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***EMERGING MANAGER PLATFORM LTD.***

*A Bermuda Mutual Fund Segregated Account Company*

**Private Offering of Segregated Account Company Shares**

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**CONFIDENTIAL PRIVATE PLACEMENT  
MEMORANDUM**

**24 August, 2009**

Initial Price per Share of each Class: as set out in the Supplement

Thereafter: as set out in the Supplement

Minimum Initial Subscription: As set out in the Supplement

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Investment Manager: *Emerging Asset Management Ltd.*  
*31 Reid Street*  
*Hamilton HM12, Bermuda*

Administrator: *Apex Fund Services Ltd.*  
*31 Reid Street*  
*Hamilton HM12, Bermuda*  
*Tel: + 1 441 292 2739*  
*Fax: + 1 441 292 1884*

THE SHARES ISSUED BY *EMERGING MANAGER PLATFORM LTD.* ARE NOT FOR SALE TO U.S. PERSONS EXCEPT IN A LIMITED NUMBER OF CASES AS DETERMINED IN THE SOLE DISCRETION OF THE BOARD OF DIRECTORS OF *EMERGING MANAGER PLATFORM LTD.* NO PERSON HAS BEEN AUTHORIZED IN CONNECTION WITH THIS OFFERING TO GIVE ANY INFORMATION OR MAKE ANY REPRESENTATIONS OTHER THAN AS CONTAINED IN THIS CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM AND ANY SUPPLEMENT. PLEASE DIRECT ANY ENQUIRIES TO THE ADMINISTRATOR.

THE SHARES OFFERED HEREBY HAVE NOT BEEN FILED WITH OR APPROVED OR DISAPPROVED BY ANY REGULATORY AUTHORITY OF ANY COUNTRY OR OTHER JURISDICTION, NOR HAS ANY SUCH REGULATORY AUTHORITY PASSED UPON OR ENDORSED THE MERITS OF THIS OFFERING OR THE ACCURACY OR ADEQUACY OF THIS CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM OR ANY SUPPLEMENT. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.

## NOTICE

IF YOU ARE IN ANY DOUBT ABOUT THE CONTENTS OF THIS DOCUMENT YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, LAWYER, ACCOUNTANT OR OTHER PROFESSIONAL ADVISOR.

THIS CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM (“MEMORANDUM”) CONTAINS INFORMATION ABOUT EMERGING MANAGER PLATFORM LTD. (THE “COMPANY”). IN ADDITION, SUPPLEMENTS (THE “SUPPLEMENTS”) WILL BE ISSUED FOR EACH SEGREGATED ACCOUNT AND ASSOCIATED CLASS OF SHARES CREATED BY THE COMPANY (EACH A “SUB-FUND”).

THIS MEMORANDUM TOGETHER WITH THE RELEVANT SUPPLEMENT(S) CONTAINS PARTICULARS OF THE COMPANY FOR THE PURPOSE OF PROVIDING INFORMATION TO PROSPECTIVE SHAREHOLDERS. THE MEMORANDUM GIVES GENERAL INFORMATION ABOUT THE COMPANY DOES NOT DEAL WITH THE INVESTMENT OBJECTIVES, INVESTMENT RESTRICTIONS OR NATURE OF THE ASSETS ATTRIBUTABLE TO ANY INDIVIDUAL SUB-FUND. IT SHOULD BE READ IN CONJUNCTION WITH A SUPPLEMENT SO THAT TOGETHER, THIS MEMORANDUM AND SUCH SUPPLEMENT CONSTITUTE THE PROSPECTUS FOR A SUB-FUND.

THE COMPANY IS REGISTERED IN BERMUDA, AS A MUTUAL FUND COMPANY OF UNLIMITED DURATION UNDER THE COMPANIES ACT 1981 OF BERMUDA, AS AMENDED. THE COMPANY HAS BEEN CLASSIFIED AS A BERMUDA STANDARD FUND UNDER THE INVESTMENT FUNDS ACT 2006 AND REGISTERED AS A SEGREGATED ACCOUNTS COMPANY UNDER THE SEGREGATED ACCOUNTS COMPANIES ACT 2000, AS AMENDED, (“SAC ACT”). THE COMPANY SHOULD BE VIEWED AS AN INVESTMENT SUITABLE ONLY FOR INVESTORS WHO CAN FULLY EVALUATE AND BEAR THE RISKS INVOLVED.

THE COMPANY HAS AN AUTHORIZED SHARE CAPITAL OF U.S. \$10,000 DIVIDED INTO 100 ORDINARY, VOTING, NON-REDEEMABLE SHARES OF PAR VALUE U.S. \$1.00 EACH (“MANAGEMENT SHARES”) AND 9,900,000 NON-VOTING, REDEEMABLE PREFERENCE SHARES”) OF PAR VALUE U.S. \$0.001. EACH (THE “SHARES”) DIVIDED UPON ISSUE INTO A CLASS OF SHARES BY REFERENCE TO A SEGREGATED ACCOUNT. ADDITIONAL SHARES WILL BE DESIGNATED TO A SEGREGATED ACCOUNT AND CLASS AND ISSUED AS CIRCUMSTANCES DICTATE.

PERMISSION UNDER THE EXCHANGE CONTROL ACT 1972 (AND REGULATIONS MADE THEREUNDER) HAS BEEN OBTAINED FROM THE BERMUDA MONETARY AUTHORITY (THE “AUTHORITY”) FOR THE ISSUE OF

UP TO 11,900,000 SHARES AS DEFINED AND DESCRIBED IN THIS MEMORANDUM AND THE SUPPLEMENTS. IN ADDITION, A COPY OF THIS MEMORANDUM HAS BEEN DELIVERED TO THE REGISTRAR OF COMPANIES IN BERMUDA FOR FILING PURSUANT TO THE COMPANIES ACT 1981 OF BERMUDA, AS AMENDED. APPROVALS OR PERMISSIONS RECEIVED FROM THE AUTHORITY DO NOT CONSTITUTE A GUARANTEE BY THE AUTHORITY AS TO THE PERFORMANCE OF THE FUND OR THE CREDITWORTHINESS OF THE COMPANY. FURTHERMORE, IN GIVING SUCH APPROVALS OR PERMISSIONS, THE AUTHORITY SHALL NOT BE LIABLE FOR THE PERFORMANCE OR DEFAULT OF THE FUND OR THE CORRECTNESS OF ANY STATEMENTS MADE OR OPINIONS EXPRESSED. IT MUST BE DISTINCTLY UNDERSTOOD THAT IN ACCEPTING THIS MEMORANDUM FOR FILING, THE REGISTRAR OF COMPANIES IN BERMUDA ACCEPTS NO RESPONSIBILITY FOR THE FINANCIAL SOUNDNESS OF ANY PROPOSAL OR FOR THE CORRECTNESS OF ANY OF THE STATEMENTS MADE OR OPINIONS EXPRESSED WITH REGARD TO THEM.

THE NON-VOTING, PARTICIPATING, REDEEMABLE SHARES, AVAILABLE FOR PURCHASE BY PROSPECTIVE SHAREHOLDERS ARE OFFERED ON THE BASIS OF THE INFORMATION AND REPRESENTATIONS CONTAINED IN THIS MEMORANDUM AND THE RELEVANT SUPPLEMENT(S). ANY FURTHER INFORMATION GIVEN OR REPRESENTATIONS MADE BY ANY PERSON SHOULD NOT BE CONSIDERED AS BEING AUTHORIZED BY THE COMPANY AND SHOULD NOT BE RELIED ON. THE SHARES (AS HEREINAFTER DEFINED) ARE TO BE ISSUED AT THE DISCRETION OF THE DIRECTORS OF THE COMPANY AS SUCH CLASS OR CLASSES OF SHARES AS MAY BE CREATED FROM TIME TO TIME AND OFFERED WITH REFERENCE TO ONE OR MORE SEGREGATED ACCOUNTS CREATED AND ISSUED AS CIRCUMSTANCES DICTATE. THE MEMORANDUM OF ASSOCIATION AND BYE-LAWS OF THE COMPANY EMPOWER THE DIRECTORS TO CREATE DIFFERENT SUB-FUNDS OR SEGREGATED ACCOUNTS, AND CLASSES OF SHARES AND/OR SERIES THEREOF. EACH SUB FUND OR SEGREGATED ACCOUNT, AND CLASS OF SHARES / OR SERIES THEREOF SHALL NOT BE EXPOSED TO THE RISKS OF ANOTHER SUB FUND, SEGREGATED ACCOUNT, CLASS OF SHARES/ OR SERIES OF SHARES.

THE CIRCULATION AND DISTRIBUTION OF THIS MEMORANDUM IN CERTAIN COUNTRIES IS RESTRICTED BY LAW. IN PARTICULAR, THIS MEMORANDUM MAY NOT BE CIRCULATED OR DISTRIBUTED IN THE U.S. (AS HEREINAFTER DEFINED). PERSONS INTO WHOSE POSSESSION THIS MEMORANDUM MAY COME ARE REQUIRED TO INFORM THEMSELVES OF AND TO OBSERVE ANY SUCH RESTRICTIONS.

THE SHARES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). ACCORDINGLY, THE SHARES MAY NOT BE DIRECTLY OR INDIRECTLY OFFERED, SOLD OR TRANSFERRED IN THE U.S. OR TO OR FOR THE BENEFIT

OF A U.S. PERSON (AS HEREINAFTER DEFINED). ANY REOFFER OR RESALE OF ANY OF THE SHARES IN THE U.S. OR TO U.S. PERSONS MAY CONSTITUTE A VIOLATION OF U.S. LAW. THE COMPANY IS NOT OR WILL BE REGISTERED AS AN INVESTMENT COMPANY UNDER THE U.S. INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE “INVESTMENT COMPANY ACT”).

THE SHARES ARE NOT BEING OFFERED TO THE PUBLIC FOR SUBSCRIPTION OR PURCHASE. THIS MEMORANDUM TOGETHER WITH THE SUPPLEMENT PUBLISHED IN RELATION TO EACH SUB-FUND DOES NOT CONSTITUTE AN OFFER OR SOLICITATION TO ANYONE IN ANY JURISDICTION (I) IN WHICH SUCH OFFER OR SOLICITATION IS NOT AUTHORISED, OR (II) IN WHICH THE PERSON MAKING THE OFFER IS NOT QUALIFIED TO DO SO, OR (III) TO WHOM IT IS UNLAWFUL TO MAKE SUCH OFFER OR SOLICITATION.

THE DIRECTORS OF THE COMPANY, WHOSE NAMES APPEAR IN THIS MEMORANDUM, ARE THE PERSONS RESPONSIBLE FOR THE INFORMATION CONTAINED IN THIS MEMORANDUM. TO THE BEST OF THE KNOWLEDGE AND BELIEF OF THE DIRECTORS OF THE COMPANY (WHO HAVE TAKEN ALL REASONABLE CARE TO ENSURE THAT SUCH IS THE CASE) THE INFORMATION CONTAINED IN THIS MEMORANDUM FOR WHICH THEY ARE RESPONSIBLE IS IN ACCORDANCE WITH THE FACTS AND DOES NOT OMIT ANYTHING LIKELY TO AFFECT THE IMPORT OF SUCH INFORMATION. THE DIRECTORS OF THE COMPANY ACCEPT RESPONSIBILITY ACCORDINGLY.

IN THIS MEMORANDUM, UNLESS STATED OTHERWISE, ALL REFERENCES TO “DOLLARS,” “\$” AND “CENTS” ARE TO THE LAWFUL CURRENCY OF THE U.S., ALL REFERENCES TO “EUROS” AND “€” ARE TO THE LAWFUL CURRENCY OF THE MEMBER STATES OF THE EUROPEAN UNION THAT ADOPT OR HAVE ADOPTED THE SINGLE CURRENCY IN ACCORDANCE WITH THE TREATY ESTABLISHING THE EUROPEAN COMMUNITY.

COPIES OF THIS MEMORANDUM, THE SUPPLEMENTS AND THE SUBSCRIPTION AGREEMENT (THE “SUBSCRIPTION AGREEMENT”) FOR EACH SUB-FUND, MAY BE OBTAINED BY CONTACTING THE ADMINISTRATOR (AS HEREINAFTER DEFINED).

REPRESENTATIVES OF THE COMPANY ARE AVAILABLE TO ANSWER QUESTIONS CONCERNING THE TERMS AND CONDITIONS OF THE OFFERING OF SHARES AND TO FURNISH ANY ADDITIONAL INFORMATION NECESSARY TO ENABLE AN OFFEREE TO EVALUATE THE MERITS AND RISKS OF A PURCHASE OF SHARES TO THE EXTENT THAT THEY POSSESS OR CAN ACQUIRE IT WITHOUT UNREASONABLE EFFORT OR EXPENSE.

PROSPECTIVE INVESTORS SHOULD NOT CONSTRUE THE CONTENTS OF THIS MEMORANDUM AS LEGAL, TAX OR FINANCIAL ADVICE. ALL PROSPECTIVE INVESTORS SHOULD CONSULT THEIR OWN PROFESSIONAL

ADVISORS AS TO THE LEGAL, TAX, FINANCIAL IMPLICATIONS OR OTHER MATTERS RELEVANT TO THE SUITABILITY OF AN INVESTMENT IN THE SHARES FOR SUCH INVESTOR.

THE PURCHASE OF SHARES IS SPECULATIVE AND INVOLVES A HIGH DEGREE OF RISK. THERE IS NO ASSURANCE THAT THE FUND WILL BE PROFITABLE. PLEASE SEE THE SECTION ENTITLED "RISK FACTORS" WITHIN THIS MEMORANDUM FOR A DESCRIPTION OF CERTAIN RISKS INVOLVED IN THE PURCHASE OF SHARES.

NO LISTING OR OTHER DEALING FACILITY IS AT PRESENT BEING SOUGHT FOR ANY PART OF THE FUND'S SHARES, ALTHOUGH THE DIRECTORS MAY RESERVE THE RIGHT TO SEEK A LISTING IN THE FUTURE.

THIS MEMORANDUM AND ANY SUPPLEMENTS ARE INTENDED SOLELY FOR THE USE OF THE PERSON TO WHOM THEY HAVE BEEN DELIVERED BY THE FUND FOR THE PURPOSE OF EVALUATING A POSSIBLE INVESTMENT BY THE RECIPIENT IN THE SHARES DESCRIBED INCLUDING ANY SUPPLEMENT, AND THEY ARE NOT TO BE REPRODUCED OR DISTRIBUTED TO ANY OTHER PERSON/S EITHER IN FULL OR IN PART (OTHER THAN PROFESSIONAL ADVISORS OF THE PROSPECTIVE INVESTOR RECEIVING THIS MEMORANDUM OR ANY SUPPLEMENT FROM THE FUND).

THE SHARES OFFERED HEREBY HAVE NOT BEEN FILED WITH OR APPROVED OR DISAPPROVED BY ANY REGULATORY AUTHORITY OF ANY COUNTRY OR OTHER JURISDICTION, NOR HAS ANY SUCH REGULATORY AUTHORITY PASSED UPON OR ENDORSED THE MERITS OF THIS OFFERING OR THE ACCURACY OR ADEQUACY OF THIS CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM OR ANY SUPPLEMENT. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.

## EMERGING MANAGER PLATFORM LTD.

### DIRECTORY

<b>Fund's Registered Office</b>	31 Reid Street Hamilton HM 12 Bermuda	Telephone: 1 441 292 2739 Facsimile: 1 441 292 1884
<b>Investment Manager</b>	Emerging Asset Management Ltd. 31 Reid Street Hamilton HM 12 Bermuda	Telephone: 1 441 292 2739 Facsimile: 1 441 292 1884
<b>Administrator and Registrar and Transfer Agent</b>	Apex Fund Services Ltd 31 Reid Street Hamilton HM 12 Bermuda	Telephone: 1 441 292 2739 Facsimile: 1 441 292 1884
<b>Secretary</b>	Sharon Ward 31 Reid Street Hamilton HM 12 Bermuda	Telephone: 1 441 292 2739 Facsimile: 1 441 292 1884
<b>Segregated Account Representative</b>	Peter Hughes Apex Fund Services Ltd. 31 Reid Street Hamilton HM 12 Bermuda	Telephone: 1 441 292 2739 Facsimile: 1 441 292 1884
<b>Directors</b>	Peter Hughes 31 Reid Street Hamilton HM 12 Bermuda	Telephone: 1 441 292 2739
	James Keyes 101 Front Street Hamilton Bermuda	Telephone: 1 441 295 3200
	John Bohan No 1 Copperfield Broomfield Midleton, Cork, Ireland	Telephone: 353 21 46 333 66
<b>Custodian</b>	HSBC Bank of Bermuda Limited 6 Front Street	Telephone: 1 441 295 4000 Facsimile: 1 441 279 5800

Hamilton HM 11  
Bermuda

**Auditors**

Arthur Morris & Company  
Century House,  
16 Par La Ville Road,  
P.O. Box HM 1806, Hamilton HMFx,  
Bermuda

Telephone: (441) 292 7478  
Facsimile: (441) 295 4164

**Legal Advisors**

In respect of Bermuda law:

Alexanders  
Barristers & Attorneys  
73 Front Street, 4th Floor  
Hamilton, HM 12, Bermuda  
Mail: PO Box HM 1458  
Hamilton HM FX, Bermuda

Tel: (441) 292 9332  
Fax: (441) 292 2024

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EMERGING MANAGER PLATFORM LTD.

**SUMMARY OF PRINCIPAL TERMS**

*The following summary is qualified in its entirety by reference to more detailed information included elsewhere in this Memorandum.*

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**The Company**

- The Company:** The Company is a mutual fund company of an unlimited duration classified as an Standard Fund under the Investment Funds Act 2006 (the “IFA”) incorporated on 3 November 2008 with limited liability under The Companies Act 1981 of Bermuda, as amended and registered as a segregated accounts company under the Segregated Accounts Companies Act 2000, as amended (the “SAC”).
- Investment Objective:** The investment objective of each Sub-Fund will be set out in the Supplement relevant to each Sub-Fund.
- Investment Manager:** The Company has appointed Emerging Asset Management Ltd. to act as investment manager in respect of each Sub-Fund (the “Investment Manager”).
- Investment Advisor:** The Company will appoint various Investment Advisors to act as investment advisor in respect of the different Sub-Funds (The “Investment Advisor”).
- Distributors:** Independent financial advisors, as well as other entities and individuals, may be appointed by the Investment Manager to serve as distributors for the Company in respect of each Sub-Fund (collectively, the “Distributors”).
- Administrator, Registrar and Transfer Agent** Apex Fund Services Ltd. has been appointed by the Company to serve as their administrator, registrar and transfer agent (the Administrator”).
- Risks:** An investment in a Sub-Fund of the Company is speculative and involves a high degree of risk. Shares are suitable only for investors who can afford to lose all or a portion of their investment. No one should commit to invest a large percentage of their readily marketable assets in a Sub-Fund of the Company.

## **Fees and Expenses**

- Organizational Costs:** The fees and expenses associated with the organization of the Company and the initial offering of Shares will be borne by the Investment Manager.
- Operational Fees and Expenses:** All fees and expenses which are specific to a segregated account of the Company or to series or classes of Shares within a segregated account of the Company will be charged to such segregated account, series or class, respectively. All general fees and expenses of the Company will be borne by the Investment Manager.
- Management Fee:** The Company may pay the Investment Manager and the Investment Advisor a fee, in respect of each segregated account of the Company on terms to be agreed in respect of each segregated account of the Company. For further details, refer to the Supplement related to the relevant Sub-Fund.
- Performance Fee:** The Company may pay a performance fee to the Investment Advisor in respect of each segregated account of the Company. For further details on the performance fee payable by the Company in respect of its segregated accounts please refer to the Supplement related to the relevant Sub-Fund.
- Facilitation and Distribution Fees:** The Company may appoint distributors (the “Distributors”) to market and promote the Sub-Fund of the Company. Each series or class of Shares within a segregated account may pay structuring fees and placement fees to facilitate the business of such series or class of Shares (“Facilitation Expenses”). In the case where Facilitation Expenses are paid, each series or class of Shares will repay these expenses through a Facilitation Fee (as defined in each Supplement). The Distributors may charge investors an upfront placement fee in an amount set forth in the Supplement related to the relevant Sub-Fund. The Investment Manager and Investment Advisor may also pay a portion of the management fees, performance fees and other amounts payable to Distributors out of its management fee and performance fee.
- Other Fees and Expenses** The Company is obligated to pay all fees and expenses incurred in the ordinary course of business. See “FEES AND EXPENSES — Other Fees and Expenses.”

## Redemptions

**Redemptions:** Shares may be redeemed upon the terms set forth in the Supplement relating to the relevant Sub-Fund. Shares are redeemed at Net Asset Value (as hereinafter defined). Partial redemptions may not reduce a Shareholder's investment to less than the applicable minimum investment amount.

The Company may suspend redemptions of a relevant Sub-Fund in certain limited circumstances as described herein.

## General

**Fiscal Year:** The fiscal year of the Company is the calendar year.

**Reports:** Unless otherwise provided in the relevant Supplement, Shareholders will receive monthly performance summaries and will in any event be entitled to receive annual audited financial statements.

**Access to Information:** Prospective investors are urged to contact the Investment Manager with any questions they may have concerning any aspect of the Company or the offering of the Shares.

**Auditors:** **Arthur Morris & Company** will serve as the Company's auditors in respect of the Company and each Sub-Fund.

**Legal Counsel:** Alexanders serves as Bermudian counsel to the Company. Alexanders does not represent the Shareholders in relation to this offering and no other counsel has been engaged to act on behalf of the Shareholders. The Company may engage other counsel at the discretion of the Investment Manager.

## **THE COMPANY**

The Company is a mutual fund company of an unlimited duration classified as an Standard Fund under the Investment Funds Act 2006 (the “IFA”) incorporated on 3 November 2008 with limited liability under The Companies Act 1981 of Bermuda, as amended and registered as a segregated accounts company under the Segregated Accounts Companies Act 2000, as amended (the “SAC”). The provisions of the SAC Act allow the Company to create one or more segregated accounts for the purpose of segregating and protecting the assets within those segregated accounts so that the liabilities of the Company attributable to one segregated account can only be satisfied out of the assets of such segregated account, and holders of Shares issued by a particular segregated account have no right to the assets of any other segregated account. The Company will establish a separate and distinct segregated account, each designated as a “Sub-Fund”. Each Sub-Fund is a separate, individually-managed pool of assets constituting, in effect, a separate fund with its own investment objective and policies. Each Sub-Fund will be administered and maintained separate from the other Sub-Funds. Investors who hold Shares of a particular Sub-Fund will only assume the investment risks (and share the upside potential) associated with such Sub-Fund. Investors who hold Shares in a Sub-Fund of the Company shall be shareholders of the Company (the “Shareholders”).

The details of the offering of each Sub-Fund can be found in the relevant Sub-Fund’s Supplement which accompanies this Memorandum.

The Company will make offerings of the Shares from time to time in such manner as the Directors may determine in their absolute discretion, provided that any new offering will relate to a segregated account for that purpose.

The Company’s memorandum of association and bye-laws (collectively, the “Bye-Laws”) are subject to Bermuda law. The Company’s registered office is located at 31 Reid Street, Hamilton HM 12, Bermuda.

## **REGISTRAR AND TRANSFER AGENT**

Apex Fund Services Ltd. serves as registrar and transfer agent to the Company and its Sub-Funds.

## **ADMINISTRATOR**

The Company has appointed Apex Fund Services Ltd. (the “Administrator”) to serve as its administrator pursuant to an Administration Agreement between the Company, its Sub-Funds and the Administrator (the “Administration Agreement”). Under the Administration Agreement, the services provided by the Administrator include the following: (i) the maintenance of the Share Registers for the Fund relating to Share ownership and the redemption of Shares; (ii) receipt of requests for redemption; (iii) authorization of redemption payments; (iv) maintenance of the books and records of the Fund including computation of the interim Net Asset Value; (v) coordination of the annual audit; (vi) preparation of shareholder account statements; and (vi) other services

as agreed on by the parties. The Administrator maintains the principal Share Register of the Fund in its office in Bermuda.

The fees payable to Administrator are based on their standard schedule of fees charged by the Administrator for similar services.

Under the Administration Agreement, the Administrator will not, in the absence of gross negligence, willful default or fraud on the part of the Administrator, be liable to the Fund or to any investor for any act or omission, in the course of, or in connection with, providing services to the Fund or for any loss or damage which the Company may sustain or suffer as the result of, or in the course of, the discharge by the Administrator of its duties pursuant to the Administration Agreement.

The Company will indemnify the Administrator so that their maximum liability to the Company, its shareholders, or to others, for any reason relating to services rendered shall be limited to the fees paid for such services giving rise to the liability, except to the extent finally determined by a court of competent jurisdiction to have resulted from gross negligence, willful misconduct, breach of fiduciary duty or reckless disregard of duties. The Company and its shareholders also will indemnify the Administrator and hold them harmless from and against any expense, loss, liability or damage arising out of any claim asserted or threatened to be asserted in connection with serving in good faith. The Administrator shall have no obligation to review, monitor or otherwise ensure compliance with the investment policies, restrictions or guidelines or any other term or condition within any of the offering documents nor will they be responsible for any trading decisions of the Fund all of which decisions will be made by the Investment Manager and Investment Adviser.

The office of the Administrator is located at 31 Reid Street, Hamilton HM12, Bermuda.

## DIRECTORS

Peter Hughes, James Keyes and John Bohan serve as the directors of the Company (the “Directors”). The Directors will appoint the Investment Manager to manage the Company’s portfolio of assets and to manage the Investment Advisors, and will have overall supervision of the Investment Manager. See “CONFLICTS OF INTEREST.”

**Mr. Peter Hughes** is the Managing Director of Apex Fund Services Ltd., a specialist Management and Administration company, which provides management services to the Finance industry, specializing in the administration of collective investment schemes and investment holding companies founded in 2003. He qualified as a chartered accountant in 1994 and is currently a fellow of the Institute of Chartered Accountants in England and Wales. Between 2000 and 2003 he was the Chief Financial Officer of FMG Fund Managers Limited. He has over 14 years experience in the financial services industry.

**Mr. James Keyes** retired as a partner of the Bermuda office of Appleby, the offshore law firm, in September 2008 after eleven years of partnership.

James joined Appleby in 1993 and was team leader of the Funds & Investment Services Team. Prior to Appleby, he was employed in the Corporate Department of Freshfields law firm, and worked in the London, New York and Hong Kong offices. James has been a Managing Director of Renaissance Capital, an emerging markets investment bank, since 1 October 2008 and also acts as a Director for other offshore funds. He has been a frequent speaker at hedge fund conferences and written numerous articles on the fund industry.

James attended Oxford University in England as a Rhodes Scholar and graduated with a degree in Politics, Philosophy and Economics (M.A. with Honours) in 1985. He was admitted as a Solicitor in England & Wales in 1991 and to the Bermuda Bar in 1993. He became a Notary Public in 1998.

**Mr. John Bohan** is the Managing Director of Apex Fund Services (Ireland) Ltd., a specialist Management and Administration company, which provides management services to the Finance industry, specializing in the administration of collective investment schemes and investment holding companies founded in 2003. He qualified as a certified accountant in 1999 and became a fellow of the Chartered Association of Certified Accountants in early 2004. He has worked in management positions with Apex Fund Services Ltd., in Bermuda, Citigroup, BNT-Alternative Investment Services and bank of Ireland Asset Management with over 13 years experience in the financial services industry.

## **INVESTMENT STRATEGY**

The investment strategy of each Sub-Fund will be as set forth in the Supplement related to the relevant Sub-Fund.

### **Currency Hedging Activities**

Most of the investments held in the Company's segregated accounts will be denominated in Dollars and in Euros (each, a "Reference Currency"). However, for the benefit of the holders of any other currency that is authorized in a Supplement ("non-Reference currency"), the Investment Manager may allocate a percentage of the assets in each Sub-Fund allocable to the sale of each of the non-Reference Currency Shares, as applicable, to establish a separate hedging account on behalf of the holders of non-Reference Currency Shares. The Investment Manager would use such hedging accounts in an attempt to hedge the exposure of the holders of non-Reference Currency Shares, as applicable, to fluctuations in exchange rates between Dollars and Euros and the currency in which each such Shares are denominated. The Investment Manager may allocate approximately five percent (5%) of the proceeds allocable to the sale of non-Reference Currency Shares, as applicable, to such hedging accounts although the actual percentage could be higher or lower at any given time in the Investment Manager's sole and absolute discretion.

If the Investment Manager were to allocate a percentage of the proceeds allocable to the sale of non-Reference Currency Shares, as applicable, to establish a separate hedging account, the Investment Manager will manage the remainder of the proceeds from the sale of non-Reference Currency Shares pursuant to the investment strategies as described in each Sub-Fund supplement.

## **INVESTMENT MANAGER**

Pursuant to an investment management agreement (the "Investment Management Agreement") by the Company and Emerging Asset Management Ltd. (the "Investment Manager"), the Investment Manager serves as the investment manager of the Company in respect of each Sub-Fund respectively.

The Investment Manager's role is to manage all aspects of services to the Company and to arrange for the performance of all accounting and administrative services which may be required. The Investment Manager will select the Investment Advisors.

## **FISCAL YEAR; REPORTS**

The first fiscal year of the Company commenced on the date of the Company's incorporation and will end on **31 December, 2008**. Thereafter, each fiscal year of the Company will commence on 1 January and end on 31 December of each calendar year. An annual audited financial statement of the Company will be sent to the corresponding Shareholders of each Sub-Fund. Such statement is expected to be delivered within one hundred and twenty (120) days of the end of each fiscal year (or as promptly as practicable thereafter). Unaudited reports that state the Net Asset Value of the Company

in terms of the relevant Sub-Fund and the recipient's Shares will be sent to Shareholders pursuant to the terms set forth in the relevant Supplement.

## **FEES AND EXPENSES**

### **Organizational and Initial Offering Fees and Expenses**

The Investment Manager will bear all fees and expenses incurred in connection with the organization of the Company and the initial offer and sale of Shares, including, without limitation, fees and expenses of attorneys and accountants, printing costs and promotional expenses.

### **Management Fees**

The Company may pay the Investment Manager and the Investment Advisors a management fee, in respect of each segregated account of the Company on terms to be agreed in respect of each segregated account of the Company. Management fees may be charged on the basis of the actual dollar or euro value of a Sub-Fund or, if leverage is employed, upon the leveraged value of the trading account as determined within the trading advisory agreements between the Investment Manager and any Investment Advisor.

For further details, refer to the Supplement related to the relevant Sub-Fund.

### **Performance Fees**

The Company may pay performance fees to the Investment Advisors in respect of each segregated account. For further details on the incentive fees payable by the Company in respect of its segregated accounts please refer to the Supplement related to the relevant Sub-Fund.

### **Administrative Fees**

The Company will be charged customary fees in effect from time to time and will reimburse the Administrator's out-of-pocket expenses, each payable monthly in arrears. The administrative fees are anticipated to range between 10 and 20 basis points annually, depending on the segregated account of the Company and the services provided by the Administrator. The Administrator charges a minimum fee per Sub-Fund. In the event that the Administrator serves as the administrator of the Company during any calendar month for less than the full calendar month, the administrative fee payable for such month shall be prorated to adjust for the actual number of days during the month that the Administrator served as the administrator of the Company. For further details on the administrative fees payable by the Company in respect of its segregated accounts please refer to the Supplement related to the relevant Sub-Fund.



## **Facilitation and Distribution Fees**

The Company may appoint Distributors to market and promote the Company. Each series or class of Shares within a segregated account may pay structuring fees and placement fees to facilitate the business of such series or class of Shares (“Facilitation Expenses”). In the case where Facilitation Expenses are paid, each series or class of Shares will repay these expenses through a Facilitation Fee (as defined in each Supplement). The Distributors may charge investors an upfront placement fee in an amount set forth in the Supplement related to the relevant Sub-Fund. The Investment Manager may also pay fees to Distributors out of its management fee.

## **Redemption Charges**

Shares may be redeemed upon the terms and subject to such charges as are set out in the Supplement related to the relevant Sub-Fund.

## **Other Fees and Expenses**

The Company is obligated to pay all fees and expenses incurred in the ordinary course of its business, including, without limitation, legal fees and expenses, expenses of the continuous offering and marketing of Shares, fees and expenses related to currency hedging transactions, filing fees and expenses, administration fees and expenses, accounting, audit and tax preparation expenses, data processing costs, software and software development expenses, the Directors’ fees, tax, interest expenses, insurance expenses, custody fees and bank charges and litigation and extraordinary expenses, if any. In addition, since the Company will pursue its investment activities indirectly through an investment in the Company, the Company will be obligated to invest its pro rata share of all of the Company’s fees and expenses, including without limitation, organizational fees and expenses, Investment Advisors’ management and incentive fees, brokerage commissions, dealers’ spreads, interest expense, financing charges, dividends payable with respect to securities sold short, exchange fees, NFA fees and expenses and other transactional related fees and expenses, research expenses and the Company’s extraordinary fees and expenses. To the extent that the Company invests in collective investment vehicles managed by the Investment Advisors, the Company also will pay its pro rata share of such investment vehicles’ organizational, offering and operating fees and expenses, as well as such investment vehicles’ extraordinary fees and expenses. All fees and expenses which are specific to a Sub-Fund or to a series or class of Shares within a Sub-Fund will be charged to such Sub-Fund, series or class. All general fees and expenses of the Company will be borne by the Investment Manager.

## BROKERAGE AND PORTFOLIO TRANSACTIONS

The Investment Manager is authorized to designate the brokers, custodians, dealers, banks, clearing associations, depositories, futures commission merchants, introducing brokers, counterparties and other financial institutions (collectively, “brokers and dealers”) to be used for all direct investment transactions made by the Investment Manager in collective investment vehicles and for managed accounts managed by the Investment Advisors on behalf of the Company. Accordingly, the Investment Manager will designate brokers and dealers from time to time.

The policy of the Investment Manager regarding purchases and sales for the portfolio is that primary consideration will be given to obtaining the most favorable execution of the transactions in seeking to implement the Investment Manager’s trading strategy. The Investment Manager will effect transactions with those brokers and dealers which the Investment Manager believes provide the most favorable prices and who are capable of providing efficient executions. Those factors that the Investment Manager believes contribute to efficient execution include size of the order, difficulty of execution, operational capabilities and facilities of the broker or dealer involved, whether that broker or dealer has risked its own capital in positioning a block of securities or other assets and the prior experience of the broker or dealer in effecting transactions of the type in which the Company will engage. In selecting brokers or dealers to execute particular transactions, the Investment Manager may consider “brokerage and research services” (as those terms are defined in Section 28(e) of the U.S. Securities and Exchange Act of 1934, as amended) and other information provided by the brokers and dealers. Research may include, among other things, proprietary research from brokers, which may be written, oral or on-line. Research products may include, among other things, computers or terminals, computer databases and quotation equipment, in each case, to access research or which provide research directly. Research services may include, among other things, research concerning market, economic and financial data, statistical information, data on pricing and availability of securities, financial publications, electronic market quotations, performance measurement services, analyses concerning specific securities, companies or sectors, and market, economic and financial studies and forecasts. Research services may be in written or oral form or on-line. Any brokerage and research services obtained as a result of the Company’s trading activities will be used for the benefit of all accounts managed by the Investment Manager. The Investment Manager also may cause a broker or dealer who provides such brokerage and research services and products to be paid a commission or, in the case of a dealer, a dealer spread for executing a portfolio transaction, which is in excess of the amount of commission another broker or dealer would have charged for effecting that transaction. Consistent with obtaining the most favorable execution, the Investment Manager also may consider the fact that certain brokers and dealers may refer or have referred prospective investors to the Company. Prior to making such an allocation, however, the Investment Manager will make a good faith determination that such commission or spread was reasonable in relation to the value of the brokerage and research services provided, viewed in terms of that particular transaction or in terms of all the accounts over which the Investment Manager or its affiliates exercise trading discretion.

## **RISK FACTORS**

An investment in the Company is speculative. Investment should only be made after consultation with independent qualified sources of investment and tax advice. Prospective Shareholders should consider the following risk factors before subscribing for Shares. This section does not purport to be an exhaustive list of risks involved in investing in the Shares and certain risks outlined herein pertain more particularly to certain Sub-Funds.

### **General**

The transactions in which the Investment Manager and Investment Advisors will engage involve significant risks. Growing competition may limit the Investment Advisors' abilities to take advantage of trading opportunities in rapidly changing markets or limit the Company's access to Investment Advisors. No assurance can be given that investors will realize a profit on their investment. Moreover, each investor may lose some or all of its investment. Because of the nature of the Investment Advisors' trading activities, the results of Company's operations may fluctuate from month to month and from period to period. Accordingly, investors should understand that the results of a particular period will not necessarily be indicative of results in future periods.

### **No Operating History**

The Company is a newly formed entity and have no operating history and some or all of the Investment Advisors may have a limited or no operating history.

### **Past Performance is Not an Indication of Future Results**

No assurance can be given that the strategies employed by the Investment Manager or the Investment Advisors in the past to achieve attractive returns will continue to be successful or that the return on the Company's investments will be similar to that achieved by the Investment Manager or the Investment Advisors in the past.

### **Recognition of Segregated Accounts Company Structure**

The segregated account company structure has not, so far as the Directors are aware, been tested in any courts. Accordingly, if the assets of the Company are situated in a jurisdiction other than Bermuda it is not known whether courts in other jurisdictions would recognize the segregated account and the integrity of segregated accounts.

### **Start-Up Periods**

The Company and each Investment Advisor may encounter start-up periods during which they may incur certain risks relating to the initial investment of newly contributed assets. Moreover, the start-up periods also represent a special risk in that the level of diversification of the portfolio may be lower than in a fully-committed portfolio. The Investment Advisors may employ different procedures for moving to a fully-committed

portfolio. These procedures will be based in part on market judgment. No assurance can be given that these procedures will be successful.

### **Substantial Charges**

The Company is obligated to pay management fees and possibly incentive fees to the Investment Manager and the Investment Advisors. In addition, the Company will each be required to pay all its other fees and expenses. See “FEES AND EXPENSES.”

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

The Investment Manager will have exclusive responsibility for selecting the Investment Advisors, collective investment vehicles and/or managed accounts for the Company’s portfolio while the Investment Advisors will have the responsibility for managing the Company’s assets allocated to them. Investors must rely on the judgment of the Investment Manager in exercising these responsibilities. The Investment Manager and the Investment Advisors, as applicable, and each of their respective principals are not required to devote substantially all their time to the Company’s business. See “CONFLICTS OF INTEREST.”

### **Dependence on Key Personnel**

The Investment Manager and Investment Advisors are dependent on the services of a limited number of persons, and if the services of such key persons were to become unavailable, the Directors might deem it in the Company’s best interest to terminate the Company.

### **Other Clients**

The Investment Advisors each manage other accounts and they will remain free to manage additional accounts, including their own accounts, in the future. The Investment Advisors may vary the investment strategies applicable to the Company from those used for their other managed accounts. No assurance is given that the results achieved by the Investment Advisors for the Company will be similar to that of other accounts concurrently managed by the Investment Advisors and each of their respective affiliates. It is possible that such additional accounts managed by the Investment Advisors and each of their respective affiliates in the future may compete with the Company for the same or similar positions in the markets.

### **Multi-Manager Investment Approach**

The Investment Advisors may compete with each other from time to time for the same investment positions in the markets. Conversely, the Company could indirectly hold at one time opposite positions in the same investment as a result of its investment in accounts and collective investment vehicles managed by Investment Advisors. Each such position would cost the Company transactional expenses but could not generate any recognized gain or loss. Finally, there is no assurance that selection of multiple Investment Advisors will prove more successful than would selection of a single

Investment Advisor. In fact, it is unlikely that the Investment Advisors will have ever traded together for a single account.

### **Lack of Control Over Investment Advisors**

The Company may not have custody or control over its assets that are invested with some or all of its Investment Advisors. The Company is subject to the risk that an Investment Advisor or the administrator, or Custodian of an underlying collective investment vehicle (or any other person with access to such assets) could become insolvent, divert or abscond with such assets, fail to follow the disclosed investment strategy, provide false reports of operations or engage in other misconduct.

### **Nature of an Investment in the Company**

By investing in the Company, which invests primarily through other Investment Advisors, an investor will, in effect, incur the costs of two forms of investment advisory services, the investment management services provided by the Investment Manager to the Company and the investment advisory services provided by the Investment Advisors. In addition, when the Company invests in collective investment vehicles such as private limited partnerships, limited liability companies and offshore corporations, the Investment Manager will have no control of the trading policies or strategies of such entities and will not have the same ability as with separate accounts to react quickly to changing investment circumstances due to the limited liquidity of these types of investments.

### **Lack of Regulation**

The Company is not registered as an investment company under the Investment Company Act. Many of the Investment Advisors also may not be, subject to regulation as investment advisers under the U.S. Investment Advisers Act of 1940, as amended, or the laws of any state of the United States. Accordingly, investors will not be afforded the benefit of such statute and the regulations promulgated thereunder.

### **Valuation**

The method by which the Company computes Net Asset Value of the Funds contemplates the Company's valuation of each Fund's investments by the Investment Advisors. In valuing such investments, the Company will be dependent upon financial information provided by the Investment Advisors.

### **Shares May Be Illiquid**

Many of the Company's investments managed by the Investment Advisors may not be immediately liquidated and the Company may incur redemption charges in connection with the redemption of its investment in such funds. To the extent that the Company incurs such charges in connection with a Shareholder's redemption, the Company will deduct the amount of such charges from the redemption proceeds otherwise payable to such Shareholder.

### **Limited Information Regarding Investment Advisors**

Many of the Investment Advisors operate on a private, unregistered and unregulated basis. Although the Investment Manager will receive detailed information from each Investment Advisor regarding the Investment Advisor's historical performance and investment strategy, the Investment Manager generally will not be given access to information regarding the actual investments made by the Investment Advisors. At any given time, the Investment Manager may not know the composition of Investment Advisor portfolios with respect to the degree of hedged or directional positions, the extent of concentration risk or the exposure to specific markets. In addition, the Investment Manager may not learn of significant structural changes, such as personnel, manager withdrawals or capital growth, until after such changes have been implemented.

### **Managed Account Allocations**

The Company may place assets with a number of Investment Advisors through opening managed accounts rather than investing in collective investment vehicles. Managed accounts expose the Company to theoretically unlimited liability, and it is possible, given the leverage at which certain of the Investment Advisors trade, that the Company could lose more in a managed account directed by a particular Investment Advisor than the Company had allocated to such Investment Advisor. The Investment Manager may attempt to insulate the Company from such risk by allocating assets through a subsidiary company or other special purpose vehicle, but it will not always be possible to do so and the Investment Manager may elect not to do so.

### **Litigation and Enforcement Risk**

Investment Advisors might accumulate substantial positions in the securities of a specific company and engage in a proxy fight, become involved in litigation or attempt to gain control of a company. Under such circumstances, the Company conceivably could be named as a defendant in a lawsuit or regulatory action where such Investment Advisor manages a separate account on behalf of the Company. During the past few years, there have been a number of widely reported instances of violations of securities laws through the misuse of confidential information. Such violations may result in substantial liabilities for damages caused to others, for the disgorgement of profits realized and for penalties. Investigations and enforcement proceedings are ongoing and it is possible that Investment Advisors and collective investment vehicles selected for the Company may be charged with involvement in such violations. If that were the case, the performance records of such Investment Advisors would be misleading. Furthermore, if a collective investment vehicle in which the Company invested engaged in such violations, the Company could be exposed to losses.

## **Trading Is Speculative**

Securities and futures prices are highly volatile. Price movements for securities and futures are influenced by, among other things, government trade, fiscal, monetary and exchange control programs and policies; weather and climate conditions; changing supply and demand relationships; national and international political and economic events; changes in interest rates; and the psychological emotions of the market place. In addition, governments from time to time intervene, directly and by regulation, in certain markets, often with the intent to influence prices directly. The effects of governmental intervention may be particularly significant at certain times in the financial instrument and currency markets, and such intervention (as well as other factors) may cause these markets to move rapidly.

## **Equity Securities Generally**

Certain of the Investment Advisors may engage in trading equity securities. Market prices of equity securities generally, and of certain companies' equity securities more particularly, frequently are subject to greater volatility than prices of fixed-income securities. Market prices of equity securities as a group have dropped dramatically in a short period of time on several occasions in the past, and they may do so again in the future. In addition, actual and perceived accounting irregularities may cause dramatic price declines in the equity securities of companies reporting such irregularities or which are the subject of rumors of accounting irregularities.

## **Common Stock**

Certain of the Investment Advisors may engage in trading common stock. Common stock and similar equity securities generally represent the most junior position in an issuer's capital structure and, as such, generally entitle holders to an interest in the assets of the issuer, if any, remaining after all more senior claims to such assets have been satisfied. Holders of common stock generally are entitled to dividends only if and to the extent declared by the governing body of the issuer out of income or other assets available after making interest, dividend and any other required payments on more senior securities of the issuer.

## **Equity Securities of Small Capitalization Companies**

Certain of the Investment Advisors may invest in issuers of equity securities of small capitalized companies. Such securities may be more vulnerable than larger companies to adverse business or market developments, may have limited markets or financial resources and may lack experienced management. In addition, many small- and medium-size companies are not well-known to the investing public, do not have significant institutional ownership and are followed by relatively few analysts, and thus there may tend to be less publicly available information concerning such companies compared to what is available for companies that have larger market capitalizations. Finally, some securities traded in the over-the-counter ("OTC") market may have fewer market makers,

wider spreads between their quoted bid and asked prices and lower trading volumes, resulting in comparatively greater price volatility and less liquidity than the securities of companies that have larger market capitalizations or are traded on the New York Stock Exchange.

### **Leverage**

The Investment Advisors may use leverage in allocating the Company's assets. Certain of the Investment Advisors may use significant leverage in their trading activities. Such leverage may be obtained through various means. Such Investment Advisors' anticipated use of short-term margin borrowings may result in certain additional risks to the Company. For example, should the securities pledged to a broker to secure a margin account decline in value, the broker may issue a "margin call" pursuant to which additional funds would have to be deposited with the broker or the pledged securities would be subject to mandatory liquidation to compensate for the decline in value. In the event of a sudden precipitous drop in the value of the assets pledged to a broker as margin, assets may not be able to be liquidated quickly enough to pay off the margin debt and the Company may therefore suffer additional significant losses as a result of such a default.

Borrowing money to purchase a security may provide the opportunity for greater capital appreciation but at the same time will increase the risk of loss with respect to the security. Although borrowing money increases returns if returns on the incremental investments purchased with the borrowed funds exceed the borrowing costs for such funds, the use of leverage decreases returns if returns earned on such incremental investments are less than the costs of such borrowings. The amount of borrowings which may be outstanding at any time may be large in relation to the Company's capital. In addition, the level of interest rates generally, and the rates at which funds can be borrowed in particular will affect the operating results of the Company.

### **Risks of Options Trading**

The Company may purchase options including, without limitation, OTC call options on securities and baskets of securities. In addition, certain of the Investment Advisors may purchase and sell call and put options on securities and futures. Both the purchasing and selling of call and put options entail risks. Although an option buyer's risk is limited to the amount of the purchase price of the option, an investment in an option may be subject to greater fluctuation than an investment in the underlying instruments. In theory, an uncovered call writer's loss is potentially unlimited, but in practice the loss is limited by the term of existence of the call. The risk for a writer of a put option is that the price of the underlying instrument may fall below the exercise price.



## **Risks of Stock Index Options Trading**

Certain of the Investment Advisors may purchase and sell call and put options on both securities and stock indices. A stock index measures the movement of a certain group of stocks by assigning relative values to the common stocks included in the index. Examples of well-known stock indices are the Standard & Poor's Composite Index of 500 Stocks and the Dow Jones Industrial Average.

Because the value of an index option depends upon movements in the level of the index rather than the price of a particular stock, whether a gain or loss will be realized from the purchase or writing of options on an index depends upon movements in the level of stock prices in the stock market generally, rather than movements in the price of a particular stock. Successful use of options on stock indices will depend upon the ability of such Investment Advisors to predict correctly movements in the direction of the stock market generally. This ability requires skills and techniques different from those used in predicting changes in the price of individual stocks. The effectiveness of purchasing or selling stock index options as a hedging technique will depend upon the extent to which price movements in assets that are hedged correlate with price movements of the stock index selected.

## **Short Selling**

Certain of the Investment Advisors may engage in selling securities short. Selling securities short inherently involves leverage because the short sale of a security may involve the sale of a security not owned by the seller. The seller may borrow the security for delivery at the time of the short sale. If the seller borrows the security, the seller must then buy the security at a later date in order to replace the shares borrowed. If the price of the security at such later date is lower than that at the date of the short sale, the seller realizes a profit; if the price of the security has risen, however, the seller realizes a loss. Selling a security short which is borrowed exposes the seller to unlimited risk with respect to the security due to the lack of an upper limit on the price to which a security can rise.

## **Restricted Securities**

Certain of the Investment Advisors may engage in investing in restricted or other privately placed securities. Such securities are generally not freely tradable under U.S. securities laws and there may not be a market generally recognized as liquid by dealers or investors in the relevant securities. In addition to liquidity concerns, restricted securities owned by the Company may involve special registration risks, liabilities and costs, and valuation difficulties. In addition, the Company will be subject to the risk of breach of the purchase agreements by the issuers of such securities, whether due to bankruptcy, insolvency or other causes.

## **Futures Trading Is Highly Leveraged**

The Company will allocate a portion of its assets to Investment Advisors which trade futures. The low margin deposits normally required in futures trading permit an extremely high degree of leverage. Accordingly, a relatively small price movement in a futures contract may result in immediate and substantial loss or gain to the investors. For example, if at the time of purchase 10% of the price of a futures contract is deposited as margin, a 10% decrease in the price of the futures contract would, if the contract were then closed out, result in a total loss of the margin deposit before any deduction for brokerage commissions. Thus, like other leveraged investments, any futures trade may result in losses in excess of the amount invested. Any increase in the amount of leverage applied by the Investment Advisors in trading futures will increase the risk of loss by the amount of additional leverage applied.

## **Possible Effects of Speculative Position Limits**

The CFTC and certain exchanges have established speculative position limits on the maximum net long or short futures and options positions which any person or group of persons acting in concert may hold or control in particular futures contracts. The CFTC has adopted a rule requiring each domestic exchange to set speculative position limits, subject to CFTC approval, for all futures contracts and options traded on such exchange which are not already subject to speculative position limits established by the CFTC or such exchange. The CFTC has jurisdiction to establish speculative position limits with respect to all futures contracts and options traded on exchanges located in the U.S., and any exchange may impose additional limits on positions on that exchange. Generally, no speculative position limits are in effect with respect to the trading of forward contracts or trading on non-U.S. exchanges. All trading accounts owned or managed by the Investment Advisors and their principals will be combined for speculative position limit purposes. With respect to trading in futures subject to such limits, the Investment Advisors may reduce the size of the positions which would otherwise be taken in such futures and not trade certain futures in order to avoid exceeding such limits. Such modification, if required, could adversely affect the operations and profitability of the Company.

## **Forward Contract Trading**

A portion of the Company's assets may be traded in forward contracts. Such forward contracts are not traded on exchanges and are executed directly through forward contract dealers. There is no limitation on the daily price moves of forward contracts, and a dealer is not required to continue to make markets in such contracts. There have been periods during which forward contract dealers have refused to quote prices for forward contracts or have quoted prices with an unusually wide spread between the bid and asked price. Arrangements to trade forward contracts may therefore experience liquidity problems. The Company therefore will be subject to the risk of credit failure or the inability of or refusal of a forward contract dealer to perform with respect to its forward contracts.

## **Futures Contracts on Financial Instruments**

Certain of the Investment Advisors may trade futures contracts on financial instruments. These markets may move rapidly from time to time, thereby increasing the possible volatility of the Company's portfolio.

### **Cash Flow**

Futures contract gains and losses are marked-to-market daily for purposes of determining margin requirements. Option positions generally are not, although short option positions will require additional margin if the market moves against the position. Due to these differences in margin treatment between futures and options, there may be periods in which positions on both sides must be closed down prematurely due to short term cash flow needs. Were this to occur during an adverse move in a spread or straddle relationship, a substantial loss could occur.

### **Trading May Be Illiquid**

Most U.S. exchanges limit fluctuations in most futures contract prices during a single day by regulations referred to as "daily price fluctuation limits" or "daily limits." During a single trading day, no trades may be executed at prices beyond the daily limit. Once the price of a particular futures contract has increased or decreased to the limit point, positions in the futures contract neither can be taken nor liquidated unless traders are willing to effect trades at or within the limit, which would be unlikely if underlying market prices moved beyond the limit. Futures prices have occasionally moved the daily limit for several consecutive days with little or no trading. In addition, even if futures prices have not moved the daily limit, the Investment Advisors may not be able to execute trades at favorable prices if little trading in the contracts it wishes to trade is taking place. It is also possible that an exchange or the CFTC may suspend trading, order the immediate settlement of a particular contract or order that trading in a particular contract be conducted for liquidation purposes only. Options trading may be restricted in the event that trading in the underlying instrument becomes restricted, and options trading may itself be illiquid at times, irrespective of the condition of the market of the underlying instrument, making it difficult to offset option positions in order to either realize gain thereon, limit losses or change positions in the market.

### **Price Fluctuations**

A principal risk in trading futures is the traditional volatility and rapid fluctuation in the market prices of futures. The profitability of any Investment Advisor's futures trading for the Company will depend primarily on the prediction of fluctuations in market prices. Many fundamental factors influence market prices including, without limitation, the supply and demand of a particular futures contract, weather and climate conditions, governmental activities and regulations, political and economic events, and the prevailing psychological characteristics of the marketplace. The technical trading methods employed by certain of the Investment Advisors may not take account of such

fundamental factors except as they may be reflected in the technical input data analyzed by such Investment Advisors.

### **Uncovered Risks**

Certain of the Investment Advisors intend to employ various “risk-reduction” techniques designed in an attempt to minimize the risk of loss in portfolio positions. A substantial risk remains, nonetheless, that such techniques will not always be possible to implement and when possible will not always be effective in limiting losses.

Hedging against a decline in the value of a portfolio position does not eliminate fluctuations in the values of portfolio positions or prevent losses if the values of such positions decline, but the Investment Advisors establish other positions designed to gain from those same developments, thus moderating the decline in the portfolio positions’ value. Such hedge transactions also limit the opportunity for gain if the value of a portfolio position should increase. Moreover, it may not be possible for the Investment Advisors to hedge against a fluctuation that is so generally anticipated that such Investment Advisors are not able to enter into a hedging transaction at a price sufficient to protect from the decline in value of the portfolio position anticipated as a result of such a fluctuation. In addition, certain Investment Advisors may choose not to engage in a hedging transaction if the expense associated with such hedging transaction is perceived as being too costly.

The success of the hedging transactions of the Investment Advisors will be subject to such Investment Advisors’ individual abilities to correctly predict market fluctuations and movements. Therefore, while such Investment Advisors may enter into such transactions to seek to reduce risks, unanticipated market movements and fluctuations may result in a poorer overall performance for the Company than if such Investment Advisors had not engaged in any such hedging transactions. In addition, the degree of correlation between price movements of the instruments used in a hedging strategy and price movements in the portfolio position being hedged may vary.

### **Changes in Strategy**

The Investment Advisors have the power to expand, revise or alter their investment strategies without prior approval by, or notice to, the Company provided that such investment strategy is in accordance with the guidelines set out in the Supplement for each Sub-Fund. Any such change could result in exposure of the Company’s assets to additional risks which may be substantial.

### **Decisions Based on Technical Analysis**

The trading decisions of certain of the Investment Advisors may be based in part on investment strategies which utilize mathematical analyses of technical factors relating to past market performance. The buy and sell signals generated by a technical, trend-following investment strategy are based upon a study of actual daily, weekly and monthly price fluctuations, volume variations and changes in open interest in the markets. The profitability of any technical, trend-following investment strategy depends upon the

occurrence in the future of significant, sustained price moves in some of the markets traded. A danger for trend-following traders is “whip-saw” markets, that is, markets in which a potential price trend may start to develop but reverses before an actual trend is realized. A pattern of false starts may generate repeated entry and exit signals in technical systems which only result in unprofitable transactions. In the past there have been prolonged periods without sustained price moves. Presumably such periods will continue to occur. Periods without such price moves may produce substantial losses for such investment strategies. Thus, any factor which may lessen the prospect of such moves in the future (such as increased governmental control of, or participation in, the relevant markets) may reduce the prospect that any trend-following investment strategy will be profitable in the future.

### **Decisions Based on Fundamental Analyses**

The trading decisions of certain Investment Advisors may be based primarily on investment strategies which utilize fundamental analysis of underlying market forces. Fundamental analysis attempts to examine factors external to the trading market which affect the supply and demand for a particular instrument in order to predict future prices. Such analysis may not result in profitable trading because the Investment Advisor may not have knowledge of all factors affecting supply and demand, prices may often be affected by unrelated factors, and purely fundamental analysis may not enable the Investment Advisor to determine quickly that its previous trading decisions were incorrect.

### **Absence of Regulation in OTC Transactions**

The Company may directly engage in OTC derivatives transactions. In addition, certain of the Investment Advisors also may engage in OTC transactions. In general, there is less governmental regulation and supervision in the OTC markets than of transactions entered into on an organized exchange. In addition, many of the protections afforded to participants on some organized exchanges, such as the performance guarantee of an exchange clearinghouse, will not be available in connection with OTC transactions. The Company will therefore be exposed to greater risk of loss through default than if such Investment Advisors confined their trading to regulated exchanges.

## **Non-U.S. Exchanges and Markets**

Certain of the Investment Advisors engage in trading on non-U.S. exchanges and markets. Trading on such exchanges and markets may involve certain risks not applicable to trading on U.S. exchanges and is frequently less regulated. For example, certain of such exchanges may not provide the same assurances of the integrity (financial and otherwise) of the marketplace and its participants as do U.S. exchanges. There also may be less regulatory oversight and supervision by the exchanges themselves over transactions and participants in such transactions on such exchanges. Some non-U.S. exchanges, in contrast to U.S. exchanges, are “principals’ markets” in which performance is the responsibility only of the individual member with whom the trader has dealt and is not the responsibility of an exchange or clearing association. Furthermore, trading on certain non-U.S. exchanges may be conducted in such a manner that all participants are not afforded an equal opportunity to execute certain trades and may also be subject to a variety of political influences and the possibility of direct government intervention. The trading on non-U.S. markets by the Investment Advisors also would be subject to the risk of fluctuations in the exchange rate between the local currency and the dollar or Euro and to the possibility of exchange controls.

## **Currency Exchange Rate Risks**

Shares are denominated in Dollars and Euros. However, certain investments to be made by certain of the Investment Advisors may be denominated in non-U.S. or non-Euro currencies. Accordingly, the value of such investments may decline due to fluctuations in the exchange rates between Dollars and Euros and the currencies in which such investments are made. The risk to the Company of a decline in value of the investments due to foreign exchange fluctuations may not be hedged.

## **Trading in Securities of Non-U.S. Issuers**

Certain of the Investment Advisors may trade in securities of non-U.S. issuers. In addition to currency exchange risks, such trading requires consideration of certain other risks not typically associated with investing in U.S. securities. With respect to certain countries, there is a possibility of expropriation of assets, confiscatory taxation, political or social instability or diplomatic developments which could affect the prices of securities of issuers located in those countries. There is generally less publicly available information about non-U.S. issuers than about U.S. issuers, and non-U.S. entities may not be subject to accounting, auditing and financial reporting standards comparable to those applicable to U.S. entities. Non-U.S. financial markets, while growing in volume of trading, generally have less trading volume than U.S. markets, and securities of non-U.S. companies traded in such markets are generally less liquid and their prices more volatile than securities of comparable U.S. companies.

## **Emerging Markets Risks**

Certain of the Investment Advisors may invest in securities issued by issuers located in emerging market jurisdictions. Emerging market countries have experienced high rates of inflation and currency fluctuations in recent years and have suffered generally from economic and political instability. Political changes or a deterioration of a country's domestic economy or balance of trade or a change in such countries exchange rates relative to the Dollar and Euro may affect the willingness or ability of issuers located in such countries to make or provide for timely payments of interest or dividends on securities. There can be no assurance that adverse political and/or economic changes will not cause the Company to suffer a loss in respect of its investments.

## **Investing in Securities Markets of Emerging Market Countries**

Most securities markets in emerging market countries have substantially less volume and are subject to less governmental supervision than U.S. and European Economic Community ("EEC") securities markets, and securities of many emerging market issuers may be less liquid and more volatile than securities of comparable U.S. or EEC issuers. In addition, there is generally less governmental regulation of securities exchanges, securities dealers and listed and unlisted companies in emerging market countries than in the U.S. or the EEC.

The emerging markets also have different clearance and settlement procedures and in certain markets there have been times when settlements have been unable to keep pace with the volume of securities transactions, making it difficult to conduct such transactions. Delays in settlement could result in temporary periods when a portion of the Company's assets are invested and no return is earned thereon. The inability to make intended purchases due to settlement problems could cause a Trading Advisor to miss attractive investment opportunities. Inability to dispose of portfolio securities due to settlement problems could result either in losses to the Company due to subsequent declines in value of the portfolio security or, if such Investment Advisor has entered into a contract to sell the security, could result in possible liability to the purchaser. Costs associated with transactions in non-U.S. securities are generally higher than costs associated with transactions in U.S. securities.

Information relating to the countries in which the issuers of securities contemplated to be purchased by any Investment Advisor are located and to particular investments is limited. There is substantially less publicly available information relating to the governments, banks and companies of emerging market countries than there are reports and ratings of U.S. and EEC companies and governments. The national income accounting, auditing and financial reporting standards and practices of the countries in which the issuers are located may not be equivalent to those employed in the U.S. or the EEC and may differ in fundamental respects, such as accounting for inflation. Inflation accounting may indirectly generate losses or profits. Such securities will not be supported by the full faith and credit of the national government of the applicable country in which an issuer is located. The Company may have limited legal recourse in the event of a default by an issuer of an instrument.

### **Concentration of Positions**

Although the Investment Advisors may follow a general policy of seeking to diversify the Company's capital among a number of positions, certain of such Investment Advisors may depart from such policy from time to time and may hold a few, relatively large positions in relation to the Company's capital allocated to them. Consequently, a loss in any such position could result in a proportionately higher reduction in the Company's capital than if such capital had been spread among a wider number of instruments.

### **Turnover**

The trading activities of certain of the Investment Advisors may be made on the basis of short-term market considerations. The portfolio turnover rate could be significant.

### **Below Investment Grade Securities**

Certain Investment Advisors may invest in fixed-income instruments which are deemed to be the equivalent in terms of quality to securities rated below investment grade by Moody's Investors Service, Inc. and Standard & Poor's Corporation and accordingly involve great risk. Such securities are 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 and involve major risk to adverse conditions. These securities offer higher returns than bonds with higher ratings as compensation for holding an obligation of an issuer perceived to be less creditworthy. While all security investments have some degree of risk, these types of securities may be subject to greater market fluctuations and risk of loss of income and principal than are investments in lower yield fixed-income securities with higher ratings.

### **Yield Curve Changes**

Changes in the shape of the yield curve can cause significant changes in the profitability of hedging operations. In the event of the inversion of the yield curve, the reversal of the interest differential between positions of different maturities can make previously profitable hedging techniques unprofitable.

### **Limited Ability to Liquidate Investment in Shares**

No secondary public market for the sale of Shares exists, nor is one likely to develop. In addition, a transferee of Shares may become a substituted Shareholder only with the consent of the Directors.

### **Involuntary Liquidation of Shares**

An investor's Shares may be liquidated by the Company through forced redemption for any reason in the sole discretion of the Directors.



### **Possible Effect of Redemptions**

Substantial redemptions of Shares could require the Company to liquidate its positions more rapidly than otherwise desirable to raise the necessary cash to fund redemptions and achieve a market position appropriately reflecting a smaller asset base and could make it more difficult for the Company to generate profits or recover losses. These factors could adversely affect the value of Shares redeemed and of the Shares remaining outstanding.

### **Conflicts of Interest**

Actual and potential conflicts of interest exist in the operation of the Company's business. See "CONFLICTS OF INTEREST."

### **Litigation**

The Company might be named as a defendant in a lawsuit or regulatory action stemming from the activities of the Investment Manager or an Investment Advisor. In the event that such litigation did occur, the Company would bear the additional costs of defending against it and be at further risk if the litigation were lost.

### **Possible Indemnification Obligations**

Under certain circumstances, the Company may be obligated to indemnify the Investment Manager against any liability it or its affiliates may incur in connection with their relationship with the Company. In addition, the assets of the Company allocated to the Investment Advisors (including the Investment Manager) may incur indemnification obligations.

### **Contingent Liabilities**

The Company may find it necessary upon redemption by a Shareholder to set up a reserve for undetermined or contingent liabilities and withhold a certain portion of the Shareholder's redemption amount. This could occur, for example, in the event the Company's assets cannot be properly valued on the redemption date, or if there is any pending transaction or claim by or against the Company.

### **Bankruptcy Rules**

Bankruptcy law applicable to all futures commission merchants ("FCMs") requires that, in the event of the bankruptcy of such a FCM, all property held by the FCM, including certain property specifically traceable to a customer, will be returned, transferred or distributed to the FCM's customers only to the extent of each customer's pro rata share of all property available for distribution to customers. If any FCM retained holding the Company's assets were to become bankrupt, it is possible that the Company would be able to recover none or only a portion of its assets held by such FCM.

## **Institutional Risks**

Institutions will have custody of the assets of the Company. These firms may encounter financial difficulties that impair the operating capabilities or the capital position of the Company. The Investment Manager will attempt to limit the Company's transactions to well-capitalized and established brokers in an effort to mitigate such risks.

## **Counterparty Risk**

The Company will be subject to the risk of the inability of counterparties to perform with respect to transactions, whether due to insolvency, bankruptcy or other causes, which could subject the Company to substantial losses. In an effort to mitigate such risks, the Investment Manager will attempt to limit the Company's transactions to counterparties which are established, well-capitalized and creditworthy.

## **Possible Law Changes**

No assurance can be given that legislative, administrative or judicial changes will not occur which will alter, either prospectively or retroactively, the tax considerations or risk factors discussed in this Memorandum.

*The foregoing list of risk factors does not purport to be a complete explanation of the risks involved in this offering. Prospective investors should read the entire Memorandum before determining to invest in Shares.*

## **CONFLICTS OF INTEREST**

The Company is subject to various actual and potential conflicts of interest as follows:

### **Other Trading Activities**

The Investment Manager, the Investment Advisors, the brokers and their respective principals, directors, officers, partners, members, managers, shareholders, employees and affiliates (collectively, "principals and affiliates"), as applicable, trade or may trade for their own accounts, and certain of such persons have sponsored or may in the future sponsor or establish other public and private investment funds. The Investment Manager and the Investment Advisors trade for accounts other than the Company's, including for their own accounts, and the Investment Manager and the Investment Advisors will remain free to trade for such other accounts and to utilize trading strategies and formulae in trading for such accounts which are the same or different from the ones the Investment Manager and the Investment Advisors will utilize in making trading decisions for the Company. In addition, and if and when applicable, in their respective proprietary trading, the Investment Manager, the Investment Advisors, the brokers and their respective principals and affiliates may take positions the same as, different than or opposite to those of the Company and each may trade ahead of the Company. The records of any such trading will not be available for inspection by Shareholders except to the extent required by law. Furthermore, all of the positions held by accounts owned, managed or controlled by the Investment Advisors and their trading principals will be aggregated

with each other for purposes of applying speculative position limits applicable to the Investment Advisors. As a result, the Investment Advisors might not be able to enter into or maintain certain positions if such positions, when added to the positions already held by such persons and such other accounts, would exceed the applicable limits. Such aggregation could limit the ability of the Investment Advisors to trade client accounts according to their regular trading methods, and the Investment Advisors could be required to liquidate positions in order to comply with such speculative limits. Currently, the Investment Manager and the Investment Advisors believe that such aggregation will not materially adversely affect the Investment Advisors' ability to trade for the Company using their regular trading methods. All such trading may increase the level of competition experienced by client accounts including with respect to order entry and the allocation of executed trades. In addition, the brokers effect transactions for customers in addition to the Company. Since the identities of the purchaser and seller are not disclosed until after a trade, it is possible that the brokers could effect transactions for such persons in which the other parties to the transactions are principals and affiliates or customers of the brokers or the Company. Such persons might also compete with the Company in making purchases or sales of futures without knowing that the Company is also bidding on such futures. Since similar orders (e.g., market orders) for the same futures are filled in the order in which they are received by a particular floor broker, transactions for any of such persons might be effected when similar trades for the Company are not executed or are executed at less favorable prices.

Because of price volatility, occasional variations in liquidity, and differences in order execution, it is impossible for the Investment Advisors to obtain identical trade execution for all their clients. When block orders are filled at different prices, the Investment Advisors will assign the executed trades on a systematic basis among all client accounts. Trades for any proprietary accounts of the Investment Advisors that parallel those of the Investment Advisors' clients will be subject to the same allocation procedures. In addition, because the Investment Manager and the Investment Advisors may receive differing compensation from its clients it may have a financial incentive to favor the accounts where its compensation is greater. The Investment Manager and the Investment Advisors will not knowingly or deliberately favor one client account over another on an overall basis.

Because the Investment Advisors may be willing to accept more risk than they believe is acceptable for clients, and because they may test new trading methodologies, positions in the Investment Advisors' proprietary accounts may be inconsistent or opposite to those of clients. In addition, the Investment Advisors may trade certain futures for their own accounts that, by virtue of speculative position limits or perceived illiquidity, are deemed by the Investment Advisors to be inappropriate for client accounts. As a result, the performance of the Investment Advisors' own accounts may differ from the performance of client accounts.

The Investment Advisors currently advise and intend to advise additional collective investment vehicles and customer accounts in the future. Trading orders for such accounts may be similar to those of the collective investment vehicles or accounts managed by the Investment Advisors on behalf of the Company and they may occur

contemporaneously. Due to circumstances beyond the Investment Advisors' control, such as unexpected inflows and outflows of funds into the collective investment vehicles managed by them on behalf of the Company, or other collective investment vehicles which are managed in accordance with the similar investment strategy, variations in return may from time to time arise, which the Investment Advisors will use all reasonable endeavors to minimize, but for which they cannot be held accountable.

### **Other Business Activities**

The Administrator, the Directors, the Investment Manager, each Investment Advisor and each of their respective principals and affiliates will not be devoting their time exclusively to the management of the Company or the Company. Therefore, each of these persons will have conflicts of interest in allocating management time, services and functions among the various entities for which they provide services.

### **Committee and Board Memberships**

Officers, directors and employees of the Investment Manager, the Investment Advisors, the brokers and their respective principals and affiliates from time to time may serve on various committees and boards of futures exchanges and the NFA and assist in making rules and policies of those exchanges and the NFA. In such capacity, they have a fiduciary duty to the exchanges on which they serve and the NFA and are required to act in the best interests of such organizations, even if such action may be adverse to the interests of the Company.

### **Performance Fees**

The performance fee arrangements made between the Company, the Company and the Investment Manager and the Investment Advisors in respect of each Sub-Fund may create an incentive for the Investment Manager and the Investment Advisors to make trading decisions that are more speculative or subject to a greater risk of loss than would be the case if no such arrangement existed. In addition, the incentive fees, if paid, could result in fees payable to the Investment Manager and the Investment Advisors that are greater than fees payable to other investment managers.

### **Retained Earnings**

To the extent that increases in the Net Asset Value of the Company are retained by the Company rather than paid out as dividends, the Net Asset Value of the Company will be greater, thereby increasing the amount of the management fees payable to the Investment Manager.

### **Directors**

Peter Hughes is the Managing Director of the Investment manager and the Administrator.

John Bohan is a Director of the Investment manager and the Administrator.

## **Affiliations**

Some of the Investment Advisors may be affiliated with the Investment Manager.

## **Placement Agents**

Certain placement agents may be paid ongoing compensation while investors introduced to the Company by them are Shareholders of the Company. Accordingly, such placement agents will have a conflict of interest in advising investors whether to purchase or redeem Shares.

## **Unified Counsel**

In connection with this offering, the Company, and the Company and the Investment Manager have been represented by unified counsel. To the extent that this offering could benefit by further independent review, such benefit will not be available in this offering. Such counsel has not represented investors in the Company in connection with this offering.

## **TAXATION**

The following summary of the principal tax considerations applicable to the Company, the Company and certain investors does not constitute legal or tax advice. While this summary is considered to be a correct interpretation of existing laws in force as of the date of this Memorandum, no assurance can be given that courts or fiscal authorities responsible for the administration of such laws will agree with such interpretations or that changes in such laws will not occur. In addition, no assurance can be given that future legislation, administrative changes or court decisions will not significantly modify the tax consequences discussed in the following summary, possibly with retroactive effect. No ruling has been or will be obtained from any governmental authority concerning the tax consequences set forth herein. Prospective investors should consult their own professional advisors on the income and other tax consequences of subscribing for, purchasing, holding, selling or redeeming Shares arising in jurisdictions of which they are citizens or in which they are resident, ordinarily resident or domiciled for tax purposes.

### **Bermuda**

The following comments are based on advice received by the Directors regarding current law and practice in Bermuda and are intended to assist investors.

At the date of this Memorandum, there is no Bermuda income, corporation or profits tax, withholding tax, capital gains tax, capital transfer tax, estate duty or inheritance tax payable by the Company or the Shareholders thereof, other than Shareholders ordinarily resident in Bermuda, except in so far as such tax applies to land leased or let to the Company.

The Company have obtained from the Minister of Finance of Bermuda under the Exempted Undertakings Tax Protection Act, 1966, as amended, an undertaking that, in

the event of there being enacted in Bermuda any legislation imposing tax computed on profits or income, or computed on any capital assets, gain or appreciation or any tax in the nature of estate duty or inheritance tax, such tax shall not until March 28, 2016, be applicable to either of the Company or to any of its operations or to the Shares, debentures or other obligations of the Company except in so far as such tax applies to persons ordinarily resident in Bermuda and holding such Shares, debentures or other obligations of the Company or any land leased or let to the Company. As an exempted company, the Company is liable to pay the Bermuda Government a fixed registration fee currently at rates (and assuming an assessable capital (i.e. authorized share capital plus any share premium on the issue of the Shares) of less than \$100 million) between \$1,995 and \$10,455 per annum and calculated by reference to the assessable capital.

### **United States**

The following is a brief summary of certain U.S. federal (“Federal”) income tax consequences that may be relevant to prospective investors. This summary is not a full description of the complex tax rules involved and is based upon the sections of the U.S. Internal Revenue Code of 1986, as amended (the “Code”), regulations of the U.S. Department of the Treasury, published rulings and administrative positions of U.S. Internal Revenue Service and court decisions that are currently applicable, any or all of which could be materially and adversely changed, possibly on a retroactive basis, at any time. This summary does not purport to address all aspects of taxation that may be relevant to particular investors in light of their individual circumstances and does not take into account or anticipate any state, local or non-U.S. tax considerations.

### **The Company**

The Company is an exempted company incorporated under the laws of Bermuda and is treated as corporations for Federal income tax purposes. The Company intends to conduct their affairs such that income and gain realized by it generally should not be subject to Federal income taxation. However, there can be no assurance in this regard. The Company would be subject to Federal income taxes on income and gain realized by them if they were viewed for Federal income tax purposes as being “engaged in a trade or business within the U.S.” Whether the Company will be viewed to be engaged in a trade or business within the U.S. is a question of fact that principally will depend upon the activities that the Company conducts within the U.S., including through any pass-through entity in which the Company invests. In general, the Company will not be deemed to be engaged in a trade or business within the U.S. for Federal income tax purposes as a result of the Company’s investing or trading in stocks, securities or certain commodities. However, if the Company was viewed for Federal income tax purposes as engaged in a trade or business within the U.S. (e.g., as a result of certain activities of a Investment Advisor or through the ownership of an interest in a U.S. business partnership), the Company would be subject to Federal income tax at graduated rates, plus a flat 30% branch profits tax, with respect to any income of the Company treated as “effectively connected” with such trade or business.

Despite the foregoing, a non-U.S. corporation that does not conduct a trade or business within the U.S. is subject to Federal tax at a flat rate on the gross amount of certain U.S.-source income that is not effectively connected with a U.S. trade or business, generally payable through withholding. For example, to the extent that the Company receives dividends and certain limited categories of interest from U.S. issuers, and such dividends or interest payments are not effectively connected with the conduct by the Company of a trade or business within the U.S., such dividends or interest will be subject to a 30% Federal withholding tax. Nonetheless, certain types of interest known as “portfolio interest” (generally, non-contingent interest received from unrelated U.S. issuers) are exempt from Federal withholding.

## **Shareholders**

For purposes of this discussion, the term “U.S. Holder” means a Shareholder that, for Federal income tax purposes, is (a) an individual citizen or resident of the U.S., (b) a corporation (including an entity treated as a corporation for Federal income tax purposes) created or organized in or under the laws of the U.S., any State thereof or the District of Columbia, (c) an estate the income of which is subject to Federal income taxation regardless of its source or (d) a trust (i) of which one or more U.S. persons (as defined for U.S. tax purposes) have the authority to control all substantial decisions and over which a court within the U.S. is able to exercise primary supervision, or (ii) that was in existence on August 20, 1996, was considered a U.S. trust as of that date, and has in effect an election to continue to be so treated. The term “Non-U.S. Holder” means a Shareholder that is not a U.S. Holder. In general, beneficial owners in partnerships and other “flow-through” entities should be regarded as the relevant holders of Shares (i.e., the relevant Shareholder). Further, the following discussion should be understood to pertain solely to investors who will own Shares as capital assets within the meaning of the Code.

U.S. Holders. The Investment Manager will not permit the sales or transfer of Shares to U.S. Persons. Accordingly, tax consequences to U.S. Holders, including individuals who are citizens of the U.S. but not residents of the U.S., are not discussed herein. However, certain potential U.S. Holders may nevertheless qualify as Non-U.S. Persons (e.g., individuals who are U.S. citizens but not residents of the U.S.) and may therefore be subject to various adverse tax consequences that they may experience as a result of an investment in the Company. Such investors also should be aware that alternative investment vehicles employing strategies similar to those of the Company may be available.

Non-U.S. Holders. Subject to the discussion of “backup withholding” below, a Non-U.S. Holder who is not considered to be engaged in a trade or business within the U.S. or otherwise subject to U.S. taxation should not be subject to Federal income, branch profits or withholding taxes on any gain realized on a disposition of its Shares outside the U.S. or on Company distributions or dividends. Unless reduced by an applicable treaty, however, a tax-exempt organization that is a private foundation may be subject to a 4% excise tax (and related information reporting requirements) on all or a portion of the dividends received on its Shares if the Company were considered to be engaged in a trade or business within the U.S..

Special rules may apply in the case of Shareholders that are former citizens of the U.S. or that are considered, for Federal tax purposes, to be personal holding companies, controlled foreign corporations, passive foreign investment companies or corporations subject to the accumulated earnings tax, and in some situations special rules may also apply to Shareholders of the foregoing. Additionally, special rules regarding certain Federal income tax consequences may apply to an investment in the Company by a beneficial owner of Shares that is or becomes, for Federal income tax purposes, a citizen or resident of the U.S., a U.S. corporation, or a holder otherwise subject to Federal income tax on a net income basis in respect of Shares, or to an individual who spends more than 182 days in the U.S. during a taxable year.

A 28% U.S. “backup withholding” tax and information reporting may apply to any dividends on, and gross proceeds from the sale or redemption of, Shares held in the U.S. by a custodian or nominee unless the Shareholder properly certifies that it is a Non-U.S. Holder for Federal income tax purposes or otherwise establishes an exemption from backup withholding.

### **Other Jurisdictions**

Income recognized by the Company from jurisdictions outside the U.S. or Bermuda may be subject to tax in such jurisdictions.

## **SUBSCRIPTIONS**

For details on how to subscribe for Share in any Sub-Fund of the Company please refer to section headed "Subscriptions" in the Supplement relating to that Sub-Fund and the Application Form at the back of such Supplement.



## **REDEMPTIONS**

Unless redemptions have been suspended, Shares in any Sub-Fund may be redeemed by a Shareholder at the Net Asset Value per Share in such series in the relevant Reference Currency as of each Redemption Date as specified in the relevant Supplement for each Sub-Fund.

Shares may be subject to an early redemption fee as set forth in the Supplement for the relevant Sub-Fund. Unless redemptions have been suspended, redemption proceeds will be payable in the manner as set forth in the Supplement for the relevant Sub-Fund.

In accordance with Bye-Laws, the Directors may suspend or defer redemptions and may delay redemption payments under certain circumstances. The Company may find it necessary upon the request for redemption by a Shareholder to set up a reserve for determined contingent liabilities and withhold all or a certain portion of the Shareholder's redemption proceeds. The right of a Shareholder to redeem Shares is contingent upon the Company having assets sufficient in the view of the Directors to discharge its liabilities on the relevant Redemption Date. The Company has the right to cause the mandatory redemption of Shares acquired or held by any Shareholder at any time as determined by the Directors in their sole and absolute discretion for any reason. See "GENERAL INFORMATION."

## **LEGAL ADVISERS**

Alexanders of 73 Front Street, 4th Floor, Hamilton, HM 12, Bermuda, has been appointed counsel to the Company as to matters of Bermuda law as to which the Company consult their attorneys.

Alexanders also acts as counsel to the Investment Manager and certain of its affiliates. In acting as counsel to the Company and the Investment Manager and certain of their affiliates, Alexanders has not represented and will not represent investors in the Company.

## **AUDITORS**

The independent auditors to the Company are Arthur Morris & Company of Century House, 16 Par La Ville Road, Hamilton, Bermuda.

## **GENERAL INFORMATION**

### **Exchange Control**

The Company has been classified as non-resident of Bermuda for exchange control purposes by the Authority whose permission for the issue of Shares in the Company has been obtained. The transfer of Shares between persons regarded as resident outside

Bermuda for exchange control purposes and the issue and redemption of Shares to or by such persons may be effected without specific consent under the Exchange Control Act 1972 of Bermuda and regulations made thereunder.

The Company by virtue of being non-resident in Bermuda for exchange control purposes, are free to acquire, hold and sell any currency other than Bermuda dollars and investments (other than real property in Bermuda) without restriction.

### **Transfer of Shares**

Shares only may be transferred in accordance with the Bye-Laws. Any instrument of transfer must be in writing. The Directors will decline to register any transfer which in their opinion may result in the Shares being held by any person in breach of the laws of any country or governmental authority or which in the Directors' opinion may subject the Company or its Shareholders to adverse tax consequences under the laws of any country or for any other reason.

The Directors hereby acknowledge and agree that Clearstream does not guarantee and shall not be responsible for monitoring the transfer restrictions, meaning that shares are freely transferable within the Clearstream System.

A transferee will be required to execute a document in similar form to the Subscription Document at the time of transfer.

### **Calculation of Redemption Prices**

The redemption price per Share in any series in any Sub-Fund shall be the Net Asset Value per Share in such series on the relevant Redemption Date rounded down to the nearest whole cent.

## Net Asset Value

The Directors or any party designated by the Directors shall determine the Net Asset Value on a monthly basis. The Directors have delegated the calculation of the Net Asset Value to the Administrator.

Net Asset Value of each series of Shares in each Sub-Fund shall be determined separately by the Administrator as of the close of business on each Redemption Date and on such other Business Days as the Directors may determine except when determination of prices has been suspended under the provisions of the Bye-Laws. A “Business Day” is a day (other than a Saturday and a Sunday) on which banks in United States and Bermuda all are open for business and such other days as the Directors may designate as Business Days from time to time. Any determination of prices made pursuant to this section shall be binding on all parties.

The applicable Net Asset Value of a Sub-Fund will be determined by the Administrator by computing as at each such date the aggregate of:

- (a) the product of the number of Fund shares attributed to the Sub-Fund and the Net Asset Value of each share in such Fund, plus
- (b) the value of any other assets of the Company attributable to the Sub-Fund other than those covered in (a) above, less
- (c) any liabilities of the Company attributable to the Sub-Fund including any incurred but unpaid fees and commissions. Such liabilities are those determined by the Administrator to be attributable to the Sub-Fund, upon the advice of or in consultation with the Investment Manager.

The assets and liabilities of each series of Shares in the Funds will be segregated into separate funds with separate records and accounts on the books of the Company, and the Company shall separately calculate the Net Asset Value of each Fund, of each series of Shares within each Fund, and the Net Asset Value per Share within each series of Shares.

The Net Asset Value of each Fund shall mean the total assets of the Company allocable to such Fund including all cash, cash equivalents and other securities (each valued at fair market value) less the total liabilities of the Company allocable to such Fund, determined using US GAAP as a guideline, consistently applied. Unless generally accepted accounting principles require otherwise, Net Asset Value shall be calculated as follows: (a) securities, commodities, futures contracts and options thereon that are listed on an exchange will be valued at their last sales prices on the date of determination as reported by an exchange or independent third party pricing services on the date which such securities have traded on such date, if no such sales of such securities occurred on the date of determination, then at the last reported sales price; and (b) instruments that are not listed on an exchange but are traded over-the-counter will be valued by the Investment

Manager at mean of the of representative "bid" and "asked" quotations on the date of determination, unless included in the NASDAQ National Market System, in which case they will be valued based upon their closing price.

When available, closing prices may be obtained from broker-dealers and other market makers; however such prices may be adjusted by the Investment Manager if a more accurate value can be obtained from recent trading activity or by incorporating other relevant information that may not have been reflected in pricing obtained from external sources. For positions in which there is no readily available third-party pricing (which may include trade claims, mortgage loans, business loans, consumer loans, leases and other receivables and assets), the fair value of these positions will be estimated by the Investment Manager in reliance on one or more independent valuation agents. In addition, some positions may be valued based on estimates or proprietary pricing models developed by the Investment Manager or independent valuation agents.

All assets and liabilities initially will be valued in the applicable local currency and then translated into U.S. dollars and Euros using the applicable exchange rate on the valuation date.

When the Directors or the Investment Manager determine that the value of investment positions as determined above does not represent fair value of the investment positions, the Directors will value such investment positions at fair value as they reasonably determine and set forth the basis of such valuation in writing in the Fund's records and advise the Administrator accordingly. It is contemplated that the Investment Manager will consider the appropriateness of discounts to the foregoing values if it determines that a security is so thinly traded that the Fund would be unable to dispose of its holdings within a reasonable time frame at the market price.

All matters concerning valuation of securities, as well as accounting procedures, not expressly provided for in the Bye-Laws may be reasonably determined by the Directors, after consultation with the Investment Manager or Administrator, whose determination is final and conclusive as to all Shareholders. The Directors may suspend the determination Net Asset Value and redemptions of Shares under certain circumstances.

To the extent that the Administrator relies on information supplied by the Investment Manager or any brokers or other financial intermediaries engaged by the Fund in connection with making any of the aforementioned calculations, the Administrator's liability for the accuracy of such calculations is limited to the accuracy of its computations. The Administrator is not liable for the accuracy of the underlying data provided to it.

## Share Roll-up

If on any Redemption Date the Net Asset Value per Share in any two or more series of a class of Shares in the Company is higher than any previous Net Asset Value per Share achieved by each of those series of such class (as adjusted for subscriptions, redemptions and dividends), the Company may resolve to consolidate the series in issue in those classes. The consolidation will be effected through an exchange of Shares in a series of a class with Shares in the series of a class with the highest Net Asset Value per Share on the Redemption Date on which the exchange takes place (the “Series”) being issued in exchange for Shares in other qualifying series of the class. Each Shareholder holding Shares in a series of a class in respect of which the exchange is to take place will be entitled to a number of Shares in the Series equal to “N” where N is calculated as follows:

$$N = \frac{A \times B}{C}$$

Where

A = the Net Asset Value per Share of each Share in the series to be converted;

B = the number of Shares in the series to be converted held by the Shareholder; and

C = the Net Asset Value per Share of each Share in the Series.  
On consolidation of Shares, Shareholders will be issued Shares in the Series rounded up to the nearest four decimal points.

Written confirmation of ownership of Shares in the Series will be issued to investors within five Business Days of the date of conversion. Shareholders should note that the conversion may result in their holding a different number of Shares in a different series.

## Temporary Suspension of Determination of Net Asset Value and of Redemptions

The Directors may suspend the determination of the Net Asset Value and the redemption of the Shares in any Sub-Fund for any period in the Company:

- (a) during which any exchange, board of trade, contract market or other interdealer market on which a substantial portion of the portfolio positions are quoted is closed other than for ordinary holidays, or during which dealings are restricted or suspended;

- (b) during which the existence of any state of affairs that, in the opinion of the Directors, constitutes an emergency as a result of which disposition of a substantial portion of portfolio positions is not reasonable or practicable, or would be seriously prejudicial to the Company or its Shareholders;
- (c) during which a breakdown in the means of communication normally employed in determining the price or value of a substantial portion of the portfolio positions, or of current prices on any exchange, board of trade, contract or interdealer market, or when for any other reason the prices or values of a substantial portion of portfolio positions owned by the Company cannot reasonably be promptly and accurately ascertained;
- (d) during which the Company is unable to liquidate all or a portion of an investment in another investment fund or collective investment vehicle in which it is invested;
- (e) during which the Company has any contingent liabilities, the amount of which can not be then ascertained; or
- (f) at such other times as the Directors, in their sole and absolute discretion, may determine.

Whenever the Directors declare a suspension of the determination of the Net Asset Value, then as soon as may be practicable after any such declaration the Administrator shall give notice to all Shareholders of the relevant Sub-Fund requesting redemption stating that such declaration has been made. During any period when the determination of the Net Asset Value is suspended, no Shares in the relevant Sub-Fund may be issued or redeemed.

#### **Delay of Payment of Redemption Proceeds**

The Directors may delay payment of redemption proceeds at such times as the Directors, in their sole discretion, may determine, including without limitation, for the whole or any part of any period during which the transfer of funds involved in the realization or acquisition of any portfolio positions cannot, in the judgment of the Directors, be effected at normal rates of exchange. Whenever the Directors determine to delay payment of redemption proceeds, then as soon as practicable after such determination, the Administrator shall give notice thereof to the redeeming Shareholders.

## **Compulsory Redemption**

The Company has the right to cause the mandatory redemption of Shares acquired or held by any Shareholder in any Sub-Fund at any time as determined by the Directors in their sole and absolute discretion for any reason.

## **Capitalization**

The company has an authorized share capital of U.S. \$10,000 divided into 100 ordinary, voting, non-redeemable shares of par value U.S. \$1.00 each (“Management Shares”) and 9,900,000 non-voting, redeemable preference shares of par value U.S. \$0.001. each (the “Shares”). The Bye-Laws of the Company provide that the Company may from time to time by resolution of the holder of the Management Shares increase the authorized share capital of the Company.

The Management Shares, which are the only shares of the Company which have the right to receive notice of, and attend and vote at, general meetings of the Company, have been issued to the Investment Manager. The Management Shares carry no rights to dividends and on a winding up of the Company, the holder of the Management Shares is only entitled to receive the amount of capital paid up on its Management Shares after payment of the capital paid up on the Shares to the holders thereof.

The Shares do not entitle the holders thereof to receive notice of, or attend and vote at, general meetings of the Company. The Shares in the Company will be issued at the discretion of the Directors as such class or classes of Shares as may be created from time to time and offered with reference to one or more segregated accounts created and issued as circumstances dictate. The Memorandum of Association and Bye-Laws of the Company empower the Directors to create different Sub-Funds. Each Share, upon issue, will be entitled to participate equally in the profits of the Company related to the relevant Sub-Fund and the assets of such Sub-Fund upon liquidation. The Bye-Laws authorize the Directors to issue the Shares offered hereby upon such terms and conditions as the Directors may determine and otherwise in accordance with the conditions set forth in this Memorandum. The Bye-Laws provide that the Directors may determine to offer unsold Shares in subsequent offerings.

The rights attaching to the Shares or any class of Shares may be materially and adversely varied only by a resolution passed by the holders of not less than 75% of the Shares or class, as the case may be. The rights attaching to any class of Shares (unless otherwise expressly provided by the conditions of issue of such Shares) are deemed not to be varied by the creation, allotment or issue of Shares ranking *pari passu* therewith or Shares in a separate Sub-Fund created by the Directors.

The Company is registered as a segregated accounts company and the Bye-Laws of the Company empower the Directors to create different classes and series of Shares forming separate share accounts. The Directors shall establish and maintain separate Sub-Funds in respect of each class of Shares and the net proceeds from the sale of each class of Shares will be segregated into such separate Sub-Funds. All incoming capital gains earned on the assets of each class shall accrue to such Sub-Fund and all expenses and liabilities related to a particular Sub-Fund and any redemption of the Shares related thereto shall be charged to and paid from the Company in question. Thus, the trading results of any one Sub-Fund should have no effect on the value of another Sub-Fund and the holders of Shares in a Sub-Fund will not have any interest in any asset of the Company other than the assets attributable to such Sub-Fund. From time to time, the Directors may consolidate the different series within a Sub-Fund into one Series as described above under "Share Roll Up."

### **Legal Issues Relating to Segregated Accounts**

The SAC Act permits a company registered thereunder to operate segregated accounts enjoying statutory divisions between accounts. The effect of such statutory division is to protect the assets of one account from the liabilities of other segregated accounts and the general account of the company. The SAC Act sets out rules governing the operation of segregated accounts by such registered companies. The most significant aspect of a segregated accounts company is that the company is able to contract with a creditor or a shareholder so that the assets transferred by that person are held by the company in a segregated account and are insulated from any claims of the general creditors or the creditors of other segregated accounts. The establishment of a segregated account does not create a legal person distinct from the segregated accounts company. Though separate from all other segregated accounts and other activities of the company, it is not itself a legal person as a matter of Bermuda law. The segregated accounts company under whose umbrella such segregated accounts operate remains the only legal person with the capacity to enter into transactions relating to that account, although delegation of authority is permissible. The document governing the relationship between a company and the segregated account shareholder or creditor constitutes a "governing instrument" with respect to such shareholder or creditor (as defined in the SAC Act). The SAC Act sets out rules governing the operation of segregated accounts.

The SAC Act enables a segregated accounts company to issue any type of securities which track the performance of a particular account and to pay a dividend or distribution in respect of the securities linked to a segregated account and establishes solvency and liquidation requirements that must be met before any dividend or distribution is effected. In addition, the SAC Act contains provisions governing record keeping, the manner in which shares are issued and dividends distributed, accounting standards, the appointment of a receiver and winding-up of the company and the amalgamation of segregated accounts with other segregated accounts. As to the winding-up of a segregated accounts company, the SAC Act specifically directs the liquidator to observe the segregation of accounts and apply the assets as intended by the parties. Remuneration of the liquidator



is appointed among the segregated accounts. The SAC Act also enables the Bermuda court to make a receivership order in respect of a segregated account where it is satisfied that the assets are unlikely to be sufficient to discard the claims of creditors. It also sets out who may apply for a receivership order and requires notice to be served on interested parties and sets out the power of the receiver to manage a segregated account.

### **The Segregated Accounts and the General Account of the Company**

The general account will contain the proceeds from the subscription of the Management Share(s), proceeds from any future subscription of Management Shares and all other monies paid to the Company unrelated to any segregated account or an account owner.

Under certain circumstances, it is permissible for payments to be made between the segregated account and the general account. The operations of the segregated account and the general account are subject to the provisions of the SAC Act and the Bye-Laws of the Company. The Bye-Laws of the Company comprise the "governing instrument" (as defined in the SAC Act) and is the document that sets forth the rights, obligations and interests of account owners in respect of each segregated account. The information contained herein as to the SAC Act and the Bye-Laws of the Company are indicative only, and should be read in conjunction with the SAC Act and the Bye-Laws each of which are available from the Administrator on request.

### **Winding Up or Liquidation of the Company**

As to the winding up of a segregated accounts company, the SAC Act specifically directs the liquidator to observe the segregation of accounts and apply the assets as intended by the parties. Remuneration of the liquidator is apportioned among the segregated accounts. The SAC Act also enables the Bermuda court to make a receivership order in respect of a segregated account, where it is satisfied that the assets are unlikely to be sufficient to discard the claims of creditors. It also sets out how it may apply for a receivership order and requires notice to be serviced on interested parties and sets out the powers of the Receiver to manage a segregated account. The following relates to general account of the Company on a winding up.

(i) On a winding up the surplus assets remaining after payment of all creditors shall be divided *pari passu* among the holders of Management Shares in proportion to the number of Management Shares held at the commencement of the winding up, subject to the rights of any Management Shares which may be issued with special rights or privileges.

(ii) On a winding up the liquidator may, with the authority of a special resolution, divide amongst the holders of Management Shares in respect of any part of the assets of the general account of the Company and may set such value as he deems fair up on any one or more class or classes of property, and may determine the method of division of such assets between members. The liquidator may with like authority vest any part of the assets in trustees upon such trusts for the benefit of such holders of Management Shares as he shall think fit but no holder of Management Shares shall be compelled to accept any assets in respect of which there is any liability.

(iii) Where the Company is proposed to be or is in course of being wound up and the whole or part of its business or property is proposed to be transferred or sold to another company the liquidator may with the sanction of a resolution, receive in compensation shares, policies or other like interests for distribution or may enter into any other arrangements whereby the members may, in lieu of receiving cash, shares, policies or other like interests, participate in the profits of or receive any other benefit from the transferee.

### **Borrowings**

The Company does not currently have any loan capital, mortgages, charges, liens, liabilities under acceptances or acceptance credits, guarantees or other material contingent liabilities. However, under the Bye-Laws, the Directors may exercise the Company's power to borrow and lend money.

### **Section 28 Statement**

There is no minimum amount which, in the opinion of the Directors, must be raised in the issue of Shares pursuant to this Memorandum and each Supplement to provide for the matters referred to in Section 28 of the Companies Act 1981 of Bermuda.

### **Indemnities**

The Bye-Laws contain provisions exempting the Directors and other officers of the Company, inter alia, from liability and entitle them to indemnification from the assets of the Company for liabilities incurred by them in their performance of their duties for the Company except those due to their own fraud or dishonesty.

### **Privacy Notice**

Non-public personal information received by the Company and the Investment Manager with respect to Shareholders who are natural persons, including the information provided to the Company by such Shareholders in the subscription documents, will not be shared with nonaffiliated third parties which are not service providers to the Company and/or the Investment Manager without prior notice to such Shareholders. Such service providers include but are not limited to the Administrator, the auditors and the legal advisers of the Company. The Company and/or the Investment Manager may disclose such nonpublic personal information as required by law.

## **Anti-Money Laundering Regulations**

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

- (a) the applicant makes the payment by wire transfer from an account held in the applicant's name at a recognized financial institution and the applicants details (name and account number) appear in the confirmation of the wire payment received by the Registrar and Transfer Agent; or
- (b) the application is made through a recognized intermediary.

These exceptions will only apply if the financial institution or intermediary referred to above is within a country recognized as having sufficient anti-money laundering regulations. In the case of (a) above, the applicant should ensure its remitting bank includes the applicant's full name and account number in any confirmation sent to avoid delays.

The Administrator reserves the right to request such information as is necessary to verify the identity of the applicant. In the event of delay or failure by the applicant to produce any information required for verification purposes, the Administrator may refuse to accept the application and the said subscription monies relating thereto. If any person who is resident in Bermuda has a suspicion that a payment to the Company (by way of subscription or otherwise) contains the proceeds of criminal conduct that person is required to report such suspicion pursuant to the Proceeds of Crime Act, 1997.

## **Material Contracts**

Copies of the Administration Agreement, the Investment Management Agreement and the Bye-Laws may be inspected free of charge during normal business hours at the offices of the Administrator.