

# PRUDENCE MULTI-STRATEGY SPC

A CAYMAN ISLANDS SEGREGATED PORTFOLIO COMPANY  
INCORPORATED WITH LIMITED LIABILITY

Registration No.: MC-298138

## PRIVATE PLACEMENT OF SHARES

### CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM

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**Prudence Asset Management Pte. Ltd.**  
Investment Manager

**Prudence Investment Management (Hong Kong) Limited**  
Investment Adviser

FEBRUARY 2021

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

This confidential private placement memorandum ("**PPM**") together with any supplement hereto (each a "**Supplement**") relates to the offer by Prudence Multi-Strategy SPC (the "**Fund**") of up to 4,999,900 limited-voting redeemable participating shares of a nominal or par value of US\$0.01 each in the Segregated Portfolios ("**Participating Shares**") to a limited number of Eligible Investors. This PPM should be read in conjunction with the memorandum and articles of association, as amended from time to time (the "**Articles**") of the Fund and the relevant Supplement.

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

This PPM does not constitute an offer to sell or a solicitation of an offer to buy Participating Shares in the Fund in any jurisdiction to any person to whom it is unlawful to make such an offer or sale.

The Participating Shares in the Fund offered pursuant to this PPM have not been registered with or approved by any regulatory authority, nor has any such authority passed upon the accuracy or adequacy of this PPM. Any representation to the contrary is unlawful.

The Participating Shares have not been registered under the U.S. Securities Act of 1933, as amended ("**Securities Act**"), the securities laws of any state thereof or the securities laws of any other jurisdiction, nor is such registration contemplated. The Fund will not be registered under the U.S. Company Act. The Investment Manager will not be registered under the U.S. Investment Advisers Act of 1940, as amended ("**Advisers Act**"). There is no public market for the Participating Shares, the Participating Shares are not and are not expected to be listed or dealt with on any stock exchange, and no such market is expected to develop in the future. The Participating Shares will be offered and sold outside the United States under the exemption provided by Regulation S under the Securities Act. The Participating Shares are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted by the Fund, the Securities Act and other applicable securities laws, pursuant to registration thereunder or exemption therefrom.

No public or other market is expected to develop for the Participating Shares in the Fund and the Participating Shares are not and are not expected to be listed or dealt with on any stock exchange. The Participating Shares in the Fund offered hereby may be sold, transferred, hypothecated or otherwise disposed of only upon the terms set out in this PPM, the applicable Supplement and the Articles of the Fund which include the requirement to obtain the prior written consent of the Directors which may be withheld without the provision of any reasons. The Fund has the right compulsorily to redeem the Participating Shares of an investor at any time for any reason or for no reason.

Investment in the Fund through its Segregated Portfolios involves special risks, and purchase of the Participating Shares in the Fund should be considered only by persons who can bear the economic risk of their investment for an indefinite period and who can afford a total loss of their investment (see the section entitled "*Risk Factors*" below).

The Fund reserves the right to modify, withdraw or cancel any placement made pursuant to this PPM at any time prior to consummation of the offering and to reject any subscription, in whole or in part, in its sole discretion.

No offering materials will or may be employed in the placement of Participating Shares in the Fund except for this PPM (including appendices, exhibits, amendments and supplements hereto) and the documents summarised in this PPM, including the applicable Supplement. No person has been authorized to make representations or give any information with respect to the Fund or its Shares except for the information contained in this PPM. Investors should not rely on information not contained in this PPM, the applicable Supplement or the documents summarised in this PPM. You should assume the information contained in this PPM is current as at the date of this PPM, unless otherwise stated.

This PPM is intended solely for use on a confidential basis by those persons to whom it is transmitted by the Fund in connection with the contemplated private placement of Participating Share in the Fund. Recipients, by their acceptance and retention of this PPM, acknowledge and agree to preserve the confidentiality of the contents of this PPM and all accompanying documents and to return this PPM and

all such documents to the Fund if the recipient does not purchase any Participating Share in the Fund. Neither this PPM, the relevant Supplement nor any of the accompanying documents may be reproduced in whole or in part, nor may they be used for any purpose other than that for which they have been submitted, without the prior written consent of the Fund.

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

The Participating Shares of the Fund have not been approved or disapproved by the U.S. Securities and Exchange Commission (“SEC”) or by the securities regulatory authority of any state or of any other jurisdiction, nor has the SEC or any such securities regulatory authority passed upon the accuracy or adequacy of this PPM, as it may be amended, restated or supplemented from time to time. Any representation to the contrary is a criminal offence.

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

**SUBJECT TO SUCH HIGHER MINIMUM AS THE FUND MAY DETERMINE, PURSUANT TO THE MUTUAL FUNDS ACT (2021 REVISION) THE MINIMUM AGGREGATE EQUITY INTEREST PURCHASABLE BY A PROSPECTIVE INVESTOR IS EIGHTY THOUSAND CAYMAN ISLANDS DOLLARS (OR ITS EQUIVALENT IN ANY OTHER CURRENCY, APPROXIMATELY US\$100,000).**

Investors are not to construe the contents of this PPM as legal, business or tax advice. Each investor should consult his own attorney, business adviser and tax adviser as to legal, business, tax and related matters concerning this placement of Participating Shares.

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

**INVESTORS (AND EACH EMPLOYEE, REPRESENTATIVE OR OTHER AGENT OF INVESTORS) MAY DISCLOSE TO ANY AND ALL PERSONS, WITHOUT LIMITATIONS OF ANY KIND, THE TAX TREATMENT AND TAX STRUCTURE OF THE TRANSACTION AND ALL MATERIALS OF ANY KIND (INCLUDING OPINIONS OR OTHER TAX ANALYSIS) THAT ARE PROVIDED TO INVESTORS RELATING TO SUCH TAX TREATMENT AND TAX STRUCTURE. THIS AUTHORIZATION OF TAX DISCLOSURE IS RETROACTIVELY EFFECTIVE TO THE COMMENCEMENT OF THE FIRST DISCUSSIONS BETWEEN SUCH INVESTOR AND THE FUND REGARDING THE TRANSACTIONS CONTEMPLATED IN THIS PPM.**

**DISCUSSIONS IN THIS PPM BELOW AS THEY RELATE TO CERTAIN UNITED STATES FEDERAL INCOME TAX CONSEQUENCES ARE NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED, FOR THE PURPOSE OF AVOIDING UNITED STATES FEDERAL TAX PENALTIES. SUCH DISCUSSIONS WERE WRITTEN TO SUPPORT THE PROMOTION OR MARKETING OF THE TRANSACTIONS OR MATTERS ADDRESSED IN THIS PPM, AND ANY TAXPAYER TO WHOM THE TRANSACTIONS OR MATTERS ARE BEING PROMOTED, MARKETED OR RECOMMENDED SHOULD SEEK ADVICE BASED ON ITS PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISER.**

**IN MAKING AN INVESTMENT DECISION INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE FUND, THE RELEVANT SEGREGATED PORTFOLIO AND THE TERMS OF THE PLACEMENT, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY U.S. FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE.**

THE PARTICIPATING SHARES ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE ARTICLES, THE SECURITIES ACT, AND THE APPLICABLE U.S. STATE SECURITIES LAWS, PURSUANT TO REGISTRATION OR EXEMPTION THEREFROM. SUBJECT TO LIMITED REDEMPTION RIGHTS DESCRIBED IN THIS PPM, INVESTORS SHOULD BE AWARE THAT THEY MAY BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME.

THE FUND IS A SEGREGATED PORTFOLIO COMPANY INTENDED TO HAVE ONE OR MORE SEGREGATED PORTFOLIOS EACH OF WHICH CONSTITUTES A SEPARATE SEGREGATED PORTFOLIO OF THE FUND. THIS PPM CONTAINS INFORMATION RELATING TO THE FUND AND EACH OF ITS SEGREGATED PORTFOLIOS. EACH SEGREGATED PORTFOLIO WILL HAVE ITS OWN INVESTMENT OBJECTIVE, INVESTMENT STRATEGIES AND RESTRICTIONS, AND THE ASSETS (AND LIABILITIES) OF EACH SEGREGATED PORTFOLIO WILL BE SEGREGATED FROM THE ASSETS (AND LIABILITIES) OF EACH OTHER SEGREGATED PORTFOLIO AS A MATTER OF CAYMAN ISLANDS LAWS. THIS PPM DOES NOT CONSTITUTE AN OFFER OF ANY PARTICIPATING SHARES OF ANY SEGREGATED PORTFOLIO OF THE FUND. PARTICIPATING SHARES MAY ONLY BE SUBSCRIBED ON THE TERMS OF THE SUPPLEMENT RELATING TO THE APPLICABLE SEGREGATED PORTFOLIO TOGETHER WITH THIS PPM. DISTRIBUTION OF THIS PPM IS NOT AUTHORISED UNLESS ACCOMPANIED BY A SUPPLEMENT ISSUED IN RESPECT OF THE RELEVANT SEGREGATED PORTFOLIO. THIS PPM SHOULD BE READ IN CONJUNCTION WITH THE ACCOMPANYING SUPPLEMENT AND THE SUBSCRIPTION DOCUMENTS AND MAY NOT OTHERWISE BE RELIED UPON. IN THE EVENT OF A CONFLICT BETWEEN ANY PROVISION OF THIS PPM AND ANY PROVISION OF A SUPPLEMENT, THE TERMS OF THE SUPPLEMENT SHALL PREVAIL.

PROSPECTIVE INVESTORS SHOULD REVIEW ANNEXURE A FOR CERTAIN INFORMATION RELATING TO OFFERS AND SALES OF PARTICIPATING SHARES TO INVESTORS IN CERTAIN JURISDICTIONS.

IF THIS PPM IS TRANSLATED INTO A LANGUAGE OTHER THAN THE ENGLISH LANGUAGE, THEN IN THE EVENT OF AN INCONSISTENCY BETWEEN THE ENGLISH LANGUAGE VERSION PPM AND THE FOREIGN LANGUAGE PPM, THE ENGLISH LANGUAGE VERSION PPM SHALL PREVAIL.

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## DIRECTORY

### *Fund*

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### *Investment Adviser to the Investment Manager*

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

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### *Administrator to the relevant Segregated Portfolio*

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### *Investment Manager to the Fund*

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### *International Legal Counsel to the Investment Manager*

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### *Custodian to the Fund*

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### *Auditor to the Fund*

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Grand Cayman KY1-1109  
Cayman Islands

## 1. KEY FEATURES OF THE FUND

The following is a summary of the key features of the Fund. This summary set out below should be read in conjunction, and is qualified in its entirety by the full text of the PPM, the Articles, the Subscription Agreement and the applicable Supplement and the documents and agreements referred to in this PPM, copies of which are available from the Investment Manager upon request.

Prospective investors should read the entire PPM and seek independent financial advice.

Feature	Commentary	PPM Section Reference
<b>The Fund</b>	<p>The Fund was incorporated on 27 March 2015 as a segregated portfolio company incorporated with limited liability with unlimited duration under the laws of the Cayman Islands.</p> <p>The authorized share capital of the Fund is US\$50,000.00 divided into 100 voting, non-redeemable Management Shares of a nominal or par value US\$ 0.01 each and 4,999,900 participating, limited-voting, redeemable Participating Shares (which may be issued in different classes and with respect to different Segregated Portfolios from time to time) of a nominal or par value of US\$0.01 each.</p> <p>Each Class of Participating Shares is or will be referable to a Segregated Portfolio. The terms of each Segregated Portfolio and the corresponding Class(es) and Series are set out in this PPM and in a Supplement to this PPM which relates to that specific Segregated Portfolio. The relevant Supplement must be read in conjunction with this PPM. In the event that the description or terms in this PPM conflict with the terms and descriptions in any Supplement, the terms of the relevant Supplement will prevail in relation to the relevant Segregated Portfolio.</p> <p>As a matter of Cayman Islands law, assets attributable to each Segregated Portfolio are available only to the creditors of that Segregated Portfolio and the assets of that Segregated Portfolio will be protected from the creditors of the Fund who are not creditors of that Segregated Portfolio. The Fund will establish a separate investment account for each Segregated Portfolio and each Class of Participating Shares comprised in each Segregated Portfolio. Each Segregated Portfolio is a separate individually managed pool of assets constituting, in effect, a separate fund with its own investment objective, investment strategy and restrictions, and overseen by the Investment Manager. In addition to the information set out in this PPM, further details of the investment objective the investment strategy and restrictions applicable to each Segregated Portfolio will be set out in the relevant Supplement.</p> <p>The Fund may establish additional Segregated Portfolios and Classes of Participating Shares (and more than one class of Participating Shares may be established in relation to each Segregated Portfolio) in the sole discretion of the Directors and as circumstances dictate. Participating Shares of a Class referable to a Segregated Portfolio may be subject to terms and condition that differ from the terms and conditions applicable to the Participating Shares of other Classes attributed to that Segregated Portfolio or to</p>	2

Feature	Commentary	PPM Section Reference
	<p>other Segregated Portfolios. Such additional Classes of Participating Shares attributed to such additional Segregated Portfolios may be issued without the consent of or notice to the Shareholders holding Participating Shares of the existing Classes and the rights attached to any existing Classes of Participating Shares will not be deemed to be varied by the issue of such additional Classes of Participating Shares. It is anticipated that the central management and control of the Fund will be exercised by the Directors outside the jurisdictions in which the Investment Manager operates.</p>	
<p><b>Investment Objective / Investment Strategy / Investment Restrictions</b></p>	<p>The investment objective, investment strategies and restrictions in respect of each Segregated Portfolio are set out in the relevant Supplement. Each Segregated Portfolio may invest directly or indirectly in the underlying investments. The Investment Manager will work within the investment strategies and guidelines and the other limits set out in this PPM and the applicable Supplement.</p> <p>There can be no assurance that the Fund will achieve its investment objectives in relation to any Segregated Portfolio.</p> <p>The business of the Fund (and any Segregated Portfolio) includes the realization and dissolution of such Segregated Portfolio's assets to Shareholders upon a wind-down of the Fund's operations.</p> <p>The Fund's investment policies and investment strategies are speculative and entail significant risk. See the section entitled "<i>Risk Factors</i>" and the risk factors described in the relevant Supplement for the risk factors that apply in relation to each Segregated Portfolio.</p>	<p>2</p>
<p><b>Investment Manager and Investment Adviser</b></p>	<p>Prudence Asset Management Pte. Ltd. (the "<b>Investment Manager</b>") is an exempt private company limited by shares incorporated in Singapore.</p> <p>The Fund, on behalf of each Segregated Portfolio, has appointed the Investment Manager pursuant to an investment management agreement with the Investment Manager (the "<b>Investment Management Agreement</b>"). The Investment Manager has, subject to the terms of each Investment Management Agreement and subject to the overall supervision of the Directors, full discretionary investment management authority and will manage and invest the Fund's assets for the Segregated Portfolios and may also manage the assets of new Segregated Portfolios established by the Fund. The Investment Manager delegated certain asset management functions to Prudence Investment Management (Hong Kong) Limited ("<b>Investment Adviser</b>").</p> <p>The Investment Manager and Investment Adviser are entitled to receive the fees described in this PPM and the applicable Supplement. They may retain for their own account rebates in the form of cash or other benefits, received by them or their affiliates in respect of any securities' transactions implemented through any third party introduced by it or any of its affiliates to the Fund.</p>	<p>3</p>



Feature	Commentary	PPM Section Reference
	The Investment Manager, the Investment Adviser, and their directors and officers may subscribe directly or indirectly for Participating Shares.	
<b>Administrator</b>	Unless otherwise provided in the relevant Supplements, the Fund, acting for and on behalf of each of the Segregated Portfolios, has entered into an administration agreement with DBS Bank Ltd, Hong Kong Branch (the " <b>Administrator</b> ") to provide administration services for the Segregated Portfolios. The Administrator will perform various administrative and registrar services for each Segregated Portfolio and its corresponding Class of Participating Shares, including calculating the Net Asset Value of each Segregated Portfolio and the Net Asset Value per Participating Share.	3
<b>Brokers / Custodians / Other Services Providers</b>	<p>Unless otherwise provided in the relevant Supplements, the Fund, acting for and on behalf of each of the Segregated Portfolios, has appointed DBS Bank Ltd, Hong Kong Branch (the "<b>Custodian</b>") as custodian to the Fund with responsibility for custody of all the Fund's assets. The Custodian is regulated by the Hong Kong Monetary Authority in the conduct of its custody business.</p> <p>The Fund, acting for and on behalf of one or more Segregated Portfolios, may appoint brokers and/or other service providers to a Segregated Portfolio of the Fund from time to time, as more particularly set out in the applicable Supplement for that Segregated Portfolio.</p>	3
<b>Participating Shares</b>	<p>The Directors may issue different Classes of Participating Shares (in respect of each Segregated Portfolio) under this PPM and the relevant Supplement. The terms on which different Classes will be issued may vary in certain respects including, but not limited to the following:</p> <ul style="list-style-type: none"> <li>▪ the Management Fee and/or the Profit Allocation payable in respect of a particular Class;</li> <li>▪ the rights and obligations of a Class in respect of subscriptions and redemptions;</li> <li>▪ any Lock-up Period with respect to any Class;</li> <li>▪ any Redemption Charge attributable to any Class.</li> </ul>	6
<b>Eligible Investors</b>	<p>Except as otherwise set out in any Supplement, Shareholders must be: (i) a Non-US Person; or (ii) a Permitted US Person; and otherwise be permitted to invest in the Fund under the terms of this PPM and the applicable Supplement. Each Permitted US Person must be an Accredited Investor, a Qualified Purchaser and a Qualified Eligible Person. Each Non-US Person must be a Qualified Eligible Person.</p> <p>The Directors may decline to accept in whole or in part the</p>	6

Feature	Commentary	PPM Section Reference
	subscription application for Participating Shares from any prospective investor.	
<b>Subscriptions for Participating Shares</b>	<p>Persons interested in subscribing for Participating Shares referable to a Segregated Portfolio must complete, execute and return a Subscription Agreement to the relevant Segregated Portfolio of the Fund.</p> <p>The Initial Offer Period in respect of the Participating Shares of each Class of a Segregated Portfolio is described in the relevant Supplement for that Segregated Portfolio.</p> <p>Subscriptions may only be made in the Operational Currency of the relevant Class of the relevant Segregated Portfolio.</p> <p>The procedures for subscribing for Participating Shares referable to a Segregated Portfolio are described in the relevant Supplement for that Segregated Portfolio.</p> <p>The Directors may close the offering of Participating Shares of any Class of any Segregated Portfolio by refusing to issue any additional Participating Shares of that Class, without notice to, or the consent of, any Shareholder. Notwithstanding the foregoing, the Directors may, in their sole discretion, reopen a Class of any Segregated Portfolio as at any time.</p>	6
<b>Minimum Investment, Minimum Additional Investment.</b>	<p>The Minimum Initial Investment amount from each investor in relation to each Class of Participating Shares is set out in the relevant Supplement (exclusive of the Subscription Fee, if applicable), subject to the discretion of the Directors to accept a lower amount of not less than the minimum amount required under the Mutual Funds Act from time to time (when applicable). The Directors may, in their discretion, but subject to the Mutual Funds Act (when applicable), raise or lower the Minimum Initial Investment amount.</p> <p>Existing Participating Shareholders may increase their investment for Participating Shares in a Class in a Segregated Portfolio subject to the provision of a Minimum Additional Investment, as set out in the relevant Supplement or as the Directors may in their discretion determine in any particular case or generally.</p>	6
<b>Net Asset Value</b>	<p>The Net Asset Value of each Segregated Portfolio is equal to the relevant Segregated Portfolio's assets less the relevant Segregated Portfolio's liabilities. Each relevant Segregated Portfolio will have its Net Asset Value determined as provided by the Articles, this PPM and the relevant Supplement.</p> <p>The Net Asset Value for a Segregated Portfolio will be calculated as at the Valuation Point on each Valuation Day.</p>	5
<b>Redemptions</b>	For the purpose of determining whether any Redemption Charge is payable, Participating Shares subscribed earlier in time will be deemed as redeemed before Participating Shares subscribed later	6

Feature	Commentary	PPM Section Reference
	<p>in time based on the "first-in, first-out" principle.</p> <p>Except as provided for in this PPM or in any Supplement, a Shareholder may, subject to any Lock-up Period and/or any Redemption Charge which may be applicable as set out in the applicable Supplement, request redemption of some or all of its Participating Shares of a particular Class as of each Redemption Day in accordance with the Articles.</p> <p>A Supplement may specify a period following the date on which a Shareholder initially or subsequently subscribes for Participating Shares of the Class to which the Supplement relates, during which time such Shareholder may not request the redemption of any of its Participating Shares.</p> <p>Shareholders wishing to redeem Participating Shares as of any particular Redemption Day must provide a Redemption Notice to the relevant Segregated Portfolio of the Fund not later than the applicable deadline as provided in the relevant Supplement or as the Directors may in their sole discretion determine.</p> <p>A request for redemption must be made by way of a Redemption Notice and, once submitted, may not be withdrawn except with the absolute written consent of the Directors, which may be withheld, delayed or conditioned.</p> <p>In special circumstances, redemptions may be subject to suspension, holdback or partial holdback, and may also be subject to a reserve for contingent liabilities of the Fund. Participating Shares will be redeemed at the Redemption Price less any relevant fees and charges.</p> <p>The Directors will have the right to require any Participating Shareholder to redeem his Participating Shares at any time and for any reason.</p>	
<p><b>Redemption Gate</b></p>	<p>At the discretion of the Directors, the Fund (with respect to a Segregated Portfolio) may provide that redemptions for Participating Shares as of each Redemption Day will be limited to a certain percentage (the "<b>Gate Percentage</b>") (or such lesser or greater amount as the Directors may otherwise determine in their sole discretion) of the Net Asset Value of the relevant Class of Participating Shares of the relevant Segregated Portfolio on issue. Details of any Gate Percentage will be provided in the Supplement for a Segregated Portfolio.</p> <p>If redemption requests are received representing in aggregate more than the applicable Gate Percentage (or such other percentage as the Directors may otherwise determine in their sole discretion) of the Net Asset Value of the relevant Class of Participating Shares of the relevant Segregated Portfolio, the Directors may reduce all such redemption requests rateably and <i>pro rata</i> amongst all holders of the relevant Class of Participating Shares seeking to redeem on the relevant Redemption Day and to carry out sufficient redemptions so that only the Gate Percentage (or such lesser or greater amount as</p>	<p>6</p>

Feature	Commentary	PPM Section Reference
	<p>the Directors may otherwise determine in their sole discretion) of the Net Asset Value of the relevant Class of Participating Shares are redeemed.</p> <p>Subject to the provisions of the applicable Supplement, the unsatisfied portion of a redemption request will not be automatically treated as a request for redemption on the next relevant Redemption Day (unless otherwise determined by the Directors). Redeeming Participating Shareholders should submit a separate Redemption Notice for satisfaction at the next Redemption Day.</p> <p>The Directors and/or the investment Manager may also or alternatively impose a restriction on redemptions with respect to each Shareholder's holding in a Segregated Portfolio or each Shareholder's holding in specific Classes of Participating Shares in a Segregated Portfolio, in which case details of the redemption gate provisions will be set out in the relevant Supplement.</p>	
<p><b>Transfer Restrictions</b></p>	<p>Participating Shares may only be sold, transferred or assigned strictly in accordance with the Articles, this PPM and the applicable Supplement. All transfers are subject to the consent of the Directors and/or the Investment Manager, or their authorised agents.</p> <p>The Directors of the Fund may decline to register any transfer of Participating Shares if, in the conclusive determination of the Directors, the proposed transfer: (i) would cause or be likely to cause any pecuniary, tax, legal, regulatory or material disadvantage to the Fund, the Investment Manager or its Affiliates or any other Shareholder; or (ii) is to a person who is not an Eligible Investor.</p> <p>The Directors may also decline to register a transfer of Participating Shares where such Participating Shares are already subject to a request for redemption. The registration of transfers may be suspended at such times and for such periods as the Directors may from time to time determine.</p> <p>Furthermore, transfers of Participating Shares may only be conducted in accordance with the anti-money laundering policies and procedures of the Fund. A transferee will be required to complete a Subscription Agreement and will be subject to the requirements set forth for Eligible Investors in the Fund as set out in the Subscription Agreement.</p>	<p>6</p>

Feature	Commentary	PPM Section Reference
<b>Management Fee and Adviser Fee</b>	<p>Unless stated otherwise in the relevant Supplement, for its services to each Segregated Portfolio, the Investment Manager is entitled to receive a Management Fee in the amount and on the terms specified in the relevant Supplement.</p> <p>The Investment Manager may, in its sole discretion, waive, rebate or decrease the Management Fee that is payable in whole or in part, in respect of each, or any one or more Classes and/or Series of Participating Shares of any Segregated Portfolio, or for certain Shareholders within each Class and/or Series of any Segregated Portfolio, at any time, including in particular during any wind-down of the Fund's (or any Segregated Portfolio's) business. Any such rebates may be applied in paying up additional Shares to be issued to such person.</p> <p>The Investment Manager may pay, to any Investment Adviser appointed by the Investment Manager from time to time, a fee agreed between the parties. This fee is payable out of the Investment Manager's fees and does not represent an additional cost to the Fund or any Segregated Portfolio.</p>	4
<b>Profit Allocation</b>	<p>Where provided for in the relevant Supplement, the Investment Manager will be entitled to receive a Profit Allocation in respect of each Segregated Portfolio at the rate and at such times as set out in the relevant Supplement.</p> <p>The Investment Manager may, in its sole discretion, waive, rebate or decrease the Profit Allocation that is payable in whole or in part, in respect of each, or any one or more Classes and/or Series of Participating Shares of any Segregated Portfolio, or for certain Shareholders within each Class of any Segregated Portfolio, at any time, including in particular during any wind-down of the Fund's (or any Segregated Portfolio's) business. Any such rebates may be applied in paying up additional Shares to be issued to such person.</p>	4
<b>Other Fees</b>	<p>The Fund for and on behalf of the relevant Segregated Portfolio pays the Administrator fees for its services as agreed from time to time by the Fund for and on behalf of such Segregated Portfolio and the Administrator.</p> <p>The Administrator is entitled to be reimbursed by the Fund for all reasonable out-of-pocket expenses.</p> <p>The Fund will compensate the broker(s) for their services pursuant to the terms of the applicable agreements.</p>	4

Feature	Commentary	PPM Section Reference
<b>Investment Manager's Investment Related Operating Expenses</b>	<p>Except as specifically set out below in this PPM, the Investment Manager will render its services to the Fund (or with respect to a Segregated Portfolio) at the expense of the Fund or the relevant Segregated Portfolio.</p> <p>Additionally, certain costs, set out in this PPM, will be borne by the Fund (or with respect to the relevant Segregated Portfolio). Such expenses that will be borne by the Fund or the relevant Segregated Portfolio include, without limitation, due diligence expenses associated with investigating and completing potential investments, travelling expenses and research related expenses.</p>	4
<b>Significant Risks</b>	<p>An investment in the Participating Shares attributable to any Segregated Portfolio is speculative and involves a high degree of risk. There is no guarantee that implementation of the investment objective or investment strategy with respect to the assets of the Fund with respect to any Segregated Portfolio will not result in losses to holders of Participating Shares. Accordingly, prospective investors should consider the following risk factors. The following is not intended to set out all of the factors relating to the risks which may be encountered in respect of the Fund and a Segregated Portfolio and investors are encouraged to discuss in detail with their professional advisors the potential risks of investing in the Fund in respect of a Segregated Portfolio.</p> <p>An investment in the Fund with respect to any Segregated Portfolio is speculative and involves a high degree of risk, and there can be no assurance that a Segregated Portfolio will achieve its investment objective. Investors could lose all or a substantial portion of its investment in the Fund with respect to any Segregated Portfolio.</p> <p>Prospective investors should carefully review the section entitled "<i>Risk Factors</i>". Prospective investors should also consider any additional risk warnings and disclosures set out in the relevant Supplement when evaluating the merits and suitability of an investment in the Fund in respect of a Segregated Portfolio. There can be no assurance that an individual Segregated Portfolio will meet its investment objective or that investors will receive a return of their capital. The assets of each Segregated Portfolio will be invested separately in accordance with the investment objective and program as specified in the relevant Supplement.</p> <p>Although the Fund and the Segregated Portfolios together form an integrated fund structure, a segregated portfolio is not a separate legal entity. In this respect and unless the context otherwise requires, references throughout this section to the risk factors of the Fund will refer to the risk factors of a Segregated Portfolio, as and where appropriate.</p>	7

Feature	Commentary	PPM Section Reference
	<p>Certain risks associated with an investment in Participating Shares in a Segregated Portfolio include, but are not limited to:</p> <ul style="list-style-type: none"> <li>▪ the Fund is registered as a segregated portfolio company. As a matter of Cayman Islands law, the assets of one Segregated Portfolio will not be available to meet the liabilities of another Segregated Portfolio. However, the Fund is a single legal entity which may operate or have assets held on its behalf or be subject to claims in other jurisdictions which may not necessarily recognise such segregation and, in such circumstances, there is a risk that the assets of a segregated portfolio may be applied to meet the liabilities of another segregated portfolio whose assets are exhausted.</li> <li>▪ there is a risk that the investments of a Segregated Portfolio do not achieve their objective as a direct result of the Investment Manager's investment process being flawed, or that there is a flaw in the execution of the Investment Manager's process. If a Segregated Portfolio is unable to extract value from the specific strategy being applied, the value of an investment in that Segregated Portfolio may decline both in absolute terms as well as relative to other trading strategies;</li> <li>▪ the investment strategy of a Segregated Portfolio involves a substantial degree of risk. Shareholders must be prepared to lose all, or substantially all, of their investment in a Segregated Portfolio.</li> <li>▪ there will be no market for the Participating Shares and none ever is expected to develop. Furthermore, the transfer provisions applicable to the Participating Shares are highly restrictive. Shareholders will not be permitted to sell or transfer their Participating Shares without the consent of the Directors. Shareholders must therefore be prepared to hold their Participating Shares and bear the risk of their investment for a substantial period of time;</li> <li>▪ the Fund and each of the Segregated Portfolios operates in a substantially unregulated environment; and</li> <li>▪ general decline or "market crisis" in the alternative investment sector could coincide with or cause material losses to the Fund with respect to a Segregated Portfolio.</li> </ul>	
<p><b>Borrowings and Leverage</b></p>	<p>The Fund, on behalf of a Segregated Portfolio, may employ leverage with respect to the capital attributable to that Segregated Portfolio, including, without limitation, through borrowing cash, securities and other instruments and entering into derivative transactions, when the Investment Manager believes that the use of leverage may enable a Segregated Portfolio to achieve a higher rate of return without taking undue risk.</p> <p>Please refer to the section headed "<i>Leverage</i>" for further details.</p>	<p>2</p>



Feature	Commentary	PPM Section Reference
<b>Conflicts of Interest</b>	<p>Applicants should note that conflicts of interest may arise between: (i) the Investment Manager and its Affiliates; and (ii) the Fund with respect to a Segregated Portfolio and the Shareholders on the other; with respect to the management of the assets of any Segregated Portfolio of the Fund.</p>	7
<b>Tax Treatment</b>	<p>Withholding taxes or other taxes may be assessed in jurisdictions from which the Fund (or any Segregated Portfolio) derive income and in which their operations are based. The Fund, with respect to any Segregated Portfolio, may trade through certain holding structures or other tax optimization structures in order to maximize the tax efficiency of any Segregated Portfolio's investments.</p> <p>Whether or not the Investment Manager pursues such strategies with respect to a Segregated Portfolio, the tax exposures and liabilities of the Shareholders may not be optimal and may differ from Shareholder to Shareholder and from jurisdiction to jurisdiction.</p> <p>Shareholders should consult their own advisers regarding the tax treatment of their investments in the Fund in respect of a Segregated Portfolio, in the jurisdictions that are applicable to them. Shareholders should rely only upon advice received from their own tax advisers based upon their own individual circumstances and the laws applicable to them.</p> <p>For the avoidance of doubt, the Fund and/or the Investment Manager is not required to compensate the Shareholders in respect of any tax loss that might arise from any applicable tax policy imposed.</p> <p>Please refer to the section headed "<i>Taxation</i>" for further details.</p>	9
<b>Distributions and Reinvestment</b>	<p>The Directors do not intend to declare any dividends on the Participating Shares and dividends received by the Fund (in respect of a Segregated Portfolio) from investments attributable to that Segregated Portfolio will be reinvested in other investments. The Investment Manager will be permitted to reinvest, in its discretion, any and all proceeds received from the disposition of or distributions received on, the investments held by the Fund in respect of a Segregated Portfolio.</p> <p>Subject to all applicable laws, the Directors reserve the right to declare and pay dividends with respect to a Segregated Portfolio. The Directors do not anticipate such dividends being paid except in unusual circumstances.</p>	2, 7
<b>Reports</b>	<p>Unless otherwise stated in the Supplement for a Segregated Portfolio, the Fund will prepare the annual financial statements of each Segregated Portfolio in accordance with IFRS.</p> <p>Copies of the audited financial statements of each relevant Segregated Portfolio, which will be made up to the end of each Financial Year, will be made available to Shareholders of a Segregated Portfolio, as described in the applicable Supplement for a Segregated Portfolio.</p>	5



Feature	Commentary	PPM Section Reference
<b>Operational Currency</b>	Unless otherwise specified in the relevant Supplement, the Fund's Operational Currency for each Segregated Portfolio (i.e. the currency in which it maintains its books and records for each Segregated Portfolio and/or Class and the currency in which the performance of the Fund and each Segregated Portfolio will be reported, fees will be calculated, and all subscriptions and redemptions will be transacted) is the US Dollar.	2

## **2. ABOUT THE FUND - INVESTMENT OBJECTIVE, INVESTMENT STRATEGIES, RESTRICTIONS AND GUIDELINES**

The Participating Shares issued pursuant to this PPM will be issued on the terms and subject to the conditions set out in this PPM, the relevant Supplement, the Articles and the Subscription Agreement for the applicable Segregated Portfolio.

### **The Fund**

The Fund was incorporated in the Cayman Islands on 27 March 2015 as a segregated portfolio company with limited liability and unlimited duration. As at the date of this PPM, the Fund has not commenced operations and has not prepared any accounts. The Fund will be terminated, wound up and dissolved in accordance with Articles or otherwise pursuant to a formal liquidation under the Companies Act or any other applicable bankruptcy or insolvency regime. The Fund will not generally issue any certificates in respect of its Participating Shares and the Participating Shares are not expected to be listed on any stock exchange.

As a segregated portfolio company, the Fund may operate segregated portfolios with the benefit of statutory segregation of assets and liabilities between each segregated portfolio as a matter of Cayman Islands laws. The Fund expects to establish segregated portfolios from time to time.

The assets of each Segregated Portfolio will be invested separately in accordance with the investment objective and program specified in the applicable Supplement to this PPM relating to such Segregated Portfolio. Each Segregated Portfolio is a portfolio of the Fund and cannot contract on its own behalf because it is not a distinct legal entity. In this PPM and in each Supplement, references to a Segregated Portfolio entering into a contract or carrying out an action shall be deemed to refer to the Fund for and on behalf of such Segregated Portfolio entering into such contract or carrying out such action.

The Fund was established with a view to accepting wide participation by Eligible Investors. The Investment Manager will use its best endeavours to market the Fund to achieve this objective.

The Participating Shares issued in respect of a Segregated Portfolio are subdivided into different Classes, details of which are contained in the relevant Supplement. The Fund may create additional Segregated Portfolios and additional Classes of Participating Shares within Segregated Portfolios in its sole and absolute discretion.

It is anticipated that the central management and control of the Fund will be exercised by the Directors outside the jurisdictions in which the Investment Manager operates.

### **Segregated Portfolios**

As a segregated portfolio company established under the Companies Act with limited liability and unlimited duration, the Fund may establish and operate any number of Segregated Portfolios. Segregated Portfolios have the benefit of statutory segregation under Cayman Islands law so that the assets and liabilities of each Segregated Portfolio are entirely segregated from the assets and liabilities of any other Segregated Portfolios of the Fund. Although not judicially tested, the principal advantage of this is that the assets of one Segregated Portfolio are protected from the liabilities of the others. Where a liability of the Fund to a person arises from a matter, or is otherwise imposed, in respect of or attributable to a particular Segregated Portfolio, such liability extends only to, and that person may, in respect of that liability, have recourse only to the assets of the Fund attributable to that Segregated Portfolio. Each Class of Participating Shares corresponds to a particular Segregated Portfolio established and designated by the Directors.

The terms of each Segregated Portfolio and the corresponding Class(es) are set out in this PPM and in a Supplement which relates to that Segregated Portfolio. The relevant Supplement must be read in conjunction with this PPM. In the event that the descriptions or terms in this PPM conflict with the terms and descriptions in a Supplement, the terms in the Supplement will prevail in relation to the relevant Segregated Portfolio.

As a matter of Cayman Islands law, assets attributable to each Segregated Portfolio are available only

to creditors of that Segregated Portfolio and the assets of that Segregated Portfolio will be protected from creditors of the Fund who are not creditors in respect of that Segregated Portfolio. The Fund will establish a separate internal account for each Segregated Portfolio and each Class and Series of Participating Shares comprised in each Segregated Portfolio. Each Segregated Portfolio is a separate individually managed pool of assets constituting, in effect, a separate fund with its own investment objective, investment strategy and restrictions and overseen by the Investment Manager. In addition to the information set out in this PPM, further details of the investment objective, investment strategy and restrictions of each Segregated Portfolio will be set out in the relevant Supplement.

The Fund may establish additional Segregated Portfolios and Classes of Participating Shares (and more than one Class of Participating Shares may be established in relation to each Segregated Portfolio) in the sole discretion of the Directors and as circumstances dictate. Participating Shares of a Class referable to a Segregated Portfolio may be subject to terms and conditions that differ from the terms and conditions applicable to the Participating Shares of other Classes attributed to that Segregated Portfolio or to other Segregated Portfolios. Such additional Classes of Participating Shares attributed to such additional Segregated Portfolios may be issued without the consent of or notice to the Shareholders holding Participating Shares of the existing Classes and the rights attached to any existing Class of Participating Shares will not be deemed to be varied by the issue of such additional Classes of Participating Shares.

### **Authorised Share Capital**

The Fund has an authorised share capital of US\$50,000.00 divided into 100 voting, non-redeemable Management Shares of a nominal or par value US\$0.01 each and 4,999,900 limited-voting, participating, redeemable Participating Shares (which may be issued in different classes and with respect to different Segregated Portfolios from time to time) of a nominal or par value of US\$0.01 each.

The Management Shares of the Fund are owned by an Affiliate of the Investment Manager, namely Fangyuan Financial Holdings Group.

### **Offering of Participating Shares**

The Initial Offer Period in respect of the Participating Shares of each Class is described in the relevant Supplement. Unless otherwise specified in the relevant Supplement, the Participating Shares of each Class will be offered at an initial subscription price of US\$10.00 per Share. Following the end of the Initial Offer Period, Participating Shares of any Class as the Directors may designate may be issued by the Fund on any Subscription Day in respect of subscription applications which are received together with application monies in cleared funds before the deadline in relation to the relevant Subscription Day. The Directors may modify the frequency of permitted subscriptions.

Unless otherwise specified in a Supplement, there is no minimum amount, which in the opinion of the Directors, must be raised by the issue of the Participating Shares during the Initial Offer Period of each Segregated Portfolio.

### **Distributions and re-investment**

The Directors do not intend to declare any dividends on the Participating Shares and dividends received by the Fund in respect of a Segregated Portfolio from investments attributable to that Segregated Portfolio will be reinvested in other investments. The Investment Manager will be permitted to reinvest, in its discretion, any and all proceeds received from the disposition of or distributions received on, the investments held by the Fund in respect of a Segregated Portfolio.

Subject to all applicable laws, the Directors reserve the right to declare and pay dividends in respect of a Segregated Portfolio. The Directors do not anticipate such dividends being paid except in unusual circumstances. Retained income will be reflected in the value of Participating Shares. Dividends, if any, unclaimed for 6 years after the date of declaration will be forfeited and paid back to the relevant Segregated Portfolio. The Directors reserve the right to change such policy.

## Financial Year

The Fund's financial year-end is 31 December for all Segregated Portfolios.

## Operational Currency

Unless otherwise specified in the relevant Supplement, the Fund's Operational Currency for each Segregated Portfolio (i.e. the currency in which it maintains its books and records for each Segregated Portfolio and/or Class and the currency in which the performance of the Fund and each Segregated Portfolio will be reported, fees will be calculated, and all subscriptions and redemptions will be transacted) is the US Dollar.

## Investment Objective, Investment Strategies and Restrictions

The investment objective of the Fund is to aim to generate an absolute return of capital appreciation from the assets of a Segregated Portfolio, whether achieved through capital appreciation and/or income generation.

The investment objective, investment strategies and restrictions in respect of each Segregated Portfolio are set out in the relevant Supplement. Each Segregated Portfolio may invest directly or indirectly in the underlying investments. The Investment Manager will work within the investment strategies and guidelines and the other limits set out in this PPM and the applicable Supplement.

The business of the Fund (and any Segregated Portfolio) includes the realization and dissolution of such Segregated Portfolio's assets to Shareholders upon a wind-down of the Fund's operations.

**There can be no assurance that the Fund will achieve its investment objective in relation to any Segregated Portfolio. The Fund's investment policies and investment strategies are speculative and entail significant risk. See the section entitled "Risk Factors" and the risk factors described in the relevant Supplement for the risk factors that apply in relation to each Segregated Portfolio.**

The foregoing description is general and applies to each Segregated Portfolio, and is not intended to be exhaustive. Investors must recognise that there are inherent limitations on all descriptions of investment processes due to the complexity, confidentiality and subjectivity of such processes. In addition, the description of virtually every strategy must be qualified by the fact that investment approaches are continually changing, as are the markets invested in by the Fund for each Segregated Portfolio. Finally, the Fund may pursue additional and/or different strategies for each Segregated Portfolio, in its sole discretion, in its pursuit of the investment objective for each Segregated Portfolio.

## Leverage

The Fund, on behalf of a Segregated Portfolio, may employ leverage with respect to the capital attributable to that Segregated Portfolio, including, without limitation, through borrowing cash, securities and other instruments and entering into derivative transactions, when the Investment Manager believes that the use of leverage may enable the Segregated Portfolio to achieve a higher rate of return without taking undue risk or otherwise to pay for expenses and to fund redemptions.

The maximum level of leverage which may be employed with respect to each Segregated Portfolio shall be set out in detail in the relevant Supplement.

The Fund will not ordinarily borrow funds from banks and/or third parties for on-lending to unrelated third parties which require the Fund/the Investment Manager to actively evaluate, analyse and approve loan applications.

## Securities Lending and Repurchase / Reverse Repurchase Transactions

Where applicable, the Fund for and on behalf of each Segregated Portfolio may from time to time lend securities from its portfolio to brokers, dealers and financial institutions and receive collateral in cash or securities. The relevant Segregated Portfolio expects to retain the rights of beneficial ownership as to the loaned securities, including voting rights and rights to interest or other distributions, and will generally have the right to regain record ownership of loaned securities to exercise such beneficial

rights. Such loans will be generally terminable at any time. The relevant Segregated Portfolio may pay administrative, custodial and finders' fees to persons unaffiliated with the Fund and the Segregated Portfolio in connection with the arranging of such loans.

Where applicable, the Fund for and on behalf of one or more Segregated Portfolio(s) may from time to time engage in repurchase transactions, under which the relevant Segregated Portfolio(s) sells securities to a counterparty and agrees to buy such securities back from the counterparty at an agreed price in the future. Where applicable, the Fund for and on behalf of one or more Segregated Portfolio(s) may also engage in reverse repurchase transactions, under which the relevant Segregated Portfolio(s) purchases securities from a counterparty and agrees to sell such securities back to the counterparty at an agreed price in the future.

Where a Segregated Portfolio will engage in securities lending, repurchase transactions and/or reverse repurchase transactions (as the case may be), a summary of the Investment Adviser's policy in relation to such transactions will be disclosed in the relevant Supplement of the specific Segregated Portfolio. In addition, where applicable, information in relation to such transactions undertaken by a Segregated Portfolio will also be included in the annual report of the Fund and/or the Segregated Portfolio.

A summary of the Investment Adviser's policy in relation to securities lending and repurchase and/or reverse repurchase transactions of the Fund and its Segregated Portfolio(s) (where applicable) is set out in Annexure B of this PPM.

### **Risk Management Policies**

The Investment Adviser has adopted risk management procedures intended to identify, measure, manage and monitor risks in connection with the investment of the assets of the Fund, including market risk, liquidity risk, issuer and counterparty and credit risk and operational risk, taking into account the nature, scale and complexity of the business of the Investment Adviser and the investment objective and strategy of the Fund. Other risks may arise from time to time. There is no guarantee that such risk management procedures will be effective to mitigate the effect of such risks on the Fund.

### **Liquidity Risk Management Policy**

Liquidity risk is the risk that a particular position cannot be easily unwound or offset due to insufficient market depth or market disruption; or that a Segregated Portfolio's financial obligations (such as investor redemptions) cannot be met. An inability to sell a particular investment or portion of a Segregated Portfolio's assets may have a negative impact to the value of a Segregated Portfolio and to a Segregated Portfolio's ability to meet its investment objectives. Additionally, an inability to sell a Segregated Portfolio's assets may have negative implications for investors being able to redeem in a timely fashion, and also to investors who remain invested in a Segregated Portfolio.

A summary of the liquidity risk management policy of the Investment Adviser is set out in Annexure C of this PPM.

### **Changes to Investment Objective, Investment Strategies and/or Investment Restrictions**

The description of the Segregated Portfolio's investment objective, investment strategies and/or investment restrictions as set out in a Supplement do not in any way limit a Segregated Portfolio's investment activities.

The description of a Segregated Portfolio's investment objective, investment strategies and/or investment restrictions as set out in a Supplement may be changed by the Board at its sole discretion and without approval of the holders of the Participating Shareholders in the Fund attributable to that Segregated Portfolio. However, the investment objective, investment strategies and/or investment restrictions will not be changed until at least thirty (30) calendar days' prior written notice of the change has been provided to the Participating Shareholders of that Segregated Portfolio by the Directors. Participating Shareholders will be given the opportunity to redeem their Participating

Shares before any such change is implemented, provided such change is deemed to be material by the Board in its sole discretion.

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

### **3. INFORMATION ON THE DIRECTORS, INVESTMENT MANAGER AND OTHER SERVICE PROVIDERS**

#### **The Directors of the Fund**

The Directors of the Fund have overall authority over, and responsibility for, the operations and management of the Fund and each Segregated Portfolio. The Directors will use commercially reasonable efforts to formulate, review, amend and update the investment objectives and strategies of the Fund from time to time outside the jurisdictions in which the Investment Manager operates. If the investment objective or strategy is to be changed, the Directors will inform the Shareholders by at least thirty (30) calendar days' prior written notice.

The Fund currently has three (3) Directors, each of whom serves in accordance with the laws of the Cayman Islands and in accordance with the Articles. The Directors' primary function is to supervise the general conduct of the affairs of the Fund outside the jurisdictions in which the Investment Manager operates, but are not responsible for the day-to-day conduct of the Fund's investment program.

The Directors of the Fund are:

#### **LIU Qian**

Mr. LIU Qian, CFA, is the founder of Prudence Investment Management (Hong Kong) Limited. Qian LIU is also known professionally as Chad LIU. Previously, Mr. LIU was a director and senior trader at SABA Principal Strategies of Deutsche Bank, investing in corporate bond, convertible bond, equity, and private placement in Greater China. Prior to joining Deutsche Bank, Mr. LIU worked as a managing director with Chatham Asset Management, a credit-focused hedge fund, and as an executive director and portfolio manager with Morgan Stanley Investment Management, managing portfolios of high yield and distressed securities. Before joining Morgan Stanley in 1999, Mr. LIU worked for a proprietary convertible bond trading desk at TD Securities and Shenzhen Development Bank.

Mr. LIU earned his MBA from the Wharton School of the University of Pennsylvania in 1999, and a Bachelor of Economics from Wuhan University in 1993.

The principal business address of Mr. Liu is the same as that of the Investment Manager.

#### **WANG Songtao**

Mr. WANG is an experienced investment professional. Previously, Mr. WANG was the Managing Director of Zhongyinxin Investment Co. Ltd from 2009 to 2014 and the Head of Branch Office of China Merchants Bank, China from 1996 to 2009.

Mr. WANG holds a Bachelor of Finance from Wuhan University in 1994.

The principal business address of Mr. Wang is at 14A, Block C, Swan Castle, 2 Xiangshan Middle Street, Nanshan District, Shenzhen, China.

#### **SONG Yu**

Mr. SONG is an Associate Professor of Macau University of Science and Technology. Before joining Macau University of Science and Technology in 2008, Mr. SONG was the Associate Professor of Zhongnan University of Economics and Law University from 2006 to 2008.

Mr. SONG holds a Ph.D of Management from Deakin University in 2006, Master of MBA & Commercial Management from Deakin University in 2003 and Bachelor of Economics from Wuhan University in 1993.

The principal business address of Mr. Song is at A417, Macau University of Science & Technology, Avenida Wai Long, Taipa, Macau.

The holders of the Management Shares of the Fund may appoint new Directors or remove Directors

from time to time by ordinary resolution. The Directors may appoint new Directors from time to time.

Without prejudice to the above, until the registration or licensing of the Fund as a regulated mutual fund pursuant to the Mutual Funds Act, each holder of a Participating Share, to the extent that such person is an "investor" within the meaning of the Mutual Funds Act, shall have the right (in respect of such Participating Share), to receive notice of, attend or vote at a meeting of investors convened solely for the purpose of the appointment or removal of any Director.

The Directors shall serve until their death, resignation or removal in accordance with the Articles of the Fund. The Articles of the Fund do not stipulate a retirement age for Directors. A Director shall not be required to be a Shareholder of the Fund. A vacancy on the Board of Directors may be filled by a majority vote of the remaining Directors.

The Fund will compensate the Directors for the services provided by them. All Directors are entitled to be paid or reimbursed for their out-of-pocket expenses incurred by them in attending and returning from meetings of the Board of Directors or any committee thereof, meetings of Participating Shareholders or otherwise in connection with the business of the Fund.

Unless otherwise provided in the relevant Supplements, the Fund, on behalf of each Segregated Portfolio, has delegated the investment management of the Fund and its investments to the Investment Manager and, under the supervision of the Directors, the administration of the Fund to the Administrator on the terms of each Investment Management Agreements and the Administration Agreements respectively. The Directors accordingly do not take part in the day to day operations and administration of the Fund but review on a periodic basis the performance of the Investment Manager and Administrator.

Accordingly, any reference to the powers of the Directors shall include, when the context admits, the service providers or any other person to whom the Directors may delegate their powers.

### **The Investment Manager**

Unless otherwise provided in the relevant Supplement and subject to entering into a separate investment management agreement, Prudence Asset Management Pte. Ltd. has been appointed as the investment manager with respect to the Fund and each of its Segregated Portfolio.

The Investment Manager is an exempt private company limited by shares incorporated under the Companies Act of Singapore. The Investment Manager holds a Capital Markets Services (CMS) Licence issued by the Monetary Authority of Singapore for conducting fund management under the Securities and Futures Act (Cap. 289) of Singapore with a licence number CMS-100899.

The Investment Manager has, subject to the terms of the Investment Management Agreement and subject to the overall supervision of the Directors, full discretionary investment management authority and will manage and invest the Fund's assets for the Segregated Portfolios and may also manage the assets of new Segregated Portfolios established by the Fund. Subject to the investment restrictions set out in this PPM, the relevant Supplement and the overall supervision and control of the Directors, the Investment Manager shall manage, supervise, select and evaluate the potential investments of the Fund for each Segregated Portfolio (as applicable) and provide fund raising and marketing services for the relevant Segregated Portfolio.

The Investment Management Agreement provides that the Fund shall out of the assets of the relevant Segregated Portfolio hold harmless and indemnify the Investment Manager against all actions, proceedings, claims, costs, demands and expenses which may be brought against, suffered or incurred by the Investment Manager by reason of its performance or non-performance of its obligations or functions under the terms of the Investment Management Agreement, other than due to fraud, bad faith, wilful default or Gross Negligence (as defined in the Investment Management Agreement) on the part of the Investment Manager.

Subject to the Investment Management Agreement, the appointment of the Investment Manager shall continue until terminated by, inter alia, either the Fund for the account of the relevant Segregated Portfolio or the Investment Manager by not less than six months' written notice. In addition, the Investment Management Agreement may be terminated in such other circumstances as specified in the Investment Management Agreement either generally or in respect of a particular



Segregated Portfolio.

The fees payable to the Investment Manager are set out in Fees and Expenses below.

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

As at the date of this PPM, the directors of the Investment Manager consist of Mr. Qian LIU, Ms. Linlin MA and Ms. Qin YAO. The profile of Mr. LIU is set out under the section headed "*The Directors of the Fund – LIU Qian*" above and the profiles of Ms. MA and Ms. YAO is set out below:

#### **Linlin MA**

Ms. Linlin MA is a director of the Investment Manager. Previously, Ms. MA worked at SABA Principal Strategies of Deutsche Bank from 2007 to 2008 and at Deutsche Bank from 2005 to 2007.

Ms. MA holds a bachelor degree in Electrical Engineering from the National University of Singapore.

The principal business address of Ms. Ma is at the business address of the Investment Manager.

#### **Qin YAO**

Ms. Qin YAO is a director of the Investment Manager. Ms. Yao is also known professionally as Jean YAO. Previously, Ms. YAO worked at China Construction Bank (Asia) from 2015 to 2017, AAC Technologies Holdings Inc. from 2011 to 2013, CCB International (Holdings) from 2010 to 2011 and China Construction Bank from 2005 to 2010.

Ms. YAO holds a Master of Science in Communication Management from Singapore Management University, Master of Journalism and Bachelor of Advertising from Wuhan University of China.

The principal business address of Ms. Yao is at the business address of the Investment Manager.

#### **Investment Adviser**

Unless otherwise provided in the relevant Supplement, Prudence Investment Management (Hong Kong) Limited, has been appointed as the investment adviser with respect to the Fund and each of its Segregated Portfolios by the Investment Manager.

The Investment Adviser was incorporated on 29 December 2008 as a company with limited liability in Hong Kong and is licensed with the Securities and Futures Commission for Type 9 (asset management), Type 4 (advising on securities) and Type 1 (dealing in securities) regulated activities with the CE number ATB478, subject to the following licensing conditions:

- (i) the licensee shall only provide services to professional investors. The term "professional investors" is as defined in the Securities and Futures Ordinance and its subsidiary legislation; and
- (ii) the licensee shall not hold client assets. The terms "hold" and "client assets" are as defined under the Securities and Futures Ordinance.

All activities engaged in by the Investment Adviser are subject to the overall policies, discretions and control of the directors of the Investment Manager.

The Investment Adviser is appointed by the Investment Manager to provide portfolio advisory and management services to the Investment Manager in relation to the management of the assets of its Segregated Portfolios. In addition, the Investment Adviser shall assist the Fund and the Investment Manager in the selection, appointment and ongoing monitoring of the Auditor and other service providers.

Pursuant to the terms of the Investment Advisory Agreement entered into between the Investment Adviser and the Investment Manager, the Investment Manager shall indemnify and hold the Investment Adviser harmless against all claims and demands (including costs and expenses arising

there from or incidental thereto) which may be made against the Investment Adviser in respect of any loss or damage sustained or suffered by any third party otherwise than by reason of the fraud, bad faith, wilful default or negligence of the Investment Adviser in the performance or non-performance by the Investment Adviser of its obligations and duties.

Subject to the Investment Advisory Agreement, the appointment of the Investment Adviser shall continue until terminated by, inter alia, either the Investment Manager or the Investment Adviser by not less than six months' written notice. In addition, the Investment Advisory Agreement may be terminated in such other circumstances as specified in the Investment Advisory Agreement either generally or in respect of a particular Segregated Portfolio.

Investors wishing to contact the Investment Adviser should in the first instance address their communications to [ir@prudenceinv.com](mailto:ir@prudenceinv.com).

As at the date of this PPM, the directors of the Investment Adviser are Mr. Man Fung CHAN and Ms. Shuyue TAN, whose profiles are set out below:

### **Man Fung CHAN**

Mr. Man Fung CHAN is a director of the Investment Advisor. Mr. CHAN is also known professionally as Matthew CHAN. Mr. CHAN joined the Investment Advisor in 2009 and currently oversees business operations at the Investment Advisor.

Mr. CHAN holds a master degree in Finance from Grenoble Ecole de Management Graduate School of Business and a bachelor degree in Economics from the University College London.

The principal business address of Mr. Chan is at the business address of the Investment Adviser.

### **Shuyue TAN**

Ms. Shuyue TAN, CFA, is a director of the Investment Advisor. Ms. TAN is also known professionally as Sophia TAN. Ms. TAN joined the Investment Advisor in 2009 and currently oversees investment functions at the Investment Advisor.

Ms. TAN holds a bachelor degree in Economics and Finance from the University of Hong Kong.

The principal business address of Ms. Tan is at the business address of the Investment Adviser.

The Investment Manager may from time to time appoint one or more persons in the capacity as investment advisers to the Investment Manager (each an "**Investment Adviser**").

Unless otherwise provided in the relevant Supplement, the Investment Manager may pay, to any Investment Adviser appointed by the Investment Manager from time to time, a fee agreed between the parties. This fee is payable out of the Investment Manager's fees and does not represent an additional cost to the Fund or any Segregated Portfolio.

### **Administrator**

Unless otherwise provided in the relevant Supplements, the Fund, acting for and on behalf of each of the Segregated Portfolios, has entered into an administration agreement with DBS Bank Ltd, Hong Kong Branch (the "**Administrator**") to provide administration services for the Segregated Portfolios. The Administrator will perform various administrative and registrar services for each Segregated Portfolio and its corresponding Class of Participating Shares, including calculating the Net Asset Value of each Segregated Portfolio and the Net Asset Value per Participating Share.

### **Custodian**

Unless otherwise provided in the relevant Supplements, DBS Bank Ltd, Hong Kong Branch (the "**Custodian**"), has been appointed by the Fund as custodian to the Fund with responsibility for custody of all the Fund's assets. The Custodian provides custody services to the Fund under the terms and conditions of a custodian agreement (the "**Custodian Agreement**"). The Custodian is

regulated by the Hong Kong Monetary Authority in the conduct of its custody business.

Under the Custodian Agreement, the Custodian may appoint sub-custodians to whom the Custodian may delegate its duties, obligations and powers. The Custodian must exercise reasonable care and appropriate diligence in the selection and monitoring of its sub-custodian, maintain what the Custodian considers an appropriate level of supervision over the sub-custodian, and make what the Custodian considers appropriate periodic inquiries to confirm that the sub-custodian is competently discharging its obligations.

Any cash held by the Custodian on behalf of the Fund is held by the Custodian as banker in the same manner as all other traditional cash deposits. As such the Fund's cash is not physically segregated by the Custodian but is segregated at a book entry record level. The Fund, therefore, ranks as one of the Custodian's general creditors in respect to any cash balances held with the Custodian.

The Custodian's obligations and liabilities are only to the Fund and only as provided in the Custodian Agreement. Under the Custodian Agreement (i) the Custodian Agreement may be terminated at any time by either party upon not less than ninety days' prior written notice, (ii) the Custodian shall not be liable to the Fund, any investor or any other person unless it has been negligent, has willfully defaulted or committed a fraud, (iii) the Fund fully indemnifies the Custodian, its affiliates, the sub-custodians and their respective directors, officers, employees, agents and nominees, on demand against any losses claims expenses of any kind (including legal and professional expenses), actions or proceedings of any nature which may be incurred by the Custodian arising out of or in connection with the services provided by the Custodian and (iv) the Custodian shall have a general lien over the securities held by the Custodian pursuant to the Custodian Agreement until the satisfaction of all the liabilities and obligations of the Fund under the Custodian Agreement.

The Fund (and not the Custodian) is responsible for ensuring that the Fund's assets are delivered to the Custodian as custodian. The Custodian is not responsible for monitoring the Fund's compliance with this obligation.

The Custodian does not provide any investment management or advisory services to the Fund and, therefore, is not in any way responsible for the Fund's performance or the repayment of capital to the Fund's Investors, the monitoring of the Fund's investments or the Fund's compliance with its investment objectives or restrictions. The Custodian was not involved in preparing, and accepts no responsibility for any information contained in, this PPM.

### **The Auditor**

The Fund, acting for and on behalf of one or more Segregated Portfolios, has appointed Deloitte & Touche (the "**Auditor**") as the auditor for the Fund, for and on account of each of the Segregated Portfolios.

Deloitte & Touche will conduct their audits in accordance with International Standards on Auditing. Under the standard terms of the annual engagement letter which the Fund will enter into with the Auditor, the Auditor's liability is expected to be capped based upon a multiple of fees payable to, except to the extent finally determined to have resulted from the wilful misconduct or fraudulent behaviour by the Auditor. The annual engagement letter is also expected to contain a limitation of any liability to Deloitte & Touche - proportionate share thereof and other release and indemnity provisions relating to consequential loss, third party claims and fraudulent acts or omissions or misrepresentations on the part of the Directors, employees or agents of the Fund. The engagement letter will state that the Auditor's audit report can only be relied upon by those parties to whom they are addressed.

## **4. FEES AND EXPENSES**

### **Investment Manager's Fees**

Unless stated otherwise in the relevant Supplements, in consideration for its services to each Segregated Portfolio, the Investment Manager will be entitled to receive a Management Fee in the amounts and on the terms specified in the relevant Supplement.

The Investment Manager may, in its sole discretion, waive, rebate or decrease the Management Fee that is payable in whole or in part, in respect of each, or any one or more Classes and/or Series of Participating Shares of any Segregated Portfolio, or for certain Shareholders within each Class and/or Series of any Segregated Portfolio, at any time, including in particular during any wind-down of the Fund's (or any Segregated Portfolio's) business. Any such rebates may be applied in paying up additional Shares to be issued to such person. Any fees payable to the Investment Adviser will be paid out of the Investment Manager's fees.

### **Profit Allocation**

Where provided for in the relevant Supplement, for each Calculation Period, the Fund shall pay to the Investment Manager a Profit Allocation in respect of each Segregated Portfolio at the rate and at such times as set out in the relevant Supplement.

The Investment Manager may, in its sole discretion, waive, rebate or decrease the Profit Allocation that is payable in whole or in part, in respect of each, or any one or more Classes and/or Series of Participating Shares of any Segregated Portfolio, or for certain Shareholders within each Class and/or Series of any Segregated Portfolio, at any time, including in particular during any wind-down of the Fund's (or any Segregated Portfolio's) business. Any such rebates may be applied in paying up additional Shares to be issued to such person.

It should be noted that the Management Fee and Profit Allocation are based in part upon unrealized gains (as well as unrealized losses) and that such unrealized gains and/or losses may never be realized. On termination of the Investment Management Agreement with the Fund (with respect to the relevant Segregated Portfolio), the Investment Manager shall be entitled to receive all fees, allocations and other moneys accrued but not yet paid up to the date of such termination as provided in the Investment Management Agreement with the Fund and/or as provided in the relevant Supplement, and shall repay to the relevant Segregated Portfolio any fees and other moneys paid to it in respect of any period after the date of such termination. Where termination of the agreement is not effected when the Management Fee or Profit Allocation would otherwise be calculated, fees for the period since the last calculation date will be payable and calculated for that period as at the termination date utilising the fee mechanisms in an Investment Management Agreement with the Fund with respect to the relevant Segregated Portfolio. In addition, the Fund, on behalf of the relevant Segregated Portfolio, shall also pay to the Investment Manager expenses referred to in the Investment Management Agreement with the Fund to the extent to which the Investment Manager is obliged to continue to make such payments for and on behalf of the Fund beyond the date of termination of the Investment Management Agreement with the Fund with respect to the relevant Segregated Portfolio.

The Investment Manager, in consultation with the Fund with respect to any Segregated Portfolio may from time to time and at its sole discretion also waive or reduce all or part of the Management Fee and/or Profit Allocation it is entitled to in respect of certain Participating Shareholders, at any time, including in particular during any wind down of the Fund's (or any Segregated Portfolio's) business. This may be effected by the issue of separate Classes of Participating Shares.

The Investment Manager's fees will be payable from the Fund. The fees levied from the Fund will not, exceed the amounts detailed in the relevant Supplement with respect to the relevant Segregated Portfolio.

### **Fees of the Investment Adviser**

Unless otherwise provided in the relevant Supplement, the Investment Manager may pay, to any Investment Adviser appointed by the Investment Manager from time to time, a fee agreed between

the parties. This fee is payable out of the Investment Manager's fees and does not represent an additional cost to the Fund or any Segregated Portfolio.

### **Fees of the Administrator and the Custodian**

The Fund pays, for and on behalf of the relevant Segregated Portfolios, the Administrator and the Custodian fees for their services as agreed from time to time by the Fund for and on behalf of the relevant Segregated Portfolios and, the Administrator or the Custodian (as applicable). The Administrator and the Custodian are entitled to be reimbursed by the Fund for and on behalf of the relevant Segregated Portfolios for all reasonable out-of-pocket expenses.

The Administrator is also entitled to additional remuneration in respect of exceptional matters in such amount as may be agreed between the Fund, with respect to any Segregated Portfolio, and the Administrator.

### **Fees of Broker**

A broker appointed by the Fund will be entitled, in its capacity as a broker to the Fund in respect of a Segregated Portfolio, to transaction fees and interest on any advances which it makes to the Fund on behalf of a Segregated Portfolio.

### **Audit Fees**

The Auditor will be paid an annual audit fee at the rates that are agreed from time to time with the Fund in respect of any Segregated Portfolio on normal commercial terms.

### **Director Fees**

Each Director who is not an officer or employee of the Investment Manager may receive a flat annual fee for serving in such capacity as approved by the Directors. The fee will be in accordance with reasonable and customary directors' fees. The Directors will be reimbursed from the Fund for all reasonable out-of-pocket expenses incurred by them on behalf of the Fund.

### **Commission Sharing Arrangements**

The Investment Manager and/or the Investment Adviser may, from time to time, enter into commission sharing arrangements with the brokers who provide or procure for the Investment Manager and/or the Investment Adviser specialist products and services, the receipt of which must assist in the provision of investment services to the Fund in respect of any Segregated Portfolio. The Investment Manager and/or the Investment Adviser will make no direct payment for such services but instead may effect transactions through such brokers provided that reasonable care is taken to secure best execution for the Fund in respect of any Segregated Portfolio.

The Investment Manager and/or the Investment Adviser may receive specialist products and research from its related parties or associated entities. A related party or associated entity of the Investment Manager and/or the Investment Adviser is entitled to earn fees, commissions or other benefits in relation to such specialist products or research and is entitled to retain them for its own account. Such dealings with related parties or associated entities will be based on arm's length commercial terms.

### **Other Fees and Expenses**

#### **Organizational, On-going and Other Costs**

The Investment Manager has paid and will be reimbursed for certain organizational costs of the Fund, including the government incorporation charges and professional fees and expenses in connection with the Fund's offering documents and the preparation of the basic corporate and contract documents of the Fund. The Investment Manager will be reimbursed for such organizational expenses of the Fund.

Unless otherwise stated in the Supplement for a Segregated Portfolio, the Fund treats its

organizational costs and expenses in accordance with IFRS, although it may elect to modify its treatment of such costs and expenses to accommodate its practical needs, including without limitation, by amortizing such organizational costs and expenses over a period of sixty (60) months. Organizational expenses may be amortized over a period of sixty (60) months from the date the Fund commences operations because the Fund believes that such treatment is more equitable than expensing the entire amount during the first year of operations, as required by IFRS. However, if the amounts involved are material to the audit of the Fund's annual financial statements with respect to a Segregated Portfolio, the Directors may be required to make adjustments in the annual financial statements of the Fund with respect to that Segregated Portfolio, in order to comply with IFRS, and if relevant, will include a reconciliation note in the annual financial statements of the Fund with respect to that Segregated Portfolio to reconcile amounts shown in the annual financial statements determined under IFRS to those arrived at by applying the amortisation basis to the Fund's organisational costs and expenses with respect to that Segregated Portfolio. In the event the Fund amortizes such expenses and terminates its operations before such expenses are fully amortized, the unamortized portion of such fees shall be accelerated and will be debited against the Fund's Net Asset Value, thereby decreasing amounts otherwise available for distribution to the Shareholders.

The Fund will be responsible for all of the necessary expenses of its operation including, without limitation, costs of maintaining the registered office in the Cayman Islands, the annual Cayman Islands government registration fees, annual fees payable to the Monetary Authority (where relevant), brokerage commissions, research expenses, third-party execution and routing expenses, legal and auditing expenses, accounting, fund administration, investment related consultants and other service provider expenses, investment related travel costs, expenses incurred with respect to the preparation, duplication and distribution to the Participating Shareholders and prospective Participating Shareholders of Fund offering documents, annual reports and other financial information, and similar on-going operational expenses. Fees and expenses that are identifiable with a particular Class will be charged against that Class in computing its Net Asset Value. Fees and expenses that are identifiable with a particular Segregated Portfolio will be charged against the Segregated Portfolio in computing its Net Asset Value. Other fees and expenses will be charged to the Fund as a whole or otherwise in the discretion of the Board. The Investment Manager is responsible for providing all office personnel, space and facilities required for the performance of its services.

## 5. CALCULATION OF NET ASSET VALUE

Unless otherwise provided in the relevant Supplements, the Directors have delegated to the Administrator the calculation of the Net Asset Value of each Segregated Portfolio, the Net Asset Value of each Class or Series, and the Net Asset Value per Participating Share, under the supervision of the Directors. In calculating the Net Asset Value of each Segregated Portfolio, the Net Asset Value of each Class or Series, and the Net Asset Value per Participating Share, the Administrator will follow the valuation policies and procedures adopted by the Fund with respect to the applicable Segregated Portfolio, as applicable, as set out below, or as otherwise determined by the Directors from time to time. For the purpose of calculating the Net Asset Value of each Segregated Portfolio, as applicable, the Administrator shall, and shall be entitled to, rely on, and will not be responsible for the accuracy of, financial data furnished to it by the Fund, the broker(s), market makers, custodians and/or independent third party pricing services. The Administrator may also use and rely on industry standard financial models in pricing any of securities or other assets attributable to a Segregated Portfolio.

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

The Net Asset Value of each Segregated Portfolio, the Net Asset Value of each Class or Series and Net Asset Value per Participating Share will be calculated by the Administrator as at the Valuation Point of the relevant Valuation Day with the result being rounded to two (2) decimal places for reporting (US\$0.005 being rounded up to US\$0.01).

The Net Asset Value of each Segregated Portfolio will be equivalent to all the assets less all the liabilities of such Segregated Portfolio, as applicable, as at the Valuation Point of the relevant Valuation Day.

Within each Class, Participating Shares issued on the same Subscription Day will be classified as a separate Series from Participating Shares issued on any other Subscription Day.

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

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

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

The Net Asset Value per Participating Share of any Class or Series is calculated by dividing the Net Asset Value of the relevant Class or Series (the value of the assets of the Segregated Portfolio attributable to the Participating Shares of the relevant Class or Series less all liabilities attributable to the Participating Shares of such Class or Series) by the number of such Participating Shares outstanding as at the Valuation Point on the relevant Valuation Day.

The value of the assets and liabilities of each Segregated Portfolio, as applicable, and the method of valuation of such assets and liabilities as outlined in this PPM shall, to the extent reasonably possible, be followed by the Administrator in consultation with auditors and upon approval of the Directors, or a duly authorized agent (who may, if applicable, consult with and rely in good faith on the advice of the Investment Manager). The method of valuation of such assets and liabilities adopted by each Segregated Portfolio, as applicable, are as set out below, or as otherwise determined by the Directors from time to time.

The assets of each Segregated Portfolio, as applicable, shall be deemed to include:

1. All securities owned or contracted to be acquired and all unrealized gains (or losses) on such securities attributable to that Segregated Portfolio;
2. All cash on hand, on loan or on deposit including accrued interest thereon attributable to that Segregated Portfolio;
3. All bills and demand notes and amounts receivable (including proceeds of securities sold but not delivered) attributable to that Segregated Portfolio;
4. All interest on any interest-bearing securities attributable to that Segregated Portfolio owned by that Segregated Portfolio, except to the extent that the same is included or reflected in the principal amount of such securities; and
5. All other assets of every kind and nature, including, without limitation, prepaid expenses attributable to that Segregated Portfolio.

If and to the extent that the Investment Manager is responsible for or otherwise involved in the pricing of any Segregated Portfolio's portfolio securities or other assets, the Administrator may accept, use and rely on such prices notified to it by the Investment Manager after such prices are approved by the Directors in calculating the Net Asset Value of such Segregated Portfolio and shall not be liable to any Segregated Portfolio, any investor in the Fund with respect to any Segregated Portfolio, the Investment Manager or any other person in so doing.

The liabilities of each Segregated Portfolio, as applicable, shall be deemed to include:

1. All loans, bills and accounts payable attributable to that Segregated Portfolio;
2. Accrued Management Fee and Profit Allocation (if applicable) attributable to that Segregated Portfolio;
3. All accrued and payable administrative expenses (including all fees and expenses payable to any service provider and any agent), and any allowance for estimated annual audit fees, directors' fees, legal fees and other fees, and any additional fees payable to the Investment Manager and attributable to that Segregated Portfolio;
4. All known liabilities, present and future, including, without limitation, all matured contractual obligations for payments of money or property attributable to that Segregated Portfolio;



5. An appropriate provision for taxes due and future taxes to be assessed attributable to that Segregated Portfolio; and
6. All other liabilities of the Fund, as applicable, of whatsoever kind and nature for which reserves are determined to be required by the Directors attributable to that Segregated Portfolio.

In the event that any amount is not payable until some future time after the relevant Valuation Day, the Directors (who may consult with and rely on the advice of the Investment Manager) shall make such allowance as is considered appropriate to reflect the true current value thereof.

The Directors shall determine which accounting principles shall apply to the calculation of the Net Asset Value. To the extent that the Directors have not determined otherwise, or to the extent feasible, expenses, fees and other liabilities will be accrued in accordance with the IFRS. Reserves may be established for estimated or accrued expenses, liabilities or contingencies.

Unless otherwise provided in the relevant Supplements, assets of each Segregated Portfolio, as applicable, will be valued in accordance with the following policies and principles:

- (A) any security which is listed or quoted on any securities exchange or similar electronic system and regularly traded thereon will be valued at its closing price on the relevant Valuation Day, and as adjusted in such manner as the Directors, in their sole discretion, think fit, having regard to the size of the holding, and where prices are available on more than one exchange or system for a particular security the price will be the last traded price or closing bid or offer price, as the case may be, on the exchange which constitutes the main market for such security or the one which the Directors, in their sole discretion determine provides the fairest criteria in ascribing a value to such security;
- (B) investments, other than securities, which are dealt in or traded through a clearing firm or an exchange or through a financial institution will be valued by reference to the most recent official settlement price quoted by that clearing house, exchange or financial institution. If there is no such price, then the average will be taken between the lowest offer price and the highest bid price at the close of business on any market on which such investments are or can be dealt in or traded, provided that where such investments are dealt in or traded on more than one market, the Directors may determine at their discretion which market shall prevail;
- (C) any security which is not listed or quoted on any securities exchange or similar electronic system or if, being so listed or quoted, is not regularly traded thereon or in respect of which no prices as described above are available, will be valued at its probable realization value as determined by the Directors in good faith having regard to its cost price, the price at which any recent transaction in the security may have been effected, the size of the holding having regard to the total amount of such security in issue, and such other factors as the Directors, in their sole discretion deem relevant in considering a positive or negative adjustment to the valuation;
- (D) investments, other than securities, which are not dealt in or traded through a clearing firm or an exchange or through a financial institution will be valued on the basis of the latest available valuation provided by the relevant counterpart;
- (E) deposits will be valued at their cost plus accrued interest;
- (F) any value (whether of an investment or cash) otherwise than in US Dollars will be converted into US Dollars at the rate (whether official or otherwise) which the Directors, in their absolute discretion deem applicable as at close of business on the relevant Valuation Day, having regard, among other things, to any premium or discount which they consider may be relevant and to costs of exchange.

If no Net Asset Value, bid or ask prices or price quotation are available for an asset held by the Fund, the value of the relevant asset shall be determined from time to time in such manner as the Fund or the Investment Manager shall determine provided that any asset of the Fund which is not listed,

quoted or dealt in on any securities exchange or over the counter market shall be valued at the lower of cost and the Fund's or the Investment Manager's estimation of the realizable value of such asset.

Subject as otherwise required by IFRS, securities will be valued by giving priority to unadjusted market prices and, for hard-to-value securities, priority will be given to valuation inputs that are directly observable (i.e. those derived from market data, including publicly available information about events and transactions or reflective of assumptions that market participants would use) with the lowest priority being given to inputs that are unobservable (i.e. where market data is not available regarding the assumptions that market participants would use).

Pricing models may be used to determine a fair value for hard-to-value securities. To the extent pricing models are used, all information which is reasonably available at the relevant Valuation Day that would be considered by a market participant in the application of such model will be taken into account but neither the Fund, the Investment Manager nor the Administrator need undertake exhaustive efforts to obtain that information.

The Investment Manager may be involved in the pricing of the assets and liabilities of the Fund and its Segregated Portfolios. The Directors and/or the Investment Manager (to the extent not contrary to any laws and regulations applicable to the Directors or the Investment Manager) may calculate or assist in the calculation of the Net Asset Value applicable to a Segregated Portfolio, as the Directors and/or the Investment Manager are best placed to provide information given their knowledge and skills in assessing values of the relevant assets and liabilities. To the extent that the Investment Manager is involved in pricing of the assets of the relevant Segregated Portfolio and/or the calculation of the Net Asset Value of the Segregated Portfolio, the Investment Manager has a conflict of interest because valuations directly impact the Management Fee and Profit Allocation payable to the Investment Manager. In addition, to the extent that the Investment Manager may delegate any duties in relation to the pricing of assets and liabilities of the Fund and its Segregated Portfolios, such situations of potential conflict may also apply to the Investment Adviser where the Investment Adviser's remuneration is dependent on the valuation of assets and liabilities of the relevant Segregated Portfolio or based on such remuneration receivable from the Investment Manager.

Whenever prices are provided or sourced by the Directors or the Investment Manager, the Directors or the Investment Manager will provide any supporting information that is used to determine the prices to the Administrator and the Administrator must take steps that are reasonable and proportionate to the risk of material error or bias to verify the facts on which the prices are determined and the appropriateness of the provided price to the extent reasonably possible.

Subject to the above, for the purposes of ascertaining quoted, listed, traded or market dealing prices, the Fund, the Directors, the Investment Manager, the Administrator or their agents are entitled to use and rely upon mechanized or electronic systems of pricing dissemination with regard to the pricing of assets held by the Fund and the prices provided by any such system will be deemed to be an accurate price for that asset.

Notwithstanding the foregoing, the Directors may at their discretion, permit any other method of valuation to be used if they consider that such method of valuation better reflects value and is in accordance with good accounting practice and direct the Administrator to apply this to the calculation of the Net Asset Value. All valuations will be binding on all persons and in no event shall the Directors, the Administrator or the Investment Manager incur any individual liability or responsibility for any determination made or other action taken or omitted by them in the absence of manifest error or bad faith or in accordance with any agreement entered into between the Fund with respect to the applicable Segregated Portfolio and that party.

Prospective investors should be aware that situations involving uncertainties as to the valuation of positions could have an adverse effect on the Fund's net assets, in respect of any Segregated Portfolio, if the Director's judgement regarding appropriate valuations should prove incorrect.

### **Reports to Participating Shareholders**

Unless otherwise stated in the Supplement for a Segregated Portfolio, the Fund, in conjunction with the Administrator, will prepare the annual financial statements of the Fund and each Segregated Portfolio in accordance with IFRS.

Copies of the audited financial statements of the Fund and each relevant Segregated Portfolio, which will be made up to the end of each Financial Year, will be made available to Shareholders of a Segregated Portfolio, as described in the applicable Supplement for a Segregated Portfolio.

In addition, the Fund or the Administrator will generally provide each Participating Shareholder with a monthly unaudited shareholder's statement which details the Net Asset Value of that Shareholder's Participating Shares of each Class in respect of the relevant Segregated Portfolio.

## 6. SUBSCRIPTION FOR, AND REDEMPTION OF, PARTICIPATING SHARES

Unless otherwise specified in the relevant Supplement, applications to subscribe for Participating Shares of each series of a Class in a Segregated Portfolio may be made as follows:

- during the Initial Offer Period, at US\$10.00 per Participating Share; and
- following the Initial Closing Date, at the relevant Subscription Price as of each Subscription Day.

Details of the price at which a subscription was accepted on a Subscription Day in respect of a Segregated Portfolio may be obtained by the relevant Shareholder from the Investment Manager.

The Minimum Initial Investment amount from each investor in relation to each Class of Participating Shares is set out in the relevant Supplement (exclusive of the Subscription Fee, if applicable), subject to the discretion of the Directors to accept a lower amount of not less than the minimum amount required under the Mutual Funds Act from time to time (when applicable). The Directors may, in their discretion, but subject to the Mutual Funds Act (when applicable), raise or lower the Minimum Initial Investment amount.

Existing Participating Shareholders may increase their investment for Participating Shares in a Class in a Segregated Portfolio subject to the provision of a Minimum Additional Investment, as set out in the relevant Supplement or as the Directors may in their discretion determine in any particular case or generally.

Unless otherwise provided under the Supplement, the acceptance of subscriptions as of each Subscription Day is subject to confirmation of the prior receipt of cleared funds before the time set out below to the Fund's subscription account attributable to the Segregated Portfolio. Details of the account are set out in the Subscription Agreement and the additional subscription form under the Subscription Agreement (the "**Additional Subscription Form**"). The Fund reserves the right to vary the minimum subscription amounts above either generally or in any particular case, subject to the requirements of the Mutual Funds Act (when applicable), from time to time, and to reject or accept subscriptions in its absolute discretion and without assigning any reason therefor.

The Directors may issue different Classes of Participating Shares (in respect of each Segregated Portfolio) under this PPM and the relevant Supplement. The terms on which different Classes will be issued may vary in certain respects including, but not limited to the following:

- the Management Fee and/or the Profit Allocation payable in respect of a particular Class;
- the rights and obligations of a Class in respect of subscriptions and redemptions;
- any Lock-up Period with respect to any Class; and/or
- any Redemption Charge attributable to any Class.

Prospective investors will be required to complete, execute and return a Subscription Agreement in the form accompanying this PPM and the relevant Supplement. Existing investors wishing to subscribe for additional Participating Shares in a Segregated Portfolio can complete, execute and return the Additional Subscription Form under the Subscription Agreement provided they are able at the date of the new application to repeat all the representations, warranties, acknowledgements, assurances, indemnities, undertakings and other provisions contained in the Subscription Agreement previously executed by them. Otherwise, they must complete, execute and return the Subscription Agreement. Investors should refer to the Supplement for details as to the specific means of subscription for Participating Shares of the particular Segregated Portfolio on a Subscription Day.

### **Procedure for Subscriptions of Participating Shares**

Persons interested in subscribing for Participating Shares referable to a Segregated Portfolio must complete, execute and return a Subscription Agreement to the Fund.

The Initial Offer Period in respect of the Participating Shares of each Class of a Segregated Portfolio

is described in the relevant Supplement for that Segregated Portfolio.

Subscriptions may only be made in the Operational Currency of the relevant Class of the relevant Segregated Portfolio.

The procedures for subscribing for Participating Shares referable to a Segregated Portfolio described in the relevant Supplement for that Segregated Portfolio.

The Directors may close the offering of Participating Shares of any Class of any Segregated Portfolio by refusing to issue any additional Participating Shares of that Class, without notice to, or the consent of, any Shareholder. Notwithstanding the foregoing, the Directors may, in their sole discretion, reopen a Class of any Segregated Portfolio as at any time.

### **General Provisions relating to the issuance of Participating Shares**

Unless otherwise provided under the Supplement, Subscription Agreements and Additional Subscription Forms will (save as determined by the Directors) be irrevocable and may be sent by facsimile (with original to follow promptly) at the risk of the applicant.

Fractions of Participating Shares issued by the Fund will be rounded down to the nearest four (4) decimal places for reporting. Subscription monies representing smaller fractions of a Participating Share will be retained by the relevant Segregated Portfolio.

Confirmations will be sent to applicants on approval of their application and receipt of monies in the account of the Fund as soon as practicable after the relevant Subscription Day, setting out details of the Participating Shares they have been allotted. If the applicant does not receive a confirmation, it is the applicant's responsibility to contact the Administrator to ascertain the status of its subscription as it cannot assume its successful subscription until it receives a confirmation.

Where a subscription for Participating Shares is accepted, the Participating Shares will be treated as having been issued with effect from:

- (i) the Initial Closing Date (in respect of subscriptions during the Initial Offer Period); or
- (ii) the relevant Subscription Day (in respect of subscriptions after the Initial Offer Period),

notwithstanding that the subscriber for those Participating Shares may not be entered in the Fund's Register of Members until after the Initial Closing Date or the relevant Subscription Day, as the case may be, for subscriptions. The subscription monies paid by a subscriber for Participating Shares will accordingly be subject to investment risk in the Fund from the Initial Subscription Date or the relevant Subscription Day, as the case may be, for subscriptions.

Participating Shares will be issued only in registered form. Certificates representing Participating Shares will not be issued. Participating Shares may not be issued during the period of any suspension of the determination of the Net Asset Value and/or the suspension of redemption of Participating Shares.

Unless otherwise provided in the relevant Supplement, Subscription Agreements or Additional Subscription Forms may be submitted by facsimile. None of the Fund, the Directors, the Investment Manager or the Administrator accept any responsibility for any loss resulting from the non-receipt or illegibility of any Subscription Agreement or Additional Subscription Form sent by facsimile or for any loss caused in respect of any action taken as a consequence of such facsimile believed in good faith to have originated from properly authorized persons.

Although Participating Shares will not be issued until or after the applicable Subscription Day, paid subscription monies that are received in relation to an application to subscribe for Participating Shares are immediately deposited into the Fund in respect of the relevant Segregated Portfolio and kept in custodial status without interest and accordingly will be subject to investment risk in the Fund. Prior to the issuance of Participating Shares as of the applicable Subscription Day, the Investment Manager may release funds to investment intermediaries of the Fund to ensure that the Investments made by Fund can be effected on the applicable Subscription Day. In this regard, the Investment Manager shall not be liable to any investor for any loss or damage howsoever arising out of or in relation to the

payment and deposit of subscription funds prior to the issue of Participating Shares. If the relevant Segregated Portfolio is wound up before the Participating Shares are issued, the investor will become an unsecured creditor of the Fund in respect of the Segregated Portfolio in the context of any insolvency proceedings.

Applicants subscribing for Participating Shares are advised that the Participating Shares are issued subject to this PPM and the provisions of the relevant Supplement and the Articles.

### **Redemption of Participating Shares**

For the purpose of determining whether any Redemption Charge is payable, Participating Shares subscribed earlier in time will be deemed as redeemed before Participating Shares subscribed later in time based on the "first-in, first-out" principle.

Except as noted in the section entitled "*Suspension of Redemptions and Subscriptions*" below or in any Supplement, subject to any Lock-up Period and/or any Redemption Charge which may be applicable as set out in the relevant Supplement, a holder of Participating Shares may redeem some or all of his Participating Shares as of each Redemption Day at the applicable Redemption Price, provided the Redemption Notice is received by the Fund not later than the applicable deadline as provided in the relevant Supplement (or such later time and/or day as may be specified in the relevant Supplement or as determined by the Directors in their sole discretion either generally or in any particular case).

A Redemption Notice must be submitted to the Fund to redeem Participating Shares and the redemptions will be processed monthly, or with such frequency as set out in any Supplement. Unless otherwise provided under the relevant Supplement, a Redemption Notice may be submitted by facsimile. None of the Fund, the Directors, the Investment Manager or the Administrator accepts any responsibility for any loss resulting from the non-receipt or illegibility of any Redemption Notice sent by facsimile or for any loss caused in respect of any action taken as a consequence of such facsimile believed in good faith to have originated from properly authorized persons.

In special circumstances, redemptions may be subject to suspension, holdback or partial holdback, and may also be subject to a reserve for contingent liabilities of the Fund. Participating Shares will be redeemed at the Redemption Price less any relevant fees and charges.

The Directors will have the right to require any Shareholder to redeem its Participating Shares at any time and for any reason.

Redeeming Participating Shareholders may redeem by completing the Redemption Notice in writing and sending it in accordance with the instructions set forth below in "Procedure for Subscriptions and Redemptions".

A request for redemption must be made by way of a Redemption Notice and, once submitted, may not be withdrawn except with the absolute written consent of the Directors, which may be withheld, delayed or conditioned. If the Redemption Notice is received after the deadline for receipt of requests for redemption for any particular Redemption Day, it will not be processed for redemption for such Redemption Day (unless otherwise determined by the Directors and/or the Investment Manager), nor will such Redemption Notice be automatically treated as a request for redemption on the next relevant Redemption Day. In the event that the requirement of notice period is waived, the Directors and/or the Investment Manager may not determine a date for the purposes of this paragraph that is later than the date on which the Net Asset Value has been calculated for the relevant Redemption Day.

Redemption payments will be made in US Dollars or in the absolute discretion of the Directors, in kind or in specie, or partly in cash and partly in kind or in specie, and cash payments will be remitted by wire transfer, at the costs and risks of the Participating Shareholder, to an account designated by the Participating Shareholder in the applicable Subscription Agreement or the Redemption Notice. No interest will accrue on the redemption proceeds pending payment. Redemption payments will not be made until the Redemption Notice and verification documents are received. Payment to a third party will not be allowed.

Except as provided for in any Supplement, with respect to the Participating Shares, the Fund will

generally pay a redeeming Shareholder, at least 95% of the amount of redemption proceeds due (or such other amount as the Directors in their absolute discretion may determine) as soon as practicable and generally within thirty (30) Business Days after finalisation of the relevant Net Asset Value or following receipt of complete and redemption documentation by transfer to a pre-designated bank account, provided that the Redemption Notice shall have been received by the Fund.

The Redemption Price will be denominated in US\$ and will be equal to the Net Asset Value per Participating Share at the Valuation Point immediately preceding such Redemption Day after adjustment for:

- (i) any accrual of Profit Allocation; and
- (ii) any fee (if any) or other charge applicable to the Participating Shares being redeemed which shall be such amount as the Directors may from time to time determine upon the issue of the relevant Participating Shares

the result being rounded to the nearest two (2) decimal places of the applicable Operational Currency (e.g. US\$0.005 being rounded up to US\$0.01).

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

The resulting redemption proceeds will be reduced by any Redemption Charge (if any) charged by the relevant Segregated Portfolio and disclosed in the relevant Supplement.

Where permitted, partial redemptions must be for that number of Participating Shares having a total redemption value in excess of the Minimum Redemption and may be declined by the Directors of the Fund at their sole discretion or the Directors may consider the redemption request to be a redemption of a Shareholder's Participating Shares.

Participating Shares shall be treated as having been redeemed with effect from the relevant Redemption Day irrespective of whether or not a Shareholder has been removed from the Register of Members or the Redemption Price has been determined or remitted. Accordingly, on and from the relevant Redemption Day, Shareholders in their capacity as such will not be entitled to or be capable of exercising any rights arising under the Articles with respect to Participating Shares being redeemed (including any right to receive notice of, attend or vote at any meeting of the Fund) save the right to receive the Redemption Price and any dividend which has been declared prior to the relevant Redemption Day but not yet paid (in each case with respect to the Participating Shares being redeemed). Such redeemed Shareholders will be creditors of the Fund with respect to the Redemption Price. In an insolvent liquidation, redeemed Shareholders will rank behind ordinary creditors but ahead of Shareholders.

Upon giving not less than 48 hours' written notice to a Participating Shareholder, the Fund has the right to compulsorily redeem all or some of the Participating Shares held by a Participating Shareholder at the Net Asset Value per Participating Share as at the Valuation Day immediately prior to the date such redemption is to take effect if the Directors for any reason determine in their absolute discretion to do so. Without prejudice to the Directors' general powers to redeem compulsorily for any reason, the Directors intend to compulsorily redeem Participating Shares where:

1. the Participating Shares are held by or for the benefit (directly or indirectly) of any Restricted Person; or
2. any of the representations given by a Participating Shareholder in its Subscription Agreement or Additional Subscription Form were not true or have ceased to be true.

The Directors may cause a compulsory redemption during any period for which a suspension of the right of Participating Shareholders to request redemption of their Participating Shares has been declared.

### **Procedures for Subscriptions and Redemption**

Except as provided for in any Supplement, the following forms of communication are acceptable to the

Fund and/or the Administrator for submitting subscription, redemption, transfer or other instructions (such as change of address) to the Fund:

1. Facsimile Transmission: to **Fund Administration Team, SFSO**, on facsimile number +852 2806 5378; or
2. Mail: via mail to the Administrator to:

DBS Bank Ltd., Hong Kong Branch  
Levels 7, Two Harbour Square  
180 Wai Yip Street, Kwun Tong  
Kowloon, Hong Kong  
Attn: Fund Administration Team, SFSO  
Group email: [hksfsoga@db.com](mailto:hksfsoga@db.com).

Notwithstanding the method of communication, the Fund and/or the Administrator and their delegates reserve the right to ask for the production of other information to authenticate the communication. In the case of mis-receipt or corruption of any message, you will be required to re-send the documents. Note that you must use the form document provided by the Fund in respect of the subscription, redemption or transfer, unless such condition is waived by the Fund.

The Administrator will acknowledge receipt of any subscription or redemption request on behalf of the Fund, and in the event no acknowledgement is received from the Administrator within five (5) days of submitting the request, the applicant should assume that the subscription or redemption request has not been received and they should contact the Administrator to confirm the status of their request.

None of the Fund, the Directors, the Investment Manager or the Administrator, nor their delegates shall be responsible for any loss resulting from any mis-delivery, non-receipt or illegibility of any Redemption Notice sent by facsimile or for any loss caused in respect of any action taken as a consequence of such facsimile believed in good faith to have originated from properly authorized persons. Facsimiles sent to the Fund (in respect of a Segregated Portfolio) shall only be effective when actually received by the Fund (in respect of a Segregated Portfolio).

### **Redemption Gate**

At the discretion of the Directors and/or the Investment Manager, the Fund (with respect to a Segregated Portfolio) may provide that redemptions for Participating Shares as of each Redemption Day will be limited to a certain percentage (the "**Gate Percentage**") (or such lesser or greater amount as the Directors may otherwise determine in their sole discretion) of the Net Asset Value of the relevant Class of Participating Shares of the relevant Segregated Portfolio on issue. Details of any Gate Percentage will be provided in the Supplement for a Segregated Portfolio.

If redemption requests are received representing in aggregate more than the applicable Gate Percentage (or such other percentage as the Directors and/or the Investment Manager may otherwise determine in their sole discretion) of the Net Asset Value of the relevant Class of Participating Shares of the relevant Segregated Portfolio, the Directors and/or the Investment Manager may reduce all such redemption requests rateably and *pro rata* amongst all holders of the relevant Class of Participating Shares seeking to redeem on the relevant Redemption Day and to carry out sufficient redemptions so that only the Gate Percentage (or such lesser or greater amount as the Directors and/or the Investment Manager may otherwise determine in their sole discretion) of the Net Asset Value of the relevant Class of Participating Shares are redeemed.

Subject to the provisions of the applicable Supplement, the unsatisfied portion of a redemption request will not be automatically treated as a request for redemption on the next relevant Redemption Day (unless otherwise determined by the Directors and/or the Investment Manager). Redeeming Participating Shareholders should submit a separate Redemption Notice for satisfaction at the next Redemption Day.

For the avoidance of doubt, the Directors and/or the investment Manager may also or alternatively impose a restriction on redemptions with respect to each Shareholder's holding in a Segregated



Portfolio or each Shareholder's holding in specific Classes of Participating Shares in a Segregated Portfolio, in which case details of the redemption gate provisions will be set out in the relevant Supplement.

### **Suspension of Net Asset Value Calculation, Transfer, Redemptions and Subscriptions**

Subject to the provisions of the applicable Supplement, the Directors and/or the Investment Manager may suspend the determination of the Net Asset Value of any Segregated Portfolio and/or the Net Asset Value of Participating Shares (or of any Class of a Segregated Portfolio), and/or the redemption of Participating Shares including the right to receive redemption proceeds and/or the transfer of Participating Shares and/or the issuance of additional Participating Shares, for any reason determined by the Directors and/or the Investment Manager including upon the occurrence of any of the following circumstances (and in each case for the whole or any part of a period):

1. when any stock exchange on which investments held by the Fund attributable to a Segregated Portfolio are quoted is closed except for ordinary holidays and weekends, or during periods in which dealings are restricted or suspended;
2. during the existence of any state of affairs as a result of which in the opinion of the Board of Directors and/or the Investment Manager, the disposal of investments held by the Fund on behalf of any Segregated Portfolio would not be reasonably practicable or might prejudice the non-redeeming Participating Shareholders of the Fund of any Segregated Portfolio;
3. during any breakdown in the systems and/or means of communication normally employed in determining the price or value of any investments held by the Fund on behalf of any Segregated Portfolio or of current prices in any stock market on which investments held by the Fund on behalf of any Segregated Portfolio are quoted, or when for any other reason the prices or values of any investments held by the Fund on behalf of any Segregated Portfolio cannot reasonably be promptly and accurately ascertained;
4. when the transfer of funds involved in the realization or acquisition of any investments held by the Fund on behalf of any Segregated Portfolio cannot, in the opinion of the Board of Directors, be effected at normal rates of exchange;
5. any period where, in the sole discretion of the Investment Manager, the Fund, on behalf of any Segregated Portfolio, is unable to accurately determine the fair value of its investments;
6. during any period in which the Directors and/or the Investment Manager determine in good faith that there exist any circumstances that render the calculation of the Net Asset Value, acceptance of subscriptions for Participating Shares, redemptions, re-purchases or payment of the Redemption Price, impracticable or undesirable;
7. where such limitation or suspension is required by law in applicable legal process;
8. the business operations of the Investment Manager, the brokers or the Administrator in respect of the Fund, with respect to any Segregated Portfolio, are substantially interrupted or closed as a result of or arising from pestilence, acts of war, terrorism, insurrection, revolution, civil unrest, riot, strikes, or acts of God; or
9. where the Directors and/or the Investment Manager determine that such limitation or suspension is in the best interests of the Participating Shareholders generally.

The Fund, on behalf of any Segregated Portfolio, may withhold payment to any person whose Participating Shares have been tendered for redemption until after any suspension has been lifted. If a Redemption Notice is not withdrawn by a Participating Shareholder following declaration of a suspension, the redemption will be processed as of the Redemption Day next following the lifting of such suspension, unless the Directors and/or the Investment Manager determine otherwise on the basis of the Net Asset Value per Participating Share as of the last Valuation Day.

All reasonable steps will be taken to bring any period of suspension to an end as soon as possible. The Fund will notify Shareholders of any such suspension and the subsequent lifting of the suspension as soon as reasonably practicable. In the event of any such suspension being imposed, the Directors and/or the Investment Manager may instruct the Administrator to cease accepting any

Subscription Agreements or the processing of Redemption Notices. The Directors and/or the Investment Manager may, in their sole discretion, instruct the Administrator to return any Subscription Agreements received prior to such suspension being imposed on the applicants. Any applicants or Shareholders, as the case may be, may be required to resubmit their Subscription Agreements upon the lifting of the suspension. Any outstanding Redemption Notices in respect of which redemptions proceeds have not been paid will be held over and given priority over other, further Redemption Notices, once the suspension is lifted.

### **Soft Wind Down**

If the Directors, in consultation with the Investment Manager, decide that the investment strategy is no longer viable they may resolve that the Fund in respect of any Segregated Portfolio, be managed with the objective of realising assets in an orderly manner and distributing the proceeds to Shareholders in such manner as they determine to be in the best interests of the Fund with respect of any Segregated Portfolio, in accordance with the terms of the Articles and this PPM, including, without limitation, compulsorily redeeming Participating Shares, paying any dividend proceeds in specie and/or declaring a suspension of redemptions and subscriptions while assets are realised. In special circumstances, this process may be subject to suspension, holdback or partial holdback, and may also be subject to a reserve for contingent liabilities of the Fund in respect of any Segregated Portfolio. This process is also integral to the business of the Fund and may be carried out without recourse to a formal liquidation under the Companies Act or any other applicable bankruptcy or insolvency regime, but shall be without prejudice to the right of the holders of the Management Shares to place the Fund into liquidation.

### **Refusal of Redemptions**

The Fund with respect of the Segregated Portfolio may refuse (and the Investment Manager and/or the Administrator reserve the right to refuse or to induce the Directors to refuse) to make any redemption payment to a Participating Shareholder if the Directors:

1. suspect or are advised that the payment of any redemption proceeds to such a redeeming Participating Shareholder might result in a breach or violation of any applicable anti-money laundering or other laws or regulations by any person in any relevant jurisdiction;
2. such refusal is considered necessary or appropriate to ensure the compliance by the Fund, the Directors, the Investment Manager and/or the Administrator or any of their respective delegates, with any applicable anti-money laundering or other laws or regulations in any relevant jurisdiction; or
3. the Directors determine that it is in the best interests of the Shareholders.

### **Investor Qualification Requirements**

#### **Eligible Investors**

Except as otherwise set out in any Supplement, Shareholders of a Segregated Portfolio must be: (i) a Non-US Person; or (ii) a Permitted US Person; and otherwise be permitted to invest in the Fund under the terms of this PPM and the applicable Supplement. Each Permitted US Person must be an Accredited Investor, a Qualified Purchaser and a Qualified Eligible Person. Each Non-US Person must be a Qualified Eligible Person.

#### **Transfers**

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

No Participating Shares may be transferred, assigned or disposed of without the prior written consent of the Directors or their authorized agents which may be withheld in their absolute discretion. In the case of a proposed transfer of Participating Shares to another entity where there is no change in beneficial ownership, the Directors undertake not to unreasonably withhold their consent to the

transfer.

Subject as aforesaid, Participating Shares are transferable by written instrument signed by the transferor and the transferee, but transfers will not be effective until registered in the Register of Members of the Fund. Participating Shareholders wishing to transfer Participating Shares must complete and sign the transfer in the exact name or names in which the Participating Shares are registered, indicating any special capacity in which they are signing and supply the details to the Fund. Transferees will be required to complete inter alia a Subscription Agreement or if applicable, an Additional Subscription Form.

The Directors may in their absolute discretion decline to register any transfer of Participating Shares without assigning any reason therefore.

### **Transfer Restrictions**

Participating Shares may only be sold, transferred or assigned strictly in accordance with the Articles, this PPM and the applicable Supplement. All transfers are subject to the consent of the Directors and/or the Investment Manager, or their authorised agents.

The Directors may decline to register any transfer of Participating Shares if, in the conclusive determination of the Directors, the proposed transfer: (i) would cause or be likely to cause any pecuniary, tax, legal, regulatory or material disadvantage to the Fund, the Investment Manager or its Affiliates or any other Shareholder; or (ii) is to a person who is not an Eligible Investor.

The Directors may also decline to register a transfer of Participating Shares where such Participating Shares are already subject to a request for redemption. The registration of transfers may be suspended at such times and for such periods as the Directors may from time to time determine.

## **7. RISK FACTORS**

An investment in the Participating Shares attributable to any Segregated Portfolio is speculative and involves a high degree of risk. There is no guarantee that implementation of the investment objective or investment strategy with respect to the assets of the Fund with respect to any Segregated Portfolio will not result in losses to holders of Participating Shares. Accordingly, prospective investors should consider the following risk factors. The following is not intended to set out all of the factors relating to the risks which may be encountered in respect of the Fund and a Segregated Portfolio and investors are encouraged to discuss in detail with their professional advisors the potential risks of investing in the Fund in respect of a Segregated Portfolio.

An investment in the Fund with respect to any Segregated Portfolio is speculative and involves a high degree of risk, and there can be no assurance that a Segregated Portfolio will achieve its investment objective. Investors could lose all or a substantial portion of its investment in the Fund with respect to any Segregated Portfolio.

Prospective investors should also consider any additional risk warnings and disclosures set out in the relevant Supplement when evaluating the merits and suitability of an investment in the Fund in respect of a Segregated Portfolio. There can be no assurance that an individual Segregated Portfolio will meet its investment objective or that investors will receive a return of their capital. The assets of each Segregated Portfolio will be invested separately in accordance with the investment objective and program as specified in the relevant Supplement.

Although the Fund and the Segregated Portfolios together form an integrated fund structure, a segregated portfolio is not a separate legal entity. In this respect, and unless the context otherwise requires, references throughout this section to the risk factors of the Fund will refer to the risk factors of a Segregated Portfolio, as and where appropriate.

References in this Section 7 of the PPM to the trading activities of the Fund (and the risks associated with such activities) shall, where the context requires, be construed as references to the Fund acting through any Segregated Portfolio.

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

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

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

#### **Profit Allocation**

The Profit Allocation payable to the Investment Manager may create an incentive for the Investment Manager to make investments that are riskier or more speculative than would be the case in the absence of a Profit Allocation. Prospective investors should note that the Management Fee and Profit Allocation payable to the Investment Manager are based in part upon unrealised gains (as well as unrealised losses), and that such unrealised gains and losses may never be realised by the Fund with respect to any Segregated Portfolio.

#### **Risk Management**

The Investment Manager intends to apply a risk management approach that it believes is appropriate for a Segregated Portfolio. The application of any risk management approach involves numerous

judgments and qualitative assessments. No risk management system is fail-safe, and no assurance can be given that the risk control framework of the Fund or any Segregated Portfolio will achieve its objectives. From time to time, without notice to the Participating Shareholders the Investment Manager may modify or change the risk management system and procedures of the Fund or any Segregated Portfolio.

### **Risks in relation to the Investment Adviser's Internal Policies**

The Investment Adviser currently has in place various policies such as the liquidity risk management policy as well as the policies in relation to securities lending, repurchase and reverse repurchase transactions in which a Segregated Portfolio may be engaged in. Although the Investment Adviser has in place such policies with an aim to effectively manage the risk profile of a Segregated Portfolio, and such policies are reviewed on a periodic basis, there is no guarantee that such policies in place will be sufficient or adequate to cater for all situations which a Segregated Portfolio may face, particularly under uncertain market conditions and in the face of unpredictable counterparty risks.

### **Potential Conflict of Interest in relation to the Investment Manager and/or the Investment Adviser's involvement in valuation of assets**

The Investment Manager may be involved in the pricing of the assets and liabilities of the Fund and its Segregated Portfolios. To the extent that the Investment Manager is involved in pricing of the assets of the relevant Segregated Portfolio and/or the calculation of the Net Asset Value of the Segregated Portfolio, the Investment Manager has a conflict of interest because valuations directly impact the Management Fee and Profit Allocation payable to the Investment Manager. In addition, to the extent that the Investment Manager may delegate any duties in relation to the pricing of assets and liabilities of the Fund and its Segregated Portfolios, such situations of potential conflict may also apply to the Investment Adviser where the Investment Adviser's remuneration is dependent on the valuation of assets and liabilities of the relevant Segregated Portfolio or based on such remuneration receivable from the Investment Manager.

## **B. General Market**

### **Risks Market Risk**

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

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

### **Economic Conditions**

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

### **Liquidity**

Under certain conditions liquidity of a particular market or security may be restricted, thus affecting the performance of the Fund with respect to any Segregated Portfolio. Lack of liquidity or market depth can affect the valuation of the Fund's assets as it looks to realize securities at quoted prices. In some cases, the Fund may be contractually prohibited from disposing of such assets or interests for a specified period of time. Reduced liquidity may also make it difficult to purchase specific securities at

a favourable or desirable price or in a sufficient quantity to meet the investment objective of the Fund or of any Segregated Portfolio. In addition, in the case of substantial Redemptions, the Fund may be forced to sell its more liquid positions at a disadvantageous time, resulting in a greater percentage of the portfolio consisting of illiquid securities and assets for the continuing Shareholders.

### **Exchange Rate Fluctuations**

Participating Shares will be issued and redeemed in US\$, unless otherwise provided in the relevant Supplement.

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

The Fund's underlying investments with respect to a Segregated Portfolio may be invested in securities and other investments denominated in currencies other than US\$. The value of such investments may be affected favourably or unfavourably by fluctuations in exchange currencies. Transactions undertaken to hedge adverse currency exchange movements may also involve the risk that a counterparty to any transaction may default on its obligation thereunder. While the Fund will endeavour only to enter into transactions with counterparties who are reputable financial institutions, there is still a risk that a counterparty may default on its obligations.

In addition, prospective investors whose assets and liabilities are primarily denominated in currencies other than the US\$ should take into account the potential risk of loss arising from fluctuations in the rate of exchange between the US\$ and such other currencies.

### **Market and Issuer Volatility**

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

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

### **Disclosure of Investment Portfolio**

The audited financial statements of the Fund with respect to any Segregated Portfolio will not include a detailed listing of positions held by such Segregated Portfolio. Such confidentiality is maintained for the purpose of preventing third-parties from using information concerning the Fund or the Fund's position to its detriment.

### **Market Dislocation**

The global financial crisis beginning in 2007-2008, and the more recent Eurozone crisis have caused significant dislocations, illiquidity and volatility in global financial markets and the general economy.

The economic downturn resulting from the crisis could continue to adversely affect the financial resources of companies in which the Fund and/or any Segregated Portfolio invests. Such events may also restrict the ability of the Fund (and/or any Segregated Portfolio) to sell or liquidate investments at favourable times or for favourable prices. There can be no certainty as to the duration of the current market dislocation.

### **Risks Related to Valuation of the Fund's Assets**

The Fund's and the Segregated Portfolio's assets are generally valued based on quotes provided by exchanges, brokers and other third party sources. However, these values may not reflect the actual prices which would be realised upon a sale of a particular asset. In addition, the Fund on behalf of the relevant Segregated Portfolios may hold loans or privately placed securities for which no public

market exists. Valuations of assets undertaken or provided by the Fund on behalf of the relevant Segregated Portfolios will be conclusive and binding on all investors.

Prospective investors should be aware that the valuation or pricing of certain asset classes, particularly hard-to-price assets such as illiquid, unlisted and unquoted securities, may result in subjective prices being applied to the Administrator's calculations of the Net Asset Value of the relevant Segregated Portfolio. This could materially affect the Net Asset Value of the relevant Segregated Portfolio, the price of the Participating Share at which the investors will deal and the fees paid by the investors, particularly if the judgments of the Directors, the Investment Manager or their third party valuation agents regarding appropriate valuations or pricing should prove incorrect.

In addition, there is no guarantee that the value determined with respect to a particular asset or liability by the Administrator will represent the value that will be realized by the Segregated Portfolio on the eventual disposition of the related investment or that would, in fact, be realized upon an immediate disposition of the investment. There are inherent limitations in the valuation of the Segregated Portfolio's assets and liabilities and the calculation of Net Asset Value, which will be affected by a number of factors, including system error, oversight, breakdowns in processes, a lack of availability of information in a timely manner, exchanges communicating incorrect information, rapidly evolving changes to particular industries, regulatory changes and tax and accounting policies

### **C. Risks associated with the Investment Strategy of the Fund/each Segregated Portfolio**

#### **Leverage**

Depending on the particular investment strategy set out in this PPM and any Supplement, a Segregated Portfolio may leverage its capital because it is believed that the use of leverage may enable the Fund to achieve a higher rate of return. Accordingly, a Segregated Portfolio may pledge its securities in order to borrow additional funds for its own investment purposes. The Fund, with respect to a Segregated Portfolio, may also leverage its investment return with short sales and through the use of derivatives. The amount of borrowings which the Fund may have outstanding at any time may be substantial in relation to its capital. The risk of loss and the possibility of gains are therefore increased.

#### **Securities Lending Risk**

Where applicable and provided for in the relevant Supplement, a Segregated Portfolio may enter into securities lending transactions. The principal risk when lending securities is that the borrower might become insolvent or refuse to honour its obligations to return the securities. In this event, the relevant Segregated Portfolio of the Fund could experience delays in recovering its securities and may possibly incur a capital loss. The relevant Segregated Portfolio may also incur a loss in reinvesting the cash collateral it receives. Such a loss may arise due to a decline in the value of the investment made with cash collateral received from a securities lending counterparty. A decline in the value of such investment of the cash collateral would reduce the amount of collateral available to be returned by the relevant Segregated Portfolio to the securities lending counterparty at the conclusion of the securities lending contract. The Fund would be required to cover the difference in value between the collateral originally received and the amount available to be returned to the counterparty, thereby resulting in a loss to the relevant Segregated Portfolio. Where a Segregated Portfolio will engage in or enter into securities lending transactions, details of the Investment Adviser's policy on such transactions applicable to the relevant Segregated Portfolio will be disclosed in the relevant Supplement.

#### **Stock Borrowing Risk**

The Investment Manager may borrow securities for the account of a Segregated Portfolio on terms that such securities may be recalled by the lender at short notice. If the securities are recalled, the Investment Manager may be required to unwind a strategy early, which may result in losses. The Investment Manager will endeavour to borrow non-recallable stock where possible.

#### **Repurchase Agreements Risk**

Where applicable and provided for in the relevant Supplement, a Segregated Portfolio may enter into repurchase agreements with respect to securities issued by governments and institutions. Repurchase

agreements involve credit risk to the extent that the Segregated Portfolio's counterparties may avoid such obligations in bankruptcy or insolvency proceedings, thereby exposing the Segregated Portfolio to unanticipated losses. The amount of credit risk incurred by the relevant Segregated Portfolio with respect to a particular repurchase agreement will depend in part on the extent to which the obligation of the Segregated Portfolio counterparty is secured by sufficient collateral.

Under a repurchase agreement, the relevant Segregated Portfolio retains the economic risks and rewards of the securities which it has sold to the counterparty and therefore is exposed to market risk in the event that it must repurchase such securities from the counterparty at the pre-determined price which is higher than the value of the securities. If it chooses to reinvest the cash collateral received under the repurchase agreement, it is also subject to market risk arising in respect of such investment. Where a Segregated Portfolio will engage in or enter into repurchase agreements, details of the Investment Adviser's policy on such transactions applicable to the relevant Segregated Portfolio will be disclosed in the relevant Supplement.

### **Reverse Repurchase Agreements Risk**

Where applicable and provided for in the relevant Supplement, a Segregated Portfolio may enter into reverse repurchase agreements. If the seller of securities to the relevant Segregated Portfolio under a reverse repurchase agreement defaults on its obligation to repurchase the underlying securities, as a result of its bankruptcy or otherwise, the relevant Segregated Portfolio will seek to dispose of such securities, which action could involve costs or delay. If the seller becomes insolvent and subject to liquidation or reorganisation under applicable bankruptcy or other laws, the relevant Segregated Portfolio's ability to dispose of the underlying securities may be restricted. It is possible, in a bankruptcy or liquidation scenario, that the relevant Segregated Portfolio may not be able to substantiate its interest in the underlying securities. Finally, if a seller defaults on its obligation to repurchase securities under a reverse repurchase agreement, the Segregated Portfolio may suffer a loss to the extent that it is forced to liquidate its position in the market, and proceeds from the sale of the underlying securities are less than the repurchase price agreed to by the defaulting seller. Where a Segregated Portfolio will engage in or enter into reverse repurchase agreements, details of the Investment Adviser's policy on such transactions applicable to the relevant Segregated Portfolio will be disclosed in the relevant Supplement.

### **Limited Diversification**

The Investment Manager intends to seek to diversify the Fund's investments (with respect to a Segregated Portfolio) as it deems appropriate and consistent with the investment objective of each Segregated Portfolio. If a Segregated Portfolio's investment portfolio is concentrated in a small number of investments, the portfolio will be subject to a greater level of volatility. Also, the use of a single Investment Manager applying generally similar trading programs could mean lack of diversification and, consequentially, higher risk.

### **Speculative Nature of Certain Investments**

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

### **Margin Risk**

When financial instruments are traded on a leveraged basis, the financial instrument can be purchased by depositing only a percentage of the instrument's face value and borrowing the remainder (margin). As a result, a relatively small adverse price movement in a financial instrument's value may result in immediate and substantial losses to the investor. Like other leveraged investments, any purchase or sale of a financial instrument on margin may result in losses in excess of the amount invested. The interest expense and other costs incurred in connection with such borrowing may not be recovered by appreciation in the investments purchased. In addition the Fund may be subject to additional risks, including the possibility of a "margin call", pursuant to which the Fund must either deposit additional funds with the broker or suffer mandatory liquidation of the



pledged securities to compensate for the decline in value. In the event of a sudden, precipitous drop in the value of the Fund's assets, the Fund might not be able to liquidate assets quickly enough to pay off its margin debt. Such an event would adversely affect the Fund's investment.

### **Counterparty Default and Credit Risk**

Depending on the particular investment strategy set out in this PPM and any Supplement, a Segregated Portfolio will, in certain circumstances, be fully subject to the default of a counterparty. Such counterparty may be a broker, or any other party, and the default risk or credit risk could be to contractual obligations, settlement or any other default or credit related issue.

### **Interest Rate Risk**

Depending on the particular investment strategy set out in this PPM and any Supplement, a Segregated Portfolio may make investments which are exposed to interest rate risk. Should the prevailing interest rate change to an extent larger or in a different way than expected by the Segregated Portfolio, the Segregated Portfolio may suffer financial losses and the risk profile of the portfolio. Increases in interest rates may also impact the Fund cost of borrow and hence profitability negatively.

### **Force Majeure**

It is not possible to insure fully against all loss or damage arising from events of force majeure. These are usually defined to include acts of God, and certain other events beyond the reasonable control of a person (e.g. war, riot, urban unrest, terrorism).

### **Short Selling**

The Investment Manager may engage in short selling. Selling securities short creates the risk of losing an amount greater than the initial investment, and can also involve borrowing and other costs which can reduce profits or create losses in particular positions. Short selling is subject to additional regulatory controls which may change from time-to-time restricting the Fund's ability to effect short selling.

### **Hedging Transactions**

Depending on the particular investment strategy set out in this PPM and any Supplement, a Segregated Portfolio may employ certain hedging techniques, including the use of options and other derivatives, short selling, interest rate instruments and arbitrage positions, directed toward various risks, such as market and interest rate risks related to specific securities or issuers. Hedging against a decline in the value of a portfolio position does not eliminate fluctuations in the value of portfolio positions or prevent losses if the values of such positions decline, but establishes other positions designed to gain from those same developments, thus, moderating the decline in the portfolio positions' value. Such hedge transactions also limit the opportunity for gain should the value of the of the portfolio position increase. 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. Moreover, for a variety of reasons, the Investment Manager may not seek or be able to establish sufficiently accurate correlation between such hedging instruments and the portfolio holdings being hedged. As a general matter, the Fund's portfolio will be exposed to basic risks relating to the financial markets and interest rates, as well as issuer and event risk and other risks attendant to its investment strategy, which risks will not be hedged as a matter of course. Neither the Fund nor the Investment Manager is obligated, and will not attempt to hedge all market or other risks inherent in the Fund's position.

### **Event Driven Investing**

Event driven investing requires the Fund, with respect to a Segregated Portfolio, to make predictions about: (i) the likelihood that an event will occur; and (ii) the impact such event will have on the value of a company's securities. If the event fails to occur or it does not have the effect foreseen, losses can result. Because of the inherently speculative nature of event driven investing, the results of the Fund's operations may be expected to fluctuate from period to period. Accordingly, investors should

understand that the results of a particular period will not necessarily be indicative of results that may be expected in future periods.

## **Value Driven Investing**

Depending on the particular investment strategy set out in this PPM and any Supplement, a Segregated Portfolio will seek to invest in undervalued securities. The identification of investment opportunities in undervalued securities is a difficult task, and there are no assurances that such opportunities will be successfully recognized or acquired. While investments in undervalued securities offer the opportunity for above-average capital appreciation, these investments involve a high degree of financial risk and can result in substantial losses. Returns generated from the Fund's investments may not adequately compensate for the business and financial risks assumed. In addition, the Fund may be required to hold such securities for a substantial period of time before realising their anticipated value. During this period, a portion of the Fund's capital would be committed to the securities purchased, thus possibly preventing the Fund from investing in other opportunities. In addition, the Fund may finance such purchases with borrowed funds and thus will have to pay interest on such funds during such waiting period.

## **D Legal, Tax and Regulatory Risks**

### **Regulations**

Neither Fund (nor any of its Segregated Portfolios) is registered pursuant to any other applicable law, rule or regulation including the 1940 Act. Consequently, Participating Shareholders will not benefit from certain of the protections afforded by such other laws or regulations.

If the Directors of the Fund (with respect to any Segregated Portfolio) determine that it is in the best interests of the Fund or a Segregated Portfolio (as applicable) to become registered pursuant to any other applicable law, rule or regulation (including the Company Act) then the Fund (with respect to the relevant Segregated Portfolio) shall take all necessary steps in order to achieve such registration.

Legal, tax and regulatory changes in various jurisdictions could occur during the lifetime of the Fund which may adversely affect it. Should any of those laws change over the term of the Fund, the legal requirements to which the Fund may be subject could differ materially from the current requirements. The Fund may be subject to tax in jurisdictions outside of the Cayman Islands in respect of investments made in those jurisdictions.

The regulation of the international currencies, securities and derivatives markets has undergone substantial change in recent years, and such change is expected to continue for the foreseeable future. The effect of regulatory change on the Fund, while impossible to predict, could be substantial and adverse. The financial services industry generally, and the activities of hedge funds and their managers, in particular, has been subject to increasing legislation, regulation and oversight. As one of the consequences of the international financial crisis, a number of initiatives, both on a national and supranational level, have been announced, among them by the United States, several European governments as well as the European Union, the International Organization of Securities Commissions (IOSCO), and the Group of Twenty (G-20). It is not currently possible to predict the extent of such increasing legislation, regulation and oversight, which would potentially limit the Fund's investment opportunities and returns or fund raising ability and increase the Fund's, the Investment Manager's exposure to potential liabilities and to legal, compliance and other costs. Increased regulatory oversight can also impose administrative burdens on the Fund and the Investment Manager, including, without limitation, responding to investigations and implementing new policies and procedures. Such burdens may divert the Investment Manager's time, attention and resources from its asset management activities. Investors in the Fund should be aware that increased legislation of the Fund could have substantial and adverse consequences for the Fund and its investors.

Regulatory action or changes in the legislative environment could cause the Investment Manager to re-domicile the Fund to another jurisdiction which may cause disruption and costs to the Fund and which may result in the Fund having to be domiciled in a legal and regulatory environment which is less favourable to it or to its investors than is currently the case.

The Fund may be restricted in its investments in various countries as a foreign company and may require the approval of various regulatory bodies. There is no guarantee that the policies of relevant regulatory authorities towards investment by foreign companies will remain unchanged. Any adverse changes in such policies may have a significant impact on the Fund's ability to invest, or to dispose of Investments, in companies in countries in which such restrictions or policies exist.

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

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

For the avoidance of doubt, the Fund and/or the Investment Manager is not required to compensate the Shareholders in respect of any tax loss that might arise from any applicable tax policy imposed.

## **Tax**

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

## **Exempt Offering**

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

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

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

## **Regulatory Approvals**

The Fund (with respect to any Segregated Portfolio) may be restricted in its investments in various countries as a foreign company and may require the approval of various regulatory bodies.

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

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

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

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

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

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

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

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

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

## **Foreign Account Tax Compliance Act**

The HIRE Act provisions relating to foreign account tax compliance and its subsidiary regulations (referred to as "**FATCA**") provide that, beginning on 1 July 2014 and to be implemented gradually in stages through 1 January 2017, a 30% withholding tax is imposed on certain payments of US source income and proceeds from the sale of property that could give rise to US source interest or dividends if the payee is an FFI, unless such FFI enters into FFI Agreement with US Internal Revenue Service (the "**IRS**") to disclose the name, address and taxpayer identification number of certain US Persons that own, directly or indirectly, an interest in the FFI as well as certain other information relating to any such interest.

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

### **Limited Regulatory Oversight**

While the Fund may be considered similar to investment companies, the Fund (with respect to each Segregated Portfolio) does not, and does not intend to be, registered under the US Company Act, in reliance upon an exemption available to privately-offered investment companies. Accordingly, the provisions of the US Company Act (which, among other matters, require investment companies to have disinterested directors, require securities held in custody to at all times be individually segregated from the securities of any other person and marked to clearly identify such securities as the property of such investment company and regulate the relationship between the advisor and the investment company) will not be afforded to the Fund, any Segregated Portfolio or the Shareholders. Further, the Investment Manager is not registered under the Investment Advisers Act as an investment advisor. The Investment Manager is similarly exempted from the provisions of the Commodity Exchange Act. Accordingly, consistent with many funds managed by foreign (non-US based) advisors, the protections offered by such US-based legislation will not be available to the Shareholders.

### **Regulatory Change**

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

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

There have recently been certain well-publicized incidents of regulators unexpectedly announcing regulatory changes or interpretations that prohibited strategies that had been implemented in a variety of formats for many years. For instance, in September 2008 the SEC and various non-US regulatory bodies imposed temporary bans on short-selling in a variety of stocks, and adopted permanent regulations that may have the effect of making short-selling more difficult or costly.

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

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

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

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

In the current unsettled regulatory environment, it is impossible to predict if future regulatory

developments might adversely affect the Fund.

### **Data Protection Act risks**

Under the Cayman Islands Data Protection Act, 2017 (“**DPA**”), data controllers are subject to additional obligations including, amongst others, processing personal data in accordance with lawful purposes, bearing responsibility for data processors who process personal data on their behalf, and providing data subjects with more detailed information regarding the processing of their personal data. Other obligations imposed on data controllers include personal data retention limitations and the obligation to report any personal data breach to affected data subjects and the Cayman Islands Ombudsman without undue delay. Under the DPA, data subjects are afforded additional rights, including the right to access personal data, the right to have inaccurate personal information rectified, the right to have personal data held by a data controller erased in certain circumstances, and the right to restrict or object to processing in a number of circumstances. The implementation of the DPA may result in increased operational and compliance costs being borne directly or indirectly by the Fund. Further, there is a risk that the measures will not be implemented correctly by the Fund or its service providers. If there are breaches of these measures by the Fund or any of its service providers, the Fund or its respective service providers could face significant administrative fines, imprisonment, and/or be required to compensate any data subject who has suffered damage as a result as well as the Fund suffering reputational damage which may have a material adverse effect on its operations and financial conditions.

## **E Risks with certain counterparties**

### **Settlement and Custody Risks**

A Segregated Portfolio will be exposed to a credit risk on parties with whom it trades and will also bear the risk of settlement default. Although the emerging markets have grown rapidly over the last few years, the clearing, settlement and registration systems available to effect trades on such markets are significantly less developed than those in more mature world markets. This can result in delays and other material difficulties in settling trades and in registering transfers of securities, thereby affecting the Net Asset Value of a Segregated Portfolio.

Custodians or sub-custodians may be appointed in local markets for purpose of safekeeping assets in those markets. Where the Segregated Portfolio invests in markets where custodial and/or settlement systems are not fully developed, the assets of the Segregated Portfolio may be exposed to custodial risk. In case of liquidation, bankruptcy or insolvency of a custodian or sub-custodian, the Fund and the relevant Segregated Portfolios may take a longer time to recover its assets. In extreme circumstances such as the retroactive application of legislation and fraud or improper registration of title, the Fund and the relevant Segregated Portfolios may even be unable to recover all of its assets. The costs borne by the Fund and the relevant Segregated Portfolios in investing and holding investments in such markets will be generally higher than in organised securities markets.

### **Counterparty Risk**

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

The Fund on behalf of a Segregated Portfolio may enter into transactions in over-the-counter markets, which will expose the Segregated Portfolio to the credit of its counterparties and their ability to satisfy the terms of such contracts. For example, the Fund on behalf of a Segregated Portfolio may enter into repurchase agreements, forward contracts, options and swap arrangements or other derivative techniques, each of which expose the Segregated Portfolio to the risk that the counterparty may default on its obligations to perform under the relevant contract. In the event of a bankruptcy or insolvency of a counterparty, the Segregated Portfolio could experience delays in liquidating the position and significant losses, including declines in the value of its investment during the period in which the Fund seeks to enforce its rights, inability to realise any gains on its investment during such period and fees and expenses incurred in enforcing its rights. There is also a possibility that the above agreements and derivative techniques are terminated due, for instance, to bankruptcy, supervening illegality or change in the tax or accounting laws relative to those at the time the agreement was originated. In such circumstances, investors may be unable to cover any losses incurred. Derivative

contracts such as swap contracts entered into by the Fund on behalf of a Segregated Portfolio on the advice of the Investment Manager involve credit risk that could result in a loss of the Segregated Portfolio's entire investment as the Segregated Portfolio may be fully exposed to the credit worthiness of a single approved counterparty where such an exposure will be collateralised.

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

### **Restriction on Auditors' Liability**

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

### **Institutional Risk**

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

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

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

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

## **F Other risks**

### **Foreign Taxation**

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

## **No Separate Counsel**

Deacons will act as international legal counsel to the Investment Manager. No separate counsel has been retained to act on behalf of the Participating Shareholders.

Maples and Calder (Hong Kong) LLP ("**Maples and Calder**"), 26<sup>th</sup> Floor, Central Plaza,, 18 Harbour Road, Hong Kong acts as Cayman Islands legal counsel to the Fund. In connection with the Fund's offering of Participating Shares and subsequent advice to the Fund, Maples and Calder will not be representing Shareholders. No independent legal counsel has been retained to represent the Shareholders. Maples and Calder's representation of the Fund is limited to specific matters as to which it has been consulted by the Fund. There may exist other matters that could have a bearing on the Fund as to which Maples and Calder has not been consulted. In addition, Maples and Calder does not undertake to monitor compliance by the Investment Manager and its affiliates with the investment program, valuation procedures and other guidelines set forth in this PPM, nor does Maples and Calder monitor ongoing compliance with applicable laws. In connection with the preparation of this PPM and any applicable Supplement, Maples and Calder's responsibility is limited to matters of Cayman Islands law and it does not accept responsibility in relation to any other matters referred to or disclosed in this PPM and any applicable Supplement. In the course of advising the Fund, there are times when the interests of Shareholders may differ from those of the Fund. Maples and Calder does not represent the Shareholders' interests in resolving these issues. In reviewing this PPM and any applicable Supplement, Maples and Calder has relied upon information furnished to it by the Fund and has not investigated or verified the accuracy and completeness of information set forth in this PPM concerning the Fund.

## **International Investing**

A substantial portion of the trades executed for the Fund takes place on foreign exchanges. Additional risks of international investing include political or economic instability in the country of issue, the possible introduction of new laws, and the possible imposition of exchange controls or other laws or restrictions.

## **Risk of Government Intervention**

The instruments and strategies in which the Fund may trade or invest are subject to certain risks arising from government regulation of or intervention in the relevant capital markets, through regulation of their local markets, restrictions on investments by foreigners or limits on the flows of investment funds or risk of government expropriation of the assets of the companies in which the Fund holds interests. Regulatory intervention could also materially affect the ability of the Fund to give effect to its investment strategies, either temporarily or permanently. Such regulation or intervention could adversely affect the Fund's performance.

## **Classes**

The Fund has the power to issue Participating Shares in Classes with respect to each Segregated Portfolio. The Articles provide for the manner in which the liabilities are to be attributed across the various Classes (liabilities are to be attributed to the specific Class in respect of which the liability was incurred). Notwithstanding that the Fund is a segregated portfolio company, the Fund is a single legal entity. Participating Shareholders of one or more Classes of Participating Shares within a single Segregated Portfolio may be compelled to bear the liabilities incurred in respect of other Classes of that Segregated Portfolio which such Participating Shareholders do not themselves own if there are insufficient assets in that other Class to satisfy those liabilities. Accordingly, there is a risk that, within a Segregated Portfolio, liabilities of one Class may not be limited to that particular Class and may be required to be paid out of one or more other Classes of that Segregated Portfolio.

## **Segregated Portfolio Risks**

The Fund is registered as a segregated portfolio company. As a matter of Cayman Islands law, the assets of one Segregated Portfolio will not be available to meet the liabilities of another Segregated Portfolio. The principal advantage of a segregated portfolio company is that, although it is still a single legal entity, it may protect the assets of one segregated portfolio in the segregated portfolio company from the liabilities of other segregated portfolios under the laws of the Cayman Islands. However, the



Fund may operate or have assets held on its behalf or be subject to claims in other jurisdictions that may not necessarily recognize such segregation. There is no guarantee that the courts of any jurisdiction will respect the limitations on liability associated with segregated portfolio companies. Each Segregated Portfolio may consist of a number of Classes of Shares. Such Classes are not separate legal entities and there is no ring fencing of assets attributable to a particular Class of Participating Shares within each Segregated Portfolio. If the assets attributable to one Class of Participating Shares in a Segregated Portfolio were completely depleted by losses and a deficit remained, a creditor could enforce a claim against the assets of the other Classes of the same Segregated Portfolio. As at the date of this document, the Directors are not aware of any such existing or contingent liability as between Classes or as between Segregated Portfolios.

### **Location of Assets**

Assets will be held in jurisdictions which may not recognize the segregation of assets and liabilities of segregated portfolio companies, and it is impossible to predict both where the assets will be held and whether any jurisdiction in which such assets are located or deemed to be located recognizes or will recognize any segregation of assets and liabilities.

### **Effect of Redemptions**

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

### **Absence of Secondary Market**

Currently there is no public market for the Participating Shares, and the Participating Shares are not offered or dealt with on any stock exchange, and it is unlikely that any active secondary market for any of the Participating Shares will develop. Participating Shares are not being registered to permit a public offering under the securities laws of any jurisdiction. Participating Shares are also subject to substantial restrictions on transferability under the Articles. The consent of the Directors must be obtained prior to any transfer of Participating Shares. The Participating Shareholders might be able to dispose of their Participating Shares only by means of redemptions on the relevant Redemption Day at the Redemption Price, in the absence of an active secondary market. The risk of any decline in the Net Asset Value during the period from the date of notice of redemption until the Redemption Day will be borne by the Participating Shareholder(s) requesting redemption. In addition, the Directors have the power to suspend and compel redemptions. There are also restrictions on transferring Participating Shares.

### **Operating Deficits**

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

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

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

### **Valuation of the Segregated Portfolio's Investments**

Valuation of a Segregated Portfolio's securities and other investments may involve uncertainties and

judgmental determinations, and if such valuations should prove to be incorrect, the Net Asset Value per Participating Share could be adversely affected. Independent pricing information may not at times be available regarding certain of the Segregated Portfolio's securities and other investments. Valuation determinations will be made in good faith in accordance with the Articles, this PPM and any applicable Supplement.

The Fund may have some of its assets in investments, which by their very nature may be extremely difficult to accurately value. To the extent that the value assigned by the Fund to any such investment differs from the actual value, the Net Asset Value per Participating Share may be understated or overstated, as the case may be. In light of the foregoing, there is a risk that a Participating Shareholder who redeems all or part of its Participating Shares while the Fund holds such investments will be paid an amount less than it would otherwise be paid if the actual value of such investments is higher than the value designated by the Fund. Similarly, there is a risk that such Participating Shareholder might, in effect, be overpaid if the actual value of such investments is lower than the value designated by the Fund. In addition, there is risk that an investment in the Fund by a new Participating Shareholder (or an additional investment by an existing Participating Shareholder) could dilute the value of such investments for the other Participating Shareholders if the designated value of such investments is higher than the value designated by the Fund. Further, there is risk that a new Participating Shareholder (or an existing Participating Shareholder that makes an additional investment) could pay more than it might otherwise if the actual value of such investments is lower than the value designated by the Fund. Where necessary, the Fund reserves the right to adjust the Net Asset Value per Participating Share retroactively.

None of the Directors, the Fund or the Administrator shall have any liability in the event that any price or valuation, used in good faith in connection with the above procedures, proves to be an incorrect or an inaccurate estimate or determination of the price or value of any part of the property of the Fund.

### **Dividends and Distributions**

The Directors do not intend to declare any dividends on the Participating Shares and dividends received by the Fund in respect of a Segregated Portfolio from investments attributable to that Segregated Portfolio will be reinvested in other investments.

Accordingly, an investment in the Fund may not be suitable for investors seeking current returns for financial or tax planning purposes. The Directors do however reserve the right to declare and pay dividends to Participating Shareholders. Any dividends paid will be subject to all applicable laws.

### **Additional Rights of Participating Shareholders**

Subject to the "Variation of Share Rights" section as described under the Articles of the Fund, the Directors, in their sole discretion and without notice to the other Participating Shareholders of the Fund, may, for and on behalf of a Segregated Portfolio from time to time, enter into side letters or agreements (to satisfy regulatory requirements or for any other reason) with certain investors granting them, among other things, fee waivers or reductions, different voting rights or restrictions, additional rights to reports or other information and other more favourable (or less favourable) investment terms than the terms associated with an investment by Participating Shareholders in the Fund pursuant to the terms offered pursuant to this PPM and any applicable Supplement. In particular, the Fund may, with respect to a Segregated Portfolio, enter into a side letter or agreement with an investor granting them, among other things, reduced fees and preferential redemption rights and rights to receive regular portfolio information. The Fund has the power to create different Classes of Participating Shares for certain investors and may create additional Classes having different rights for the purposes of implementing such agreements. The Fund shall have no obligation to offer such additional rights, terms or conditions granted to other or all investors in the Fund. Where the Fund, for the account of a Segregated Portfolio and/or the Investment Manager or its associates has granted preferential rights of redemption, the material terms relating to such preferential rights will be made available on request.

### **Potential Conflicts of Interest**

The management personnel of the Investment Manager and its affiliates may have conflicts of interest with the Fund and the Segregated Portfolios as a result of other activities of affiliates of the Investment Manager with which such personnel are associated, which may require those management personnel to devote substantial amounts of their time to matters unrelated to the

business of the Fund and the Segregated Portfolios. Accordingly, the management personnel will devote only such portion of their time to the affairs of the Fund and the Segregated Portfolios as they in good faith consider necessary for the proper performance of their duties.

The Investment Manager will devote sufficient resources to pursue the Fund's (and each Segregated Portfolio's) objective of maximizing the expected returns on its portfolio, subject to general constraints on portfolio risk, exposure to extreme adverse events, concentration, liquidity and other qualitative and quantitative considerations. The Investment Manager and its affiliates, Investment Managers, members, shareholders, officers, directors, employees and the agents of the Investment Manager and its respective affiliates may engage in transactions or investments or cause or advise other clients to engage in transactions or investments that may differ from or be identical to the transactions or investments engaged in by the Investment Manager for the Fund with respect to any Segregated Portfolio.

The Investment Manager shall not have any obligation to engage in any transaction or investment for any Segregated Portfolio's account that the Investment Manager or its respective affiliates or any of the members, officers, directors or employees of the Investment Manager or its affiliates may engage in for their own accounts or the account of any other customer, except as otherwise required by applicable law.

There will be no limitation with respect to the Investment Manager's and its affiliates' other activities and investments or with respect to the activities of other investment portfolios managed or advised by the Investment Manager or its affiliates. Accordingly conflicts of interest may occur. In the event of any potential conflict of interest, the Investment Manager and its affiliates will act in a manner which they in good faith believe to be or not opposed to the best interests of the Fund and consistent with their duty of fair dealing to others as if effected on normal commercial terms negotiated on an arm's length basis.

The Fund, with respect to any Segregated Portfolio, may invest in co-investment opportunities alongside one or several of its Shareholders, which may cause such investor(s) to have an information advantage over other investors in the Fund who do not participate in such co-investment outside of the Fund. The Investment Manager may also be in a position where it has to balance the interests of the Fund and its investors against those of its co-investors, for example where for reasons of liquidity the Fund may want to exit a co-investment at an inopportune time for the other co-investors.

The Investment Manager may obtain products or services other than the execution of securities transactions from the brokers in exchange for the direction of brokerage transactions of the Fund (with respect to any Segregated Portfolio) to the brokers ("**soft dollars**"), which may include research and advisory services, economic and political analyses, portfolio analyses, market analyses, data and quotation service and computer hardware and software used for an/or in support of the investment process, but shall not include travel, accommodation or entertainment. To the extent possible and appropriate, the Investment Manager will use such soft dollars for the benefit of the applicable Segregated Portfolio, but may also use the soft dollars for other investment funds, client accounts and proprietary accounts it may manage in the future.

The Investment Manager may enter into transactions for the account of the Fund or the relevant Segregated Portfolio with affiliated brokers or dealers, provided that such transactions are carried out on arm's length terms, consistent with best execution standards and at a commission rate no higher than customary institutional rates. The Fund or the relevant Segregated Portfolio may deposit funds with or borrow funds from the Investment Manager or its affiliates, provided that (i) in the case of a deposit, interest is received at a rate not lower than the prevailing commercial rate for a deposit of that size and term, and (ii) in the case of a loan, interest charged and fees levied in connection with the loan are no higher than the prevailing commercial rate for a similar loan.

Subject to internal compliance policies and approval procedures, and provided that the Fund and the Segregated Portfolios are not prejudiced in any way thereby, members, officers and employees of the Investment Manager may engage, from time to time, in personal trading of securities and other instruments, including any securities and instruments in which the Fund and the Segregated Portfolios are invested.

The Investment Manager will have substantial influence in decisions as to the actions taken by the Fund with respect to each Segregated Portfolio. The Profit Allocation payable to the Investment Manager will be based, in part, on the realized capital appreciation of the assets of the relevant Segregated Portfolio. Accordingly, such compensation may create an incentive for the Investment Manager and its affiliates to make more speculative or riskier investments on behalf of the relevant Segregated Portfolio (or recommend the same to the relevant Segregated Portfolio) than would be the case if such allocation were not made. In addition, since the Profit Allocation will be calculated on a basis that includes unrealized appreciation of the applicable Segregated Portfolio's net assets, such payment may be greater than if it were based solely on realized gains.

Furthermore, Shareholders may have conflicting investment, tax and other interests with respect to their investments in the Segregated Portfolios of the Fund. The conflicting interests of individual Shareholders may relate to or arise from, among other things, the nature of the investments of the Fund with respect to a Segregated Portfolio, the structuring or the acquisition of the investments, and the timing of disposition of the investments. As a consequence, conflicts of interest may arise in connection with decisions made by the Investment Manager, including with respect to the nature or structuring of investments, that may be more beneficial for one Investor than for another Investor, especially with respect to the Shareholders' individual tax situations. In selecting and structuring investments appropriate for each Segregated Portfolio, the Investment Manager will consider the investment and tax objectives of the Fund and the Segregated Portfolio(s) as a whole, not the investment, tax or other objectives of any Participating Shareholder individually.

It should also be noted that some of the Directors of the Fund are also directors and/or members and/or officers of the Investment Manager.

All the Management Shares are held by the Investment Manager. Subject to limited circumstances, all the voting rights of the Fund are attributed to the Management Shares which means that the Investment Manager has control over all voting rights of the Fund (subject to certain limited carve outs).

The Administrator and their respective affiliates may from time to time act as administrator, custodian, banker or dealer in relation to, or be otherwise involved in, other funds or accounts including those that have similar investment objectives to those of the Fund or the Segregated Portfolios. The Administrator and their respective affiliates may also hold, dispose or otherwise deal with Participating Shares as well as hold or deal in any investments. It is, therefore, possible that any of them may, in the course of business, have potential conflicts of interest with the Fund or the Segregated Portfolios. Each will at all times have regard in such event to its obligations to the Fund or the Segregated Portfolios and will endeavour to ensure that such conflicts are resolved fairly.

The Administrator and their respective affiliates may contract with or enter into any financial, banking or other transaction with the Fund on behalf of the Segregated Portfolios, the Directors, the Investment Manager, any Shareholder or any company or body whose assets are held by or for the account of the Fund or the Segregated Portfolios. The Administrator or their respective affiliates shall not be liable to account to any person for any profits or benefits made or derived by them in connection with any such transaction.

### **Disclosure of other directorships**

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

### **Handling of mail**

Mail addressed to the Fund and received at its registered office will be forwarded unopened to the forwarding address supplied by the Fund or the Investment Manager to be dealt with. None of the Fund, its Directors, officers, advisers or service providers (including the organisation which provides registered office services in the Cayman Islands) will bear any responsibility for any delay howsoever caused in mail reaching the forwarding address. In particular the Directors will only receive, open or deal directly with mail which is addressed to them personally (as opposed to mail which is addressed

just to the Fund).

### **System Risk**

The Fund, with respect to each Segregated Portfolio, relies to a significant extent on computer systems and software used by the Investment Manager and other service providers to develop and execute investment strategies, analyse investment opportunities, price the Segregated Portfolio's assets, execute and settle trades, and conducting risk and operational controls. Such systems and software may be subject to errors, defects, interruptions or failure. In the event of such malfunction, the Fund, with respect to a Segregated Portfolio, may incur significant losses to the extent its or its service providers' ability to evaluate, make, hold, monitor, or dispose of investments, or to monitor risks and operations is affected. The Investment Manager may not be in a position to verify the accuracy of the operation or results of the systems used by it or other service providers and may rely on erroneous computations or data, causing losses to the Fund or any Segregated Portfolio. The Investment Manager and other service providers are generally not liable to the Fund or any Segregated Portfolio for such system malfunction unless caused by their own gross negligence, wilful default or fraud.

### **Reliance on information from third parties**

In order to value the assets and liabilities of the Fund and each Segregated Portfolio, the Investment Manager and the Administrator will rely on information provided by outside parties, and such persons may provide inaccurate, incomplete, not current or otherwise unreliable information. Accordingly, the valuation of a Segregated Portfolio's assets and liabilities may be inaccurate, causing a Segregated Portfolio to restate its accounts and causing losses to such Segregated Portfolio and the investors.

### **Nominee Risk**

The Segregated Portfolios may invest through one or more subsidiaries or one or more nominee vehicles or through the Investment Manager or any sub-advisor. Such nominees will be the registered owner of the assets of the relevant Segregated Portfolio and the Segregated Portfolio will remain the beneficial owner of such assets. The Segregated Portfolio will also have a right to direct the nominee to sell or return equivalent assets. In certain jurisdictions, a Segregated Portfolio may rank as an unsecured creditor in relation to the nominee and, in the event of the insolvency of the nominee, the Segregated Portfolio may not be able to recover these assets in full. Further, where assets of more than one Segregated Portfolio are pooled within the same subsidiary or nominee and that vehicle itself is not a segregated portfolio company and so is unable to segregate its assets and liabilities, then, in certain jurisdictions in which the Fund may operate, all the assets of the particular nominee or subsidiary may be available to a creditor of that vehicle.

### **Operational risks**

The Fund, with respect to each Segregated Portfolio, relies on the Investment Manager to establish appropriate systems and procedures to control operational risks relating to the management of the business of the Segregated Portfolio, including the evaluation, making, holding, monitoring and divesting of investments, the valuation of the Fund's assets, and the making up of the Fund's books and accounts. The Fund, with respect to each Segregated Portfolio, is dependent on being able to monitor, process and book a large number of transactions and positions on a daily basis and relies heavily on the accuracy, integrity and continuous operation of its financial and data processing systems. Errors or failures occurring in the operation of the Fund (with respect to any Segregated Portfolio) may cause the Fund, or any Segregated Portfolio, to suffer significant disruption as well as liability to third parties or other financial losses.

### **Misconduct of service providers**

Misconduct of the employees of the Investment Manager and other service providers could cause significant losses to the Fund and/or any Segregated Portfolio, including the unauthorized entering into transactions, the failure to comply with operational and risk procedures, the use of sensitive information for personal trading activities, the noncompliance with applicable law or regulations, and the concealing of the foregoing, and may result in reputational damage, litigation, business disruption and/or financial losses to the Fund and/or any Segregated Portfolio, for which the relevant service provider may not be liable at all or only to a limited extent.

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

## 8. REGULATORY CONSIDERATIONS

### Alternative Investment Fund Managers Directive

The European Union (the "EU") has adopted the Directive on Alternative Investment Fund Managers (the "AIFM Directive") which has subsequently been transposed into the laws of each EU Member State, together with Iceland, Lichtenstein and Norway ("European Economic Area"). Second level EU legislation was adopted by the European Commission on 19 December 2012. The AIFM Directive regulates alternative investment fund managers ("AIFM") based in any European Economic Area jurisdiction and will prohibit AIFM from managing any alternative investment fund ("AIF") unless authorisation is granted to the AIFM. In order to obtain such authorisation, and to be able to manage an AIF, an AIFM will need to comply with various obligations in relation to the AIF which may create significant additional compliance costs that may be passed on to investors in the AIF. Non-European Economic Area based AIFM are not regulated under the AIFM Directive unless they market AIF within the European Economic Area. The AIFM Directive applies certain reporting obligations on non-European Economic Area based AIFMs in respect of their AIFs if the AIFs are marketed within the European Economic Area. Aside from this obligation, non-European Economic Area based AIFM may market AIF, such as the Fund, within the European Economic Area according to each European Economic Area states' existing national private placement laws. However, in due course, although no earlier than 2015, the marketing of shares in an AIF to investors in the European Economic Area might not be permitted unless the relevant non-European Economic Area based AIFM is authorised under the AIFM Directive.

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

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

### U.S. Investment Company Act of 1940

The Fund will not be subject to registration under the 1940 Act, in reliance upon the exemption from registration set forth in Section 3(c)(7) thereof, which in conjunction with Section 7(d) thereof and under current interpretations of the U.S. Securities and Exchange Commission ("SEC"), exempts from such registration any non-U.S. issuer all of whose outstanding securities are beneficially owned either by non-U.S. Persons or by U.S. Persons that are "qualified purchasers" (as defined in the 1940 Act). A "qualified purchaser" generally includes a natural person who owns not less than US\$5,000,000.00 in investments, a company acting for its own account or the accounts of other qualified purchasers which owns and invests on a discretionary basis not less than US\$25,000,000.00 in investments and certain trusts. The Subscription Agreements and Additional Subscription Form under the Subscription Agreement will include a representation that each U.S. Person subscribing for Participating Shares is a "qualified purchaser", and the Subscription Agreements and the Articles will contain representations and restrictions on transfer designed to assure that these conditions will be met.

### Dodd Frank Act

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

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

1. (i) has no place of business in the US; (ii) has, in total, fewer than 15 clients in the US and investors in the US in private funds advised by the investment adviser; (iii) has aggregate

assets under management attributable to clients in the United States and investors in the United States in private funds advised by the investment adviser of less than US\$25 million; and (iv) does not hold itself out generally to the public in the United States as an investment adviser (the "**Foreign Private Adviser Exemption**");

2. is an investment adviser solely to private funds with less than US\$150 million in assets under management (the "**Private Fund Adviser Exemption**"); or
3. is an investment adviser solely to venture capital funds (the "**Venture Capital Fund Adviser Exemption**").

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

### **U.S. Commodity Exchange Act**

As at the date of this PPM, the Investment Manager as the operator of Fund (and each Segregated Portfolio) is not required to register with the U.S. Commodity Futures Trading Commission ("**CFTC**") or the National Futures Association ("**NFA**") as a commodity pool operator "CPO" because it does not conduct any CFTC-regulated business and are therefore not required to deliver disclosure documents and certified annual reports to the investors in the Fund (with respect to any Segregated Portfolio). Furthermore, this PPM is not required to be, and has not been, filed with the CFTC or the NFA and, consequently, neither the CFTC nor the NFA has reviewed or approved this offering, this PPM or any Supplement.

Notwithstanding that the Investment Manager may conduct CFTC-regulated business in the future (due to the investment programme of a Segregated Portfolio), certain exemptions, such as Rule 3.10(c)(3) and Rule 4.13(a)(3) of the Commodity Exchange Act, may be available to the Investment Manager so that it will not be required to register with the CFTC. The CFTC Rules (and applicable exemptions) are subject to on-going review and update. In the event of future rule changes resulting in the Investment Manager becoming unable to rely on these exemptions (or another available exemption), the Investment Manager may be required to register as a CPO with the CFTC. No assurance can be given that the Investment Manager would be able to successfully register as a CPO if required to do so.

### **ERISA Considerations**

To avoid having the Fund's assets be deemed to be "plan assets" for purposes of the Employee Retirement Income Security Act of 1974, as amended ("**ERISA**"), the Fund currently intends to provide that investment by "benefit plan investors" (as defined in regulations promulgated under ERISA) in the Fund will not be "significant". Notwithstanding the foregoing, the Fund may permit investment by benefit plan investors to exceed the limit described above and permit ERISA Plans to invest in the Fund in which case the underlying assets of the Fund could be deemed to constitute "plan assets", and the Fund would need to comply with the provisions of ERISA and the Code, applicable to a fiduciary of an ERISA Plan under ERISA.

The following is a summary of certain considerations associated with an investment in the Fund by employee benefit plans that are subject to Title I of ERISA, plans, individual retirement accounts ("**IRAs**") and other arrangements that are subject to Section 4975 of the United States Internal Revenue Code of 1986 ("**Code**") or provisions under any federal, state, local, non-U.S. or other laws or regulations that are similar to such provisions of the Code or ERISA (collectively, "**Similar Laws**"), and entities whose underlying assets are considered to include "plan assets" of such plans, accounts and arrangements (each, a "**Plan**").

#### **(a) General Fiduciary Matters**

ERISA and the Code impose certain duties on persons who are fiduciaries of a Plan subject to Title I of ERISA or Section 4975 of the Code (an "**ERISA Plan**") and prohibit certain transactions involving the assets of an ERISA Plan and its fiduciaries or other interested parties. Under ERISA and the



Code, any person who exercises any discretionary authority or control over the administration of an ERISA Plan or the management or disposition of the assets of an ERISA Plan, or who renders investment advice for a fee or other compensation to an ERISA Plan, is generally considered to be a fiduciary of the Plan.

In considering an investment in the Fund of a portion of the assets of any Plan, a fiduciary should determine, particularly in light of the risks and lack of liquidity inherent in an investment in the Fund, whether the investment is in accordance with the documents and instruments governing the Plan and the applicable provisions of ERISA, the Code or any Similar Law relating to a fiduciary's duties to the Plan including, without limitation, the prudence, diversification, delegation of control and prohibited transaction provisions of ERISA, the Code and any other applicable Similar Laws. Furthermore, absent an exemption, the fiduciaries of a Plan should not invest in the Fund with the assets of any Plan if the adviser, or any of its respective affiliates is a fiduciary with respect to such assets of the Plan.

Section 406 of ERISA and Section 4975 of the Code prohibit ERISA Plans from engaging in specified transactions involving plan assets with persons or entities who are "parties in interest", within the meaning of ERISA, or "disqualified persons", within the meaning of Section 4975 of the Code. The acquisition and/or ownership of Interests by an ERISA Plan with respect to which the Fund is considered a party in interest or a disqualified person may constitute or result in a direct or indirect prohibited transaction under Section 406 of ERISA and/or Section 4975 of the Code, unless the investment is acquired and is held in accordance with an applicable statutory, class or individual prohibited transaction exemption. In this regard, the U.S. Department of Labor ("**DOL**") has issued prohibited transaction class exemptions, or "PTCEs", that may apply to the acquisition and holding of investments in the Fund. These class exemptions include, without limitation, PTCE 84-14 respecting transactions determined by independent qualified professional asset managers, PTCE 90-1 respecting insurance company pooled separate accounts, PTCE 91-38 respecting bank collective investment funds, PTCE 95-60 respecting life insurance company general accounts and PTCE 96-23 respecting transactions determined by in-house asset managers.

#### **(b) Plan Assets**

ERISA and the Code do not define "plan assets." However, regulations ("**Plan Asset Regulations**") promulgated under ERISA by the DOL generally provide that when an ERISA Plan acquires an equity interest in an entity that is neither a "publicly-offered security" nor a security issued by an investment company registered under the 1940 Act, the ERISA Plan's assets include both the equity interest and an undivided interest in each of the underlying assets of the entity unless it is established either that equity participation in the entity by benefit plan investors is not significant or that the entity is an "operating company", in each case as defined in the Plan Asset Regulations. For purposes of the Plan Asset Regulations, equity participation in an entity by benefit plan investors will not be significant if they hold, in the aggregate, less than 25 per cent of the value of each class of such entity's equity, excluding equity interests held by persons (other than benefit plan investors) with discretionary authority or control over the assets of the entity or who provide investment advice for a fee (direct or indirect) with respect to such assets, and any affiliates thereof. For purposes of this 25 per cent test, "benefit plan investors" include an employee benefit plan, as defined in section 3(3) of ERISA, that is subject to Part 4 of Subtitle B of Title I of ERISA, any plan to which section 4975 of the Code applies, as well as any entity whose underlying assets are deemed to include "plan assets" by reason of a plan's investment in the entity (e.g., an entity of which 25 per cent or more of the value of any class of equity interests is held by benefit plan investors and which does not satisfy another exception under the Plan Asset Regulations). Thus, absent satisfaction of another exception under the Plan Asset Regulations, if 25 per cent or more of the value of any class of equity interests of the Fund were held by benefit plan investors, an undivided interest in each of the underlying assets of the Fund, as applicable, would be deemed to be "plan assets" of any ERISA Plan that invested therein.

It is currently intended that the Fund will provide that investment by benefit plan investors in the Fund will not be "significant" for purposes of the Plan Asset Regulations by limiting equity participation by benefit plan investors in the Fund to less than 25 per cent of the value of each class of equity interests in the Fund as described above. However, there can be no assurance that, notwithstanding the current intention or efforts of the Fund, the Fund will satisfy the Plan Asset Regulations, or the underlying assets of the Fund will not otherwise be deemed to include ERISA plan assets.

The Directors have the power to take certain actions to avoid having the assets of the Fund characterized as “plan assets”, including, without limitation, the right to cause a Participating Shareholder that is a benefit plan investor to withdraw from the Fund. While it is not currently expected that such power will be exercised, no assurance can be given that such power will not be exercised.

Notwithstanding the foregoing, the Fund may elect to permit investment by benefit plan investors in the Fund to exceed this 25 per cent limit. In that case, the Fund could be deemed to hold “plan assets” and would need to comply with the provisions of ERISA and the Code applicable to a fiduciary of an ERISA Plan. In this regard, the subscription agreement provides that in the event the Fund elects to permit the assets of the Fund to include “plan assets”, each Participating Shareholder of the Fund which is an ERISA Plan or which is investing the assets of an ERISA Plan, (or a named fiduciary of such ERISA Plan) will be deemed to appoint the Investment Manager as Investment Manager (as defined in Section 3(38) of ERISA) and fiduciary (as defined in Section 3(21) of ERISA) with respect to the portion of the assets of the Fund deemed to be assets of an ERISA Plan.

### **(c) Plan Asset Consequences**

If the assets of the Fund were deemed to be “plan assets” under ERISA, this would result, among other things, in (i) the application of the prudence and other fiduciary responsibility standards of ERISA to investments made by the Fund, and (ii) the possibility that certain transactions in which the Fund might seek to engage could constitute “prohibited transactions” under ERISA and the Code, which, absent an exemption, could restrict the Fund from acquiring an otherwise desirable investment or from entering into an otherwise favorable transaction. If a prohibited transaction occurs for which no exemption is available, the Investment Manager and/or any other fiduciary that has engaged in the prohibited transaction could be required to (i) restore to the ERISA Plan any profit realized on the transaction and (ii) reimburse the ERISA Plan for any losses suffered by the ERISA Plan as a result of the investment. In addition, each disqualified person (within the meaning of Section 4975 of the Code) involved could be subject to an excise tax equal to 15 per cent of the amount involved in the prohibited transaction for each year the transaction continues and, unless the transaction is corrected within statutorily required periods, to an additional tax of 100 per cent. ERISA Plan fiduciaries who decide to invest in the Fund could, under certain circumstances, be liable for prohibited transactions or other violations as a result of their investment in the Fund or as co-fiduciaries for actions taken by or on behalf of the Fund, the Directors or the Investment Manager. With respect to an IRA that invests in the Fund, the occurrence of a prohibited transaction involving the individual who established the IRA, or his or her beneficiaries, would cause the IRA to lose its tax-exempt status.

The foregoing discussion is general in nature and is not intended to be all-inclusive. Each Plan fiduciary should consult with its legal adviser concerning the considerations discussed above before making an investment in the Fund. As indicated above, Similar Laws governing the investment and management of the assets of governmental or non-U.S. plans may contain fiduciary and prohibited transaction requirements similar to those under ERISA and the Code (as discussed above). Accordingly, fiduciaries of such governmental or non-U.S. plans, in consultation with their advisers, should consider the impact of their respective laws and regulations on an investment in the Fund and the considerations discussed above, if applicable.

### **New Issue Allocations**

Depending on the investment programme as described in any Supplement, the Fund on behalf of a Segregated Portfolio, may from time to time invest in “new issues” (i.e., equity securities which are issued in an initial public offering). The US Financial Industry Regulatory Authority Inc. (“**FINRA**”) adopted FINRA Rule 5130 and 5131 (the “**New Issues Rules**”), which implement in part the requirement that FINRA members (principally broker-dealers and investment bankers) make a bona fide public distribution at the public offering price of securities of an initial public offering of equity (a “**new issue**”). The New Issues Rules restrict FINRA members and their associated persons from, among other things, selling with limited exception any new issue securities to any FINRA member, to any associated person of a FINRA member, to any senior officer of a registered investment advisory

firm, bank, savings and loan institution or insurance company, or to certain other restricted persons (collectively, "**FINRA Restricted Persons**").

The New Issues Rules prohibit FINRA members from selling securities in a new issue to the Fund (with respect to a Segregated Portfolio) if FINRA Restricted Persons would be allocated in aggregate more than 10% of the profits or losses relating to those new issues, and ban a practice known as "spinning" by generally prohibiting a FINRA member from allocating a new issue to any account (e.g., private investment fund) in which an executive officer or director of a public company or a covered non-public company, or a person materially supported by such an executive officer or director (each, a "**Rule 5131 Restricted Person**"), has a beneficial interest if such Rule 5131 Restricted Person's company has or expects to have an investment banking relationship with the FINRA member.

To enable the Fund on behalf of a Segregated Portfolio to invest in a New Issue, the Directors may designate one or more Class of Participating Shares in a Segregated Portfolio as unrestricted Shares ("**Unrestricted Shares**") or as restricted Shares ("**Restricted Shares**"). Unrestricted Shares may only be issued to persons who, under the New Issues Rules, are not FINRA Restricted Persons. Profits or losses attributable to investments by the Fund (with respect to a Segregated Portfolio) in equity securities which are issued and subject to the New Issues Rules shall be allocated only to Unrestricted Shares and not to Restricted Shares either entirely or to the extent required by such New Issues Rules. The Fund, on behalf of a Segregated Portfolio, may, however, avail itself of a "de minimis" general exemption pursuant to which not more than 10% of any new issue profits and losses may be allocated to FINRA Restricted Persons.

If, at any time, a Shareholder in a Segregated Portfolio ceases to be a "FINRA Restricted Person" or becomes a "FINRA Restricted Person", as the case may be, the Fund (with respect to the applicable Segregated Portfolio) reserves the right to convert (by share exchange) such Shareholder's Restricted Shares/Unrestricted Shares into Unrestricted Shares/Restricted Shares, as applicable. For example, if a holder of Unrestricted Shares subsequently becomes a "FINRA Restricted Person" under the New Issues Rule, the Unrestricted Shares held by such Shareholder will be converted into, by way of share exchange, a number of Restricted Shares having an aggregate NAV equal to the NAV of such Unrestricted Shares.

Shareholders may receive "new issue" allocations and therefore share in any profits (or losses) arising from such allocation, disproportionate to such Shareholders' respective proportionate holding of Participating Shares. Those Shareholders that are restricted from participating in "new issues" will not be compensated in any respect for their capital in the Fund which is being used to acquire "new issues".

**EACH QUALIFIED PLAN FIDUCIARY SHOULD CONSULT ITS LEGAL ADVISER CONCERNING THE CONSIDERATIONS DISCUSSED ABOVE BEFORE MAKING AN INVESTMENT IN THE FUND.**

### **Dodd Frank Act**

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

Pursuant to Title IV of the Dodd-Frank Act – the Private Fund Investment Advisers Registration Act of 2010, as at the date of this PPM, each of the Investment Manager or the Investment Adviser is exempt from registration as an investment adviser on the basis that they respectively: (i) have no place of business in the US; (ii) have, in total, fewer than 15 clients in the US and investors in the US in private funds advised by the investment adviser; (iii) have aggregate assets under management attributable to clients in the United States and investors in the United States in private funds advised by the investment adviser of less than US\$25 million; and (iv) do not hold themselves out generally to the public in the United States as an investment adviser (the "**Foreign Private Adviser Exemption**").

However, if this exemption ceases to apply, the Investment Manager may benefit from another exemption on the basis that it is an investment adviser solely to private funds with less than US\$150 million in assets under management (the "**Private Fund Adviser Exemption**"). In that case, the Investment Manager may elect to register as an Exempt Reporting Adviser with the United States Securities and Exchange Commission, or alternatively apply for full registration as an adviser.

### **Miscellaneous**

Each subscriber will be required to acknowledge in its Subscription Agreement and reaffirm in the Additional Subscription Form under the Subscription Agreement that the Fund, the Administrator or its delegate and/or the Investment Manager may disclose to each other, to any of their affiliates, to any other service provider to the Fund or to any regulatory body in any applicable jurisdiction copies of the subscriber's Subscription Agreement or Additional Subscription Form under the Subscription Agreement and any information concerning the subscriber provided by the subscriber to the Fund, the Administrator and/or the Investment Manager and any such disclosure shall not be treated as a breach of any restriction upon the disclosure of information imposed on such person by law or otherwise.

Trade confirmations will be sent to applicants upon acceptance of their application as soon as practicable after the relevant Subscription Day, setting out details of the Participating Shares that they have subscribed for. If the applicant does not receive a trade confirmation, it is the applicant's responsibility to contact the Fund to ascertain the status of its subscription application. An applicant cannot assume its successful subscription until it receives a trade confirmation from the Fund.

## 9. TAXATION CONSIDERATIONS

It is the responsibility of all persons interested in purchasing Participating Shares to inform themselves as to any tax consequences from their investing in the Fund and the Fund's operations or management, as well as any foreign exchange or other fiscal or legal restrictions, which are relevant to their particular circumstances in connection with the acquisition, holding or disposition of Participating Shares. Investors should therefore seek their own separate tax advice in relation to their holding of Participating Shares and accordingly neither the Fund, the Investment Manager nor any of the Fund's service providers accept any responsibility for the taxation consequences of any investment into the Fund by an investor.

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

### **Cayman Islands Taxation Considerations**

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

The Fund has received an undertaking from the Financial Secretary of the Cayman Islands that, in accordance with section 6 of the Tax Concessions Act (2018 Revision) of the Cayman Islands, for a period of 20 years from the date of the undertaking, no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciations shall apply to the Fund or its operations and, in addition, that no tax to be levied on profits, income, gains or appreciations or which is in the nature of estate duty or inheritance tax shall be payable (i) on or in respect of the shares, debentures or other obligations of the Fund or (ii) by way of the withholding in whole or in part of a payment of dividend or other distribution of income or capital by the Fund to its members or a payment of principal or interest or other sums due under a debenture or other obligation of the Fund.

### **The Cayman Islands and Automatic Exchange of Financial Account Information**

The Cayman Islands has signed an inter-governmental agreement to improve international tax compliance and the exchange of information with the United States (the "**US IGA**"). The Cayman Islands has also signed, along with over 100 other countries, a multilateral competent authority agreement to implement the OECD Standard for Automatic Exchange of Financial Account Information – Common Reporting Standard ("**CRS**" and together with the US IGA, "**AEOI**").

Cayman Islands regulations have been issued to give effect to the US IGA, and CRS (collectively, the "**AEOI Regulations**"). Pursuant to the AEOI Regulations, the Cayman Islands Tax Information Authority (the "**TIA**") has published guidance notes on the application of the US IGA and CRS.

All Cayman Islands "Financial Institutions" are required to comply with the registration, due diligence and reporting requirements of the AEOI Regulations, unless they are able to rely on an exemption that allows them to become a "Non-Reporting Financial Institution" (as defined in the relevant AEOI Regulations) with respect to one or more of the AEOI regimes, in which case only the registration requirement would apply under CRS. The Fund does not propose to rely on any Non-Reporting Financial Institution exemption and therefore intends to comply with all of the requirements of the AEOI Regulations.

The AEOI Regulations require the Fund to, amongst other things (i) register with the IRS to obtain a Global Intermediary Identification Number (in the context of the US IGA only), (ii) register with the TIA, and thereby notify the TIA of its status as a "Reporting Financial Institution"; (iii) adopt and implement written policies and procedures setting out how it will address its obligations under CRS, (iv) conduct due diligence on its accounts to identify whether any such accounts are considered "Reportable Accounts", and (v) report information on such Reportable Accounts to the TIA. The TIA will transmit the information reported to it to the overseas fiscal authority relevant to a reportable account (e.g. the IRS in the case of a US Reportable Account annually on an automatic basis.

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

By investing in the Fund and/or continuing to invest in the Fund, investors shall be deemed to acknowledge that further information may need to be provided to the Fund, the Fund's compliance with the AEOI Regulations may result in the disclosure of investor information, and investor information may be exchanged with overseas fiscal authorities. Where an investor fails to provide any requested information (regardless of the consequences), the Fund may be obliged, and/or reserves the right to take any action and/or pursue all remedies at its disposal including, without limitation, compulsory redemption of the investor concerned and/or closure of the investor's account. In accordance with TIA issued guidance, the Fund is required to close an investor's account if a self-certification is not obtained within 90 days of account opening.

## Hong Kong Taxation Considerations

### The Fund

The Inland Revenue Ordinance (“**IRO**”) of Hong Kong imposes tax on property rental income, employment income and business profits. As the Fund does not intend to directly own any land or buildings situated in Hong Kong that derive rental income and will not be generating any employment income, its exposure to Hong Kong tax under the IRO would generally be in connection with business profits only (i.e., “**profits tax**”).

In general, exposure to Hong Kong profits tax will only arise if the Fund is regarded as carrying on a trade, profession or business in Hong Kong either on its own account or through another person (e.g. the Investment Manager) and/or constituting a permanent establishment (as effective in relation to a year of assessment beginning on or after 1 April 2019) in Hong Kong. The Inland Revenue (Amendment) (No.6) Ordinance 2018 introduced a new definition of permanent establishment in Hong Kong for non-residents of a non-treaty jurisdiction under which a person, including a corporation or partnership irrespective of its place of incorporation or establishment, may potentially be subject to Hong Kong profits tax.

If the Fund is regarded as carrying on a trade, profession or business and/or constituting a PE (as effective in relation to a year of assessment beginning on or after 1 April 2019) in Hong Kong, a liability to profits tax, the rate of which is currently up to 16.5 per cent., will only exist in respect of any profits which arise in or are derived from Hong Kong from that trade, profession or business and which are not capital in nature. Such amounts may include profits arising from the disposal of securities listed on the Hong Kong Stock Exchange, unlisted securities where the purchase or sale contracts are effected (i.e. negotiated, concluded and executed) in Hong Kong and interest income arising from certain debt instruments where the loan funds were first made available to the issuer in Hong Kong to the extent that the Fund is not regarded as carrying on a money lending business. Whether a gain is regarded as being capital in nature is a question of fact which has to be determined based on the specific facts and circumstances of each case.

The Inland Revenue (Amendment) (No.3) Ordinance 2018, which was enacted into law on 29 March 2018, implements a two-tier profits tax system in Hong Kong, under which the profits tax rate applicable to the first HK\$2 million of assessable profits (“**Assessable Profit Threshold**”) of corporations would be lowered to 8.25 per cent. and for unincorporated businesses lowered to 7.5 per cent. respectively, subject to certain exceptions. Any assessable profits beyond the Assessable Profit Threshold would be subject to a profits tax rate of 16.5 per cent. for corporations and 15 per cent. for unincorporated businesses (collectively, the “**Two-Tier Profits Tax Arrangement**”).

Notwithstanding the above general rules, pursuant to the Revenue (Profits Tax Exemption for Offshore Funds) Ordinance 2006, as amended by the Inland Revenue (Amendment) (No. 2) Ordinance 2015 (“**Offshore Funds Ordinance**”), profits earned by a non-Hong Kong resident fund will be exempt from profits tax if certain conditions can be satisfied. The conditions, as they pertain to the Fund, are:

- the Fund must be a non-resident of Hong Kong. Whether the Fund is regarded as non-resident of Hong Kong generally depends on the location where the “central management and control” of the Fund is exercised;
- the Fund does not carry on any other business in Hong Kong;

- the Fund does not otherwise qualify as a “fund” as defined under The Inland Revenue (Profits Tax Exemption For Funds) (Amendment) Ordinance 2019 (“**Exemption Amendment Ordinance**”), which came into operation on 1 April 2019;
- the activities of the Fund are restricted to “specified transactions” (as defined in the Offshore Funds Ordinance) and transactions incidental thereto. “Specified transactions” is defined in the IRO to include “a transaction in securities”, “a transaction in futures contracts”, “a transaction in foreign exchange contracts”, “a transaction consisting in the making of a deposit other than by way of a money lending business”, “a transaction in foreign currencies”, and “a transaction in exchange-traded commodities”. “Securities” is widely defined but excludes shares or debentures (or rights, options or interests in, or in respect of, such shares or debentures) of a private company which is not a “special purpose vehicle” (“**SPV**”) (as defined in the Offshore Funds Ordinance) or an “excepted private company” (“**EPC**”) (as defined in the Offshore Funds Ordinance);
- either the “specified transactions” are carried out through or arranged by a “specified person” i.e., an authorised financial institution registered with the Securities and Futures Commission (“**SFC**”) in Hong Kong or a corporation holding any of the Type 1 to 10 licenses issued by the SFC under Part 1 of Schedule 5 of the Securities and Futures Ordinance; or the Fund is a “qualifying fund” (as defined in the Offshore Funds Ordinance); and
- income arising from transactions incidental to the “specified transactions” does not exceed 5 per cent. of the total trading receipts from the “specified transactions” and incidental transactions of the Fund.

Profits made by a SPV from the disposal of an EPC or another SPV (i.e. an interposed SPV) holding an EPC will also be exempt from profits tax in Hong Kong to the extent the SPV is owned by a fund exempted under the Offshore Funds Ordinance.

### **Exemption Amendment Ordinance**

Notwithstanding the general rules as described above, the Exemption Amendment Ordinance, which came into operation on 1 April 2019, introduced a new “unified profits tax fund exemption regime” (“**Unified Regime**”), which may allow “funds”, meeting the relevant definition and qualifying conditions to benefit from profits tax exemption even though its profits may otherwise be treated as taxable under the above Offshore Funds Ordinance.

Under the Unified Regime, a “fund” may enjoy profits tax exemption without restriction as to its structure, size or location of its central management and control. In addition, unlike the above Offshore Funds Ordinance, where a “fund” qualifying for tax-exemption carries out a transaction which does not qualify for tax exemption, this would not taint or impact the tax exemption status of other qualifying transactions of the “fund”.

Under the Exemption Amendment Ordinance, the definition of a “fund” is largely similar to that of a “collective investment scheme” under Part 1 of Schedule 1 to the Securities and Futures Ordinance with certain amendments. Broadly, the definition of “fund” under the Exemption Amendment Ordinance is an arrangement in respect of any property which:

- (a) either (i) the property is managed as a whole by, or on behalf of, the person operating the arrangement; and/or (ii) the contributions of the participating persons and the profits or income from which payments are made to them, are pooled under the arrangement; and
- (b) the participating persons do not have day-to-day control over the management of the property; and
- (c) the actual or pretended purpose or effect of the arrangement is to enable the participating person, whether by acquiring any right, interest, title or benefit in the property or any part of such property or otherwise, to participating in or receive profits, income payment other returns.

However, business undertakings for general commercial or industrial purpose and intra-group arrangements, in which all participants in the arrangement are corporations in the same group of companies as the operator of the arrangement or arrangements in which all the participants are employees (or close relatives of such employees) of the same corporate group as the operator of the arrangement, do not qualify as a “fund”.

Under the Unified Regime, profits of a “fund” derived from transactions in “qualifying assets” (as defined below) and transactions incidental thereto (which does not exceed 5 per cent. of the total trading receipts from such qualifying transactions) carried out or arranged by a “specified person” (e.g.

a corporation licensed under the SFO for carrying on a business in any regulated activity within the meaning of the SFO) will be exempt from profits tax. If the “fund” is a “qualified investment fund”, defined as a “fund” which (a) at all times after the final closing of sale of interest, the number of independent investors exceeds four and the capital commitments made by investors exceeds 90 per cent. of the aggregate capital commitments; and (b) the person that directly or indirectly originates or sponsors the “fund” and has the power to make investment decisions on behalf of the “fund” and its associates are entitled to no more than 30 per cent. of the net proceeds arising out of the transaction of the “fund”, it can qualify for profits tax exemption even if its transactions are not carried out through or arranged by a “specified person”.

“Qualifying assets” as prescribed under the Exemption Amendment Ordinance include (i) securities; (ii) shares, stocks, debentures, loan stocks, funds, bonds or notes of, or issued by, a private company (whether incorporated in or outside Hong Kong, if certain tests are satisfied); (iii) futures contracts; (iv) foreign exchange contracts; (v) deposits other than those made by way of a money-lending business; (vi) certificates of deposits; (vii) exchange-traded commodities; (viii) foreign currencies; (ix) over-the-counter derivative products; and (x) an investee company’s shares co-invested by a partner fund and Innovation and Technology Venture Fund Corporation under the Innovation and Technology Venture Fund Scheme.

The profits tax exemption applicable to a “fund” shall extend to any special purpose entities (“**SPEs**” or each an “**SPE**”) (as defined under the Exemption Amendment Ordinance) of such “funds”, to the extent that corresponds to the percentage of shares or interest the “fund” holds in such SPE.

Under the Exemption Amendment Ordinance, there are certain anti-avoidance measures in place in respect of investments in private companies (where applicable) by a “fund” and its “SPEs” which must met in order to enjoy the profits tax exemptions as follows:

- (a) the private company must not directly or indirectly hold more than 10 per cent. of the value of its assets in immovable property (other than infrastructure) in Hong Kong; and
- (b) the investment in the private company must have been held by the “fund” for at least two years; or
- (c) if the holding period in (b) above is not satisfied, (i) the “fund” does not have a controlling stake in the private company, or (ii) where the “fund” has a controlling stake in the private company, the private company does not hold more than 50 per cent. of the value of its assets in short term assets (i.e. assets held for less than three consecutive years before the date of disposal).

It is the intention of the Directors to conduct the affairs of the Fund as far as possible that the Fund should not have any profits tax liability in Hong Kong. However, no assurance can be given that profits from certain investments will not give rise to a liability for profits tax in Hong Kong for the Fund.

There is no Hong Kong withholding tax imposed on dividend and interest payments. In addition, there is no general turnover, sales or value added tax imposed in Hong Kong.

If the Fund acquires or disposes of any “Hong Kong stock” (as defined under the Hong Kong Stamp Duty Ordinance (“**SDO**”)), stamp duty will be imposed at the current rate of 0.2 per cent. on the stated consideration or fair market value of the stock, whichever is higher. The purchaser and seller are each liable for one-half of the amount of Hong Kong stamp duty chargeable upon such transfer (i.e. 0.1 per cent. each).

## **The Shareholders**

For the Shareholders where the interests in the Fund represent capital assets to them for Hong Kong profits tax purposes, gains arising from the sale or other disposal of the interest in the Fund should be capital in nature and not taxable. For the Shareholders carrying on a trade or business in Hong Kong and who also invest in securities for trading purposes (e.g. dealers in securities, financial institutions, insurance companies), such gains may be considered to be part of the Shareholders’ normal business profits rather than capital gains and hence, and in such circumstances may be subject to Hong Kong profits tax (which is currently charged at the rate of up to 16.5 per cent. for corporations, and up to 15 per cent. for unincorporated businesses) if the gains in question arise in or are derived from Hong Kong. Please note that the Two-Tier Profits Tax Arrangement shall apply to the abovementioned profit tax rates for calculating profits tax payable by any Shareholder.



Distributions by the Fund should generally not be subject to Hong Kong profits tax in the hands of the Shareholders (whether by way of withholding or otherwise).

Under the Offshore Funds Ordinance and the Exemption Amendment Ordinance, there are certain anti-avoidance provisions (the “**Deeming Provisions**”) which deem certain Hong Kong residents to have derived assessable profits from a fund notwithstanding the fund and/ or the SPV or SPE itself being tax exempt and despite no distribution being made by the fund. These Deeming Provisions may apply, *inter alia*, where the Hong Kong resident, alone or with his “associates” (as defined in the Offshore Funds Ordinance and Exemption Amendment Ordinance), holds 30 per cent. or more of the beneficial interest in the fund or where such Hong Kong resident is an “associate” (as defined in the Offshore Funds Ordinance and Exemption Amendment Ordinance) of the fund (irrespective of the percentage holding of the beneficial interest in the fund). Should the Deeming Provisions apply, it is generally the Hong Kong resident who will be obliged to report and be subject to Hong Kong profits tax on a deemed basis in respect of his or her share of the tax exempt profits in the fund or the SPV or the SPE concerned. The Deeming Provisions would not apply if the Fund is regarded as being bona fide widely held. The Shareholders should seek their own independent Hong Kong tax advice on this issue.

Hong Kong stamp duty will not be imposed in respect of the issuance of Participating Shares by the Fund. There should be no charge to Hong Kong stamp duty on the transfer, disposal or withdrawal of any interests in the Fund, on the basis that the share register of Fund will be maintained outside Hong Kong and the Participating Shares in the Fund should therefore not constitute “Hong Kong stock” for the purposes of the SDO.

This Hong Kong tax disclosure is general in nature and does not purport to cover all Hong Kong tax consequences of investing in the Fund. Prospective Shareholders should independently consult their own professional advisers on the potential taxation consequences of their subscribing for, buying, holding, transferring, selling, withdrawing or otherwise disposal of the Participating Shares in the Fund.

## **U.S. Taxation Considerations**

**Any US residents who are investors should seek their own professional tax advice before investing.**

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

The HIRE Act provisions relating to foreign account tax compliance and its subsidiary regulations (referred to as “**FATCA**”) provide that, beginning on 1 July 2014 and to be implemented gradually in stages through 1 January 2017, a 30% withholding tax is imposed on certain payments of US source income and proceeds from the sale of property that could give rise to US source interest or dividends if the payee is a “foreign financial institution” (“**FFI**”) unless such FFI enters into an agreement (an “**FFI Agreement**”) with the IRS to disclose the name, address and taxpayer identification number of certain US Persons that own, directly or indirectly, an interest in the FFI as well as certain other information relating to any such interest. Under an FFI Agreement with the IRS, an FFI will also be required to withhold U.S. federal income tax on payments to certain account holders or investors that fail to provide information. The Fund is an FFI that would be subject to these requirements.

However, the United States and the Cayman Islands have entered into an intergovernmental agreement (the “**Cayman Islands IGA**”) relating to FATCA. Under the Cayman Islands IGA, an investment fund such, as the Fund, that is organized in the Cayman Islands will be required to register with the IRS by 31 December 2014, in order to avoid 30% FATCA withholding on certain payments from U.S. sources, but will not be required to enter into an FFI Agreement with the IRS or report directly to the IRS on their United States accounts. Rather, such Cayman Islands investment funds will be required to provide information on their “U.S. Reportable Accounts” to the Cayman Islands tax authority, pursuant to enabling legislation and regulations yet to be implemented. Under the Cayman Islands IGA, the Cayman Islands will be required to share such information with the United States.

The Fund intends to comply with the Cayman Islands IGA and any implementing Cayman Islands

legislation and/or regulations to the extent necessary to avoid 30% FATCA withholding. In that connection, Shareholders in the Fund may be required to provide information relating to their tax status and, if they are entities, the tax status of their direct and indirect owners. However, although the Fund will attempt to satisfy any obligations imposed on them under FATCA and the Cayman Islands IGA to avoid the imposition of this withholding tax, no assurance can be given that the Fund will be able to satisfy these obligations. If the Fund becomes subject to withholding taxes as a result of FATCA, the return of all Shareholders may be materially affected. Moreover, the Fund will reduce the amount payable on any distribution or redemption to a Shareholder that fails to provide the Fund with the requested information. Shareholders will be required to agree in advance to provide the Fund with tax information sufficient to enable the Fund to comply with these requirements, and in some circumstances Shareholders may be required to waive the application of any privacy laws that protect them from making such disclosures. Moreover, under FATCA the Investment Manager may be required to redeem the Participating Shares held by any investor who fails to comply with information disclosure requests from the Investment Manager. Prospective investors are encouraged to consult with their own tax advisers regarding the possible implications of FATCA on their investments in the Fund.

### **Other Tax Issues**

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

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

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

### **Other Jurisdictions**

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

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

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

### **Other Taxes**

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

**THE TAX AND OTHER MATTERS DESCRIBED IN THIS PPM DO NOT CONSTITUTE, AND SHOULD NOT BE CONSIDERED AS LEGAL OR TAX ADVICE TO PROSPECTIVE APPLICANTS. PROSPECTIVE APPLICANTS SHOULD CONSULT LEGAL AND TAX ADVISERS IN THE COUNTRIES OF THEIR CITIZENSHIP, RESIDENCE AND DOMICILE TO DETERMINE THE**

**POSSIBLE TAX OR OTHER CONSEQUENCES OF PURCHASING, HOLDING AND REDEEMING PARTICIPATING SHARES UNDER THE LAWS OF THEIR RESPECTIVE JURISDICTIONS.**

## **10. SHARE CAPITAL AND ARTICLES OF ASSOCIATION**

The rights and obligations of the holders of Participating Shares are governed by the Articles. Prospective investors should examine this document carefully and consult with their own legal counsel concerning their rights and obligations before subscribing for Participating Shares. The following statements and other statements in this PPM and any Supplement concerning the Articles and related matters are only a summary, do not purport to be complete, and in no way modify or amend the Articles.

Copies of the Articles of the Fund, together with copies of the Fund's annual or periodic reports as detailed in this PPM, are available upon request from the Investment Manager and, upon reasonable notice, may be inspected at the offices of the Investment Manager.

### **Incorporation and Share Capital**

The Fund was established on 27 March 2015 as a segregated portfolio company incorporated with limited liability with unlimited duration under the laws of the Cayman Islands. The Fund has an authorized share capital of US\$50,000.00 divided into 100 voting, non-participating, non-redeemable Management Shares of a nominal or par value US\$0.01 each and 4,999,900 limited-voting redeemable Participating Shares (which may be issued in various Classes) of a nominal or par US\$0.01 each.

The Fund will issue Participating Shares referable to particular Segregated Portfolios. Investors in the Fund will acquire Participating Shares referable to the Segregated Portfolio in which they invest.

No right of pre-emption or first refusal shall be attached to any Participating Share.

The Management Shares in the Fund have been issued to an Affiliate of the Investment Manager, an exempted company incorporated with limited liability in the Cayman Islands.

### **Alteration of Share Capital**

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

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

### **Compulsory Redemption**

The Directors may compulsorily redeem all or some of the Participating Shares then issued for any reason, including in the circumstances set out in Section 6 of the PPM.

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

The Management Shares are voting, non-participating shares of a nominal or par value US\$0.01 each, all of which have been issued and are held by the Investment Manager. The Management Shares have been created to comply with Cayman Islands law which requires that, if all the Participating Shares are redeemed, there is always at least one share in the Fund in issue.

The holders of the Management Shares have the exclusive right to vote, to the exclusion of the holders of the Participating Shares in the Fund (subject to any variation of the Share Rights attached to the Participating Shares in a materially adverse manner (as considered by the Directors) and the rights of the holders of Participating Shares to remove and appoint the Directors for as long as the Fund is not registered or licensed under the Mutual Funds Act). On a show of hands at a general meeting of the Fund, the holders of the Management Shares have one vote and, on a poll at a general meeting of the Fund, the Management Shares carry one vote per Management Share held. Votes may be given in person or by proxy. The Management Shares may not be redeemed at the option of a holder of such shares.

Upon liquidation, the Fund Management Shares rank only for a return of the par value on those shares before any payment to the holders of Participating Shares.

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

All Shareholders are entitled to the benefit of, are bound by and are deemed to have notice of the provisions of the Articles of the Fund. Among other things, the Articles provide certain rights of indemnification in favor of Directors and officers of the Fund against legal liability and expenses arising in or about their conduct of the Fund's affairs or from the execution or discharge of their respective duties, powers, authorities or discretions, unless the same arises through such person's own gross negligence, willful default or actual fraud as determined by a court of competent jurisdiction.

The rights attaching to the Participating Shares include the following:

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

### **Classes**

Subject to the terms of the Articles, authorized but unissued Participating Shares may be redesignated and/or issued and in such Classes as determined by the Directors at their discretion. The Fund also expects that it will enter into side letters or agreements with certain investors, which may contain material terms that are more preferential than those offered to other investors, including, among other things, terms which: (a) grant preferential redemption rights and (b) grant rights to receive regular portfolio information. This may be effected by the issue of further separate Classes of Participating Shares or otherwise. There are no pre-emption rights with respect to the issue of additional Participating Shares or any other Class of Participating Share

### **Objects**

The Articles of the Fund provide that the Fund's objects are unrestricted which allows the Fund to carry on the business of an investment company.

### **Investment Accounts**

The Directors shall have the power to establish and maintain, with respect to Participating Shares of any Class, a separate internal account of each Segregated Portfolio the Fund (each, an "**Investment Account**"), to record (purely as an internal accounting matter) the allocation, on a differentiated basis, of the assets and liabilities of the relevant Segregated Portfolio to the holders of Participating Shares of any such Class in that Segregated Portfolio in a manner consistent with the methodology set forth

in this PPM, the applicable Supplement, the Articles and the rights otherwise attaching to the Participating Shares.

The proceeds from the issue of Participating Shares of any Class in a Segregated Portfolio shall be applied in the books of the Fund (with respect to that Segregated Portfolio) to the Investment Account established for Participating Shares of that Class in the relevant Segregated Portfolio. The assets and liabilities and income and expenditure attributable to that Investment Account shall be applied to such Investment Account and, subject to the provisions of the Articles, this PPM and the relevant Supplement with respect to the relevant Segregated Portfolio, to no other Investment Account. Subject to this PPM and each relevant Supplement, in the event that the assets of an Investment Account referable to any Class are exhausted, any and all rights which any Shareholders referable to that Class have against the Fund (with respect to the relevant Segregated Portfolio) shall be extinguished and the Shareholders referable to that Class shall have no recourse against the assets of any other Investment Account established by the Fund (with respect to the relevant Segregated Portfolio).

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

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

### **Modification of Rights attaching to the Participating Shares**

The Articles provide that, subject to the Companies Act, the terms of any subscription agreement and the Articles, all or any of the class rights or other terms of offer whether set out in the PPM, any Supplement, any subscription agreement or otherwise (including any representations, warranties or other disclosure relating to the offer or holding of Participating Share) (collectively referred to as "**Share Rights**") for the time being applicable to any Class of Participating Shares in issue (unless otherwise provided by the terms of issue of those Participating Shares) may (whether or not the Fund is being wound up) be varied without the consent of the holders of the issued Participating Shares of that Class where such variation is considered by the Directors, not to have a material adverse effect upon such holders' Participating Share Rights; otherwise, any such variation shall be made only with the prior consent in writing of the holders of not less than two-thirds in nominal or par value of the issued Participating Shares of the relevant Class, or with the sanction of a resolution passed by a majority of at least two-thirds of the votes cast in person or by proxy at a separate meeting of the holders of such Participating Shares of such Class. For the avoidance of doubt, the Directors reserve the right, notwithstanding that any such variation may not have a material adverse effect, to obtain consent from the holders of such Participating Shares. Each subscriber for Participating Shares will be required to agree that the terms of offer set out in the applicable subscription agreement and the rights attaching to the Participating Shares can be varied in accordance with the provisions of the Articles.

All the provisions of the Articles as to general meetings of the Fund apply to every such separate meeting, except that the necessary quorum at any such meeting is one or more persons holding or representing by proxy at least one-third of the issued Participating Shares of that Class then in issue except that at an adjourned meeting of the Participating Shareholders those shareholders who are present in person or by proxy shall constitute a quorum.

The Articles provide that, in relation to any Class consent required pursuant to the "**Modification of Rights**" Article, the Directors in their discretion may invoke the following procedure (the "**Negative Consent Procedure**"). The Directors shall provide written notice in respect of the proposed variation

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

The rights attaching to the Participating Shares shall be deemed not to be varied by the creation, allotment or issue of further shares ranking pari passu with the Participating Shares or ranking behind the Participating Shares, the redemption or repurchase of any shares, the exercise of the powers to allocate assets and charge liabilities to the various Segregated Portfolios or Investment Accounts within a Segregated Portfolio or any of them and to transfer the same to and from the various Segregated Portfolios or Investment Accounts within a Segregated Portfolio or any of them, as provided for in the Articles, this PPM and/or a Supplement for a Segregated Portfolio; the passing of a Directors' resolution to change or vary the investment objective, investment strategy and/or restrictions, or any modification of the fees payable to any service provider to the Fund or any reduction or waiver of any fees or any reduction or waiver of any redemption Gate, notice or Lock-up Period applicable to any Class of Participating Shares or any variation or waiver contemplated by or provided for in this PPM applicable to any Class of Participating Shares.

### **Directors of the Fund**

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

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

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

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

### **Amendment of Articles**

The holders of the Management Shares of the Fund may amend the Articles of the Fund by passing a special resolution to do so, subject to the requirement of obtaining consent from the holders of the Participating Shares of the Fund in the event that there is a variation of the Shares Rights attached to the Participating Shares of the Fund in a materially adverse manner, as determined by the Directors.

### **Winding Up**

The Management Shareholders of the Fund may wind-up the Fund by passing a special resolution under Cayman Islands laws. The Directors may also present a winding up petition on behalf of the Fund without the prior sanction of a resolution of the Management Shareholders of the Fund passed at general meeting.

The Directors may terminate a Segregated Portfolio by passing a resolution to do so after all the Participating Shares are redeemed from such segregated portfolio.

### **Indemnity**

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

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

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

The Fund will not (and no Segregated Portfolio is), however, be subject to supervision in respect of its investment activities or the constitution of the Fund's portfolio by the Monetary Authority or any other governmental authority in the Cayman Islands, although the Monetary Authority does have power to investigate the activities of the Fund in certain circumstances. Neither the Monetary Authority nor any other governmental authority in the Cayman Islands has commented upon or approved the terms or merits of this PPM. There is no investment compensation scheme available to investors in the Cayman Islands.

The Monetary Authority may take certain actions if it is satisfied that a regulated mutual fund is or is likely to become unable to meet its obligations as they fall due or is carrying on or is attempting to carry on business or is winding up its business voluntarily in a manner that is prejudicial to its investors or creditors. The powers of the Monetary Authority include the power to require the substitution of Directors, to appoint a person to advise the Fund on the proper conduct of its affairs or to appoint a person to assume control of the affairs of the Fund. There are other remedies available to the Monetary Authority including the ability to apply to court for approval of other actions.

### **Cayman Islands Data Protection Act**

The Cayman Islands Government enacted the DPA on 18 May 2017 and it was brought into force on 30 September 2019. The DPA introduces legal requirements for the Fund based on internationally accepted principles of data privacy.

The Fund has prepared a document outlining the Fund's data protection obligations and the data protection rights of investors (and individuals connected with investors) under the DPA (the "**Fund Privacy Notice**"). The Fund Privacy Notice has been made available to existing investors by way of a notice to Participating Shareholders, and is appended to the Subscription Agreement. Prospective investors should note that, by virtue of making investments in the Fund and the relevant Segregated Portfolios and the associated interactions with the Fund and its affiliates and/or delegates (including completing the Subscription Agreement, and including the recording of electronic communications or phone calls where applicable), or by virtue of providing the Fund with personal information on individuals connected with the investor (for example directors, trustees, employees, representatives, shareholders, investors, clients, beneficial owners or agents) such individuals will be providing the Fund and its affiliates and/or delegates (including, without limitation, the Administrator) with certain personal information which constitutes personal data within the meaning of the DPA. The Fund shall act as a data controller in respect of this personal data and its affiliates and/or delegates, such as the Administrator, the Investment Manager and others, may act as data processors (or data controllers in their own right in some circumstances).



By investing in the Fund and/or continuing to invest in the Fund, investors shall be deemed to acknowledge that they have read in detail and understood the Fund Privacy Notice and that the Fund Privacy Notice provides an outline of their data protection rights and obligations as they relate to the investment in the Fund.

Oversight of the DPA is the responsibility of the Ombudsman's office of the Cayman Islands. Breach of the DPA by the Fund could lead to enforcement action by the Ombudsman, including the imposition of remediation orders, monetary penalties or referral for criminal prosecution.

### **Cayman Islands Economic Substance Act**

As a result of the OECD'S global Base Erosion and Profit Shifting initiative and the EU Code of Conduct Group substance requirements, the Cayman Islands has enacted The International Tax Cooperation (Economic Substance) Act, 2018 ("**ES Act**") and issued related Regulations and Guidance Notes. As a member of the BEPS Inclusive Framework jurisdictions, the Cayman Islands is committed to meeting substantial activities requirements put in place by the OECD Forum on Harmful Tax Practices. Similar legislation has been introduced in numerous jurisdictions, including the Channel Islands and the British Virgin Islands. Under the ES Act, certain vehicles formed or registered in the Cayman Islands are required to have economic substance in the Cayman Islands. The requirement to show economic substance is primarily aimed at preventing base erosion and profit shifting. The ES Act applies to "relevant entities". Investment funds such as the Fund are specifically excluded from the definition of relevant entity and, as such, they are not within the scope of the ES Act. The definition of "investment fund" is broad and will include a wide range of investment funds, including those that are not licensed or registered with the Cayman Islands Monetary Authority. Accordingly, no current requirements are imposed on the Fund by the ES Act.

### **Anti-Money Laundering Regulations and Countering of Terrorist and Proliferation Financing**

#### **Cayman Islands**

In order to comply with legislation or regulations aimed at the prevention of money laundering and the countering of terrorist and proliferation financing the Fund is required to adopt and maintain procedures, and may require subscribers to provide evidence to verify their identity, the identity of their beneficial owners/controllers (where applicable), and source of funds. Where permitted, and subject to certain conditions, the Fund may also rely upon a suitable person for the maintenance of these procedures (including the acquisition of due diligence information) or otherwise delegate the maintenance of such procedures to a suitable person (a "**Relevant AML Person**").

The Fund or the Relevant AML Person on the Fund's behalf, reserve the right to request such information as is necessary to verify the identity of a Shareholder (i.e. a subscriber or a transferee) and the identity of their beneficial owners/controllers (where applicable), and their source of subscription funds. Where the circumstances permit, the Fund or the Relevant AML Person on the Fund's behalf, may be satisfied that full due diligence is not required upon subscription where a relevant exemption applies under applicable law. However, detailed verification information may be required prior to the payment of any proceeds in respect of or any transfer of Participating Shares in the Fund.

In the event of delay or failure on the part of the subscriber or the transferee, as applicable, in producing any information required for verification purposes, the Fund or the Relevant AML Person on the Fund's behalf, may refuse to accept the application, or if the application has already occurred, may suspend or redeem the Participating Shares, in which case any funds received will, to the fullest extent permitted by applicable law, be returned without interest to the account from which they were originally debited.

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

The Authority has a discretionary power to impose substantial administrative fines upon the Fund in

connection with any breaches by the Fund of prescribed provisions of the Anti-Money Laundering Regulations (2020 Revision) of the Cayman Islands, as amended and revised from time to time, and upon any director or officer of the Fund who either consented to or connived in the breach, or to whose neglect the breach is proved to be attributable. To the extent any such administrative fine is payable by the Fund, the Fund will bear the costs of such fine and any associated proceedings.

If any person in the Cayman Islands knows or suspects or has reasonable grounds for knowing or suspecting that another person is engaged in criminal conduct or money laundering or is involved with terrorism or terrorist financing and property and the information for that knowledge or suspicion came to their attention in the course of business in the regulated sector, or other trade, profession, business or employment, the person will be required to report such knowledge or suspicion to (i) the Financial Reporting Authority (“**FRA**”) of the Cayman Islands, pursuant to the Proceeds of Crime Act (2020 Revision) of the Cayman Islands if the disclosure relates to criminal conduct or money laundering, or (ii) a police officer of the rank of constable or higher, or the FRA, pursuant to the Terrorism Act (2018 Revision) of the Cayman Islands, if the disclosure relates to involvement with terrorism or terrorist financing and property. Such a report shall not be treated as a breach of confidence or of any restriction upon the disclosure of information imposed by any enactment or otherwise.

### **Anti-Money Laundering Compliance Officer, Money Laundering Reporting Officer and Deputy Money Laundering Reporting Officer**

The Fund has appointed a Compliance Officer (**CO**), Money Laundering Reporting Officer (“**MLRO**”), and Deputy Money Laundering Reporting Officer (“**DMLRO**”) of the Fund (collectively, the “**Officers**”). The Officers shall carry out their functions in accordance with the laws of the Cayman Islands. Investors may obtain details (including contact details) of the Officers of the Fund, by contacting the Investment Adviser at [ir@prudenceinv.com](mailto:ir@prudenceinv.com).

The CO shall act as point of contact with CIMA, respond to the competent authorities requests for information relating to the Fund’s Anti-Money Laundering Program, provide Anti-Money Laundering/Counter Terrorist Financing (“**AML/CTF**”) compliance oversight of the Fund’s activities (including the Fund’s investment activity as well as investor-related anti-money laundering issues), establish and maintain appropriate systems and controls (including documented policies and procedures) to ensure compliance with Cayman AML/CTF laws/regulations, oversee audits/testing of the Administrator’s AML/CTF program and KYC documentation, ensure procedures are in place and employees are aware of procedures for the reporting of suspicious activity to the MLRO/DMLRO, maintain logs/records relating to specified scenarios such as rejection of subscriptions, investor account freezes and enhanced due diligence on politically exposed persons and other high risk investors, advise the Directors of AML/CTF compliance issues that need to be brought to its attention and report periodically to the Directors regarding the state of the Fund’s AML/CTF program and controls.

The MLRO shall receive internal suspicious activity reports presented by the Fund, the Administrator or the Investment Manager’s staff or other service providers of the Fund as applicable and considering any such report in light of all other relevant information for the purpose of determining whether or not the information or other matter contained in the report gives rise to knowledge or suspicion of criminal conduct pursuant to the Anti-Money Laundering Regulations (2020 Revision), the Proceeds of Crime Law (2020 Revision) and the Guidance Notes on the Prevention and Detection of Money Laundering in the Cayman Islands, file suspicious activity reports with the Financial Reporting Authority (“**FRA**”) as required, maintain a log of all reports of suspicious activity (including where the filing of a suspicious activity report is not deemed necessary or appropriate), keep the Directors informed of all internal reports of suspicious activity and suspicious activity reports filed with the FRA, to the extent permitted by law and regulation.

In the absence of the MLRO, the DMLRO will be the final decision maker as to whether to file a suspicious activity report.

The Officers are subject to change without prior consent or notice to the Participating Shareholders. Participating Shareholders may request the Fund provide further particulars of the Officers.

### **Other Jurisdictions**

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

### **Disclosure of Information to Regulatory and Tax Authorities**

Subject to applicable laws and regulations, the Fund, any Segregated Portfolio of the Fund, the Service Providers or any of their delegates may be required to report or disclose to any government agency, regulatory authority or tax or fiscal authority in any jurisdiction (including but not limited to the IRS), certain information in relation to Fund, any Segregated Portfolio of the Fund, or any Participating Shareholder, including but not limited to information relating to leverage, the assets and liabilities and securities financing transactions of the Fund or any Segregated Portfolio of the Fund, a Participating Shareholder's name, address, tax identification number (if any), social security number (if any) and certain information relating to the Participating Shareholder's holdings of Shares, to enable the Fund, any Segregated Portfolio of the Fund, the Service Providers or any of their delegates to comply with any applicable law or regulation or any agreement with a tax authority (including, but not limited to, any applicable law, regulation or agreement under FATCA).

### **Requests for Information**

The Fund, or any directors or agents domiciled in the Cayman Islands, may be compelled to provide information, including, but not limited to, information relating to the subscriber, and where applicable the subscriber's beneficial owners and controllers, subject to a request for information made by a regulatory or governmental authority or agency under applicable law; e.g. by the Cayman Islands Monetary Authority, either for itself or for a recognised overseas regulatory authority, under the Monetary Authority Act (2020 Revision), or by the Tax Information Authority, under the Tax Information Authority Act (2017 Revision) and associated regulations, agreements, arrangements and memoranda of understanding. Disclosure of confidential information under such laws will not be regarded as a breach of any duty of confidentiality and, in certain circumstances, the Fund, director or agent, may be prohibited from disclosing that the request has been made.

### **Reports and Accounts**

Copies of the audited financial statements of the Fund and each relevant Segregated Portfolio, which will be made up to the end of each Financial Year being 31 December in each year, will be made available to all Participating Shareholders of the relevant Segregated Portfolio upon request to the Investment Adviser.

In addition, the Fund or the Administrator will generally provide each Participating Shareholder with a monthly unaudited shareholder's statement which details the Net Asset Value of that Shareholder's Participating Shares of each Class in respect of the relevant Segregated Portfolio

## Sanctions

The Fund is subject to laws that restrict it from dealing with entities, individuals, organisations and/or investments which are subject to applicable sanctions regimes.

Accordingly, the Fund will require the subscriber to represent and warrant, on a continuing basis, that it is not, and that to the best of its knowledge or belief its beneficial owners, controllers or authorised persons ("**Related Persons**") (if any) are not; (i) named on any list of sanctioned entities or individuals maintained by the US Treasury Department's Office of Foreign Assets Control ("**OFAC**") or pursuant to European Union ("**EU**") and/or United Kingdom ("**UK**") Regulations (as the latter are extended to the Cayman Islands by Statutory Instrument), (ii) operationally based or domiciled in a country or territory in relation to which sanctions imposed by the United Nations, OFAC, the EU and/or the UK apply, or (iii) otherwise subject to sanctions imposed by the United Nations, OFAC, the EU or the UK (including as the latter are extended to the Cayman Islands by Statutory Instrument) (collectively, a "**Sanctions Subject**").

Where the subscriber or a Related Person is or becomes a Sanctions Subject, the Fund may be required immediately and without notice to the subscriber to cease any further dealings with the subscriber and/or the subscriber's interest in the Fund until the subscriber or the relevant Related Person (as applicable) ceases to be a Sanctions Subject, or a licence is obtained under applicable law to continue such dealings (a "**Sanctioned Persons Event**"). The Fund, the Directors, the Administrator, the Investment Manager and the Investment Adviser shall have no liability whatsoever for any liabilities, costs, expenses, damages and/or losses (including but not limited to any direct, indirect or consequential losses, loss of profit, loss of revenue, loss of reputation and all interest, penalties and legal costs and all other professional costs and expenses) incurred by the subscriber as a result of a Sanctioned Persons Event.

In addition, should any investment made on behalf of the Fund subsequently become subject to applicable sanctions, the Fund may immediately and without notice to the subscriber cease any further dealings with that investment until the applicable sanctions are lifted or a licence is obtained under applicable law to continue such dealings.

## Beneficial Ownership Regime

The Fund is regulated as a mutual fund under the Mutual Funds Act and, accordingly, does not fall within the scope of the primary obligations under Part XVIIIA of the Companies Act (the "**Beneficial Ownership Regime**"). The Fund is therefore not required to maintain a beneficial ownership register. The Fund may, however, be required from time to time to provide, on request, certain particulars to other Cayman Islands entities which are within the scope of the Beneficial Ownership Regime and which are therefore required to maintain beneficial ownership registers under the Beneficial Ownership Regime. It is anticipated that such particulars will generally be limited to the identity and certain related particulars of (i) any person holding (or controlling through a joint arrangement) a majority of the voting rights in respect of the Fund; (ii) any person who is a member of the Fund and who has the right to appoint and remove a majority of the board of Directors of the Fund; and (iii) any person who has the right to exercise, or actually exercises, dominant direct influence or control over the Fund.

## Side Letter

Subject to the Articles and applicable laws, the Fund on behalf of a Segregated Portfolio may from time to time enter into letter agreements or other similar agreements (collectively, "**Side Letters**") with one or more Participating Shareholders of the relevant Segregated Portfolio which provide such Participating Shareholder(s) with more favorable treatment than other holders of the same Class of Participating Shares enhancing that investor's ability to either (i) redeem equity interests of that class; or (ii) to make a determination as to whether to redeem equity interests of that Class, and which in either case might reasonably be expected to put other holders of equity interest of that Class who are in the same position at a material disadvantage in connection with the exercise of their redemption rights. Such additional rights or information may also include, without limitation, with respect to access to information, management fees and incentive fees, minimum investment amounts, and liquidity terms. As a result of such Side Letters, new Classes of Participating Shares in the relevant Segregated Portfolio may be established by the Directors without the approval of the existing Participating

Shareholder(s) of such Segregated Portfolio and certain Participating Shareholders may receive additional benefits (including, but not limited to, reduced fee obligations and/or expanded informational rights) which other Participating Shareholders will not receive. The Directors will not be required to notify any or all of the other Participating Shareholders of any such Side Letters or any of the rights and/or terms or provisions thereof, nor will the Board of Directors be required to offer such additional and/or different rights and/or terms to any or all of the other Participating Shareholders. The Board of Directors may enter into such Side Letters with any party as the Board of Directors may determine in its sole and absolute discretion at any time. The other Participating Shareholders will have no recourse against the Fund, the relevant Segregated Portfolio, the Investment Manager, and/or any of their affiliates in the event that certain Participating Shareholders receive additional and/or different rights and/or terms as a result of such Side Letters. Where the Fund has granted preferential rights of redemption, the material terms relating to such preferential rights will be made available on request. Please refer to the section headed "*Additional Rights of Participating Shareholders*" for further details.

### **Enquiries**

Enquiries or complaints concerning the Fund, any Segregated Portfolio and the Shares thereto (including information concerning subscription procedures and the current Net Asset Value) should be directed to the Investment Adviser, attention: Head of Investor Relations, at the address as set out in the section headed "*Directory*" in this PPM or at the email address [ir@prudenceinv.com](mailto:ir@prudenceinv.com).

## **ANNEXURE A**

### **CERTAIN OFFERING NOTICES**

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

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

#### **NOTICE TO RESIDENTS OF AUSTRALIA**

NO OFFER FOR SUBSCRIPTION OR PURCHASE OF THE PARTICIPATING SHARES OFFERED HEREBY HAS BEEN MADE OR ISSUED IN AUSTRALIA, OTHERWISE THAN BY MEANS OF AN OFFER IN RESPECT OF WHICH DISCLOSURE UNDER PART 6D.2 OF THE CORPORATIONS ACT 2001 IS NOT REQUIRED. ACCORDINGLY, THIS PPM HAS NOT BEEN LODGED WITH THE AUSTRALIAN SECURITIES AND INVESTMENTS COMMISSION.

#### **NOTICE TO RESIDENTS OF BELGIUM**

THE PARTICIPATING SHARES IN THE FUND MAY NOT BE OFFERED, SOLD, TRANSFERRED, OR DELIVERED IN OR FROM BELGIUM AS PART OF THEIR INITIAL DISTRIBUTION OR AT ANY TIME THEREAFTER, DIRECTLY OR INDIRECTLY, OTHER THAN TO PERSONS OR ENTITIES MENTIONED IN ARTICLE 3 OF THE ROYAL DECREE OF JANUARY 9, 1991 RELATING TO THE PUBLIC CHARACTERISTIC OF OPERATIONS CALLING FOR SAVINGS AND ON THE ASSIMILATION OF CERTAIN OPERATIONS TO A PUBLIC OFFER (BELGIAN OFFICIAL JOURNAL OF JANUARY 12, 1991). THEREFORE, THE PARTICIPATING SHARES ARE EXCLUSIVELY DESIGNED FOR CREDIT INSTITUTIONS, STOCK EXCHANGE COMPANIES, COLLECTIVE INVESTMENT FUNDS, COMPANIES OR INSTITUTIONS, INSURANCE COMPANIES, AND/OR PENSION FUNDS ACTING FOR THEIR OWN ACCOUNT ONLY.

#### **NOTICE TO RESIDENTS OF THE CAYMAN ISLANDS**

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

A MUTUAL FUND LICENCE ISSUED OR A FUND REGISTERED BY THE CAYMAN ISLANDS MONETARY AUTHORITY DOES NOT CONSTITUTE AN OBLIGATION OF THE AUTHORITY TO ANY INVESTOR AS TO THE PERFORMANCE OR CREDITWORTHINESS OF THE FUND.

FURTHERMORE, IN ISSUING SUCH A LICENCE OR IN REGISTERING A FUND, THE AUTHORITY SHALL NOT BE LIABLE FOR ANY LOSSES OR DEFAULT OF THE FUND OR FOR THE CORRECTNESS OF ANY OPINIONS OR STATEMENTS EXPRESSED IN ANY PROSPECTUS OR OFFERING DOCUMENT

#### **FOR INVESTORS IN THE EUROPEAN ECONOMIC AREA**

THE FUND AND EACH SEGREGATED PORTFOLIO IS A NON-EU ALTERNATIVE INVESTMENT FUND AS DEFINED IN THE EU ALTERNATIVE INVESTMENT FUND MANAGERS DIRECTIVE, AND ITS NON-EU ALTERNATIVE INVESTMENT FUND MANAGER IS THE INVESTMENT MANAGER. THE FUND MAY NOT BE MARKETED BY OR ON BEHALF OF THE INVESTMENT MANAGER FOR THE PURPOSES OF ARTICLE 4 OF THE ALTERNATIVE INVESTMENT FUND MANAGERS DIRECTIVE IN ANY MEMBER STATE OF THE EUROPEAN ECONOMIC AREA. THIS DOCUMENT IS NOT TO BE ISSUED OR DISTRIBUTED IN ANY MEMBER STATE OF THE EUROPEAN ECONOMIC AREA. THE EXPRESSION "ALTERNATIVE INVESTMENT FUND MANAGERS DIRECTIVE" MEANS DIRECTIVE 2011/61/EU (AND AMENDMENTS THERETO) AS IMPLEMENTED IN EACH MEMBER STATE OF THE EUROPEAN ECONOMIC AREA, INCLUDING ANY ADDITIONAL RELEVANT IMPLEMENTING MEASURES IN ANY SUCH RELEVANT MEMBER

STATE, INCLUDING ANY ADDITIONAL REQUIREMENTS OR CONDITIONS IMPOSED ON NON-EU ALTERNATIVE INVESTMENT FUND MANAGERS BY SUCH IMPLEMENTING MEASURES.

#### **NOTICE TO RESIDENTS OF FINLAND**

THIS PPM HAS BEEN PREPARED FOR PRIVATE INFORMATION PURPOSES OF INTERESTED INVESTORS ONLY. IT MAY NOT BE USED FOR AND SHALL NOT BE DEEMED A PUBLIC OFFERING OF THE PARTICIPATING SHARES. THE RAHOITUSTARKASTUS HAS NOT AUTHORIZED ANY OFFERING OF THE SUBSCRIPTION OF PARTICIPATING SHARE. ACCORDINGLY, SHARES MAY NOT BE OFFERED OR SOLD IN FINLAND OR TO RESIDENTS THEREOF EXCEPT AS PERMITTED BY FINNISH LAW. THIS PPM IS STRICTLY FOR PRIVATE USE BY ITS HOLDER AND MAY NOT BE PASSED ON TO THIRD PARTIES.

#### **NOTICE TO RESIDENTS OF FRANCE**

CITE NOTE D'INFORMATION N'A PAS ÉTÉ SOUMISE AU VISA DE LA COMMISSION DES OPÉRATIONS DE BOURSE. PAR CONSÉQUENT, NI CETTE NOTE D'INFORMATION, NI TOUT AUTRE DOCUMENT PROMOTIONNEL SE RAPPORTANT AUX INTÉRÊTS NE POURRONT ÊTRE COMMUNIQUÉS AU PUBLIC OU UTILISÉS DANS LA CADRE DE TOUTE OFFRE DE SOUSCRIPTION OU DE VENTE DES INTÉRÊTS EN FRANCE ET LES INTÉRÊTS NE PEUVENT ÊTRE ÉMIS, OFFERTS OU CÉDÉS DE TOUTE FACON EN FRANCE. LES INVESTISSEURS DOIVENT AGIR POUR LEUR PROPRE COMPTE. LA VENTE, DIRECTE OU INDIRECTE, AU PUBLIC DES INSTRUMENTS FINANCIERS ACQUIS SERA FAITE CONFORMÉMENT AUX DISPOSITIONS LES CONCERNANT.

THIS PPM HAS NOT BEEN SUBMITTED TO THE COMMISSION DES OPÉRATIONS DE BOURSE IN FRANCE. ACCORDINGLY, NEITHER THIS PPM NOR ANY OTHER OFFERING MATERIAL RELATING TO THE PARTICIPATING SHARES MAY BE AVAILABLE TO THE PUBLIC OR USED IN CONNECTION WITH ANY OTHER OFFER FOR SUBSCRIPTION OR SALE OF THE PARTICIPATING SHARES IN FRANCE, AND THE PARTICIPATING SHARES MAY NOT BE ISSUED, OFFERED, OR OTHERWISE SOLD IN FRANCE.

#### **NOTICE TO RESIDENTS OF GERMANY**

THE PARTICIPATING SHARES MAY ONLY BE ACQUIRED IN ACCORDANCE WITH THE GERMAN WERTPAPIERVERKAUFS-PROSPEKTGESETZ (SECURITIES SELLING PROSPECTUS ACT) AND THE AUSLANDSINVESTMENTGESETZ ACT (ACT ON FOREIGN INVESTMENT FUNDS). THE PARTICIPATING SHARES ARE NOT REGISTERED OR AUTHORIZED FOR DISTRIBUTION UNDER THE ACT ON FOREIGN INVESTMENT FUNDS AND ACCORDINGLY MAY NOT BE, AND ARE NOT BEING, OFFERED OR ADVERTISED PUBLICLY OR OFFERED SIMILARLY UNDER §1 ACT ON FOREIGN INVESTMENT FUNDS OF SECURITIES SELLING PROSPECTUS ACT. THEREFORE, THIS OFFER IS ONLY BEING MADE TO RECIPIENTS TO WHOM THIS PPM IS PERSONALLY ADDRESSED AND DOES NOT CONSTITUTE AN OFFER OR ADVERTISEMENT TO THE PUBLIC.

#### **NOTICE TO RESIDENTS OF GREECE**

THIS PPM AND THE PARTICIPATING SHARES TO WHICH IT RELATES AND ANY OTHER MATERIAL RELATED THERETO MAY NOT BE ADVERTISED, DISTRIBUTED, OR OTHERWISE MADE AVAILABLE TO THE PUBLIC IN GREECE. THE GREEK CAPITAL MARKET COMMITTEE HAS NOT AUTHORIZED ANY PUBLIC OFFERING OF THE SUBSCRIPTION OF PARTICIPATING SHARES IN THE FUND. ACCORDINGLY, SHARES MAY NOT BE ADVERTISED, DISTRIBUTED, OR IN ANY WAY OFFERED OR SOLD IN GREECE OR TO RESIDENTS THEREOF EXCEPT AS PERMITTED BY GREEK LAW.

#### **NOTICE TO RESIDENTS OF HONG KONG**

THE CONTENT OF THIS PPM HAVE NOT BEEN REVIEWED BY ANY REGULATORY AUTHORITY IN HONG KONG. YOU ARE ADVISED TO EXERCISE CAUTION IN RELATION TO THE OFFER. IF YOU ARE IN ANY DOUBT ABOUT ANY OF THE CONTENTS OF THIS DOCUMENT, YOU SHOULD OBTAIN INDEPENDENT PROFESSIONAL ADVICE.

THE FUND AND ITS SEGREGATED PORTFOLIOS ARE EACH A "COMPLEX PRODUCT" FOR THE PURPOSES OF THE CODE OF CONDUCT FOR PERSONS LICENSED BY OR REGISTERED WITH THE SECURITIES AND FUTURES COMMISSION. PARTICIPATING SHARES MAY NOT BE OFFERED OR SOLD IN HONG KONG BY MEANS OF THIS PPM OR ANY OTHER DOCUMENT OTHER THAN TO PERSONS WHO ARE "PROFESSIONAL INVESTORS" AS DEFINED IN THE HONG KONG SECURITIES AND FUTURES ORDINANCE ("**SECURITIES AND FUTURES ORDINANCE**") AND RULES MADE THEREUNDER OR IN CIRCUMSTANCES WHICH DO NOT CONSTITUTE AN OFFER TO THE PUBLIC FOR THE PURPOSES OF THE SECURITIES AND FUTURES ORDINANCE OR ANY OTHER APPLICABLE LEGISLATION IN HONG KONG. THIS PPM IS DISTRIBUTED ON A CONFIDENTIAL BASIS AND MAY NOT BE REPRODUCED IN ANY FORM OR TRANSMITTED TO ANY PERSON OTHER THAN THE PERSON TO WHOM IT HAS BEEN SENT. NO INTEREST IN THE FUND WILL BE ISSUED TO ANY PERSON OTHER THAN THE PERSON TO WHOM THIS PPM HAS BEEN SENT.

UNLESS OTHERWISE STATED IN THE RELEVANT APPENDIX, AN INVESTMENT IN A SEGREGATED PORTFOLIO IS NOT GUARANTEED OR PRINCIPAL PROTECTED. PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE PERFORMANCE.

#### **NOTICE TO RESIDENTS OF INDONESIA**

THE PARTICIPATING SHARES HAVE NOT BEEN AND WILL NOT BE OFFERED, TRANSFERRED OR SOLD, DIRECTLY OR INDIRECTLY, IN INDONESIA OR TO ANY INDONESIAN RESIDENTS OR CITIZENS IN A MANNER WHICH CONSTITUTES A PUBLIC OFFERING UNDER THE LAWS AND REGULATIONS OF INDONESIA.

#### **NOTICE TO RESIDENTS OF ISRAEL**

THE PARTICIPATING SHARES HAVE NOT BEEN APPROVED BY THE ISRAEL SECURITIES AUTHORITY OR ANY OTHER ISRAELI GOVERNMENTAL AUTHORITY AND NEITHER THE ISRAEL SECURITIES AUTHORITY NOR ANY SUCH OTHER AUTHORITY HAS PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PPM. THE PARTICIPATING SHARES MAY NOT BE OFFERED OR SOLD TO MORE THAN 35 RESIDENTS OF ISRAEL.

#### **NOTICE TO RESIDENTS OF ITALY**

THIS PPM MAY NOT BE DISTRIBUTED TO MEMBERS OF THE PUBLIC IN ITALY. THE ITALIAN COMMISSIONE NAZIONALE PER LA SOCIETA E LA BORSA HAS NOT AUTHORIZED ANY OFFERING OF THE SUBSCRIPTION OF PARTICIPATING SHARES IN THE FUND; ACCORDINGLY, THE PARTICIPATING SHARES MAY NOT BE OFFERED OR SOLD IN ITALY OR TO RESIDENTS THEREOF EXCEPT AS PERMITTED BY ITALIAN LAW.

#### **NOTICE TO RESIDENTS OF JAPAN**

THE PARTICIPATING SHARES MAY NOT BE OFFERED OR SOLD DIRECTLY OR INDIRECTLY TO THE PUBLIC IN JAPAN AND NEITHER THIS PPM, WHICH HAS NOT BEEN SUBMITTED TO THE MINISTRY OF FINANCE, NOR ANY OFFERING MATERIAL OR INFORMATION CONTAINED THEREIN RELATING TO THE PARTICIPATING SHARES, MAY BE SUPPLIED TO THE PUBLIC IN JAPAN OR USED IN CONNECTION WITH ANY OFFER FOR SUBSCRIPTION OR SALE OF PARTICIPATING SHARES TO THE PUBLIC IN JAPAN.

#### **NOTICE TO RESIDENTS OF JERSEY**

THIS PPM IS BEING MADE AVAILABLE IN JERSEY ON A CONFIDENTIAL BASIS TO AN IDENTIFIABLE, RESTRICTED CIRCLE OF PERSONS NOT EXCEEDING A TOTAL OF 50 PERSONS IN JERSEY AND IS NOT TO BE CIRCULATED BY THE RECIPIENT TO ANY OTHER PERSON.

#### **NOTICE TO RESIDENTS OF KOREA**

THE OFFERING OF PARTICIPATING SHARES HAS NOT BEEN REGISTERED UNDER THE SECURITIES AND EXCHANGE ACT OF SOUTH KOREA AND NONE OF THE PARTICIPATING



SHARES MAY BE OFFERED, SOLD OR DELIVERED, DIRECTLY OR INDIRECTLY, OR OFFERED OR SOLD TO ANY PERSON FOR RE-OFFERING OR RESALE, DIRECTLY OR INDIRECTLY, IN SOUTH KOREA OR TO ANY RESIDENT OF SOUTH KOREA, EXCEPT PURSUANT TO APPLICABLE LAWS AND REGULATIONS OF SOUTH KOREA.

#### **NOTICE TO RESIDENTS OF LUXEMBOURG**

THE PARTICIPATING SHARES MAY NOT BE PUBLICLY OFFERED OR SOLD IN THE GRAND DUCHY OF LUXEMBOURG. THE PARTICIPATING SHARES ARE OFFERED TO A LIMITED NUMBER OF SOPHISTICATED INVESTORS, IN ALL CASES UNDER CIRCUMSTANCES DESIGNED TO PRECLUDE A DISTRIBUTION WHICH WOULD BE OTHER THAN BY A PPM. THIS PPM MAY NOT BE REPRODUCED OR USED FOR ANY PURPOSE, NOR BE FURNISHED TO ANY PERSON OTHER THAN THOSE TO WHOM COPIES HAVE BEEN SENT.

#### **NOTICE TO RESIDENTS OF MONACO**

SHARES MAY NOT BE OFFERED OR SOLD, DIRECTLY OR INDIRECTLY, TO THE PUBLIC IN MONACO OTHER THAN BY AN AUTHORIZED INTERMEDIARY. NEITHER THIS PPM, WHICH HAS NOT BEEN SUBMITTED TO THE CLEARANCE PROCEDURE OF THE MONEGASQUE AUTHORITIES, INCLUDING THE COMMISSION DE CONTROLE, NOR ANY OFFERING MATERIAL RELATING TO THE OFFER OF PARTICIPATING SHARE, MAY BE RELEASED OR ISSUED TO THE PUBLIC IN MONACO IN ACCORDANCE WITH ANY SUCH OFFER. THIS PPM DOES NOT CONSTITUTE AN OFFER TO SELL SECURITIES UNDER THE SECURITIES LAWS OF MONACO.

#### **NOTICE TO RESIDENTS OF THE NETHERLANDS**

THE PARTICIPATING SHARES MAY NOT BE SOLICITED, ACQUIRED OR OFFERED, DIRECTLY OR INDIRECTLY, IN OR FROM THE NETHERLANDS AND THIS PPM MAY NOT BE CIRCULATED IN THE NETHERLANDS TO ANY INDIVIDUALS OR LEGAL ENTITIES AS PART OF THEIR INITIAL DISTRIBUTION OR ANYTIME THEREAFTER, EXCEPT TO INDIVIDUALS OR LEGAL ENTITIES WHO OR WHICH TRADE OR INVEST IN SUBJECTS OF INVESTMENT ("BELEGGINGSOBJECTEN") IN THE CONDUCT OF A PROFESSION OR TRADE, INCLUDING BANKS, BROKERS, SECURITIES INSTITUTIONS, INSURANCE COMPANIES, PENSION FUNDS, INVESTMENT INSTITUTIONS, OTHER INSTITUTIONAL INVESTORS AND OTHER PARTIES, INCLUDING TREASURY DEPARTMENTS OF COMMERCIAL ENTERPRISES AND FINANCE COMPANIES WHICH ARE REGULARLY ACTIVE IN THE FINANCIAL MARKETS IN A PROFESSIONAL MANNER (A "PROFESSIONAL MARKET PARTY" AND/OR "PROFESSIONAL MARKET PARTIES") INVESTING IN SUBJECTS OF INVESTMENT AS DESCRIBED IN ARTICLE 1 OF THE EXEMPTION REGULATION OF 9 OCTOBER 1990 ISSUED PURSUANT TO ARTICLE 14 OF THE INVESTMENT INSTITUTIONS SUPERVISION ACT (WET TOEZICHT BELEGGINGSINSTELLINGEN) OF 27 JUNE 1990, AS AMENDED FROM TIME TO TIME ("INVESTMENT INSTITUTIONS ACT"), AND THE RESPECTIVE ACCOMPANYING MEMORANDA THERETO OF THE MINISTER OF FINANCE OF THE NETHERLANDS. IN THE EVENT OF A SOLICITATION, ACQUISITION OR OFFERING MADE TO OR BY PROFESSIONAL MARKET PARTIES AND THEREFORE EXEMPT FROM THE GENERAL PROHIBITION AS PROVIDED FOR IN THE INVESTMENT INSTITUTIONS ACT, NO SUBSEQUENT OFFERING OF THE PARTICIPATING SHARES IN A "SECONDARY OFFERING" BY SUCH PROFESSIONAL MARKET PARTIES TO PERSONS OTHER THAN SUCH PROFESSIONAL MARKET PARTIES MAY BE MADE.

#### **NOTICE TO RESIDENTS OF NEW ZEALAND**

THIS PPM MAY ONLY BE DISTRIBUTED IN NEW ZEALAND TO SELECTED INSTITUTIONAL CLIENTS WHOSE PRINCIPAL BUSINESS IS THE INVESTMENT OF MONEY OR PERSONS WHO, IN THE COURSE OF AND FOR THE PURPOSES OF THEIR BUSINESS, HABITUALLY INVEST MONEY OR WHO ARE OTHERWISE PERSONS TO WHOM THE MAKING OF AN OFFER OF THESE SECURITIES WOULD NOT CONSTITUTE AN OFFER OF SECURITIES TO THE PUBLIC FOR THE PURPOSE OF THE NEW ZEALAND SECURITIES ACT 1978. THIS IS NOT A REGISTERED PROSPECTUS OR INVESTMENT STATEMENT UNDER NEW ZEALAND LAW AND DOES NOT CONSTITUTE AN OFFER OF SECURITIES TO THE PUBLIC FOR THE PURPOSES OF THE NEW ZEALAND SECURITIES ACT.

### **NOTICE TO RESIDENTS OF THE PHILIPPINES**

THESE SHARES HAVE NOT BEEN REGISTERED WITH THE PHILIPPINES SECURITIES & EXCHANGE COMMISSION AND MAY NOT BE SOLD OR OFFERED FOR SALE TO THE PUBLIC IN THE PHILIPPINES.

### **NOTICE TO RESIDENTS OF SINGAPORE**

THE FUND AND THE OFFER OF THE PARTICIPATING SHARES WHICH ARE THE SUBJECTS OF THIS PPM DO NOT RELATE TO A COLLECTIVE INVESTMENT SCHEME WHICH IS AUTHORIZED BY THE MONETARY AUTHORITY OF SINGAPORE ("MAS") UNDER SECTION 286 OF THE SECURITIES AND FUTURES ACT (CAP. 289) ("SFA") OR RECOGNIZED BY THE MAS UNDER SECTION 287 OF THE SFA.

THIS PPM (AS WELL AS ANY OTHER DOCUMENT ISSUED IN CONNECTION WITH THE OFFER OR SALE OF THE PARTICIPATING SHARES, INCLUDING THE RELEVANT SUPPLEMENT) IS NOT A PROSPECTUS AS DEFINED IN THE SFA, NOR WILL IT BE LODGED OR REGISTERED AS A PROSPECTUS WITH THE MAS AND, ACCORDINGLY, STATUTORY LIABILITY UNDER THE SFA IN RELATION TO THE CONTENT OF PROSPECTUSES DOES NOT APPLY, AND POTENTIAL INVESTORS SHOULD CAREFULLY CONSIDER WHETHER AN INVESTMENT IN THE PARTICIPATING SHARES IS SUITABLE FOR THEM. THE MAS ASSUMES NO RESPONSIBILITY FOR THE CONTENTS OF THIS PPM (NOR ANY OTHER DOCUMENT ISSUED IN CONNECTION WITH THE OFFER OR SALE OF THE PARTICIPATING SHARES, INCLUDING THE RELEVANT SUPPLEMENT).

THE PARTICIPATING SHARES ARE BEING OFFERED IN SINGAPORE STRICTLY IN ACCORDANCE WITH SECTION 302C OF THE SFA, WHICH, AMONG OTHER THINGS, IMPOSES LIMITATIONS ON THE NUMBER OF PERSONS TO WHOM THE OFFER CAN BE MADE. THIS PPM (AS WELL AS ANY OTHER DOCUMENT ISSUED IN CONNECTION WITH THE OFFER OR SALE OF THE PARTICIPATING SHARES, INCLUDING THE RELEVANT SUPPLEMENT) IS INTENDED ONLY FOR THE PERSON TO WHOM THE PPM OR OTHER DOCUMENT HAS BEEN GIVEN ("THE ADDRESSEE"), AND THE PARTICIPATING SHARES ARE NOT BEING OFFERED OR SOLD, NOR TO BE MADE THE SUBJECT OF AN INVITATION FOR SUBSCRIPTION OR PURCHASE, TO ANY PERSON IN SINGAPORE EXCEPT THE ADDRESSEE. ACCORDINGLY, WITHOUT THE PRIOR WRITTEN CONSENT OF THE FUND, THIS PPM (AS WELL AS ANY OTHER DOCUMENT ISSUED IN CONNECTION WITH THE OFFER OR SALE OF THE PARTICIPATING SHARES, INCLUDING THE RELEVANT SUPPLEMENT) IS NOT TO AND MUST NOT BE ISSUED, CIRCULATED OR DISTRIBUTED IN SINGAPORE, TO ANY OTHER PERSON IN SINGAPORE EXCEPT THE ADDRESSEE.

WHERE THE PARTICIPATING SHARES ARE SUBSCRIBED FOR OR PURCHASED, THE RESTRICTIONS IMPOSED BY SECTION 302C OF THE SFA CAN AFFECT THEIR SUBSEQUENT TRANSFERABILITY OR RESALE, AND ACCORDINGLY ANY SUBSEQUENT TRANSFER OR RESALE OF THE PARTICIPATING SHARES WOULD HAVE TO BE IN ACCORDANCE WITH SUCH RESTRICTIONS. IN PARTICULAR, THE PARTICIPATING SHARES ARE NOT PRESENTLY BEING OFFERED BY THE FUND TO THE ADDRESSEE WITH A VIEW TO THE ADDRESSEE WITH A VIEW TO THE ADDRESSEE SUBSEQUENTLY OFFERING THEM FOR SALE TO ANOTHER PERSON.

### **NOTICE TO RESIDENTS OF SPAIN**

NEITHER THE PARTICIPATING SHARES NOR THIS PPM HAS BEEN REGISTERED WITH THE SPANISH NATIONAL SECURITIES MARKET COMMISSION UNDER THE PROVISIONS OF APPLICABLE LAWS AND REGULATIONS, AND THEREFORE SHARES ARE NOT AVAILABLE FOR PLACEMENT IN SPAIN, WHETHER TO THE PUBLIC OR ON A LIMITED OR RESTRICTED PLACEMENT BASIS, WITHOUT PREJUDICE TO THE RIGHT OF ANY INVESTOR BASED IN SPAIN TO SOLICIT ACTIVELY AN INVESTMENT IN THE FUND IN A DIFFERENT JURISDICTION PURSUANT TO AN OFFER VALIDLY MADE IN SUCH JURISDICTION (AND NOT IN SPAIN) IN

ACCORDANCE WITH THE LAWS THEREIN PREVAILING.

**NOTICE TO RESIDENTS OF SWEDEN**

THE PARTICIPATING SHARES ARE BEING OFFERED TO A LIMITED NUMBER OF INSTITUTIONAL INVESTORS AND THEREFORE THIS PPM HAS NOT BEEN, AND WILL NOT BE, REGISTERED WITH THE SWEDISH FINANCIAL SUPERVISORY AUTHORITY UNDER THE SWEDISH FINANCIAL INSTRUMENTS TRADING ACT (1991:980). FURTHER, NO SINGLE INVESTOR WILL INVEST AN AMOUNT LESS THAN SEK 300,000. ACCORDINGLY, THIS PPM MAY NOT BE MADE AVAILABLE, NOR MAY SHARES OTHERWISE BE MARKETED AND OFFERED FOR SALE IN SWEDEN, OTHER THAN IN CIRCUMSTANCES WHICH ARE DEEMED NOT TO BE AN OFFER TO THE PUBLIC IN SWEDEN UNDER THE FINANCIAL INSTRUMENTS TRADING ACT.

**NOTICE TO RESIDENTS OF SWITZERLAND**

THE FUND HAS NOT BEEN APPROVED BY THE SWISS FEDERAL BANKING COMMISSION AS A FOREIGN COLLECTIVE INVESTMENT SCHEME PURSUANT TO ARTICLE 120 OF THE SWISS COLLECTIVE INVESTMENT SCHEMES ACT OF 23 JUNE 2006 (THE "CISA"). ACCORDINGLY, THE PARTICIPATING SHARES MAY NOT BE PUBLICLY OFFERED IN OR FROM SWITZERLAND AND NEITHER THIS PPM NOR ANY OTHER OFFERING MATERIALS RELATING TO THE PARTICIPATING SHARES MAY BE MADE AVAILABLE THROUGH A PUBLIC OFFERING IN OR FROM SWITZERLAND. THE PARTICIPATING SHARES MAY ONLY BE OFFERED AND THIS PPM MAY ONLY BE DISTRIBUTED IN OR FROM SWITZERLAND TO QUALIFIED INVESTORS (AS DEFINED IN THE CISA AND ITS IMPLEMENTING ORDINANCE) AND TO A LIMITED NUMBER OF OTHER OFFEREEES OTHERWISE THAN THROUGH A PUBLIC OFFERING IN OR FROM SWITZERLAND.

**NOTICE TO RESIDENTS OF TAIWAN**

THERE EXIST RESTRICTIONS ON THE OFFERING, DISTRIBUTION, TRANSFER OR RESALE OF THE INTERESTS WITHIN TAIWAN, REPUBLIC OF CHINA. THE INTERESTS CANNOT BE OFFERED, DISTRIBUTED OR RESOLD TO THE PUBLIC WITHIN THE REPUBLIC OF CHINA WITHOUT PRIOR APPROVAL FROM THE REGULATORY AUTHORITIES IN THE REPUBLIC OF CHINA.

**NOTICE TO RESIDENTS OF THE UNITED KINGDOM**

THE FUND WILL BE AN UNREGULATED COLLECTIVE INVESTMENT SCHEME FOR THE PURPOSES OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 ("ACT") AND DISTRIBUTION OF THE PPM WILL BE RESTRICTED BY SECTIONS 21 AND 238 OF THE ACT. IN ADDITION, THE PPM HAS NOT BEEN APPROVED BY AN AUTHORIZED PERSON (AS DEFINED BELOW) FOR THE PURPOSES OF SECTION 21(2)(B) OF THE ACT.

ACCORDINGLY, THE PPM WILL ONLY BE DISTRIBUTED IN THE UNITED KINGDOM BY:

- (I) PERSONS WHO ARE AUTHORIZED UNDER THE ACT ("AUTHORIZED PERSONS") TO PERSONS WHO, AND IN CIRCUMSTANCES WHICH, FALL WITHIN THE EXEMPTIONS CONTAINED IN THE FINANCIAL SERVICES AND MARKETS ACT 2000 (PROMOTION OF

COLLECTIVE INVESTMENT SCHEMES) (EXEMPTIONS) ORDER 2001, MADE UNDER SECTION 238(6) OF THE ACT, OR TO PERSONS WHO FALL WITHIN ANNEX 5 OF CHAPTER 3 OF THE FINANCIAL CONDUCT AUTHORITY'S CONDUCT OF BUSINESS RULES OR TO WHOM AN UNREGULATED COLLECTIVE SCHEME MAY OTHERWISE LAWFULLY BE DISTRIBUTED; AND

- (II) PERSONS WHO ARE NOT AUTHORIZED PERSONS TO PERSONS WHO FALL WITHIN THE EXEMPTIONS OR THE CIRCUMSTANCES CONTAINED IN THE FINANCIAL SERVICES AND MARKETS ACT 2000 (FINANCIAL PROMOTION) ORDER 2001.

ANY OTHER DISTRIBUTION OF THE PPM IN THE UNITED KINGDOM IS UNAUTHORIZED AND ANY PERSONS RECEIVING THE PPM AND NOT FALLING WITHIN THE ABOVE EXEMPTIONS MAY NOT RELY ON ITS CONTENTS.

**NOTICE TO CERTAIN RESIDENTS OF THE UNITED STATES OF AMERICA**

FOR FLORIDA INVESTORS:

THE PARTICIPATING SHARES HAVE NOT BEEN REGISTERED UNDER THE FLORIDA SECURITIES ACT. IF SALES ARE MADE TO FIVE (5) OR MORE INVESTORS IN FLORIDA, ANY FLORIDA INVESTOR MAY, AT HIS OPTION, VOID ANY PURCHASE HEREUNDER WITHIN A PERIOD OF THREE (3) DAYS AFTER HE (A) FIRST TENDERS OR PAYS TO THE FUND, AN AGENT OF THE FUND OR AN ESCROW AGENT THE CONSIDERATION REQUIRED HEREUNDER OR (B) DELIVERS HIS EXECUTED SUBSCRIPTION AGREEMENT, WHICHEVER OCCURS LATER. TO ACCOMPLISH THIS, IT IS SUFFICIENT FOR A FLORIDA INVESTOR TO SEND A LETTER OR TELEGRAM TO THE FUND WITHIN SUCH THREE (3) DAY PERIOD, STATING THAT HE IS VOIDING AND RESCINDING THE PURCHASE. IF AN INVESTOR SENDS A LETTER, IT IS PRUDENT TO DO SO BY CERTIFIED MAIL, RETURN RECEIPT REQUESTED, TO INSURE THAT THE LETTER IS RECEIVED AND TO EVIDENCE THE TIME OF MAILING.

FOR INVESTORS IN OTHER STATES:

IN MAKING AN INVESTMENT DECISION INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE ISSUER AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

THESE SECURITIES ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE SECURITIES ACT REDEMPTION, AND THE APPLICABLE STATE SECURITIES LAWS, PURSUANT TO REGISTRATION OR EXEMPTION THEREFROM. SUBJECT TO LIMITED REDEMPTION RIGHTS DESCRIBED IN THIS PPM, INVESTORS SHOULD BE AWARE THAT THEY MAY BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME.

## ANNEXURE B

### Summary of the Securities Lending and Repurchase / Reverse Repurchase Policy

The Fund and/or a Segregated Portfolio may from time to time lend securities from its portfolio to brokers, dealers and financial institutions and receive collateral in cash or securities through appropriate agreements, including but not limited to stock borrowing and lending agreements and Global Master Repurchase Agreements. The Fund and/or a Segregated Portfolio is expected to retain the rights of beneficial ownership as to the loaned securities, including voting rights and rights to interest or other distributions, and will generally have the right to regain record ownership of loaned securities to exercise such beneficial rights. Such loans will generally be terminable at any time. The relevant Segregated Portfolio may pay administrative, custodial, finders' fees or such other fees as may arise in connection with the arranging of such loans.

The Fund and/or a Segregated Portfolio may also from time to time engage in repurchase transactions, under which the relevant Fund and/or Segregated Portfolio sells securities to a counterparty and agrees to buy such securities back from the counterparty at an agreed price in the future. The Fund and/or Segregated Portfolio may also engage in reverse repurchase transactions, under which the Fund and/or relevant Segregated Portfolio purchases securities from a counterparty and agrees to sell such securities back to the counterparty at an agreed price in the future.

The Investment Adviser has established an internal policy, which is applicable to transactions in relation to securities lending, repurchase and reverse repurchase transactions (collectively, "**securities financing transactions**"). The Investment Adviser's internal policy sets out the broad principles applicable to assessing whether certain types of collateral may be received in relation to securities financing transactions. For example, to qualify under this policy, such collateral must be able to, following a counterparty failure, (i) hold for a period without breaching applicable laws or regulations; (ii) hold value; (iii) whose risk may be managed appropriate; and (iv) be liquidated in an orderly way when required. The Investment Adviser will also ensure that variation margins is calculated at least on a daily basis and any amounts exceeding the acceptable threshold appropriate for the relevant counterparty are collected. In addition, the Investment Adviser has in place contingency plans on how collateral should be managed following a default situation, which principally focuses on a liquid or preserve strategy. As a matter of risk management, the policy also establishes a credit assessment to evaluate and monitor the creditworthiness of the counterparties of the Fund and/or its Segregated Portfolios.

The Investment Adviser's also has in place a haircut policy which will be applied at such rates depending on the market risk of the asset used as collateral. Such rates are calculated based on the value of the transacted security and expressed as a percentage of the value of the transacted security and is reviewed periodically. Shareholders may contact the Investment Adviser to obtain the latest haircuts applicable to repurchase transactions and reverse repurchase transactions.

Where the Investment Adviser receives cash as collateral for securities financing transactions, the Investment Adviser has in place a cash collateral reinvestment policy and will conduct regular stress tests with an aim to meet foreseeable and unexpected calls for return of cash collateral on an ongoing basis.

Details in relation to the Investment Adviser's securities financing transactions will be disclosed to Shareholders on an annual basis, such information shall include, but shall not be limited to, global data, concentration data, re-use / re-hypothecation data, return data and number of custodians and amount of collateral assets received by each custodian.

Shareholders may contact the Investment Adviser at the address as set out under the section headed "Directory" in this PPM for further details on the Investment Adviser's internal policy on security financing transactions.

## ANNEXURE C

### Summary of Liquidity Risk Management Policy

Liquidity risk is the risk that a particular position cannot be easily unwound or offset due to insufficient market depth or market disruption; or that a Segregated Portfolio's financial obligations (such as investor redemptions) cannot be met. An inability to sell a particular investment or portion of a Segregated Portfolio's assets may have a negative impact to the value of the Fund and/or the Segregated Portfolio (as the case may be) and to its ability to meet its investment objectives. Additionally, an inability to sell a Segregated Portfolio's assets may have negative implications for investors being able to redeem in a timely fashion, and also to investors who remain invested in the relevant Segregated Portfolio.

The Investment Adviser has established a liquidity management policy to manage and ensure that activities of the Fund and its Segregated Portfolios commensurate with the liquidity profile of the Fund and the relevant Segregated Portfolio, taking into account its investment strategy, liquidity profile, underlying assets and obligations and redemption policy.

The liquidity management policy involves monitoring the liquidity of both individual positions and the overall position of the Fund and each Segregated Portfolio and its portfolio with consideration to the prevailing market and funding conditions. In particular, the Investment Adviser may monitor and review the liquidity position of the Fund and its Segregated Portfolios by adopting one or more of the following approaches:

- (a) monitoring and reviewing the trading volumes and concertation of positions;
- (b) review data, metrics and information available from trading desks and other public sources
- (c) monitoring redemption patterns and inflows and outflows of the Segregated Portfolio; and
- (d) measure and monitor market liquidity and funding liquidity positions;

The Investment Adviser also has in place various liquidity management tools which are further set out in the relevant PPM, such tools include but are not limited to the imposing redemption notice periods, redemption gates and/or suspension provisions where applicable. In addition, regular stress testing is conducted to assess the liquidity characteristics of the Fund and its Segregated Portfolio(s)' assets and to identify the corresponding risks under various market conditions. A risk committee has been established, which shall be independent from the portfolio management function, and will review and oversee the stress testing process and results.

The liquidity risk management policy is subject to review and updates by the risk committee from time to time to ensure its continued appropriateness and effective implemented.

Shareholders may contact the Investment Adviser at the address as set out under the section headed "Directory" in this PPM for further details on the Investment Adviser's risk management policy.

## DEFINITIONS

The following terms have the meanings (and corresponding derivative meanings) set out below, unless and only to the extent that the context otherwise requires.

- Accredited Investor** means for Permitted US Persons, an accredited investor under Regulation D of the Securities Act including those who fall within the following:
- a natural person whose individual net worth or joint net worth with person's spouse at the time of participating exceeds US\$1,000,000;
  - a natural person who had an individual income in excess of US\$200,000 in each of the 2 most recent calendar years, or joint income with that person's spouse in excess of US\$300,000 in each of those years, and has a reasonable expectation of reaching the same level of income in the current calendar year;
  - an entity in which all the equity owners are accredited investors;
  - a corporation, not formed for the specific purpose of acquiring the securities offered, with total assets of US\$5,000,000;
  - an entity in which all the equity owners are accredited investors.
- Administration Agreement** means the administration agreements made between the Fund (on behalf of each of the relevant Segregated Portfolios) and the Administrator, as more particularly set out in the applicable Supplement for that Segregated Portfolio.
- Administrator** means such person as appointed by the Fund on behalf of each of the Segregated Portfolios to act as administrator and transfer agent in respect of such Segregated Portfolio from time to time, as more particularly set out in the applicable Supplement for that Segregated Portfolio.
- Affiliates** in respect of a person or entity ("**First Person**"):
- (a) an entity in which the First Person holds, directly or indirectly, fifty per cent (50%) or more of the voting rights;
  - (b) an entity or person which owns, directly or indirectly, fifty per cent (50%) or more of the voting rights in the First Person;
  - (c) an entity in which the First Person and an entity described in paragraph (b) above own, directly or indirectly, fifty per cent (50%) or more of the voting rights;
  - (d) an entity over which the First Person, or its holding company, exercises direct or indirect management control, even though it may own less than fifty per cent (50%) of the voting rights in such entity; or
  - (e) an entity or person which exercises direct or indirect management control over the First Person or its holding company, even though it may own less than fifty per cent (50%) of the voting rights in the First Person or its holding company.

<b>Articles</b>	means the memorandum of association and the articles of association of the Fund, as amended, restated, substituted or supplemented from time to time.
<b>Auditor</b>	means Deloitte & Touche, as the auditor of the Fund and for and on account of each of the Segregated Portfolios.
<b>Board of Directors</b>	means the directors of the Fund for the time being, or as the case may be, the directors assembled as a board or as a committee thereof and “Board of Directors” shall have a corresponding meaning.
<b>Business Day</b>	means, unless otherwise defined in a Supplement with respect to a Segregated Portfolio, any day (except Saturday and Sunday) on which banks in Hong Kong and Cayman Islands are open for normal banking business provided that where as a result of a Number 8 or higher Typhoon Signal, Black Rainstorm Warning or other similar event, the period during which banks in Hong Kong are open on any day are reduced, such Business Day shall end prematurely, or such other day or days in addition or reduction or in substitution as the Directors, or the Investment Manager may from time to time determine.
<b>CFTC</b>	means the US Commodity Futures Trading Commission.
<b>Class</b>	means a class of Participating Shares issued in respect of a Segregated Portfolio.
<b>Companies Act</b>	the Companies Act (2021 Revision) of the Cayman Islands, as from time to time amended and supplemented.
<b>Commodity Exchange Act</b>	means the U.S. Commodity Exchange Act, as amended.
<b>Company Act or 1940 Act</b>	means the U.S. Investment Company Act of 1940, as amended.
<b>Director</b>	means a director of the Fund.
<b>Eligible Investors</b>	means those prospective investors who are permitted to invest in the Fund under all relevant laws applicable to the offering and this PPM and the relevant Supplement, being persons that: (a) (i) are not U.S. Persons; or (ii) are U.S. Persons that are “accredited investors” for the purposes of Regulation D of the Securities Act and are “qualified purchasers” as defined in Section 2(a)(51) of the Company Act; and (b) are “qualified eligible purchasers” under the Commodity Exchange Act which generally requires that an investor is either not a U.S. person, as defined under the Commodity Exchange Act, or is a “qualified purchaser”.
<b>ERISA</b>	means the Employee Retirement Income Security Act of 1974, as amended.
<b>Financial Year</b>	a financial year of the Fund and means, a period of twelve (12) months from 1 January to 31 December, or as otherwise determined by the Directors in consultation with the Investment Manager.



<b>Fund</b>	means Prudence Multi-Strategy SPC, a segregated portfolio company with limited liability incorporated under the laws of the Cayman Islands.
<b>Gate</b>	As set out in the Supplement for a Segregated Portfolio, redemptions for Participating Shares as of each Redemption Day will be limited to a certain percentage (or such lesser or greater amount as the Directors may otherwise determine in their sole discretion) of the Net Asset Value of the relevant Class of Participating Shares on issue.
<b>General Assets</b>	means the assets of the Fund which are assets not attributable to or held within or on behalf of a Segregated Portfolio and otherwise as specified under the Companies Act.
<b>IFRS</b>	means International Financial Reporting Standards.
<b>Initial Closing Date</b>	means, in respect of a Segregated Portfolio, the last day of the Initial Offer Period.
<b>Initial Offer Period</b>	means, in respect of a Segregated Portfolio, the initial period determined by the Directors during which the Participating Shares of any Class are first offered for purchase as provided for in this PPM and the relevant Supplement.
<b>Investment Account</b>	has the meaning as defined under the Section headed "Calculation of Net Asset Value".
<b>Investment Adviser</b>	means, in respect of a Segregated Portfolio, Prudence Investment Management (Hong Kong) Limited any entity or entities appointed as an investment adviser to the Investment Manager for a Segregated Portfolio from time to time.
<b>Investment Advisory Agreement</b>	means each investment advisory agreement made between the Investment Manager and the Investment Adviser with respect to the one or more Segregated Portfolios of the Fund, as may be amended or supplemented.
<b>Investment Management Agreement</b>	means the investment management agreement made between the Fund, on behalf of each of its Segregated Portfolios, and the Investment Manager, as may be amended or supplemented.
<b>Investment Manager</b>	means Prudence Asset Management Pte. Ltd., an exempt private company limited by shares incorporated in Singapore, acting in its capacity as investment manager of the Fund and each Segregated Portfolio, or any other person appointed as the investment manager of the Fund and any Segregated Portfolio.
<b>Investments</b>	means the cash, investments and other assets from time to time comprising the assets of a Segregated Portfolio of the Fund.
<b>Lock-up Period</b>	means any lock-up period applicable to the Participating Shares of a Segregated Portfolio, as set out in the relevant Supplement or as the Directors may in their discretion determine in any particular case or generally.

<b>Management Fee</b>	means the fee payable to the Investment Manager in respect of the management of the Fund, on behalf of each of a Segregated Portfolio, as described in the section headed "Fees and Expenses".
<b>Management Shares</b>	means the voting, non-participating shares of a nominal or par value US\$0.01 each in the capital of the Fund.
<b>Minimum Additional Investment</b>	means the amount by which existing Participating Shareholders may increase their investment in a Segregated Portfolio, as set out in the relevant Supplement or as the Directors may in their discretion determine in any particular case or generally.
<b>Minimum Initial Investment</b>	means the minimum initial investment amount from each investor in relation to each Class of Participating Shares as set out in the relevant Supplement (exclusive of any Subscription Fee), as set out in the relevant Supplement or as the Directors may in their discretion determine in any particular case or generally, but subject at all times to not less than the minimum amount required under the Mutual Funds Act (where relevant) from time to time. The Directors may in their discretion, but subject to the Mutual Funds Act (where relevant), raise or lower the minimum initial investment amount.
<b>Minimum Redemption</b>	means that number of Participating Shares attributable to a Class of Participating Shares or a Segregated Portfolio, being such amount as set out in the relevant Supplement or as the Directors may in their discretion determine in any particular case or generally. The Directors may in their absolute discretion accept redemption requests for less than the Minimum Redemption.
<b>Monetary Authority</b>	means the Cayman Islands Monetary Authority.
<b>Mutual Funds Act</b>	means the Mutual Funds Act (2021 Revision) of the Cayman Islands as from time to time amended and supplemented.
<b>Net Asset Value</b>	means the net asset value of a Segregated Portfolio or of a Class of Participating Shares, as determined in accordance with the provisions as set out in this PPM and the relevant Supplement.
<b>Net Asset Value per Participating Share</b>	means, in respect of a Participating Share of a Class, the Net Asset Value of such Class of Participating Shares divided by the number of Participating Shares of that Class outstanding as at the Valuation Point on the relevant Valuation Day, rounded to two (2) decimal places (US\$0.005 being rounded up to US\$0.01).

**Non-US Person**

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

**Operational Currency**

means US Dollars (US\$) unless otherwise specified in a Supplement.

**Participating Share**

means a full-participating limited-voting share of a nominal or par value US\$0.01 each in the capital of the Fund which may be issued in different Classes in the relevant Segregated Portfolio.

**Participating Shareholder**

means the person registered as the holder of a Participating Share in the Register of Members of the Fund, required to be kept pursuant to the Law.

**Permitted US Person**

means a tax exempt entity or an employee benefit plan which is a US person and:

- an "accredited investor" as defined under Regulation D of the Securities Act;

- a "qualified purchaser" as defined under the 1940 Act; and

- a "qualified eligible person" as defined under the Commodity Exchange Act.

**PPM**

means this confidential private placement memorandum issued in connection with the offer of Participating Shares, as amended, substituted or supplemented from time to time.

**Profit Allocation**

means the fee payable to the Investment Manager in respect of the performance of each relevant Segregated Portfolio, as described in the section headed "Fee and Expenses".

**Qualified Eligible Person**

means a "Qualified Eligible Person" within the meaning defined in Rule 4.7 of the Commodity Exchange Act, as amended.

**Qualified Purchaser**

means for a Permitted US Person, a person satisfying the qualified purchaser requirements which include:

<b>Redemption Charge</b>	means a charge that may be imposed by the Directors on redemption proceeds and deducted from any redemption payment to a redeeming Shareholder, as specified in the relevant Supplement or as the Directors may from time to time determine either generally or in any particular case.
<b>Redemption Day</b>	means the days as specified in the relevant Supplement or as the Directors may from time to time determine either generally or in any particular case.
<b>Redemption Notice</b>	means the redemption notice in the form accompanying this PPM or in such other form as the Directors may from time to time determine and which notice must be received by the Fund not later than the applicable deadline as provided in the relevant Supplement (or such later time and/or day as may be specified in the relevant Supplement or as determined by the Directors in their sole discretion either generally or in any particular case).
<b>Redemption Price</b>	<p>means the redemption price per Participating Share of a Segregated Portfolio. The Redemption Price will be denominated in US\$ and will be equal to the Net Asset Value per Participating Share at the Valuation Point as at such Redemption Day, or if such day is not a Valuation Day, as at the Valuation Point on the immediately preceding Valuation Day after adjustment for:</p> <ul style="list-style-type: none"> <li>(i) any accrual of Management Fee and Profit Allocation due;</li> <li>(ii) any redemption charge or other fee applicable to the Participating Shares being redeemed which shall be such amount as the Directors may from time to time determine upon the issue of the relevant Participating Shares of any Class and of any Segregated Portfolio,</li> </ul> <p>the result being rounded to the nearest two (2) decimal places of the applicable Operational Currency (e.g. 0.005 being rounded up).</p>
<b>Register of Members</b>	means the register of members of the Fund required to be kept pursuant to the Law.
<b>Restricted Person</b>	<p>means any person holding Participating Shares:</p> <ul style="list-style-type: none"> <li>(i) in breach of the law or requirements of any country of governmental authority; or</li> <li>(ii) in circumstances (whether directly or indirectly affecting such Person and whether taken alone or in conjunction with any other Person, connected or not, or any other circumstances) which, in the opinion of the Directors, might result in the Fund incurring any liability to taxation or suffering any other pecuniary, legal or administrative disadvantage which the Fund might not otherwise have incurred or suffered.</li> </ul>
<b>Securities Act</b>	means the U.S. Securities Act of 1933, as amended.

<b><i>Segregated Portfolio</i></b>	means each segregated portfolio of the Fund established and designated as such by the Directors in accordance with the Companies Act, the assets and liabilities of the Fund held within or on behalf of each such segregated portfolio being segregated from the assets and liabilities of the Fund held within or on behalf of any other segregated portfolio of the Fund and from the General Assets and other liabilities of the Fund not held within or on behalf of any segregated portfolio of the Fund.
<b><i>Segregated Portfolio Company or SPC</i></b>	means an exempted company registered under section 213 of the Companies Act.
<b><i>Series</i></b>	means a separate series of any Class of Participating Shares.
<b><i>SFO</i></b>	means the Hong Kong Securities and Futures Ordinance (Cap. 571).
<b><i>Share</i></b>	means any share in the capital of the Fund whether the same be a Management Share or a Participating Share.
<b><i>Shareholder or Participating Shareholder</i></b>	means any person holding Participating Shares whose name is entered in the Register of Members of the Fund.
<b><i>Subscription Agreement</i></b>	means the Subscription Agreement to this PPM in such form as the Directors may from time to time determine.
<b><i>Subscription Day</i></b>	means the days as specified in the relevant Supplement or as the Directors may from time to time determine either generally or in any particular case.
<b><i>Subscription Fee</i></b>	means the subscription fee attaching to the subscription for Participating Shares, as specified in the relevant Supplement or as the Directors may from time to time determine either generally or in any particular case. The Subscription Fee may be reduced or waived at the sole discretion of the Directors.
<b><i>Subscription Price</i></b>	means US\$10.00 per Participating Share, unless otherwise specified in the relevant Supplement.
<b><i>Supplement</i></b>	means a supplement to this PPM issued in connection with the offer of Participating Shares attributable to a Segregated Portfolio, and which sets out the terms of such Segregated Portfolio and the corresponding Class(es) of Participating Shares.
<b><i>Tax Exempt Investors</i></b>	means U.S. tax-exempt organization qualified under Section 501(c)(3) of the Code or U.S. pension trusts or governmental plans qualified under Section 401(a) of the Code.
<b><i>United States or US</i></b>	means the United States of America (including the States and the District of Columbia), its territories, its possessions and all other areas subject to its jurisdiction.
<b><i>US\$ or US Dollars</i></b>	means the lawful currency of the United States.

### **U.S. Person**

means as defined in Regulation S of the Securities Act, which provides generally that a U.S. person is: (a) any natural person resident in the United States; (b) any partnership or corporation organized or incorporated under the laws of the United States; (c) any estate of which any executor or administrator is a U.S. person; (d) any trust of which any trustee is a U.S. person; (e) any agency or branch of a foreign entity located in the United States; (f) any non-discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary for the benefit or account of a U.S. person; (g) any discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary organized, incorporated, or (if an individual) resident, in the United States; and (h) any partnership or corporation if (1) organized or incorporated under the laws of any non-U.S. jurisdiction and (2) formed by a U.S. person principally for the purpose of investing in securities not registered under the Securities Act unless it is organized or incorporated, and owned, by accredited investors (as defined in Rule 501(a) promulgated under the Securities Act) who are not natural persons, estates or trusts. Notwithstanding the foregoing, the following persons do not constitute "U.S. Persons": (a) any discretionary account or similar account (other than an estate or trust) held for the benefit or account of a non-U.S. person by a dealer or other professional fiduciary organized, incorporated, or (if an individual) resident, in the United States; (b) any estate of which any professional fiduciary acting as executor or administrator is a U.S. person if (1) an executor or administrator of the estate who is not a U.S. person has sole or shared investment discretion with respect to the assets of the estate and (2) the estate is governed by non-U.S. law; (c) any trust of which any professional fiduciary acting as trustee is a U.S. person if another trustee of such trust who is not a U.S. person has sole or shared investment discretion with respect to the trust assets, and no beneficiary of the trust (and no settlor if the trust is revocable) is a U.S. person; (d) an employee benefit plan established and administered in accordance with the law of a country other than the United States and customary practices and documentation of such country; (e) any agency or branch of a U.S. person located outside the United States if (1) the agency or branch operates for valid business reasons and (2) the agency or branch is engaged in the business of insurance or banking and is subject to substantive insurance or banking regulation, respectively, in the jurisdiction where located; and (f) the International Monetary Fund, the International Bank for Reconstruction and Development, the Inter-American Development Bank, the Asian Development Bank, the African Development Bank, the United Nations, and their agencies, affiliates and pension plans, and any other similar international organizations, their agencies, affiliates and pension plans.

### **Valuation Day**

means, in respect of a Segregated Portfolio, the last Business Day of each calendar month, or such other day or days as may be specified in the relevant Supplement or such other day or days as the Directors may from time to time determine either generally or in any particular case.

***Valuation Point***

means, in respect of a Segregated Portfolio, the close of business in the last relevant market to close on a Valuation Day or such other time on such other day or days as may be specified in the relevant Supplement or such other time on such other day or days as the Directors may from time to time prescribe.