markets and the spread of the Novel Coronavirus, "Avian flu" and "Swine flu" throughout the world may cause disruptions to commerce, reduce economic activity, adversely affect infrastructure and livelihood of local population, and continue volatility in markets throughout the world. Such systematic risks may have an adverse impact on some of the assets of the Fund's portfolio if such risks result in a decline in the securities markets and economic activity because of these factors. The Manager cannot predict at this time the extent and timing of any decreased commercial and economic activity resulting from the above factors, or how any such decrease might affect the value of securities and other assets held by the Fund. The aforementioned factors could also result in incidents or circumstances that would disrupt the normal operations of the Manager, the Prime Brokers and the Administrator, or any of the broker-dealers, which could also have negative effects on the investment performance of the Fund. Such external geopolitical risk, including escalation of tensions between the United States and Russia, and/or escalation in the Korean Peninsula, can lead to external shocks leading to foreign capital fleeing all emerging markets.

**Brexit.** The UK ceased to be a member of the EU on January 31, 2020 ("**Brexit**"). During a prescribed period, which ended on December 31, 2020, certain transitional arrangements were in effect, such that the UK continued to be treated, in most respects, as if it were still a member of the EU, and generally remained subject to EU law. On December 24, 2020, the EU and the UK reached an agreement in principle on the terms of certain agreements and declarations governing the ongoing relationship between the EU and the UK, including the EU-UK Trade and Cooperation Agreement (the "**TCA**"). The TCA is limited in its scope primarily to the trade of goods, transport, energy links and fishing; in particular the TCA does not make any meaningful provision for the financial services sector. Uncertainties remain relating to certain aspects of the UK's future economic, trading and legal relationships with the EU and with other countries.

The impact of such events on the Fund is difficult to predict but they may adversely affect the return on the Fund and its investments. There may be detrimental implications for the value of certain of the Fund's investments, their ability to enter into transactions or to value or realize such investments or otherwise to implement its investment program. It is possible that certain of the Fund's investments may need to be restructured to enable the Fund's objectives to be pursued fully. This may increase costs or make it more difficult for the Fund to pursue its investment objectives.

**Risks of Global Investing.** The Fund may invest in various capital markets throughout the world. As a result, the Fund will be subject to risks relating to the possible imposition of withholding taxes on income received from or gains with respect to such securities. In addition, certain of these capital markets involve certain factors not typically associated with investing in established securities markets, including risks relating to: (i) differences between markets, including potential price volatility in and relative liquidity of some foreign securities markets;

(ii) the absence of uniform accounting, auditing and financial reporting standards, practices and disclosure requirements and less government supervision and regulation; and (iii) certain economic and political risks, including potential exchange control regulations and potential restrictions on foreign investment and repatriation of capital.

**Restriction on Auditors' Liability.** Cayman Islands law does not restrict the ability of auditors to limit their liability and consequently the engagement letter entered into with the auditors may contain such a provision as well as contain provisions indemnifying the auditors in certain circumstances.

**Foreign Taxation.** The Fund trades in markets located in many jurisdictions around the world with different tax regimes some which may subject the Fund to withholding or other taxation, which may impact the Fund's returns.

In Australia, the availability of tax concessions under the investment manager regime ("**IMR**") may impact the Australian tax outcome for the Fund. Eligibility for the IMR tax concessions is evaluated annually. Should the Fund not qualify for the IMR tax concessions in a particular year, the Fund may be subject to greater Australian withholding or other taxation for that year, and could have a material adverse effect on returns from Australian investments.

**No Separate Counsel.** The lead legal adviser named in this Memorandum (being Mayer Brown) represents the Fund. Walkers has been engaged to act as counsel to the Fund as to matters of Cayman Islands law only. Such counsel does not represent investors in the Fund, and no independent counsel has been retained to represent investors in the Fund in this regard.

**Handling of Mail.** All correspondence, information, documents and notices ("**Mail**") addressed to the Fund and received at its registered office will be forwarded unopened to the forwarding address supplied by the Fund (the "**Addressee**") to be dealt with. Neither the Fund nor its directors, officers, advisors or service providers (including the organization which provides registered office services in the Cayman Islands) shall be liable for the late receipt by the Addressee of any such Mail. In particular the Board of Directors will only receive, open or deal directly with mail which is addressed to it personally (as opposed to mail which is addressed just to the Fund).

**The above discussion covers certain risks associated with the Fund and the Participating Shares, but is not, nor is it intended to be, a complete enumeration or explanation of all risks involved in an investment in the Fund. You should read this entire Memorandum, the Articles and material contracts and consult with your own advisers before deciding whether to invest in the Fund. You should invest in the Fund only if you understand the nature of the investment, do not require more than limited liquidity in your investment, and can bear the economic risk that redemption proceeds may be less than realized values. In addition, as the Fund's investment program changes or develops over time, an investment in the Fund may be subject to risk factors not described in this Memorandum. The Manager, however, will supplement this Memorandum from time to time to disclose any material changes in the information provided herein. No assurance can be given that profits will be achieved or that substantial losses will not be incurred.**

**THE PURCHASE OF THE PARTICIPATING SHARES OFFERED UNDER THIS MEMORANDUM INVOLVES A HIGH DEGREE OF RISK AND SHOULD BE MADE ONLY BY THOSE PERSONS WHO CAN AFFORD TO BEAR THE RISK OF A TOTAL LOSS OF THEIR INVESTMENT. THE FUND RESERVES THE RIGHT TO REJECT ANY APPLICATION FOR SUBSCRIPTION IN WHOLE OR IN PART, AND WILL EXERCISE THIS RIGHT TO PREVENT ANY PERSON FROM SUBSCRIBING FOR PARTICIPATING SHARES FOR WHICH THERE IS REASON TO BELIEVE THE FUND MAY NOT BE AN APPROPRIATE INVESTMENT.**

**IT IS PARTICULARLY IMPORTANT THAT INVESTORS CAREFULLY CONSIDER WHETHER A HIGHLY SPECULATIVE INVESTMENT IN THE FUND IS SUITABLE FOR THEM. AN INVESTMENT IN THE FUND IS LIKELY NOT TO BE SUITABLE FOR MANY INVESTORS. AN INVESTMENT IN THE FUND MAY NOT BE CONSISTENT WITH MANY INVESTORS' PORTFOLIO OBJECTIVES OR INVESTMENT RESTRICTIONS DUE TO: (a) THE POTENTIAL FOR RESTRICTIVE LIQUIDITY OF THE PARTICIPATING SHARES; (b) THE POSSIBILITY OF THE FUND RECEIVING A QUALIFIED AUDIT REPORT; AND (c) A VARIETY OF OTHER FACTORS.**

**IF THE INVESTOR HAS ANY REASON TO BELIEVE THAT SUCH AN INVESTMENT IN THE FUND IS NOT A SUITABLE INVESTMENT, SUCH INVESTOR SHOULD NOT SUBSCRIBE TO THE FUND AND SHOULD RETURN THIS MEMORANDUM AND ALL OTHER RELATED DOCUMENTS TO THE MANAGER.**

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## TAXATION

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THE DISCUSSION HEREIN IS FOR INFORMATIONAL PURPOSES ONLY AND IS A DISCUSSION PRIMARILY OF THE CAYMAN ISLANDS, AUSTRALIA AND US FEDERAL INCOME TAX CONSEQUENCES TO PROSPECTIVE INVESTORS. EACH PROSPECTIVE INVESTOR SHOULD CONSULT ITS PROFESSIONAL TAX ADVISER WITH RESPECT TO THE TAX ASPECTS OF AN INVESTMENT IN THE FUND. TAX CONSEQUENCES MAY VARY DEPENDING UPON THE PARTICULAR STATUS OF A PROSPECTIVE INVESTOR. IN ADDITION, SPECIAL CONSIDERATIONS (NOT DISCUSSED HEREIN) MAY APPLY TO PERSONS WHO ARE NOT DIRECT SHAREHOLDERS IN THE FUND BUT WHO ARE DEEMED TO OWN SHARES AS A RESULT OF THE APPLICATION OF CERTAIN ATTRIBUTION RULES.

### **Cayman Islands**

It is the responsibility of all persons interested in purchasing the Participating Shares to inform themselves as to any tax consequences from their investing in the Fund and 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 the Participating Shares. Investors should therefore seek their own separate tax advice in relation to their holding of the Participating Shares and accordingly neither the Fund, the Manager nor the Administrator accept any responsibility for the taxation consequences of any investment into the Fund by an investor.

### *Taxation of the Fund*

There is, at present, no direct taxation in the Cayman Islands and interest, dividends and gains payable to the Fund will be received free of all Cayman Islands taxes. The Fund is registered as an "exempted company" pursuant to the Cayman Companies Act. The Fund has received an undertaking from the Government of the Cayman Islands to the effect that, for a period of 30 years from the date of the undertaking, 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 Fund, or to the Shareholders thereof, in respect of any such property or income.

### *AEOI*

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 (as amended) (the "**US FATCA Regulations**") to accompany the Tax Information Authority Act (as amended) (the "**TIA Act**"). 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 US investors who are US 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 TIA, who may then provide it to 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 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 investor acknowledges that the Fund may take such action as it considers necessary in relation to such investor's holding or redemption 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 AEOI, arising from such investor's failure to provide the requested information to the Fund, is economically borne by such investor. In accordance with TIA issued guidance, the Fund is required to close an investor's account if a self-certification is not obtained within 90 days of account opening.

### **Australia**

The following is a general summary of certain aspects of Australia income taxation relevant to the Fund and certain Shareholders but does not purport to be a complete analysis of all potential considerations that may be relevant to a decision to purchase Participating Shares. Entities which are not tax residents of Australia should only be subject to taxation in respect of income and certain gains derived from sources within Australia, which could arise as a result of having an Australian fund manager. Since the Fund intends to conduct its affairs in a manner which ensures that they are considered to be a non-resident of Australia, the Fund are not expected to be subject to Australian taxation in respect of income and gains derived from sources outside Australia.

Distributions of interest, dividends, net capital gains (except net capital gains which do not relate to taxable Australian property) and other Australian sourced income received by the Fund should be subject to withholding tax in Australia at rates ranging between 10% and 30%.

Australian sourced income or gains, including gains attributable to having a permanent establishment in Australia as a result of having an Australian fund manager, may attract an Australian tax liability for the Fund at a rate of 30%. However, the investment manager regime ("**IMR**") in Australia may exempt qualifying widely-held foreign funds ("**IMR entity**") from Australian tax in relation to income on derivatives, gains or losses on the disposal of equities and income that would have been attributable to a permanent establishment in Australia, other than:

- amounts relating to direct or indirect Australian real property holdings and non-portfolio interests in Australian entities; and
- amounts otherwise subject to Australian withholding tax.

As non-residents of Australia, the Fund may qualify for the IMR concessions if they satisfy a number of conditions, including being widely held or engaging an independent Australian fund manager.

The Fund in consultation with the Manager will monitor the application of the IMR on an annual basis to determine whether they are eligible to apply the relevant Australian tax concessions for that income year, as this will impact the Australian tax outcome for the Fund.

### **Australian investors**

Australian Shareholders may be subject to Australian tax on distributions or dividends they receive from the Fund. Australian Shareholders may also be subject to tax on gains in respect of the disposal or redemption of Participating Shares in the Fund. Gains may be subject to tax as dividends and not eligible for the CGT discount. Australian Shareholders should not be entitled to any credit or offset for taxes borne by the Fund. Australian Shareholders should seek tax advice in relation to the implications of the adjustments set out in the section headed "**Fees and Charges - Adjustments**", and also the tax implications of holding a foreign currency denominated investment.

Additionally, Australian Shareholders should consider the potential application of the controlled foreign company ("CFC") provisions contained in the Australian tax laws. The CFC provisions are anti-deferral rules which seek to tax Australian resident Shareholders on an accruals basis on certain types of income derived through a foreign company as it is earned, rather than when it is distributed to the Australian Shareholder.

Under the current laws, the application of the CFC rules to Australian resident investors will depend on:

- the nature of the ownership structure of the Fund, in particular the ownership percentage held by Australian resident investors; and
- the nature of the investments and type of income derived by the Fund. This will determine whether any income will be attributable to Australian resident investors under the CFC rules and subject to Australian tax.

To the extent that the Fund will have Australian resident investors, it may be a CFC, in which case the Australian Shareholders of the Fund may be subject to Australian tax on any "attributable income" derived in respect of the relevant period.

It will be necessary for Australian resident investors to review all the Australian Shareholders' shareholdings to determine whether they are subject to the CFC provisions and consider options for managing that exposure.

Australian investors should seek their own independent tax advice prior to investing in the Fund to confirm the tax implications associated with an investment in the Fund.

## **United States**

The following is a general summary of certain aspects of US federal income taxation relevant to the Fund and certain Shareholders but does not purport to be a complete analysis of all potential considerations that may be relevant to a decision to purchase Participating Shares. This summary is based upon the Fund's anticipated operations as described in this Memorandum and upon the US Tax Code, US Treasury regulations, administrative rulings and judicial decisions in effect or available on the date of this Memorandum, any of which could change at any time, possibly with retroactive effect. This summary does not discuss all of the tax consequences that may be relevant to a particular investor or to certain investors subject to special treatment under the US federal income tax laws. In addition, this summary does not address the US federal income tax considerations applicable to an investment in the Fund by persons other than non-resident alien individuals, foreign corporations and US tax-exempt organizations. Each prospective investor should consult its own tax advisers regarding the US federal income tax consequences of an investment in the Fund.

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### *Taxation of the Fund*

The Fund has elected to be classified as other than an association taxable as a corporation for US federal income tax purposes, and the Fund will be classified as a corporation for US federal income tax purposes. As a foreign corporation, the Fund generally will not be subject to US federal income taxation on income or gain realized by it from its trading and investment activities, provided that it is not engaged in, or deemed to be engaged in, a US trade or business to which such income or gain is treated as effectively connected.

If the Fund is engaged in, or deemed to be engaged in, a US trade or business in any year, then that status will be imputed to the Fund. Pursuant to a "safe harbor" under the US Tax Code and Treasury regulations promulgated thereunder, the Fund should not be considered to be engaged in a US trade or business, so long as: (i) the Fund is not considered a dealer in stock, securities or commodities or regularly offers to enter into, assume, offset, assign or otherwise terminate positions in derivatives with customers; (ii) the Fund's and the Fund's US business activities (if any) consist solely of investing and/or trading in stock, securities, commodities and derivatives for its own account (and, in the case of commodities, are limited to trading in commodities of a kind customarily dealt in on an organized commodity exchange in transactions of a kind customarily consummated at such place); (iii) any entity in which the Fund invests that is treated as a partnership, trust or disregarded entity for US federal income tax purposes is not engaged in, or deemed to be engaged in, a US trade or business, and (iv) the Fund does not dispose of a "United States real property interest" as defined in Section

897 of the US Tax Code. The Fund intends to conduct its affairs in a manner that meets such requirements. However, because the Fund cannot give complete assurance that it will not be treated as conducting a trade or business within the United States, it should be noted that, in the event the Fund was engaged in, or deemed to be engaged in, a US trade or business in any year, the Fund (but not any of its Shareholders) would be required to file a US federal income tax return for such year and pay tax on any income and gain that is effectively connected with such US trade or business at full US corporate tax rates, and an additional branch profits tax equal to 30% of the dividend equivalent amount for that year would also be imposed.

Even assuming the Fund will not be engaged in, or be deemed to be engaged in, a US trade or business, it will be subject to a 30% US withholding tax on the gross amount of: (1) any US source interest income that falls outside the "portfolio interest" exception or other available exception to withholding tax; (2) any US source dividend income or dividend equivalent payments; and (3) any other US source fixed or determinable annual or periodical gains, profits or income, in each case to the extent such amounts are not effectively connected with a US trade or business. For these purposes, interest will generally qualify for the portfolio interest exception if it is paid on an obligation that is in registered form, provided that the Fund provides certain required certifications, or in certain other circumstances. However, interest on an obligation will not qualify for the portfolio interest exception if (i) the Fund is considered a 10-percent shareholder of the issuer of the obligation, (ii) the Fund is a controlled foreign corporation and is considered to be a related person with respect to the issuer of the obligation or (iii) such interest is determined by reference to certain financial information of the issuer of the obligation (e.g., the issuer's receipts, sales, income or profits) or is otherwise considered to be contingent interest.

#### *Non-US Shareholders*

Shareholders that are non-resident alien individuals or foreign corporations (each a "**Non-US Shareholder**") generally should not be subject to US federal income taxation on gain realized from the sale, exchange, or redemption of Participating Shares held as a capital asset unless such gain is otherwise effectively connected with a US trade or business or, in the case of a non-resident alien individual, such individual is present in the United States for 183 days or more during a taxable year and certain other conditions are met.

#### *US Tax-Exempt Shareholders*

Income or gain realized on an investment in the Fund by a US tax-exempt Shareholder should not be taxable as unrelated business taxable income, provided that such Shareholder does not incur acquisition indebtedness in connection with its purchase of Participating Shares.

#### *Information Reporting for US Shareholders*

US Shareholders may be required to comply with various information reporting obligations with respect to their investment in the Fund. For example, US Shareholders may be obligated to file Forms 926, 5471, 8621, 8938, 8990 or 8992 with the IRS, or Financial Crimes Enforcement Network (FinCEN) Form 114 (Report of Foreign Bank and Financial Accounts) with the US Treasury Department. These forms may require disclosures regarding the filing Shareholder, other Shareholders and the Fund. The Fund has not committed itself to provide all of the information concerning the Fund or its Shareholders necessary to complete such forms. Failure to properly file such forms, if required, may result in the imposition of substantial penalties and an extension of the statute of limitations for the assessment of US federal income tax. US Shareholders are urged to consult their own legal advisors regarding these potential reporting obligations and any other potential reporting obligations that may arise from an investment in the Fund.

#### *Compliance with US FATCA*

US FATCA generally imposes a 30% withholding tax on certain payments to non-US financial institutions (including investment entities) of US source income unless the non-US financial institution discloses to the IRS the name, address and taxpayer identification number of certain US persons that hold, directly or indirectly, an account with the non-US financial institution, as well as certain other information relating to any such account. The United States has entered into the US IGA with the Cayman Islands. The US IGA modifies the foregoing



requirements with respect to Cayman financial institutions but generally requires similar information to be disclosed to the Cayman Islands government and ultimately to the IRS. The Fund intends to comply with any obligations imposed on it under US FATCA and the US IGA to avoid the imposition on it of any withholding tax under US FATCA, but there can be no assurances that it will be successful in this regard. If the Fund becomes subject to a withholding tax as a result of US FATCA, the Fund may take such action as it considers necessary to ensure that any such withholding tax, and any related expenses, are economically borne by the Shareholders whose action or inaction gave rise to such withholding tax. Please refer to the section headed “**Taxation – Cayman Islands – AEOI**”.

**THE ABOVE SUMMARY IS BASED ON ADVICE RECEIVED BY THE MANAGER REGARDING THE US TAX CODE, AND THE RULES, REGULATIONS, AND EXISTING INTERPRETATIONS RELATING TO IT, ANY OF WHICH COULD BE CHANGED AT ANY TIME. THE TAX CONSEQUENCES FOR CERTAIN INVESTORS IN THE FUND MAY BE OTHER THAN AS STATED ABOVE. PROSPECTIVE INVESTORS CONSIDERING AN INVESTMENT IN THE FUND MUST CONSULT WITH THEIR OWN TAX ADVISERS AS TO THE US FEDERAL, STATE, LOCAL AND FOREIGN TAX CONSEQUENCES OF SUCH AN INVESTMENT.**

### **Other Jurisdictions**

Interest, dividend and other income, including business profits attributable to a permanent establishment realized by the Fund from sources other than the Cayman Islands, Australia and the United States, and gains including capital gains realized on the sale of securities of non-Cayman Islands, non-Australia and non-US issuers, may be subject to withholding and other taxes levied by the jurisdiction in which the income is sourced and/or in which the issuer is located and/or in which the permanent establishment is located. It is impossible to predict the rate of foreign tax the Fund will pay since the nature and amount of assets to be invested by the Fund in any particular jurisdiction, the tax treatment of the activities of the Fund in any particular jurisdiction, and the ability of the Fund to reduce such taxes in any particular jurisdiction are not known.

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

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

### **Other Taxes**

On 10 November 2015, the Council of the European Union adopted a Council Directive repealing the European Union Savings Directive 2003/48/EC (the “**EU Savings Directive**”) from (in the case of Austria) 1 January 2017 and (in the case of all other Member States) 1 January 2016, subject to on-going requirements to fulfil administrative obligations such as the reporting and exchange of information relating to, or accounting for withholding taxes on, payments made before those dates and to certain other transitional provisions in the case of Austria. The repeal is to prevent overlap between the obligations under the EU Savings Directive and those under the CRS. The CRS is generally broader in scope than the EU Savings Directive, although it does not impose withholding taxes. Reporting of Savings Income Information for EU Savings Directive purposes is no longer required in the Cayman Islands from 2017 onwards because this information is covered by reporting under the CRS. It is anticipated that the Cayman Islands, together with those other jurisdictions which adopted legislation equivalent to the EU Savings Directive, will in due course repeal such legacy legislation in light of the introduction of the CRS regime.

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

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

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## INVESTMENTS BY EMPLOYEE BENEFIT PLANS

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### General

The following section sets forth certain consequences under ERISA, and the US Tax Code, which a fiduciary of an "employee benefit plan" as defined in, and subject to the fiduciary responsibility provisions of, ERISA or of a "plan" as defined in and subject to Section 4975 of the US Tax Code who has investment discretion should consider before deciding to invest the plan's assets in the Fund (such "employee benefit plans" and "plans" being referred to herein as "**Plans**", and such fiduciaries with investment discretion being referred to herein as "**Plan Fiduciaries**"). The following summary is not intended to be complete, but only to address certain questions under ERISA and the US Tax Code which are likely to be raised by the Plan Fiduciary's own counsel.

In general, the terms "employee benefit plan" as defined in ERISA and "plan" as defined in Section 4975 of the US Tax Code together refer to any plan or account of various types which provides retirement benefits or welfare benefits to an individual or to an employer's employees and their beneficiaries. Such plans and accounts include, but are not limited to, corporate pension and profit-sharing plans, "simplified employee pension plans", Keogh plans for self-employed individuals (including partners), individual retirement accounts described in Section 408 of the US Tax Code and medical benefit plans.

Each Plan Fiduciary must give appropriate consideration to the facts and circumstances that are relevant to an investment in the Fund, including the role an investment in the Fund plays in the Plan's investment portfolio. Each Plan Fiduciary, before deciding to invest in the Fund, must be satisfied that investment in the Fund is a prudent investment for the Plan, that the investments of the Plan, including the investment in the Fund, are diversified so as to minimize the risks of large losses and that an investment in the Fund complies with the documents of the Plan and related trust and that an investment in the Fund does not give rise to a transaction prohibited by Section 406 of ERISA or under Section 4975 of the US Tax Code.

EACH PLAN FIDUCIARY CONSIDERING ACQUIRING PARTICIPATING SHARES MUST CONSULT ITS OWN LEGAL AND TAX ADVISERS BEFORE DOING SO.

### Restrictions on Investments by Employee Benefit Plan Investors

ERISA and a regulation issued thereunder contain rules for determining when an investment by a Plan in an entity will result in the underlying assets of the entity being assets of the Plan for purposes of ERISA and Section 4975 of the US Tax Code (i.e., "plan assets"). Those rules provide that assets of an entity will not be plan assets of a Plan which purchases an interest therein if the investment by all "benefit plan investors" is not "significant" or certain other exceptions apply. The term "benefit plan investors" includes all Plans (i.e., all "employee benefit plans" as defined in and subject to the fiduciary responsibility provisions of ERISA and all "plans" as defined in and subject to Section 4975 of the US Tax Code) and all entities that hold "plan assets" (each, a "**Plan Assets Entity**") due to investments made in such entities by already described benefit plan investors. ERISA provides that a Plan Assets Entity is considered to hold plan assets only to the extent of the percentage of the Plan Assets Entity's equity interests held by benefit plan investors. In addition, all or a portion of an investment made by an insurance company using assets from its general account may be treated as a benefit plan investor. Investments by benefit plan investors will be deemed not significant if benefit plan investors own, in the aggregate, less than 25% of the total value of each class of equity interests of the entity (determined by not including the investments of persons with discretionary authority or control over the assets of such entity, of any person who provides investment advice for a fee (direct or indirect) with respect to such assets, and "affiliates" (as defined in the regulations issued under ERISA) of such persons; provided, however, that under no circumstances are investments by benefit plan investors excluded from such calculation).

In order to avoid causing assets of the Fund to be "plan assets", the Manager intends to restrict the aggregate investment by benefit plan investors to under 25% of the total value of each class of equity interests of the Fund (not including the investments of the Manager, any Director, any member of the Board, any person who provides investment advice for a fee (direct or indirect) with respect to the assets of the Fund, and any entity (other than a benefit plan investor) that is directly or indirectly through one or more intermediaries controlling,

controlled by or under common control with any of such entities (for this purpose, investments of the Fund in the Fund are treated as not being under the control of the Manager), and each of the principals, officers and employees of any of the foregoing entities who has the power to exercise a controlling influence over the management or policies of such entity or of the Fund). Furthermore, because the 25% test is ongoing, it not only restricts additional investments by benefit plan investors, but also can cause the Directors to require that existing benefit plan investors redeem from the Fund in the event that other investors redeem. If rejection of subscriptions or such compulsory redemptions are necessary, as determined by the Directors, to avoid causing the assets of the Fund to be "plan assets", the Directors will effect such rejections or redemptions in such manner as the Directors, in their sole discretion, determine.

In addition, the Manager may restrict the aggregate investment by benefit plan investors to under 25% of the total value of each class of equity interests of the Fund determined in the same manner described in the preceding paragraph. Nevertheless, the Fund may permit benefit plan investors to own 25% or more of any class of equity interests of the Fund. However, even if benefit plan investors own 25% or more of any class of equity interest of the Fund, thereby causing the assets of the Fund to be "plan assets" for purposes of ERISA and Section 4975 of the Code, the applicable rules of ERISA and Section 4975 of the Code generally should not impact the Fund's investments. This is because the Fund is required to invest substantially all of its trading assets in the Fund. As a result, the Manager's obligations with respect to Participating Shares generally will be limited to investing in the Fund, and the Manager believes that it will not be acting in a fiduciary capacity when transferring assets from the Fund to the Fund. In addition, because all investors inherently approve the Fund's investment in the Fund when they subscribe for Participating Shares, such investment will not result in a prohibited transaction under ERISA or Section 4975 of the Code.

#### **Ineligible Purchasers**

In general, Participating Shares may not be purchased with the assets of a Plan if the Manager, any Director, any member of the Board, any placement agents, any of their respective affiliates or any of their respective employees either: (a) has investment discretion with respect to the investment of such plan assets; (b) has authority or responsibility to give or regularly gives investment advice with respect to such plan assets, for a fee and pursuant to an agreement or understanding that such advice will serve as a primary basis for investment decisions with respect to the Plan and that such advice will be based on the particular investment needs of the Plan; or (c) is an employer maintaining or contributing to such Plan. A party that is described in clause (a) or (b) of the preceding sentence is a fiduciary under ERISA and the US Tax Code with respect to the Plan, and any such purchase might result in a "prohibited transaction" under ERISA and the US Tax Code.

Except as otherwise set forth, the foregoing statements regarding the consequences under ERISA and the US Tax Code of an investment in the Fund are based on the provisions of the US Tax Code and ERISA as currently in effect, and the existing administrative and judicial interpretations thereunder. No assurance can be given that administrative, judicial, or legislative changes will not occur that may make the foregoing statements incorrect or incomplete.

ACCEPTANCE OF SUBSCRIPTIONS ON BEHALF OF PLANS IS IN NO RESPECT A REPRESENTATION BY THE MANAGER OR ANY OTHER PARTY RELATED TO THE FUND THAT THIS INVESTMENT MEETS THE RELEVANT LEGAL REQUIREMENTS WITH RESPECT TO INVESTMENTS BY ANY PARTICULAR PLAN OR THAT THIS INVESTMENT IS APPROPRIATE FOR ANY PARTICULAR PLAN. THE PERSON WITH INVESTMENT DISCRETION SHOULD CONSULT WITH HIS OR HER ATTORNEY AND FINANCIAL ADVISERS AS TO THE PROPRIETY OF AN INVESTMENT IN THE FUND IN LIGHT OF THE CIRCUMSTANCES OF THE PARTICULAR PLAN.

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## GENERAL INFORMATION

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### United States Investor Qualifications

Only Permitted US Persons and Non-US Persons may subscribe for Participating Shares.

#### *Qualified Purchaser Requirements*

Permitted US Persons must satisfy the requirements for a "**qualified purchaser**", which include:

- (a) a natural person owning not less than US\$5,000,000 in "net investments"; or
- (b) an entity that owns and invests on a discretionary basis, for its own account or for the accounts of qualified purchasers, not less than US\$25,000,000 in "net investments".

More detailed information concerning the qualified purchaser standards and requirements are set out in the Subscription Agreement.

#### *Accredited Investor Requirements*

Permitted US Persons must also satisfy the requirements for an "**accredited investor**".

Included within the definition of "**accredited investor**" under Regulation D of the US Securities Act are prospective investors who fall within any of the following categories:

- (a) any natural person whose individual net worth or joint net worth, with that person's spouse or spousal equivalent, at the time of subscription for Participating Shares, exceeds US\$1,000,000. "Net worth" for this purpose means the fair market value of a person's total assets less their total liabilities; provided, that: (i) a person must exclude the value of their primary residence as an asset; and (ii) a person may generally exclude the amount of indebtedness secured by their primary residence as a liability except that they must deduct as liabilities (A) the amount by which such indebtedness exceeds the fair market value of their primary residence; and (B) the amount of any such indebtedness incurred within the 60 days preceding the subscription date (other than as a result of the acquisition of their primary residence);
- (b) any natural person who had an individual income in excess of US\$200,000 in each of the 2 most recent calendar years, or joint income with that person's spouse or spousal equivalent in excess of US\$300,000 in each of those years, and has a reasonable expectation of reaching the same income level in the current calendar year;
- (c) any entity in which all the equity owners are accredited investors; or
- (d) any corporation, not formed for the specific purpose of acquiring the securities offered, with total assets in excess of US\$5,000,000.

"**Spousal equivalent**" means a cohabitant occupying a relationship generally equivalent to that of a spouse.

Further detailed information concerning the accredited investor standards and requirements are set out in the Subscription Agreement.

### Investor Qualifications in Other Jurisdictions

Additional or more stringent qualifications may be required to be met by prospective investors in other jurisdictions in which the Participating Shares may be offered. The Directors have, and intend to exercise, the

right to compulsorily redeem any Participating Shares sold or otherwise acquired in contravention of these prohibitions.

**THE REQUIREMENTS SET OUT IN THE SUBSCRIPTION AGREEMENT ARE REGULATORY MINIMUMS ONLY. PERSONS WITH QUESTIONS AS TO WHETHER THEY QUALIFY AS "QUALIFIED PURCHASERS" AND "ACCREDITED INVESTORS" ARE URGED TO REFER SUCH QUESTIONS TO THEIR OWN LEGAL ADVISERS. A PROSPECTIVE INVESTOR MUST CONSULT THE INVESTOR'S OWN LEGAL, TAX AND FINANCIAL ADVISERS WITH RESPECT TO THE INVESTOR'S INDIVIDUAL CIRCUMSTANCES AND THE SUITABILITY OF AN INVESTMENT IN THE FUND. QUALIFICATION AS AN "ACCREDITED INVESTOR" IS NO ASSURANCE THAT A MINIMUM INVESTMENT (AS SET OUT IN THE SECTION HEADED "SUBSCRIPTION, ISSUE AND REDEMPTION OF PARTICIPATING SHARES – OFFER OF PARTICIPATING SHARES" IN RESPECT OF THE RELEVANT CLASS OF PARTICIPATING SHARES) IS SUITABLE FOR A PARTICULAR PROSPECTIVE INVESTOR.**

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

#### *Cayman Islands*

As part of the Fund's responsibility for the prevention of money laundering, terrorist financing and proliferation financing, the Fund and the Administrator or their respective subsidiaries, Affiliates, directors, officers, shareholders, employees, agents, and permitted delegates and sub-delegates will require a detailed verification of the applicant's identity and the source of the payment from any person delivering a completed Subscription Agreement to the Fund.

In order to comply with regulations aimed at the prevention of money laundering, terrorist financing and proliferation financing in the Cayman Islands, the verification of identity of all prospective investors, to the extent required under the Anti-Money Laundering Regulations (as amended) of the Cayman Islands ("**AML Regulations**"), will be required.

The Administrator will request verification of identity from all prospective investors to the extent required under its internal "Know Your Customer" identification policy as outlined in the Subscription Agreement. In addition, the Administrator may, in the future, have to comply with additional criteria in addition to its internal "Know Your Customer" policies and procedures as outlined in the Subscription Agreement.

Depending on the circumstances of each application, a detailed verification might not be required where certain conditions are satisfied.

Any exceptions to detailed verification of each application under the AML Regulations may not apply due to the requirements of jurisdictions other than the Cayman Islands. Recently adopted US legislation and proposed implementing regulations may also require additional information at the time of subscription or subsequently as the regulations become final.

The Administrator will notify applicants if additional proof of identity is required upon their subscription for Participating Shares. By way of example, an individual may be required to produce a copy of a passport duly certified as a true copy by a notary public, law firm or bank, together with evidence of their address such as a utility bill or bank statement. In the case of corporate applicants this may require production of a copy of the certificate of incorporation (and any change of name), certificate of incorporation and by-laws (or equivalent) duly certified as a true copy by a notary public law firm or bank and the names, occupations, dates of birth and residential and business addresses of all directors or other governing members or representatives of entity investors in line with the foregoing individual identification requirements.

The details given above are by way of example only. The Fund and the Administrator and each of their respective subsidiaries, Affiliates, directors, officers, shareholders, employees, agents, and permitted delegates and sub-delegates reserve the right to request such documentation as any of them deem necessary to verify the identity of the applicant and to verify the source of the relevant application monies. Applicants who are existing customers and believe they have supplied documentation verifying their identity to the Fund or an Affiliate in the past may contact the Administrator to determine whether any additional information is necessary. A delay

or failure to provide the necessary evidence may result in applications being rejected, in delays in redemptions or in the dispatch of documents and the issuance of Participating Shares.

Pending the provision of satisfactory documents or information to verify identity, the evidence of title in respect of Participating Shares may be retained at the sole discretion of the Administrator. If within a reasonable period of time following a request for verification of identity, the Administrator has not received evidence satisfactory to it as aforesaid, the Directors may, in their sole discretion, refuse to allot the Participating Shares for which application has been made. In this event, application monies will be returned without interest to the account from which these proceeds were originally debited.

The Fund and the Administrator and each of their respective subsidiaries, Affiliates, directors, officers, shareholders, employees, agents, and permitted delegates and sub-delegates will be held harmless and will be fully indemnified by a potential subscriber against any loss arising as a result of a failure to process a subscription or redemption request if such information as has been requested by any of them has not been satisfactorily provided by the applicant.

If any person in the Cayman Islands knows or suspects or has reasonable grounds for knowing or suspecting that another person is engaged in criminal conduct or money laundering or is involved with terrorism or terrorist financing and property and the information on which that knowledge or suspicion is based arose in the course of business in the regulated sector, or other trade, profession, business or employment, the person will be required to report such knowledge or suspicion to: (a) the Financial Reporting Authority ("FRA") of the Cayman Islands, pursuant to the Proceeds of Crime Act (as amended) of the Cayman Islands if the disclosure relates to criminal conduct or money laundering; or (b) a police officer of the rank of constable or higher, or the FRA, pursuant to the Terrorism Act (as amended) of the Cayman Islands, if the disclosure relates to involvement with terrorism or terrorist financing and property. Such a report shall not be treated as a breach of confidence or of any restriction upon the disclosure of information imposed by any enactment or otherwise. Reporting requirements of other jurisdictions may also apply.

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

In addition, and pursuant to the AML Regulations, the Fund must designate natural persons to act as its Anti-Money Laundering Compliance Officer, Money Laundering Reporting Officer and Deputy Money Laundering Reporting Officer (the "**AML Officer Roles**"). The Directors have ensured that natural persons have been designated to perform the AML Officer Roles in accordance with Cayman Islands law. Investors can obtain further information in respect of the AML Officer Roles from the Manager.

### *United States*

The Fund will comply with applicable US anti-money laundering regulations.

As part of the Fund's responsibility for the prevention of money laundering, the Fund, the Manager, the Administrator and their respective subsidiaries, Affiliates, directors, officers, shareholders, employees, agents, and permitted delegates and sub-delegates may require representations relating to the source of funds, including that:

- (a) the funds did not come from or through a jurisdiction identified as non-cooperative by the Financial Action Task Force; and
- (b) the applicant is not identified on any US Office of Foreign Assets Control "watch list" and does not have any affiliation of any kind with such an individual, entity or organization.

Depending on the circumstances of each application, more detailed verification may be required. In certain instances, where the application is made through a recognized intermediary which is regulated by a recognized regulatory authority and carries on business in a country considered as having sufficient anti-money laundering

regulations by the Administrator, the Fund may rely on a written assurance from the intermediary that the requisite identification procedures on the applicant for business have been carried out.

The Fund, the Administrator and the Manager may, as new federal anti-money laundering rules are promulgated, request additional information and representations from both existing and prospective investors. Failure to provide such additional information on a timely basis may result in compulsory redemption from the Fund. However, the funds relating to such redemption may be held in the discretion of the Fund, if the Fund, the Administrator or the Manager, in their discretion, are concerned that such funds are part of any money laundering scheme.

#### *Other Jurisdictions*

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 the force of law) or regulatory policies and many financial intermediaries are in the process of changing or creating responsive disclosure and compliance policies (collectively "**Requirements**") and the Fund could be requested or required to obtain certain assurances from applicants subscribing for Participating Shares, disclose information pertaining to them to governmental, regulatory or other authorities or to financial intermediaries or engage in due diligence or take other related actions in the future. It is the Fund's policy to comply with Requirements to which it is or may become subject to and to interpret them broadly in favor of disclosure. Each applicant will be required to agree in the Subscription Agreement and will be deemed to have agreed by reason of owning any Participating Shares, that it will provide additional information or take such other actions as may be necessary or advisable for the Fund (in the sole judgment of the Fund and/or the Administrator) to comply with any Requirements, related legal process or appropriate requests (whether formal or informal) or otherwise. Each applicant by executing the Subscription Agreement consents, and by owning Participating Shares is deemed to have consented, to disclosure by the Fund and its agents to relevant third parties of information pertaining to it in respect of Requirements or information requests related thereto. Failure to honor any such request may result in redemption by the Fund or a forced sale to another investor of such applicant's Participating Shares.

#### **Sanctions and Required Representations**

The operator of the Fund requires each prospective and existing investor to inform the Fund if such investor is, or becomes at any time while it owns or holds an interest in the Fund, a "Sanctions Subject", meaning (a) an individual or entity named on any sanctions list maintained by the United Kingdom (including as extended to the Cayman Islands by Orders in Council) or the Cayman Islands or any similar list maintained under applicable law or is otherwise subject to applicable sanctions in the Cayman Islands, or (b) an entity owned or controlled directly or indirectly by such an individual or entity, as determined by the Fund in its sole discretion. If this is the case, or is otherwise believed by the Fund or its duly authorised delegates or agents (including the administrator or affiliates) ("**Fund Agents**") to be the case, then the Fund or Fund Agents may immediately and without notice to the investor cease any further dealings with the investor or freeze the interests or accounts of the investor or freeze the assets of the Fund (including interests or accounts of other investors who are not Sanctions Subjects), until the investor ceases to be a Sanctions Subject or a licence is obtained under applicable law to continue such dealings and may be required to report such action or failure to comply with information requests and to disclose the investor's identity (and/or the identity of the investor's beneficial owners and control persons) to the Authority, the FRA, or other applicable governmental or regulatory authorities (without notifying the investor that such information has been so provided) (each such action being a "**Sanctioned Persons Event**"). The Fund and its Fund Agents have no liability whatsoever for any liabilities, costs, expenses, damages and/or losses (including but not limited to any direct, indirect or consequential losses, loss of profit, loss of revenue, loss of reputation and all interest, penalties and legal costs and all other professional costs and expenses) incurred by any investor as a result of a Sanctioned Persons Event.

#### **General - Disclosure of Information**

By subscribing, applicants consent to the disclosure by the Fund, the Manager and/or the Administrator including their respective agents, Affiliates, delegates, subsidiaries or associates, of any information about them to regulators, government agencies and other relevant persons upon request in connection with money laundering and similar matters both in the Cayman Islands and in other jurisdictions, including upon request in

connection with AML/CFT and similar matters in Australia. Without limiting the foregoing, the Directors, or any authorized service providers (including the officers, the company secretary and the registered office agent of the Fund) shall be entitled to disclose to any regulatory or judicial authority, or to any stock exchange on which the Participating Shares or any Class or Series may from time to time be listed, any information regarding the affairs of the Fund including, without limitation, information contained in the register and books of the Fund.

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

The Fund falls within the definition of a "Mutual Fund" in terms of the Cayman Mutual Funds Act and accordingly is regulated in accordance with the Cayman Mutual Funds Act. However, the Fund is not required to be licensed or employ a licensed mutual fund administrator since the minimum aggregate investment purchasable by a prospective investor in the Fund is equal to or exceeds US\$100,000 or its equivalent in any other currency.

As regulated mutual funds, the Fund is subject to the supervision of the Authority. The Fund must file this Memorandum and details of any changes that materially affect any information in this Memorandum with the Authority. The Fund must also file annually with the Authority accounts approved by an approved auditor, together with a return containing particulars specified by the Authority, within 6 months of its financial year end or within such extension of that period as the Authority may allow. A prescribed fee must also be paid annually.

The Authority may, at any time, instruct the Fund to have its accounts audited and to submit them to the Authority within such time as the Authority specifies. In addition, the Authority may ask the Directors or the directors of the Fund to give the Authority such information or such explanation in respect of the Fund as the Authority may reasonably require to enable it to carry out its duty under the Cayman Mutual Funds Act.

The 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 Cayman Mutual Funds Act and applicable anti-money laundering regulations are being complied with.

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

The Authority may take certain actions if it is satisfied that a regulated mutual fund:

- (a) is or is likely to become unable to meet its obligations as they fall due;
- (b) 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;
- (c) has contravened any provision of the Mutual Funds Act or of the AML Regulations;
- (d) is not being managed in a fit and proper manner; or
- (e) has persons appointed as Director, manager or officer that is not a fit and proper person to hold the respective position.

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

### **Side Letters**

The Fund may, from time to time, enter into letter agreements or other similar agreements (collectively, "Side Letters") with one or more Shareholders that provide such Shareholder(s) with additional and/or different rights



and benefits (including, without limitation, with respect to access to information, the Management Fee and the Performance Allocation, minimum investment amounts, liquidity terms, and/or “most favored nation” rights) than such Shareholder(s) have pursuant to this Memorandum. In addition, new Class may be established by the Fund without the approval of the existing Shareholders and certain Shareholders may receive additional benefits (including, but not limited to, reduced fee obligations, the ability to redeem Participating Shares on shorter notice or during different time periods and/or expanded information rights) which other Shareholders will not receive. The terms of such Side Letters may also enhance the ability of certain Shareholder(s) either: (i) to redeem Participating Shares of that Class; or (ii) to make a determination as to whether to redeem Participating Shares of that Class, and which in either case might reasonably be expected to put other holders of Participating Shares of that Class who are in the same position at a material disadvantage in connection with the exercise of their redemption rights.

As a result, should the Fund experience a decline in performance over a period of time, a Shareholder who is party to a Side Letter, or who participates in a new Class with different rights and benefits, that permits less notice and/or different redemption times, may be able to redeem Participating Shares prior to other Shareholders.

Unless otherwise stated in the relevant Side Letter or required under applicable law, the Fund is not required to notify any or all of the other Shareholders of any such Side Letters or any of the rights and/or terms or provisions thereof, nor is the Fund required to offer such additional and/or different rights and/or terms to any or all of the other Shareholders. The Fund may enter into such Side Letters with any party as the Fund may determine in its discretion at any time. The other Shareholders will have no recourse against the Fund, the Manager and/or any of their Affiliates if certain Shareholders receive additional and/or different rights and/or terms because of such Side Letters.

Subject to the approval from the Board, the Fund may, from time to time, enter into one or more Side Letters which permit different redemption times but only to address particular regulatory and/or tax concerns which are applicable to such Shareholder.

### **Fund Incorporation and Share Capital**

The Fund was incorporated on 15<sup>th</sup> February 2022 in the Cayman Islands under the Cayman Companies Act as an exempted company with limited liability. The authorized share capital of the Fund is US\$50,000 divided into 100 voting, non-redeemable Management Shares of US\$1.00 par value each, 4,989,000 non-voting redeemable Participating Shares of US\$0.01 par value each and 1,000 Class P Shares of US\$0.01 par value each.

Save as disclosed in the section headed "**Fees and Charges**", no commissions, discounts, brokerages or other special terms have been granted by the Fund in connection with the issue or sale of any share or loan capital.

The Articles provide that the unissued Participating Shares of the Fund are at the disposal of the Directors who may allot, grant options over or otherwise dispose of the Participating Shares to such persons, at such times on such terms and conditions and as the Directors think fit.

### **Rights of the Management Shares**

The Management Shares have been created to comply with Cayman Islands law which requires that, if all of the Participating Shares are redeemed, there is always at least one share in the Fund in issue. As at the date of this Memorandum, the Management Shares are held by Walkers Fiduciary Limited as trustee of Fortlake Sigma Opportunities Trust. The Management Shares carry no right to any dividend. On a winding up, the assets available for distribution among the Shareholders shall be applied in the following priority: (a) first, in the payment to the holders of Participating Shares, of a sum equal to the paid up par value of the Participating Shares held by them; (b) second, in the payment to the holders of Management Shares of a sum equal to the paid up par value of the Management Shares held by them; and (c) third, in the payment of any balance to holders of Participating Shares, such payment being made in proportion to the Net Asset Value per Participating Share of the relevant Class held, subject to allocation of any accrued but unmade Performance Allocation to the Class P Shares. On a show of hands at a general meeting of the Fund, the holder(s) of Management Shares present in person or by proxy will have one vote and, on a poll at a general meeting of the Fund, every holder

of Management Shares present in person or by proxy will have one vote per Management Share held. Votes may be given in person or by proxy. The Management Shares may not be redeemed.

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

All Shareholders are entitled to the benefit of, are bound by and are deemed to have notice of the provisions of the Articles. Among other things, the Articles provide certain rights of indemnification in favor of directors and officers of the Fund against legal liability and expenses arising in or about their conduct of the Fund's affairs or from the execution or discharge of their respective duties, powers, authorities or discretions, unless the same arises through such person's own dishonesty, wilful default or fraud. The rights attaching to the Participating Shares are summarized below:

#### *Winding Up*

On a winding up, subject to any rights and restrictions for the time being attributed to any Class or the Class P Shares, the assets available for distribution among the Shareholders shall then be applied in the following priority:

- (a) first, in the payment to the holders of Participating Shares, Class P Shares and Management Shares, *pari passu*, of a sum equal to the par value of the Participating Shares, the Class P Shares or the Management Shares respectively held by them;
- (b) second, in the payment to the holders of the Class P Shares of a sum equal to the accrued Performance Allocation due to them; and
- (c) third, in the payment of any balance to the holders of Participating Shares, such payment being made in proportion to the Net Asset Value per Participating Share of the relevant Class held.

#### *Voting*

The voting rights of the Shareholders are strictly limited. Shareholders are only entitled to vote on any resolution which materially adversely varies the rights attaching to the Participating Shares then in issue in accordance with the Modifications of Rights provisions in the Articles as set out below.

### **Memorandum of Association**

The Memorandum of Association provides that the Fund's objects are unrestricted and allow the Fund, *inter alia*, to carry on the business of an investment company and to acquire and hold by way of investment, sell and deal in shares, stocks, call options, put options, futures, debenture stock, bonds, obligations, currencies, certificates of deposit, bills of exchange and securities of all kinds. The objects of the Fund are set out in the Memorandum of Association which is available for inspection at the address specified below.

### **Articles**

The Articles contain, *inter alia*, provisions to the following effect:

#### *Modification of Rights*

Whenever the capital of the Fund is divided into different Class, the rights attached to any such Class may, subject to any rights or restrictions for the time being attached to any Class, only be materially adversely varied or abrogated with the consent in writing of the holders of not less than two-thirds of the issued Participating Shares of the relevant Class or with the sanction of a resolution passed at a separate meeting of the holders of the Participating Shares of such Class by a majority of two-thirds of the votes cast at such a meeting, but not otherwise. To every such separate meeting all the provisions of the Articles relating to general meetings of the Fund or to the proceedings thereat shall, *mutatis mutandis*, apply, except that the necessary quorum shall be one or more persons at least holding or representing by proxy one-third in nominal or par value amount of the issued Participating Shares of the relevant Class (but so that if at any adjourned meeting of such holders a

quorum as above defined is not present, those Shareholders who are present shall form a quorum) and that, subject to any rights or restrictions for the time being attached to the Participating Shares of that Class, every Shareholder of the Class shall on a poll have one vote for each Participating Share of the Class held by him. For the purposes of convening and holding a meeting pursuant to the Articles, the Directors may treat all the Class or any two or more Class as forming one Class if they consider that the variation or abrogation of the rights attached to such Class proposed for consideration at such meeting is the same variation or abrogation for all such relevant Class, but in any other case shall treat them as separate Class.

The rights conferred upon the holders of the Participating Shares of any Class issued with preferred or other rights shall not, subject to any rights or restrictions for the time being attached to the Participating Shares of that Class, be deemed to be materially adversely varied or abrogated by, inter alia, the creation, allotment or issue of further Participating Shares ranking *pari passu* with or subsequent to them, the redemption or purchase of any Participating Shares, by the passing of any Directors' resolution to change or vary any investment objective, investment technique and strategy and/or investment policy in relation to a Class of Participating Shares or any modification of the fees payable to any service provider to the Fund.

#### *Negative Consent Procedure*

The Articles provide that, in relation to any consent required pursuant to the "Modification of Share Rights" Article, the Directors may invoke the following procedure ("**Negative Consent Procedure**"). The Directors must provide written notice in respect of the proposed variation ("**Proposal**") to the affected Class ("**Variation Notice**") and specify a deadline ("**Redemption Notice Date**") at least thirty (30) calendar days after the date of dispatch of the Variation Notice, by which Shareholders may submit a written request for redemption of some or all of their Participating Shares of the affected Class on the Redemption Day specified in the Variation Notice ("**Consent Redemption Day**"). The requirement for thirty (30) calendar days' notice will be waived in respect of redemptions effected on the Consent Redemption Day. The Proposal will not become effective on or prior to the Consent Redemption Day. The Variation Notice must further provide that the holders of any Participating Shares in respect of which a request for redemption has not been received by the Redemption Notice Date ("**Affected Shares**") will, in the absence of express written refusal to consent, be deemed to have consented in writing to the Proposal (such Affected Shares being the "**Negative Consent Shares**"). In the event that the Negative Consent Procedure is followed, only the Affected Shares will be considered for the purposes of determining whether the written consent of a majority has been obtained under the "Modification of Share Rights" Article with the holders of the Negative Consent Shares being deemed to have submitted a written consent in favor of the Proposal on the Redemption Notice Date.

#### *Alteration of Share Capital*

The Fund may by ordinary resolution: (a) consolidate and divide all or any of its share capital into shares of a larger amount than its existing shares; (b) subdivide its existing shares, or any of them into shares of a smaller amount; and/or (c) cancel any shares that, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person.

The Fund may by special resolution reduce its share capital and any capital redemption reserve in any manner authorized by law.

#### *Restriction on Transfer of Participating Shares*

Participating Shares may be transferred in accordance with the Articles, subject to the written consent of the Directors and such transfer restrictions applicable to the jurisdictions set out below, by using such form or forms as may from time to time be prescribed by the Directors and signed by the transferor and if required, by the transferee. Copies of the prescribed form(s) of transfer, for the time being applicable, will be available upon request from the Administrator. Forms of transfer will be required for all transfers of legal ownership interests in the Participating Shares.

All transfers and other documents of title relating to any Participating Shares must be lodged for registration with the Administrator. The Directors may decline to register any transfer of Participating Shares in their discretion and without assigning any reason therefor, and which may include, without limitation, a situation

where the transfer to, or holding of Participating Shares by, a transferee of the Participating Shares to be transferred would, in the conclusive determination of the Directors cause or be likely to cause a pecuniary, tax, legal, regulatory or material disadvantage to the Fund, the Manager or their Affiliates or any other Shareholder.

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

The Administrator and the Directors reserve the right to request such information as is necessary to verify the identity of a transferee of Participating Shares. In the event of a delay or failure by the transferee to produce any information required for verification purposes the Directors may refuse to allow the transfer. Neither the Fund, the Administrator nor the Directors is liable to the transferor or the transferee for any loss suffered by them as a result of the non-registration of the transfer.

The registration of transfers may be suspended at such times and for such periods as the Directors may from time to time determine.

No transfer resulting in the breach of any applicable law or regulation, in respect of the minimum shareholding(s) in the Fund will be registered.

#### *Dividend Policy*

The Directors may declare dividends on the Participating Shares from time to time, subject to applicable law and in accordance with the Articles. Any declared dividend or distribution should be paid out of the income received by the Fund from its underlying Investments, its share premium account or as otherwise permitted by applicable law. However, it is the Directors' current intention not to declare any dividends on the Participating Shares and dividends received by the Fund from Investments will be reinvested in the Fund.

#### **Facsimile/Email Instructions**

The Administrator will process Subscription Agreements, transfer forms and Redemption Notices which are received by facsimile or email transmission. The original document should follow by courier thereafter upon the request of the Fund and/or the Administrator. For further details in relation to how instructions received by the Administrator are processed, refer to the section headed "**Subscription, Issue and Redemption of Participating Shares - Communications Policy**".

#### **Collection, Use and Disclosure of Personal Data and Information**

Each investor will be required to acknowledge in its subscription application that the Manager, the Fund, the Administrator and any of their Affiliates or delegates, may collect, hold, process, use and/or disclose to each other, to any Affiliate, to any other service provider to the Fund or to any regulatory body in any applicable jurisdiction, copies of the subscriber's subscription application and any information concerning the subscriber (whether in the nature of personal data or otherwise) provided by the subscriber to the Manager, the Fund, the Administrator and any of their Affiliates or delegates. Any such disclosure shall not be treated as a breach of any restriction upon the disclosure of information imposed on such person by law or otherwise.

By making an investment in the Fund and interacting with the Fund, the Manager and/or the Administrator (including their respective Affiliates, subsidiaries, associates, delegates and/or agents) by (a) submitting the Subscription Agreement; (b) communicating through telephone calls, written correspondence and emails (all of which may be recorded); and/or (c) providing personal data concerning individuals connected with the investor (such as directors, trustees, employees, representatives, shareholders, investors, clients, beneficial owners and/or agents), investors in the Fund should be aware that they will be providing the Fund, the Manager and/or the Administrator (including their respective Affiliates, subsidiaries, associates, delegates and/or agents) with personal data. Such personal information may be retained after the investor's Participating Shares have been redeemed or transferred or after the termination of the Fund, the termination of the Administrator's appointment as administrator of the Fund or the termination of the Manager's appointment as investment manager of the Fund. Each investor will also be required to undertake to do such things or execute such

documents, if that is required for the Fund, the Directors, the Manager and the Administrator to be in compliance with any applicable data protection law that is in force, whether now or in the future.

A data privacy notice ("**DPN**") has been prepared detailing how the Fund will collect personal data, where it collects it from, and the purposes for which the personal data is used in accordance with the Cayman Islands Data Protection Act (as amended). This DPN explains what rights are given to individuals, how long personal data will be retained, who it will be shared with, the purposes of the processing, whether personal data is transferred outside of the Cayman Islands, and relevant contacts. The DPN is included in the Subscription Agreement. All prospective investors should read the DPN carefully before sharing any personal data in the manner set out above.

### **Beneficial Ownership Reporting Regime**

As a Cayman Islands company, the Fund is subject to the Cayman Islands Beneficial Ownership Transparency Act, 2023 ("**BOTA**"). Under the BOTA, an in-scope entity is required to maintain a beneficial ownership register, which includes identifying its registrable beneficial owners ("**RBOs**") and providing certain details of such RBOs to its corporate service provider to file with the Registrar of Companies (the "**Registrar**"). As the Fund is regulated as a mutual fund under the Mutual Funds Act (as amended), the Fund may, as an alternative route to compliance with the BOTA, appoint a contact person for the purposes of the BOTA, and provide details of such contact person to its corporate service provider to file with the Registrar. A contact person may from time to time be required to provide information about the Fund's RBOs to the competent authorities in the Cayman Islands in response to a request for such information. Such of information will be limited to particulars of: (i) any person who ultimately owns or controls directly or indirectly (including through a joint arrangement) 25% or more of the shares or voting rights in respect of the Fund; (ii) any person who otherwise exercises ultimate effective control of the management of the Fund; or (iii) any person who is identified as exercising control over the Fund through other means.

### **General Meetings**

There is no requirement for the Fund to hold an annual general meeting in each year. Notices of general meetings will be dispatched in writing to shareholders who are entitled to receive notice of, attend and vote at such meetings, at their registered addresses. At least 14 calendar days' prior notice in writing will be provided in respect of any meetings of shareholders. The Directors may convene a general meeting by shorter notice: (a) in the case of an annual general meeting, by the consent of all shareholders entitled to receive notice of, attend and vote at the annual general meeting; and (b) in the case of any meeting, by the consent of a majority of not less than 75% of the shareholders entitled to attend and vote at the meeting. All notices of meetings will specify the day, time, place and, in the case of special business, the general nature of the business of the meeting.

### **Proceedings of Directors**

The quorum necessary for the transaction of the business of the Directors: (a) if there be two or more directors, shall be at least two Independent Directors, and (b) if there be one Director, shall be one. Questions arising at any meeting of the Directors shall be decided by a majority of votes which shall include the votes of at least two Independent Directors.

### **Reports, Accounts and Notifications**

The Fund will prepare its annual financial statements in accordance with IFRS or such other generally accepted accounting standards determined by the Directors from time to time. Copies of the audited financial statements of the Fund, which will be made up to the end of December in each year, will generally be provided to Shareholders within 90 calendar days after the end of the relevant Financial Year. In addition, the Manager and/or the Administrator will provide each Shareholder with monthly unaudited statements which detail the Net Asset Value of that Shareholder's Participating Shares, as well as the past performance of the Fund.

Any audited financial statements and monthly unaudited statements which have previously been provided to Shareholders will thereafter be available from the Manager at the request of any Shareholder.

Shareholders should also note that certain reports and notifications will be provided or procured to be provided by the Manager, as detailed in the section headed "**Investment Program - Notification and Information Rights**".

### **Amendments**

This Memorandum may be amended, supplemented or otherwise modified at any time as determined by the Directors in their discretion for the purpose of:

- clarifying any inaccuracy or ambiguity or reconciling any inconsistency in its provisions, or as between the provisions of this Memorandum and the provisions of the Memorandum of Association and/or the Articles, or with respect to matters or questions arising under this Memorandum which are not inconsistent with the provisions of the Memorandum of Association and/or the Articles or this Memorandum;
- complying with any law, rule or regulation applicable to the Fund or any of its service providers;
- reflecting a change of location of the principal place of business of the Fund;
- reflecting and describing an amendment or supplement to, or other modification of, the terms of any agreement entered into by the Fund and described herein, or reflecting and describing the terms of any agreement entered into by the Fund following the date of this Memorandum;
- changing this Memorandum in any manner that does not, in the opinion of the Directors, adversely affect the Shareholders in any material respect or that is required or contemplated by the provisions of the Memorandum of Association and/or the Articles or by any provisions of this Memorandum; or
- making any other amendment, supplement or other modification similar to the foregoing that the Directors determine to be in the best interests of the Fund provided always that such amendment, supplement or other modification does not conflict with the terms of the Memorandum of Association and/or the Articles.

By subscribing for Participating Shares, Shareholders accept that:

- the terms of this Memorandum may be amended, supplemented or otherwise modified by the Directors in accordance with the foregoing criteria without any advance notification to, or consent of, the Shareholders; and
- any amendments or supplements to, or other modifications of, this Memorandum effected by the Directors in accordance with the foregoing criteria shall be announced to the Shareholders following the adoption thereof.

### **Material Contracts**

The following material contracts have been entered into in relation to the Fund since its incorporation (or are intended to be entered into in the immediate future):

- the Investment Management Agreement;
- the Administration Agreement; and
- the International Prime Brokerage Agreements.

### **General**

- The Fund has not since its incorporation been engaged in and is not currently engaged in any litigation or arbitration nor, so far as the Directors are aware, is there any litigation or claim pending or threatened against the Fund.

- The Fund does not have, nor has it had since its incorporation, any employees.
- The promoter of the Fund is the Manager. Except as disclosed in the section headed "**Fees and Charges**", no amount or benefit has been paid or given to any promoter since the incorporation of the Fund and none is intended to be paid or given.
- No dividends have been declared since the date of incorporation of the Fund.

#### **Available Documentation**

Copies of the following documents, subject to satisfaction of any confidentiality provisions specified by the parties thereto, may be inspected at the office of the Manager during business hours on any Business Day and free of charge on 30 Business Days' prior notification to the Manager:

- the Amended and Restated Memorandum and Articles of Association of the Fund;
- the Amended and Restated Memorandum and Articles of Association of the Fund;
- the material contracts referred to above (with the exception of the International Prime Brokerage Agreements and the Administration Agreement); and
- the Certificate of Incorporation of the Fund.

**Dated August 2024**

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## APPENDIX A – DEFINITIONS

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| <b>"Administration Agreement"</b>            | the administration agreement between the Fund and the Administrator, as may be amended, restated and/or supplemented from time to time;   |
| <b>"Administrator"</b>                       | ASCENT Fund Services (Australia) Pty Ltd, a private company with limited liability incorporated in Australia, or such other person that may be appointed as the administrator of the Fund from time to time;  |
| <b>"AEOI"</b>                                | means one or more of the following, as the context requires:<br><br>(a) sections 1471 to 1474 of the US Internal Revenue Code of 1986 and any associated legislation, regulations or guidance, commonly referred to as the Foreign Account Tax Compliance Act (" <b>US FATCA</b> ") contained in Sections 1471 to 1474 of the US Tax Code and any Treasury Regulations promulgated thereunder, the Common Reporting Standard (" <b>CRS</b> ") issued by the Organization for Economic Cooperation and Development (" <b>OECD</b> "), or similar legislation, regulations or guidance enacted in any other jurisdiction which seeks to implement equivalent tax reporting and/or withholding tax regimes;<br><br>(b) any intergovernmental agreement, treaty or any other arrangement between the Cayman Islands and the US 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 (a); and<br><br>(c) any legislation, regulations or guidance implemented in the Cayman Islands to give effect to the matters outlined in the preceding paragraphs; |
| <b>"AML Regulations"</b>                     | the Anti-Money Laundering Regulations (as amended) of the Cayman Islands;   |
| <b>"Articles"</b>                            | the Articles of Association of the Fund as may be amended and/or restated, from time to time;   |
| <b>"Asia-Pacific"</b>                        | the countries comprising Asia including, but not limited to, Australia, India, Singapore, Thailand, Malaysia, Indonesia, South Korea, the Philippines, the People's Republic of China, Taiwan, Vietnam, Japan and such other countries within Asia as may be determined by the Manager, in its sole discretion;   |
| <b>"ASIC"</b>                                | the Australian Securities and Investments Commission;   |
| <b>"ASX"</b>                                 | Australian Securities Exchange Limited;   |
| <b>"AU\$", "AUD" or "Australian dollars"</b> | the lawful currency of Australia;   |
| <b>"Auditors"</b>                            | Ernst & Young or such other person that may be appointed as auditor of the Fund, from time to time;   |



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| <b>"Authority"</b>               | the Cayman Islands Monetary Authority;  |
| <b>"Board"</b>                   | the board of directors of the Fund;   |
| <b>"Business Day"</b>            | a day (other than a Saturday, Sunday and public holiday) on which banks in Australia, and the US are open for normal banking business, provided that where any such day is reduced, such day shall not be a Business Day unless the Directors in consultation with the Manager otherwise determine;   |
| <b>"Cayman Companies Act"</b>    | the Companies Act (as amended) of the Cayman Islands;   |
| <b>"Cayman Mutual Funds Act"</b> | the Mutual Funds Act (as amended) of the Cayman Islands;  |
| <b>"CFTC"</b>                    | the US Commodity Futures Trading Commission;  |
| <b>"Class"</b>                   | a class of Participating Shares in the capital of the Fund, which may be subject to specific terms;   |
| <b>"Class A Shares"</b>          | the Class of Participating Shares in the Fund that are issued to eligible investors and that are subscribed for and denominated in USD, with the rights and obligations summarized in this Memorandum and with the subscription, redemption and offering amounts as set out in the section headed <b>"Subscription, Issue and Redemption of Participating Shares – Offer of Participating Shares"</b> ; |
| <b>"Class B Shares"</b>          | the Class of Participating Shares in the Fund that are issued to eligible investors and that are subscribed for and denominated in AUD, with the rights and obligations summarized in this Memorandum and with the subscription, redemption and offering amounts as set out in the section headed <b>"Subscription, Issue and Redemption of Participating Shares – Offer of Participating Shares"</b> ; |
| <b>"Class P Shares"</b>          | the non-voting shares in the capital of the Fund of US\$0.01 par value designated as Class P Shares that are entitled to receive the Performance Allocation in accordance with this Memorandum and having the rights provided for under the Articles of the Fund, but do not otherwise participate in the gains and losses of the Fund;   |
| <b>"Directors"</b>               | the directors of the Fund acting as a board, including any duly authorized committee of the board of directors of the Fund or, as the context requires, the sole director;  |
| <b>"Dodd-Frank Act"</b>          | the Dodd-Frank Wall Street Reform and Consumer Protection Act (as amended from time to time);   |
| <b>"ERISA"</b>                   | the US Employee Retirement Income Security Act of 1974 (as amended from time to time);  |
| <b>"EU"</b>                      | the European Union;   |
| <b>"Financial Year"</b>          | a financial year of the Fund being a period of 12 months from 1 January to 31 December, or as otherwise determined by the Directors;  |

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| <b>"Fund"</b>                                     | Fortlake Sigma Opportunities Fund, an exempted company incorporated in the Cayman Islands with limited liability under the laws of the Cayman Islands;  |
| <b>"G-10 Countries"</b>                           | the countries which make up the Group of Ten, which currently comprise eleven industrial countries (Belgium, Canada, France, Germany, Italy, Japan, the Netherlands, Sweden, Switzerland, the United Kingdom and the United States), which consult and co-operate on economic, monetary and financial matters;  |
| <b>"Gross Negligence"</b>                         | has the meaning that such term would have under the laws of the State of Delaware in the United States;   |
| <b>"High Water Mark"</b>                          | in respect of a Participating Share of a particular Class at any date, the higher of: <ul style="list-style-type: none"> <li>(a) the highest Net Asset Value per Participating Share of the relevant Class as at the last Valuation Point in any previous Performance Period during which such Participating Share was in issue and a Performance Allocation was made, after reduction for the Performance Allocation then made; or</li> <li>(b) the Initial Subscription Price;</li> </ul> |
| <b>"IFRS"</b>                                     | International Financial Reporting Standards;  |
| <b>"Independent Directors"</b>                    | directors of the Fund that are not employed by the Manager and/or its Affiliates;   |
| <b>"International Prime Brokerage Agreements"</b> | the prime brokerage agreement entered into amongst the Fund and the relevant Prime Broker and/or such other prime brokerage agreement as may be entered into between the Fund and a prime broker from time to time, and as may be amended, restated and/or supplemented from time to time;  |
| <b>"Investment Management Agreement"</b>          | the investment management agreement between the Manager and the Fund, as may be amended, restated and/or supplemented from time to time;  |
| <b>"Investments"</b>                              | the cash, investments and other assets from time to time comprising the assets of the Fund;   |
| <b>"IRS"</b>                                      | the Internal Revenue Service of the United States;  |
| <b>"Management Fee"</b>                           | the fee payable to the Manager pursuant to the Investment Management Agreement in respect of the management of the Fund, as described in the section headed <b>"Fees and Charges"</b> ;   |
| <b>"Management Shares"</b>                        | the voting non-redeemable non-participating shares in the share capital of the Fund having a nominal value of US\$1.00 each;  |
| <b>"Manager"</b>                                  | Fortlake Asset Management Limited, a company incorporated in Australia with limited liability, acting in its capacity as the manager of the Fund, or such other person as may be appointed as a manager of the Fund from time to time;  |

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| <b>“MAS”</b>                                     | Monetary Authority of Singapore;   |
| <b>“Memorandum”</b>                              | this Memorandum issued in connection with the offer of Participating Shares as may be amended, restated and/or supplemented from time to time;   |
| <b>“Memorandum of Association”</b>               | the Memorandum of Association of the Fund as may be amended and/or restated from time to time;   |
| <b>“Net Asset Value” or “NAV”</b>                | the net asset value of the Fund or of a Class, as the context may require, as at the relevant Valuation Point after the deduction of all fees (including the Management Fee), any Performance Allocation, costs and expenses paid, payable or accrued as at that Valuation Point or such other day as the Fund may determine, as calculated by the Administrator (rounded to 6 decimal places) in accordance with the Articles and as set out in the section headed <b>“Valuation”</b> ;   |
| <b>“Net Asset Value per Participating Share”</b> | the Net Asset Value of each Class of Participating Shares divided by the number of Participating Shares of that Class outstanding on the relevant Valuation Point, rounded to 6 decimal places;  |
| <b>“Net Subscription Amount”</b>                 | with respect to an investor as at any Subscription Day, the sum of aggregate subscription proceeds paid to (or to be paid to) the Fund less the sum of aggregate redemption proceeds paid to (or to be paid to) such investor in the Fund;   |
| <b>“Non-US Person”</b>                           | any individual or entity that is not a US Person;  |
| <b>“OTC”</b>                                     | over-the-counter;  |
| <b>“Participating Share”</b>                     | a non-voting participating redeemable share in the share capital of the Fund having a par value of US\$0.01 each;  |
| <b>“Performance Allocation”</b>                  | the amount that is allocable from a Class of Participating Shares to the Class P Shares, as described in the section headed <b>“Fees and Charges”</b> ;  |
| <b>“Performance Allocation Rate”</b>             | the stipulated percentage set out in the section headed <b>“Subscription, Issue and Redemption of Participating Shares – Offer of Participating Shares”</b> above in respect of the relevant Class of Participating Shares;  |
| <b>“Performance Period”</b>                      | means, in respect of the relevant Class of Participating Share: <ul style="list-style-type: none"> <li>(a) for the first Performance Period, the period commencing on the issue of the relevant Participating Share; or</li> <li>(b) subsequently, the period commencing on the next day after the end of the previous Performance Period,</li> </ul> and ending on the earlier of: <ul style="list-style-type: none"> <li>(i) the end of the relevant half-year period ending 30 June or 31 December in which the Performance Allocation is being calculated; or</li> <li>(ii) the day on which the relevant Participating Share is redeemed, or the final distribution is made in respect of the relevant Participating Shares;</li> </ul> |

|                                       |  |
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| <b>"Permitted US Person"</b>          | a US Person that is exempt from US federal income taxation and which is:<br><br>(a) an "accredited investor" as defined under Regulation D of the US Securities Act; and<br><br>(b) a "qualified purchaser" as defined under the US Company Act,<br><br>and who, either alone or with a purchaser representative, has sufficient financial knowledge and experience to be capable of evaluating the risks and merits of an investment in the Fund; |
| <b>"Prime Brokers"</b>                | J.P. Morgan Securities plc and/or such other person that may be appointed as a prime broker and custodian (if applicable) of the Fund;   |
| <b>"Redemption Day"</b>               | the first calendar Day of each calendar month, or such other day or days as the Directors may designate from time to time either generally or in a particular case including, for the avoidance of doubt, a day on which a compulsory redemption of Participating Shares occurs;   |
| <b>"Redemption Notice"</b>            | a written notice given by a Shareholder to the Fund (or to the Administrator or its Affiliate on behalf of the Fund) requesting the redemption of all or some of that Shareholder's Participating Shares;  |
| <b>"Redemption Payment Extension"</b> | has the meaning given to that term in the section headed " <b>Suspensions and Restructures – Suspension of Valuation, Issue and/or Redemption of Participating Shares</b> ";   |
| <b>"Redemption Price"</b>             | the Net Asset Value per Participating Share as at the Valuation Day immediately preceding the relevant Redemption Day;   |
| <b>"Regulatory Event"</b>             | has the meaning given to that term in the section headed " <b>Investment Program – Notification and Information Rights</b> ";  |
| <b>"Relevant Communications"</b>      | has the meaning given to that term in the section headed " <b>Subscription, Issue and Redemption of Participating Shares – Communications Policy</b> ";  |
| <b>"Relevant Currency"</b>            | the currency in which a specific Class of Participating Shares is denominated which for the purposes of this Memorandum will consist of the following currencies: AUD and USD;   |
| <b>"SEC"</b>                          | the US Securities and Exchange Commission;   |
| <b>"Shareholder"</b>                  | a holder of Participating Shares in the Relevant Currency;   |
| <b>"Subscription Agreement"</b>       | the subscription agreement in relation to an application for Participating Shares entered into between an investor and the Fund and also includes any additional subscription agreement in relation to the application for additional Participating Shares by a Shareholder;   |
| <b>"Subscription Day"</b>             | the first calendar day of each calendar month, or such other day or days as the Directors may, from time to time, determine either generally or in a particular case;  |

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| <b>"Subscription Deadline"</b>       | has the meaning given to that term in the section headed " <b>Subscription, Issue and Redemption of Participating Shares</b> ";  |
| <b>"Subscription Price"</b>          | the subscription amount per Participating Share as applicable to the relevant Class of Participating Shares as set out in the section headed " <b>Subscription, Issue and Redemption of Participating Shares – Offer of Participating Shares</b> " (or such other price per Participating Share for such Class as may be determined by the Directors in accordance with the Articles);   |
| <b>"Suspension"</b>                  | has the meaning given to that term in the section headed " <b>Suspensions and Restructures - Suspension of Valuation, Issue and/or Redemption of Participating Shares</b> ";   |
| <b>"Suspension Event"</b>            | has the meaning given to that term in the section headed " <b>Suspensions and Restructures - Suspension of Valuation, Issue and/or Redemption of Participating Shares</b> ";   |
| <b>"United Kingdom" or "UK"</b>      | the United Kingdom, its territories, its possessions and all other areas subject to its jurisdiction;  |
| <b>"United States" or "US"</b>       | the United States of America (including the States and the District of Columbia), its territories, its possessions and all other areas subject to its jurisdiction;  |
| <b>"US Advisers Act"</b>             | the US Investment Advisers Act of 1940 (as amended from time to time);   |
| <b>"US Company Act"</b>              | the US Investment Company Act of 1940 (as amended from time to time);  |
| <b>"US Exchange Act"</b>             | the US Securities Exchange Act of 1934 (as amended from time to time);   |
| <b>"US Person"</b>                   | with respect to any person, any individual or entity that would be: <ul style="list-style-type: none"> <li>(i) a "United States Person" as defined under Regulation S promulgated under the US Securities Act;</li> <li>(ii) a person or entity that is not a "Non-United States Person" as defined under CFTC Regulation 4.7;</li> <li>(iii) a "US person" under the Interpretive Guidance and Policy Statement Regarding Compliance with Certain Swap Regulations published by the CFTC on 26 July 2013; or</li> <li>(iv) a "United States person" under the US Tax Code.</li> </ul> Please refer to <b>Appendix C</b> for detail; |
| <b>"US Securities Act"</b>           | the US Securities Act of 1933 (as amended from time to time);  |
| <b>"US Tax Code"</b>                 | the US Internal Revenue Code of 1986 (as amended from time to time);   |
| <b>"US\$", "USD" or "US dollars"</b> | the lawful currency of the United States;  |

**"Valuation Day"**

the last calendar day of each calendar month, or such other day or days as the Directors, in consultation with the Manager, may in their sole discretion determine in any particular case or generally; and

**"Valuation Point"**

the close of business in the last relevant market to close on each Valuation Day or such other time on such other Business Day or Business Days as the Directors, in consultation with the Manager, may from time to time determine.

In this Memorandum and unless otherwise stated:

- (a) words and expressions used in this Memorandum but not defined have the same meanings as in the Articles;
- (b) references to time are to time in Singapore;
- (c) "in writing" and "written" includes printing, type, telex, facsimile, electronic mail, photography and all other modes of representing or reproducing words in permanent visible form;
- (d) words importing the singular include the plural and vice versa, and words importing one gender include both genders and the neuter and vice versa;
- (e) references to a person includes an individual, body corporate, partnership, any other unincorporated body or association of persons, and any government or government agency;
- (f) references to legislation or legislative provisions include any amendment, consolidation, extension or re-enactment from time to time, and any orders, regulations, instruments or other subordinate legislation made under that legislation or legislative provision;
- (g) sections 8 and 19(3) of the Electronic Transactions Act (as amended) of the Cayman Islands shall not apply; and
- (h) references throughout this Memorandum to the Fund's investment program, investment strategy, investment approach, risks, trading and other related activities shall be construed as referring to the Fund, unless the context otherwise requires.

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## APPENDIX B – NOTICES FOR INVESTORS IN KEY JURISDICTIONS

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The following legends apply to the extent Participating Shares are offered to persons in the jurisdictions indicated:

### AUSTRALIA

No offer for subscription or purchase of the Participating Shares offered under this Memorandum has been made or issued in Australia, otherwise than by means of an offer in respect of which disclosure under part 6D.2 of the Corporations Act 2001 (Cth) is not required. In addition, this Memorandum is not provided and must not be distributed in connection with any secondary sale offer in Australia which requires disclosure under part 6D.2 of the Corporations Act 2001 (Cth). The participating shares are not to be listed on the ASX accordingly, this memorandum has not been lodged ASIC. Neither the offering of Participating Shares of the Fund nor the contents of this Memorandum have been approved by ASIC or ASX.

No person to whom this Memorandum is given by or on behalf of the Manager may issue, circulate or distribute this Memorandum in Australia or make or give a copy of this Memorandum to any person. The information in this Memorandum does not take into account any person's investment objectives, financial situation or needs. This Memorandum may not contain all the information that a prospective investor or an investor's advisor may expect or require in order to make an informed decision as to whether to invest in the fund.

### CANADA

This Memorandum pertains to the offering of the Participating Shares described in this Memorandum only in those jurisdictions and to those persons where and to whom they may be lawfully offered for sale, and only by persons permitted to sell such Participating Shares. This Memorandum is not, and under no circumstances is to be construed as, an advertisement or a public offering of the Participating Shares described in this Memorandum in Canada. No securities commission or similar authority in Canada has reviewed or in any way passed upon this Memorandum or the merits of the Participating Shares described in this Memorandum, and any representation to the contrary is an offence.

### CAYMAN ISLANDS

No invitation may be made to the public in the Cayman Islands to subscribe for the Participating Shares and this Memorandum does not constitute such an invitation. Participating Shares may not be sold or transferred to members of the public of the Cayman Islands, except to an exempted or ordinary non-resident company, exempted limited partnership or exempted trust incorporated or registered in the Cayman Islands.

### HONG KONG

The contents of this Memorandum have not been reviewed or approved by any regulatory authority in Hong Kong. This Memorandum does not constitute an offer or invitation to the public in Hong Kong to acquire Participating Shares. Accordingly, unless permitted by the securities laws of Hong Kong, no person may issue or have in its possession for the purposes of issue, this Memorandum or any advertisement, invitation or document relating to the Participating Shares, whether in Hong Kong or elsewhere, which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong other than in relation to Participating Shares which are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" (as such term is defined in the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) ("SFO") and the subsidiary legislation made thereunder); or in circumstances which do not result in this Memorandum being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance of Hong Kong (Cap. 32 of the Laws of Hong Kong) ("CO"); or which do not constitute an offer or an invitation to the public for the purposes of the SFO or the CO.

The offer of the Participating Shares is personal to the person to whom this Memorandum has been delivered by or on behalf of the Fund, and a subscription for Participating Shares will only be accepted from such person.

No person to whom a copy of this Memorandum is issued may issue, circulate or distribute this Memorandum in Hong Kong, or make or give a copy of this Memorandum to any other person. You are advised to exercise caution in relation to the offer. If you are in any doubt about any of the contents of this Memorandum, you should obtain independent professional advice.

## **INDIA**

The Participating Shares are not being offered directly or indirectly to the Indian public for sale or subscription other than to qualified institutional buyers as defined under the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000, and to high net worth individuals. Further, there is no public market for the Participating Shares of the Fund and no such market is expected to develop upon completion of the private placement. This Memorandum is not and should not be deemed to be a 'prospectus' as defined under the provisions of the Companies Act, 1956 (1 of 1956), and the same shall not be filed with any regulatory authority in India. The Participating Shares are not registered and/or approved by the Securities and Exchange Board of India or the Registrar of Companies or any other governmental/regulatory authority in India. Further, under the provisions of the Foreign Exchange Management Act, 1999, and the regulations issued thereunder, an Indian resident may require permission to hold Participating Shares in the Fund. The Fund has neither obtained any approval from the Reserve Bank of India or any other regulatory authority in India nor does it intend to do so and hence any prospective investor who is resident of India will be entirely responsible for determining its eligibility to invest in the Participating Shares of the Fund. Each prospective investor is advised to consult its tax advisers about the particular tax consequences applicable to it of an investment in the Participating Shares of the Fund.

## **INDONESIA**

This Memorandum may not be distributed in the Republic of Indonesia and the Participating Shares may not be offered or sold in the Republic of Indonesia or to Indonesian citizens wherever they are domiciled, or to Indonesian residents in a manner which constitutes a public offer under the laws of the Republic of Indonesia. This Memorandum has not been and will not be registered as a prospectus in the Republic of Indonesia with the Indonesian Capital Market Supervisory Board and Financial Institution (Badan Pengawas Pasar Modal Dan Lembaga Keuangan or Bapepam-Lk).

## **SINGAPORE**

This Memorandum has not been registered as a prospectus under the SFA by the MAS, and the offer of the Participating Shares is made primarily pursuant to the exemption under Section 304 of the SFA. Accordingly, the Participating Shares may not be offered or sold, or made the subject of an invitation for subscription or purchase, nor may this Memorandum or any other document or material in connection with the offer or sale, or invitation for subscription or purchase of the Participating Shares be circulated or distributed, whether directly or indirectly, to any person in Singapore other than: (a) to an institutional investor (as defined in Section 4A of the SFA) pursuant to Section 304 of the SFA; or (b) otherwise pursuant to, and in accordance with, the conditions of any other applicable exemption or provision of the SFA.

## **EUROPEAN ECONOMIC AREA**

In relation to any member state of the European Economic Area that has implemented the AIFMD (each, a **"Relevant Member State"**), this Memorandum may only be distributed, and the Participating Shares in the Fund may only be offered or placed, to investors in such Relevant Member State to the extent that: (i) the Manager has complied with the applicable requirements (including any notification, registration or approval requirement) under the AIFMD as implemented in such Relevant Member State; or (ii) the distribution of this Memorandum or the offering or placement of Participating Shares in the Fund is made at the initiative of such investors.

The Participating Shares in the Fund are not available to new or additional subscriptions by any person in the EU that is a "retail investor" (as defined in Regulation (EU) no 1286/2014 (the **"PRIIPs Regulation"**)) and as deriving from the meaning of "retail client" in Directive 2014/65/EU ("MiFID II")), including any client, beneficiary, principal, or similar of any person acting as a trustee, agent, nominee, or similar. Each investor shall



be deemed to have represented, warranted and agreed to and with each of the Manager and the Fund that: (i) it is not an EU retail investor; and (ii) it does not act on behalf of any EU retail investor in respect of any investment in the Fund. Although the Participating Shares could be a product which may fall within the scope of the PRIIPs Regulation, no PRIIPs key information document (“**KID**”) (as defined in the PRIIPs Regulation) will be prepared by the Manager in respect of the Fund, as the Participating Shares are not available to any EU “retail investor” for the purposes of the PRIIPs Regulation.

## **UNITED KINGDOM**

This Memorandum may only be distributed, and the Participating Shares in the Fund may only be offered or placed, to investors in the UK to the extent that: (i) the Manager has complied with the applicable requirements including notifying the Financial Conduct Authority of its intention to market the Participating Shares in the Fund to investors in the UK in accordance with Regulation 59 (Marketing under Article 42 of the directive) under the UK AIFM Regulations; or (ii) the distribution of this Memorandum or the offering or placement of Participating Shares in the Fund is made at the initiative of such investors.

Additionally, the issue or distribution of this Memorandum is being made only to, or directed only at persons in the UK who are: (i) investment professionals within the meaning of Article 19 of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the “**FP Order**”) or Article 14 of the Financial Services and Markets Act 2000 (Promotion of Collective Investment Schemes) (Exemptions) Order 2001 (the “**PCISE Order**”); (ii) high net worth companies and certain other entities falling within Article 49 of the FP Order or Article 22 of the PCISE Order; (iii) persons to whom this Memorandum may be provided pursuant to Section 4.12 of the Conduct of Business Sourcebook of the UK Financial Conduct Authority; (iv) to the extent that the Manager has complied with the requirements of Article 59 of the UK AIFM Regulations, persons who are professional investors within the meaning of Regulation 2(1) of the UK AIFM Regulations; or (v) persons to whom Participating Shares in the Fund may otherwise lawfully be promoted.

The Participating Shares in the Fund are not available to any person that is a “retail investor”, including any client, beneficiary, principal, or similar of any person in the UK acting as a trustee, agent, nominee, or similar. Each investor shall be deemed to have represented, warranted and agreed to and with each of the Manager and the Fund that: (i) it is not a retail investor; and (ii) it does not act on behalf of any retail investor in respect of any investment in the Fund. Although the Participating Shares could be a product which may fall within the scope of the UK PRIIPs Regulation, no PRIIPs key information document (as defined in the UK PRIIPs Regulation) will be prepared by the Manager in respect of the Fund, as the Participating Shares in the Fund are not available to any UK retail investor for the purposes of the UK PRIIPs Regulation.

For the purposes of the above, “**UK PRIIPs Regulation**” is defined to mean the PRIIPs Regulation as retained as UK law by the European Union (Withdrawal) Act 2018 (the “**EUWA**”) and as amended by UK domestic law; “**Retail investor**” is defined in the UK PRIIPs Regulation to include a “retail client” as defined in Regulation (EU) 600/2014 as retained as UK law by EUWA and as amended by UK domestic law.

## **UNITED STATES OF AMERICA**

The Participating Shares have not been, and will not be, registered under the US Securities Act or other securities laws of any state of the United States and will be offered and sold for investment only to qualifying recipients of this Memorandum pursuant to Regulation S promulgated under the US Securities Act or the exemption from the registration requirements of the US Securities Act provided by Section 4(a)(2) of the US Securities Act, pursuant to Regulation D promulgated under the US Securities Act and in compliance with any applicable securities laws of relevant states of the United States. The Fund will not be registered as an investment company under the US Company Act. Furthermore, the Manager is not currently registered under the US Advisers Act as an investment adviser (but the Manager is considered an “exempt reporting adviser” and files publicly available reports with the SEC and is subject to limited provisions of the US Advisers Act and may, in the future, choose to be or may be required to be registered under the US Advisers Act pursuant to applicable US securities laws). As a consequence, the protections afforded by these laws and the regulations thereunder are not applicable to an investment in the Fund.

Prospective investors must verify that they are permitted to own Participating Shares and to ensure that the Participating Shares held will at no time be held for the account or benefit of any person who is not a Permitted US Person. Shareholders are required to notify the Fund immediately of any change in their status with respect to the suitability requirements described in this Memorandum and in their Subscription Agreement.

In making an investment decision, investors must rely on their own examination of the Fund and the terms of the offering, including the merits and risks involved. The Participating Shares have not been recommended or approved by the SEC or any other US federal or state securities commission or regulatory authority. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of this Memorandum. Any representation to the contrary is a criminal offence.

The Participating Shares are subject to restrictions on transferability and resale and may not be transferred or resold without the consent of the Fund and compliance with applicable securities laws, including, if relevant, the US Securities Act and any applicable securities laws of relevant states of the United States pursuant to registration or exemption therefrom. Prospective investors should be aware that they will be required to bear the financial risks of an investment in the Participating Shares for an indefinite period of time. There is no obligation on the part of any person to register the Participating Shares under the US Securities Act or the securities laws of any State of the United States.

The Manager may claim an exemption from registration with the CFTC as a “commodity pool operator” with respect to the Fund pursuant to CFTC Rule 4.13(a)(3) under the US Commodity Exchange Act because (i) investors in the Fund are limited to “accredited investors” as defined in Regulation D under the US Securities Act who are “qualified purchasers” as defined in the US Company Act and certain other permitted investors; (ii) the Participating Shares are exempt from registration under the US Securities Act and are offered and sold without marketing to the public in the United States; (iii) the Fund’s trading in commodity interests is subject to limitation; and (iv) the Participating Shares are not marketed as or in a vehicle for trading in commodity interests. Therefore, unlike a commodity pool operated by a registered commodity pool operator, there will be no obligation imposed by the CFTC on the Manager to deliver a disclosure document or a certified annual report to the Shareholders. The Manager, however, delivers this Memorandum as well as the reports described in this Memorandum to the Fund’s current Shareholders. Similarly, the Manager is not registered as a commodity trading advisor with the CFTC. The Manager may, however, determine to register as a commodity pool operator in the future.

This Memorandum is for the exclusive use of those persons to whom it is transmitted by the Fund or its agents in connection with this offering and their legal, tax, financial and other advisers, and may not be used by any other person or for any other purpose.

Prospective investors from any of the following states must carefully consider the applicable legend, required by state securities laws, before deciding whether or not to invest in the Fund.

***For Residents of all States***

In making an investment decision, prospective investors must rely on their own examination of the Fund and the terms of the offering, including the merits and risks involved. The Participating Shares have not been recommended by any federal or state securities commission or regulatory authority. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of this Memorandum. Any representation to the contrary is a criminal offense.

***Special Notice to Florida Investors Only***

If the investor is not a bank, a trust company, a savings institution, an insurance company, a dealer, an investment company as defined in the US Company Act, a pension or profit-sharing trust or a qualified institutional buyer (as defined in Rule 144A under the US Securities Act), the investor acknowledges that any sale of Participating Shares to the investor is voidable by the investor either within 3 days after the first tender of consideration is made by the investor to the issuer, or an agent of the issuer, or within 3 days after the availability of that privilege is communicated to the investor, whichever occurs later.

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## APPENDIX C – DEFINITION OF US PERSON

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### I. US COMMODITY FUTURES TRADING COMMISSION DEFINITION OF “UNITED STATES PERSON”

Under applicable CFTC Rules, “**United States Person**” means a person that is not a “**Non-United States Person**”.

“**Non-United States Person**” means:

- (a) a natural person who is not a resident of the United States;
- (b) any partnership, corporation or other entity, other than an entity organized for passive investment, organized under the laws of a foreign jurisdiction and which has its principal place of business in a foreign jurisdiction;
- (c) any estate or trust, the income of which is not subject to United States income tax regardless of source;
- (d) any entity organized principally for passive investment a commodity pool, investment company or other similar entity; provided that units of participation in the entity held by persons who do not qualify as Non-United States Persons or otherwise as qualified eligible persons represent in the aggregate less than 10% of the beneficial interest in the entity; and such entity was not formed principally for the purpose of facilitating investment by United States Persons in a commodity pool with respect to which the operator is exempt from certain requirements of Part 4 of the CFTC’s regulations by virtue of its participants being Non-United States Persons; or
- (e) a pension plan for the employees, officers or principals of an entity organized and with its principal place of business outside the United States.

### II. REGULATION S DEFINITION OF “UNITED STATES PERSON”

Under Regulation S of the US Securities Act, “**United States Person**” means:

- (a) any natural person resident in the United States;
- (b) any partnership or corporation organized or incorporated under the laws of the United States;
- (c) any estate of which any executor or administrator is a United States Person;
- (d) any trust of which any trustee is a United States Person;
- (e) any agency or branch of a foreign entity located in the United States;
- (f) any non-discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary for the benefit or account of a United States Person;
- (g) any discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary organized, incorporated, or (if an individual) resident in the United States; or
- (h) any partnership or corporation if: (A) organized or incorporated under the laws of any non-US jurisdiction; and (B) formed by United States Persons principally for the purpose of investing in securities not registered under the US Securities Act, unless it is organized or incorporated, and owned, by “accredited investors” (as defined in Rule 501(a) under the US Securities Act) who are not natural persons, estates or trusts.

Notwithstanding the foregoing definition, the following are not United States Persons for purposes of Regulation S:

- (a) any discretionary account or similar account (other than an estate or trust) held for the benefit or account of a Non-US Person by a dealer or other professional fiduciary organized, incorporated, or (if an individual) resident in the United States;
- (b) any estate of which any professional fiduciary acting as executor or administrator is a United States Person if: (i) an executor or administrator of the estate who is not a United States Person has sole or shared investment discretion with respect to the assets of the estate; and (ii) the estate is governed by non-US law;
- (c) any trust of which any professional fiduciary acting as trustee is a United States Person, if a trustee who is not a United States Person has sole or shared investment discretion with respect to the trust assets, and no beneficiary of the trust (and no settlor if the trust is revocable) is a United States Person;
- (d) an employee benefit plan established and administered in accordance with the law of a country other than the United States and customary practices and documentation of such country;
- (e) any agency or branch of a United States Person located outside the United States if: (A) the agency or branch operates for valid business reasons; and (B) the agency or branch is engaged in the business of insurance or banking and is subject to substantive insurance or banking regulation, respectively, in the jurisdiction where located; and
- (f) the International Monetary Fund, the International Bank for Reconstruction and Development, the Inter-American Development Bank, the Asian Development Bank, the African Development Bank, the United Nations, and their agencies, affiliates and pension plans, and any other similar international organizations, their agencies, affiliates and pension plans.

### III. CFTC CROSS BORDER GUIDANCE DEFINITION OF "US PERSON"

Under the Interpretive Guidance and Policy Statement Regarding Compliance with Certain Swap Regulations, published by the CFTC on 26 July 2013, a "**US person**" means:

- (a) any natural person who is a resident of the United States;
- (b) any estate of a decedent who was a resident of the United States at the time of death;
- (c) any corporation, partnership, limited liability company, business or other trust, association, joint-stock company, fund or any form of enterprise similar to any of the foregoing (other than an entity described in prongs (d) or (e), below) (a "**legal entity**"), in each case that is organized or incorporated under the laws of a state or other jurisdiction in the United States or having its principal place of business in the United States;
- (d) any pension plan for the employees, officers or principals of a legal entity described in prong (iii), unless the pension plan is primarily for foreign employees of such entity;
- (e) any trust governed by the laws of a state or other jurisdiction in the United States, if a court within the United States is able to exercise primary supervision over the administration of the trust;
- (f) any commodity pool, pooled account, investment fund, or other collective investment vehicle that is not described in prong (c) and that is majority-owned by one or more persons described in prong (a), (b), (c), (d), or (e), except any commodity pool, pooled account, investment fund, or other collective investment vehicle that is publicly offered only to Non-US persons and not offered to US persons;
- (g) any legal entity (other than a limited liability company, limited liability partnership or similar entity where all of the owners of the entity have limited liability) that is directly or indirectly majority-owned by one or more persons described in prong (a), (b), (c), (d), or (e) and in which such person(s) bears unlimited responsibility for the obligations and liabilities of the legal entity; and

- (h) any individual account or joint account (discretionary or not) where the beneficial owner (or one of the beneficial owners in the case of a joint account) is a person described in prong (a), (b), (c), (d), (e), (f), or (g).

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**“United States”** for purposes of this **Appendix C** means the United States of America, its territories and possessions, any State of the United States, and the District of Columbia.