Simplon Capital Ltd. SPC  
(the “Fund”)  

(a Segregated Portfolio Company incorporated on 22 March 2006 with limited liability under the laws of the Cayman Islands and registered under Section 4(3) of the Mutual Funds Law under registration number 11199)  
on behalf of its Segregated Portfolio  

Gamma Volatility Fund  
Segregated Portfolio  

March 2013  

CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM  

<table>
<thead>
<tr>
<th>DESCRIPTION</th>
<th>ISIN</th>
<th>CUSIP</th>
<th>VALOR</th>
<th>BLOOMBERG</th>
</tr>
</thead>
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<tr>
<td>CLASS A CHF SHS</td>
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<td>G8146H400</td>
<td>CH20960919</td>
<td>SCPOGVA KY</td>
</tr>
</tbody>
</table>
NOTICE

IF YOU ARE IN ANY DOUBT ABOUT THE CONTENTS OF THIS DOCUMENT YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, LAWYER, ACCOUNTANT OR OTHER PROFESSIONAL ADVISOR. NEITHER THE FUND NOR THE SHARES OF THE FUND DESCRIBED IN THIS CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM (THE “MEMORANDUM”) HAVE BEEN OR WILL BE REGISTERED OR QUALIFIED UNDER THE SECURITIES LAWS OF THE UNITED STATES (“U.S.”) OR ANY OTHER JURISDICTION.

THIS MEMORANDUM SHALL NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY, NOR SHALL THERE BE ANY SALE OF SHARES IN ANY JURISDICTION IN WHICH SUCH OFFER, SOLICITATION OR SALE IS NOT AUTHORIZED OR TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH OFFER, SOLICITATION OR SALE. THE DIRECT OR INDIRECT OWNERSHIP OF SHARES BY RESTRICTED PERSONS AS DEFINED IN THIS MEMORANDUM IS PROHIBITED EXCEPT IN ACCORDANCE HEREWITH. NO PERSON HAS BEEN AUTHORIZED TO MAKE ANY REPRESENTATIONS CONCERNING THE FUND OR THE SHARES WHICH ARE INCONSISTENT WITH THOSE CONTAINED IN THIS MEMORANDUM, AND ANY SUCH REPRESENTATIONS SHOULD ACCORDINGLY BE TREATED AS UNAUTHORIZED AND MAY NOT BE RELIED UPON BY THE RECIPIENT. NEITHER THE FUND NOR THE DIRECTORS ACCEPT RESPONSIBILITY FOR ANY SUCH INCONSISTENT REPRESENTATIONS SO MADE.

THE FUND HAS AN AUTHORISED SHARE CAPITAL DIVIDED INTO MANAGEMENT SHARES AND SHARES. THE MEMORANDUM OF ASSOCIATION AND ARTICLES OF ASSOCIATION OF THE FUND EMPOWER THE BOARD OF DIRECTORS OF THE FUND TO CREATE DIFFERENT SEGREGATED PORTFOLIOS OF SHARES.

PROSPECTIVE INVESTORS SHOULD NOT CONSTRUE THE CONTENTS OF THIS MEMORANDUM AS LEGAL, TAX OR FINANCIAL ADVICE. ALL PROSPECTIVE INVESTORS SHOULD CONSULT THEIR OWN PROFESSIONAL ADVISORS AS TO THE LEGAL, TAX, FINANCIAL OR OTHER MATTERS RELEVANT TO THE SUITABILITY OF AN INVESTMENT IN THE SHARES FOR SUCH INVESTOR. REQUIREMENTS WHICH MAY BE DEEMED NECESSARY FOR THE PROTECTION OF UNSOPHISTICATED INVESTORS DO NOT APPLY TO THE FUND, WHICH IS THEREFORE NOT SUITABLE FOR UNSOPHISTICATED INVESTORS. BY SUBSCRIBING FOR SHARES, PROSPECTIVE APPLICANTS ARE EXPRESSLY AGREEING THAT THEY ACCEPT THE REDUCED REQUIREMENTS.

THIS MEMORANDUM RELATES TO THE SEGREGATED PORTFOLIO, PARTICULARLY DEFINED IN THE SPECIFIC TERMS OF THE SEGREGATED PORTFOLIO. DIFFERENT TERMS AND CONDITIONS MAY APPLY TO OTHER SEGREGATED PORTFOLIOS OF THE FUND (IF ANY).

THE PURCHASE OF SHARES IS SPECULATIVE AND INVOLVES A HIGH DEGREE OF RISK. THERE IS NO ASSURANCE THAT THE FUND WILL BE PROFITABLE. SEE THE SECTION ENTITLED “CERTAIN RISK FACTORS” WITHIN THIS MEMORANDUM FOR A DESCRIPTION OF CERTAIN RISKS INVOLVED IN THE PURCHASE OF SHARES. HOWEVER THIS MEMORANDUM DOES NOT NECESSARILY IDENTIFY, OR PURPORT TO IDENTIFY, ALL THE RISK FACTORS ASSOCIATED WITH THE FUND.

NO LISTING OR OTHER DEALING FACILITY IS AT PRESENT BEING SOUGHT FOR
ANY PART OF THE FUND’S SHARES, ALTHOUGH THE BOARD MAY SEEK A LISTING IN THE FUTURE.

THIS MEMORANDUM IS CONSIDERED CONFIDENTIAL AND IS INTENDED SOLELY FOR THE USE OF THE PERSON TO WHOM IT HAS BEEN DELIVERED BY THE FUND FOR THE PURPOSE OF EVALUATING A POSSIBLE INVESTMENT BY THE RECIPIENT IN THE SHARES DESCRIBED HEREIN, AND IT IS NOT TO BE REPRODUCED OR DISTRIBUTED TO ANY OTHER PERSONS (OTHER THAN PROFESSIONAL ADVISORS OF THE PROSPECTIVE INVESTOR RECEIVING THIS MEMORANDUM FROM THE FUND). BY ACCEPTING DELIVERY OF THIS MEMORANDUM, EACH PROSPECTIVE APPLICANT FOR SHARES AGREES TO KEEP CONFIDENTIAL ALL INFORMATION CONTAINED HEREIN THAT IS NOT ALREADY IN THE PUBLIC DOMAIN AND TO USE THIS MEMORANDUM FOR THE SOLE PURPOSE OF EVALUATING A POSSIBLE INVESTMENT IN THE FUND.

THIS MEMORANDUM DOES NOT CONSTITUTE AN OFFER OF THE SHARES TO ANY MEMBER OF THE PUBLIC OF THE CAYMAN ISLANDS AND THE SHARES MAY NOT BE OFFERED TO ANY MEMBER OF THE PUBLIC IN THE CAYMAN ISLANDS (WHICH DOES NOT INCLUDE CAYMAN ISLANDS EXEMPTED OR ORDINARY NON-RESIDENT COMPANIES OR CERTAIN HIGH NET WORTH OR SOPHISTICATED PERSONS SITUATE IN THE CAYMAN ISLANDS).


AN INVESTMENT IN THE FUND SHOULD BE CONSIDERED ONLY BY PERSONS FINANCIALLY ABLE TO MAINTAIN THEIR INVESTMENT IN THE LONG-TERM AND WHO CAN AFFORD A PARTIAL OR COMPLETE LOSS OF THEIR INVESTMENT.

THIS MEMORANDUM DOES NOT CONSTITUTE AN OFFER OR SOLICITATION IN ANY JURISDICTION IN WHICH AN OFFER OR SOLICITATION IS NOT LAWFUL OR AUTHORISED OR IN WHICH THE PERSON MAKING SUCH OFFER OR SOLICITATION IS NOT QUALIFIED TO DO SO. THERE SHALL BE NO OFFERING, AND THIS MEMORANDUM DOES NOT CONSTITUTE AN OFFERING, OF SHARES TO THE PUBLIC IN THE CAYMAN ISLANDS. HOWEVER, CAYMAN ISLANDS EXEMPTED AND ORDINARY NON-RESIDENT COMPANIES AND CERTAIN OTHER PERSONS ENGAGED IN OFFSHORE BUSINESS MAY BE PERMITTED TO ACQUIRE SHARES.

AS THE FUND’S NET ASSET VALUE WILL BE CALCULATED IN THE BASE CURRENCY OF THE INVESTED SHARE, SHARE CLASS, SHARE SUB CLASS AND/OR SHARE SERIES, EACH HOLDER OF SHARES (THE “SHAREHOLDER”), AND NOT THE FUND, WILL BEAR THE RISK OF ANY FOREIGN CURRENCY EXPOSURE RESULTING FROM DIFFERENCES, IF ANY, IN THE VALUE OF THIS BASE CURRENCY RELATIVE TO THE CURRENCY IN WHICH SUCH SHAREHOLDER MAINTAINS ITS NET WORTH.

CERTAIN INFORMATION CONTAINED IN THIS MEMORANDUM CONSTITUTES “FORWARD LOOKING STATEMENTS”, WHICH CAN BE IDENTIFIED BY THE USE OF FORWARD-LOOKING TERMINOLOGY SUCH AS “MAY”, “WILL”, “SHOULD”, “EXPECT”,
“ANTICIPATE”, “PROJECT”, “ESTIMATE”, “INTEND”, OR “BELIEVE” OR THE NEGATIVES THEREOF OR OTHER VARIATIONS THEREON OR COMPARABLE TERMINOLOGY. DUE TO VARIOUS RISKS AND UNCERTAINTIES, INCLUDING THOSE DESCRIBED UNDER THE SECTIONS HEADED “CERTAIN RISK FACTORS” AND “POTENTIAL CONFLICTS OF INTEREST”, ACTUAL EVENTS OR RESULTS OR THE ACTUAL PERFORMANCE OF THE FUND MAY DIFFER MATERIALLY FROM THOSE REFLECTED OR CONTEMPLATED IN SUCH FORWARD LOOKING STATEMENTS.


THIS MEMORANDUM MAY BE TRANSLATED INTO OTHER LANGUAGES. WHERE THIS MEMORANDUM IS TRANSLATED INTO ANOTHER LANGUAGE, THE TRANSLATION SHALL BE AS CLOSE AS POSSIBLE TO A DIRECT TRANSLATION FROM THE ENGLISH TEXT AND CHANGES THEREFROM SHALL BE ONLY AS NECESSARY TO COMPLY WITH THE REQUIREMENTS OF THE REGULATORY AUTHORITIES OF OTHER JURISDICTIONS. IN THE EVENT OF ANY INCONSISTENCY OR AMBIGUITY IN RELATION TO THE MEANING OF ANY WORD OR PHRASE IN ANY TRANSLATION, THE ENGLISH TEXT SHALL PREVAIL AND ALL DISPUTES AS TO THE TERMS THEREOF SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE CAYMAN ISLANDS.

THIS MEMORANDUM IS BASED ON THE LAW AND PRACTICE IN FORCE IN THE CAYMAN ISLANDS AT THE RELEVANT TIME AND IS SUBJECT TO CHANGES THEREIN. IN THE EVENT OF ANY DISPUTE BETWEEN THE FUND AND AN INVESTOR, SUCH DISPUTE SHALL BE DETERMINED BY THE COURTS OF THE CAYMAN ISLANDS. THERE IS NO INVESTMENT COMPENSATION SCHEME AVAILABLE TO INVESTORS IN THE CAYMAN ISLANDS.

TO THE BEST OF THE KNOWLEDGE AND BELIEF OF THE BOARD OF DIRECTORS OF THE FUND, WHO HAVE TAKEN ALL REASONABLE CARE IN REVIEWING THIS DOCUMENT, THE INFORMATION CONTAINED IN THIS DOCUMENT IS ACCURATE AND DOES NOT OMIT ANYTHING LIKELY TO AFFECT THE IMPORT OF SUCH INFORMATION.
The information set out below should be read in conjunction with, and is qualified in its entirety by, the full text of this Confidential Private Placement Memorandum (the “Memorandum”), the Memorandum of Association and Articles of Association of the Fund and the documents and agreements referred to herein, copies of which are available from the Administrator (as defined herein) upon request.

### SPECIFIC TERMS

**TERMS OF THE SEGREGATED PORTFOLIO**

### THE SEGREGATED PORTFOLIO

<table>
<thead>
<tr>
<th>Segregated Portfolio</th>
<th>Gamma Volatility Fund Segregated Portfolio</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Date of Creation</strong></td>
<td>5&lt;sup&gt;th&lt;/sup&gt; March 2013</td>
</tr>
</tbody>
</table>

### GENERAL INVESTMENT POLICY OF THE SEGREGATED PORTFOLIO

<table>
<thead>
<tr>
<th>General Investment Objective of the Segregated Portfolio</th>
<th>The Investment Objective of the Segregated Portfolio is to profit from existing behavioural anomalies in the options market. To achieve this goal, the strategy is to reach an absolute return with limited volatility.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Investment Strategies and Policies</strong></td>
<td>The Investment Manager’s strategy aims to detect behavioural anomalies in the US equity market (S&amp;P 500) through its proprietary trading model. The main objective of this model is to search for highly mispriced options.</td>
</tr>
<tr>
<td></td>
<td>To cash in from mis-pricings that are found, the model will set up appropriate option strategies. Since there is always risk associated with certain strategies, all positions will be hedged against extreme market movements, if needed (delta hedging).</td>
</tr>
<tr>
<td></td>
<td>The main benefit of the strategy is the very small risk due to its hedging policy. On the other hand, a substantial return can be earned caused by human behaviour in the markets. Finally, since the strategy does not include directional trades, the correlation with other investments should be very small.</td>
</tr>
<tr>
<td><strong>Investment Restrictions</strong></td>
<td>Investments may only be made as permitted by the Offering Memorandum and the (Cayman Islands) Investment Fund Regulations, and pursuant to the Segregated Portfolio’s investment objectives and policies.</td>
</tr>
</tbody>
</table>
Leverage Policy

The Fund on behalf of its Segregated Portfolio may take leveraged positions.

MANAGEMENT OF THE SEGREGATED PORTFOLIO

Investment Manager of the Segregated Portfolio

The Fund’s Investment Manager is Simplon Asset Management Ltd., a Cayman Islands limited liability company. The Investment Manager is responsible for the investment decisions of the Fund. The Director of the Investment Manager is Sean Patrick Lewis whose biography is set forth below:

Sean is a British citizen, based in United Kingdom. He is the CEO of Montagu Financial Services Limited, London, a FSA regulated company. Sean is responsible for developing, organizing and placing structured debt obligations with major investment banks and banks as well as management of client engagements. He is Head of Risk and Trading overall for the Montagu Group. Prior to this, Sean was with CS First Boston as director of Global Foreign Exchange, Head Trader in London / Asia for FX Derivatives and OTC Market Making. He was responsible for all areas relating to risk management on the intraday portfolios. Sean also held senior trading positions with UBS and Republic National Bank on FX Derivatives and at JP Morgan, London on OTC & exchange-traded precious metals derivatives.

The Investment Manager is not required to be licensed in the Cayman Islands because it is providing investment management services exclusively to certain prescribed exempt classes of person (such as the Fund), i.e. classes of person that fall within an exemption under the Securities Investment Business Law (Revised) of the Cayman Islands. Accordingly, the Investment Manager has filed an initial declaration of exemption with the Cayman Islands Monetary Authority and will update that filing on an annual basis. Notwithstanding such registration, the Investment Manager is not subject to any regulation by the Cayman Islands Monetary Authority with respect to its securities investment business.

The Investment Manager will not provide investment management services to any class of person which would require it to be licensed under the Securities Investment Business Law (Revised) without first obtaining such a licence. The Investment Manager does not envisage obtaining such a licence.

Investment Advisor of the Segregated Portfolio

Gamma Financials AG, Zug, Switzerland.

The Fund’s Investment Advisor is Gamma Financials AG, a Swiss limited liability company. The company was founded on 15th June 2009 and is seated in Zug, Switzerland. The Board of Directors consists of three specialists with extensive experience in investment banking and proprietary trading in Swiss equities. The Directors biographies are set forth below:
Martin Eberhard, Chairman  
Co-Founder and CEO of NZB Neue Zürcher Bank, Zurich, Martin Eberhard was the key driver of this bank’s recognized success in the Swiss brokerage business in Zurich. Prior to this Mr. Eberhard worked at Bank Julius Baer for 15 years. At the time of his departure he was a member of the board responsible for capital marktes as well as brokerage business.

Oliver Hauser, Board Member  
Oliver Hauser has over 20 years of experience in Swiss equities. He was Head of Sales Trading at Lombard Odier, Cheuvreux, and also at Bank Julius Baer. He has more than ten years experience in proprietary trading in Swiss stocks.

Andy Köpfli, Board Member  
Andy Köpfli has over 20 years of experience in banking. At Bank Julius Baer he was Co-Head of Brokerage and at Swissfirst Bank he was a Director and Deputy Head of Sales. In the last six years he has been an independent portfolio manager for private clients.

Administrator
IFIT Fund Services AG, Hunenberg, Switzerland.

Banker
Royal Bank of Canada (Suisse), Geneva, Switzerland.

Custodian
Not applicable.

Broker
Interactive Brokers LLC, Greenwich, USA.

Compliance Agent in charge of the prevention of money laundering
IFIT advisory AG, Zurich, Switzerland.

FEES PAYABLE IN RESPECT OF THE SEGREGATED PORTFOLIO

Fees of the Investment Manager

Management Fee
The Investment Manager is entitled to receive a pro rata fixed Management Fee from the Segregated Portfolio equal to 1% p.a. of the Segregated Portfolio Net Asset Value per Share (before deduction of that month’s Management Fee and before deduction of any Administration Fee) calculated as at each Valuation Date payable quarterly in arrears on such terms as are set out in the Investment Management Agreement.

Incentive Fee
The Investment Manager is also entitled to receive a quarterly Incentive Fee from the Segregated Portfolio equal to 20% of the appreciation of the Segregated Portfolio’s Net Asset Value per Share (before deduction of such Incentive Fee), if any, subject to the Net Asset Value per Share being above the high watermark for the Segregated Portfolio, defined as the highest Net Asset Value of the Segregated Portfolio after deduction of the Incentive Fee achieved as of the end of any previous Incentive Fee Period.
Remuneration of the Investment Advisor and Other Expenses

The Investment Manager is authorized to nominate other and/or additional Advisors than the one mentioned in this Offering Memorandum whereby, (i) such nominations are under separate agreements between the Investment Manager and the Investment Advisor to be and (ii) eventual Advisory Fees (other than out of pocket expenses) are to be paid out of the Investment Management Fee and not out of the assets of the Segregated Portfolio.

Fees of the Administrator

The Administrator is entitled to receive an annual Administrator’s Fee from the Segregated Portfolio equal to the greater of a minimum of CHF 12,000 or 20 basis points on Segregated Portfolio net assets, calculated as at each Valuation Date and payable monthly in arrears. For each additional share class CHF 5,000 will be added to the minimum fee. In addition a flat fee of CHF 5,000 will be charged for the preparation of annual Financial Statements.

Fees of the Banker

The Banker is entitled to receive a Bankers Fee equivalent to the greater of a minimum fee and a percentage on the net assets of the Fund in respect of the Segregated Portfolio annually plus other transaction and operational fees.

Fees of the Broker

The Broker is entitled to receive a Brokers Fee equivalent to the greater of a minimum fee and a percentage on the net assets of the Fund in respect of the Segregated Portfolio annually plus other transaction and operational fees.

Fees of the Custodian

The Custodian is entitled to receive a Custody Fee equivalent to the greater of a minimum fee and a percentage on the net assets of the Fund in respect of the Segregated Portfolio annually plus other transaction and operational fees.

Directors’ Fees

The Directors’ Fees will be charged according to the Directors Services Agreement and will be in accordance with reasonable and customary directors’ fees.

Corporate Service Fees

The corporate service provider will charge the Fund in accordance with the Registered Office and Secretarial Services Agreement. These fees will be allocated across each class of shares of the Fund as the Investment Manager deems fair.

Subscription Fees

The Investment Manager may at its sole discretion charge a Subscription Fee of up to 3% of the Subscription Price to the investors. The Subscription Fee is payable to the Investment Manager and is calculated according to the following procedure: gross amount divided by (1+ subscription rate) multiplied by the subscription rate.

Subscription fee calculation example with 3%:

\[ \frac{GA}{1+.03} \times .03 \]

Redemption Fees

Not applicable.
Deferred Redemption Fee  Not applicable.
Distribution Fees  Not applicable.

SHARES OF THE SEGREGATED PORTFOLIO

Shares  Redeemable participating non-voting shares of par value CHF 0.01 each (designated as “CLASS A CHF SHS”).
Additional Series  Not applicable.
Additional Classes  Not applicable.
For certain securities or assets lacking a readily assessable market value (“Special Investments”) it might be required from time to time to create Class S Shares as described in the Standard Terms.
Dividends  Not applicable.

SUBSCRIPTIONS AND REDEMPTIONS

Restricted Persons  Any U.S. Persons as defined in the Standard Terms, Paragraph “Eligible Investors”.
Initial Offering Price  CHF 100 per CLASS A CHF SHS.
Initial Offering Period  To be determined at the directors’ discretion or 15 days after the fund has been deemed operational.
Ongoing Subscriptions  After the Initial Offering Period, an application will be considered acceptable for subscription for a certain Subscription Day, if a correctly completed subscription form is received by the Deadline for receiving subscriptions.
Business Day  Any day when the banks in the Cayman Islands and Switzerland are open for business or such other day classified as a business day as the Board may adopt from time to time.
Limitations  Not applicable.
Minimum Investment  US$ 100,000 equivalent in CHF.
Minimum for Subsequent Investments  US$ 10,000 equivalent in CHF.
Minimum Holding  CHF 10,000.
Minimum Holding Period  Not applicable.
Subscription Day: The first Business Day of each calendar week, or such other or additional day or days as determined by the Directors in their sole discretion from time to time.

Subscription Notice Period and Deadline for receiving Subscriptions: Applications for the issuance of Shares on a particular Subscription Day must be received by 5:00 p.m. CET at least two (2) Business Days immediately preceding the relevant Subscription Day with cleared funds to be received by 5:00 p.m. CET at least one (1) Business Day immediately preceding the relevant Subscription Day.

Subscription Day and Subscription Price for Additional Classes: Subscription date and subscription price to be determined by the Directors in their sole discretion.

Redemption Date: The last Business Day of every week, or such other or additional day or days as determined by the Directors in their sole discretion from time to time.

Redemption Notice Period and Deadline for receiving Redemption Notice: Applications for the redemption of Shares on a particular Redemption Day must be received by 5:00 p.m. CET at least five (5) Business Days immediately preceding the relevant Redemption Day.

Redemption Gate: The Fund, on behalf of the Segregated Portfolio, shall not be bound to redeem, as of any Redemption Date, more than 25% of the number of Shares outstanding in respect of the Fund, in the event that the Directors determine, in their sole discretion, that such restriction is necessary to protect the Fund’s assets and its shareholders. Given the investment strategy of the Fund, a Redemption Gate might even be applied if less than 25% of the number of Shares outstanding in respect of the Fund is redeemed.

Redemption Currency: CHF

Minimum Redemption Amount: Not applicable.

DETERMINATION OF NET ASSET VALUE

Net Asset Value Calculation Date: The last Business Day of each calendar week.

Equalization Method: Equalization Adjustment Approach II.

ACCOUNTING AND REPORTING

Accepted Accounting Standards: IFRS

End of Fiscal Year: 31st December.
First Annual Audit of Segregated Portfolio

31st December 2013.

Functional Currency

CHF
TERMS OF THE FUND

THE FUND

Name
Simplon Capital Ltd. SPC

MANAGEMENT

Board of Directors
David M. L. Roberts
Philip Mosely

David M. L. Roberts is the Managing Director of Cayman Management Ltd., a licensed Companies Manager in the Cayman Islands providing a broad range of services. A particular specialisation is the provision of advisory, corporate administration and independent director services to hedge fund and investment management clients. Mr. Roberts has an extensive background in business administration, funds, general investment and international corporate matters. Mr. Roberts gained international experience with a publicly quoted company in the UK prior to becoming a Cayman Islands resident in 1982. He currently holds a range of executive and non-executive directorships, including hedge funds, insurance and reinsurance companies, investment companies and general operating companies. These companies variously utilise standard company structure, Segregated Portfolio Company structure, as well as Exempt Limited Partnership. He is a Fellow of the Institute of Chartered Secretaries and Administrators in the United Kingdom and is a registered Trust and Estate Practitioner. Mr. Roberts is a British citizen and holds the grant of Cayman Islands Status. He serves as a Director of Cayman Finance Ltd., the representative body for the Cayman Islands financial services industry; is a founding member of the Cayman Islands Directors Association and is a member of a number of financial sector representative boards.

Philip Mosely is a British citizen, holds a Law Degree from the University of London and is a Fellow of the Institute of Chartered Secretaries and Administrators. He joined Cayman Management Ltd. in April, 2007 and currently serves as a Director to a number of investment related vehicles. Philip has an extensive professional background, having worked in the Corporate Secretariat of British Aerospace Plc and Raytheon subsidiaries in the UK, as well as holding Board and Corporate Secretarial appointments with a number of companies in the UK, Africa and the US. He was a Partner in an FSA regulated Investment Management firm in the UK and has also worked in Corporate Management Services in the BVI and Bahamas prior to his time in the Cayman Islands.
Registered Office Provider  Cayman Management Ltd., Cayman Islands.

Legal Advisor in Cayman  Solomon Harris, Cayman Islands, Attorneys-At-Law.

Directors’ Fees  The Directors’ Fees will be charged according to the Directors Services Agreement and will be in accordance with reasonable and customary directors’ fees.

Corporate Service Fees  The corporate service provider will charge the Fund in accordance with the Registered Office and Secretarial Services Agreement. These fees will be allocated across each class of shares of the Fund as the Investment Manager deems fair.

SHARES OF THE FUND

Authorised Share Capital  The aggregate of:
- EUR 15,000
- US$ 10,000
- CHF 10,000
- GBP 4,360

Management Shares  100 voting, non-participating shares of par value EUR 1.00 held by Venice Investments Group Corp, BVI.

Shares  1,490,000 Participating non-voting Shares with a par value of EUR 0.01 each
1,000,000 Participating non-voting Shares with a par value of US$ 0.01 each
1,000,000 Participating non-voting Shares with a par value of CHF 0.01 each
436,000 Participating non-voting Shares with a par value of GBP 0.01 each

Currency of the Fund  CHF

Additional Series  Not applicable.

Additional Classes  Segregated Portfolio Shares.

Dividends  It is the present intention of the Board not to distribute net income by way of dividends. Accordingly, net income effectively will be represented in the value of the Shares. As such those who anticipate the need for regular income from dividends from their investments should not invest in the Fund. The Board reserves the right to change such policy.

ACCOUNTING AND REPORTING

Accepted Accounting Standards  IFRS
<table>
<thead>
<tr>
<th>Description</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>End of Fiscal Year</td>
<td>30th June</td>
</tr>
<tr>
<td>First Annual Audit of Fund</td>
<td>30th June 2007</td>
</tr>
<tr>
<td>Functional Currency</td>
<td>EUR</td>
</tr>
</tbody>
</table>
DIRECTORY

Fund’s Registered Office  Simplon Capital Ltd. SPC obo
Gamma Volatility Fund Segregated Portfolio
Ground Floor, Harbour Centre, P.O. Box 1569
George Town, Grand Cayman KY1-1110
Cayman Islands

Investment Manager  Simplon Asset Management Ltd.
Ground Floor, Harbour Centre, P.O. Box 1569
George Town, Grand Cayman KY1-1110
Cayman Islands

Investment Advisor  Gamma Financials AG
Bahnhofplatz
6300 Zug
Switzerland

Administrator  IFIT Fund Services AG
Rothusstrasse 21
CH-6331 Hunenberg
Switzerland

Banker  Royal Bank of Canada (Suisse)
RueFrançois Diday 6
CH-1204 Geneva
Switzerland

Custodian  Not applicable.

Broker  Interactive Brokers
8 Greenwich Office Park
Greenwich, Connecticut 06831
USA

Auditors  KPMG
P.O. Box 493
Century Yard Cricket Square
Grand Cayman KY1-1106
Cayman Islands

Directors  David M.L. Roberts, Philip Mosely
c/o Cayman Management Ltd.
Ground Floor Harbour Centre, P.O. Box 1569
George Town, Grand Cayman KY1-1110
Cayman Islands
Legal Advisors
As to matters of Cayman Islands law:
Solomon Harris, Cayman Islands Attorneys-At-Law
First Caribbean House
PO Box 1990
George Town
Grand Cayman KY1-1104
Cayman Islands

Solomon Harris, Cayman Islands Attorneys-At-Law
Alfred Escherstrasse 11
8002 Zürich
Switzerland

Compliance Agent (AML)
IFIT advisory AG
Voltastrasse 61
CH-8044 Zürich
Switzerland
TABLE OF CONTENTS

NOTICE .......................................................................................................................................................... 2
SPECIFIC TERMS ........................................................................................................................................... 5

TERMS OF THE SEGREGATED PORTFOLIO .................................................................................. 5

THE SEGREGATED PORTFOLIO ........................................................................................................... 5
Segregated Portfolio .................................................................................................................................... 5
Date of Creation .......................................................................................................................................... 5

GENERAL INVESTMENT POLICY OF THE SEGREGATED PORTFOLIO ........................................... 5
Investment Restrictions .............................................................................................................................. 5
Leverage Policy .......................................................................................................................................... 6

MANAGEMENT OF THE SEGREGATED PORTFOLIO ....................................................................... 6
Investment Manager of the Segregated Portfolio ...................................................................................... 6
Investment Advisor of the Segregated Portfolio ....................................................................................... 6
Administrator ............................................................................................................................................ 7
Banker ....................................................................................................................................................... 7
Custodian .................................................................................................................................................. 7
Broker ....................................................................................................................................................... 7
Compliance Agent in charge of the prevention of money laundering ....................................................... 7

FEES PAYABLE IN RESPECT OF THE SEGREGATED PORTFOLIO .............................................. 7
Fees of the Investment Manager ................................................................................................................ 7
Fees of the Administrator .......................................................................................................................... 8
Fees of the Banker .................................................................................................................................... 8
Fees of the Broker ..................................................................................................................................... 8
Fees of the Custodian ................................................................................................................................. 8
Directors’ Fees ......................................................................................................................................... 8
Corporate Service Fees ............................................................................................................................. 8
Subscription Fees .................................................................................................................................... 8
Redemption Fees .................................................................................................................................... 8
Deferred Redemption Fee ......................................................................................................................... 9
Distribution Fees ..................................................................................................................................... 9

SHARES OF THE SEGREGATED PORTFOLIO ................................................................................ 9
Shares ......................................................................................................................................................... 9
Additional Series ..................................................................................................................................... 9
Additional Classes ................................................................................................................................. 9
Dividends .................................................................................................................................................. 9

SUBSCRIPTIONS AND REDEMPTIONS ........................................................................................ 9
Restricted Persons ..................................................................................................................................... 9
Initial Offering Price ................................................................................................................................. 9
Initial Offering Period .............................................................................................................................. 9
Ongoing Subscriptions ........................................................................................................................... 9
Business Day ........................................................................................................................................... 9
Limitations regarding the procedure for applications during the Initial Offering Period ...................... 9
Minimum Investment .............................................................................................................................. 9
Minimum for Subsequent Investments .................................................................................................. 9
Minimum Holding .................................................................................................................................. 9
Minimum Holding Period ...................................................................................................................... 9
Subscription Day........................................................................................................10
Subscription Notice Period and Deadline for receiving Subscriptions..............10
Subscription Day and Subscription Price for Additional Classes ....................10
Redemption Date ........................................................................................................10
Redemption Notice Period and Deadline for receiving Redemption Notice ........10
Redemption Gate .......................................................................................................10
Redemption Currency ...............................................................................................10
Minimum Redemption Amount .................................................................................10

DETERMINATION OF NET ASSET VALUE........................................................10
Net Asset Value Calculation Date .............................................................................10
Equalization Method .................................................................................................10

ACCOUNTING AND REPORTING .....................................................................10
Accepted Accounting Standards .............................................................................10
End of Fiscal Year ......................................................................................................10
First Annual Audit of Segregated Portfolio .............................................................11
Functional Currency ................................................................................................11

TERMS OF THE FUND .........................................................................................12

THE FUND .............................................................................................................12
Name .........................................................................................................................12

MANAGEMENT ....................................................................................................12
Board of Directors ....................................................................................................12
Registered Office Provider .......................................................................................13
Legal Advisor in Cayman ..........................................................................................13
Directors’ Fees .........................................................................................................13
Corporate Service Fees .............................................................................................13

SHARES OF THE FUND ....................................................................................13
Authorised Share Capital .........................................................................................13
Management Shares ...............................................................................................13
Shares .......................................................................................................................13
Currency of the Fund ...............................................................................................13
Additional Series ......................................................................................................13
Additional Classes ..................................................................................................13
Dividends ..................................................................................................................13

ACCOUNTING AND REPORTING ...................................................................13
Accepted Accounting Standards .............................................................................13
End of Fiscal Year ......................................................................................................13
First Annual Audit of Fund .......................................................................................14
Functional Currency .................................................................................................14

DIRECTORY ............................................................................................................15

Fund’s Registered Office .........................................................................................15
Investment Manager .................................................................................................15
Investment Advisor .................................................................................................15
Administrator ...........................................................................................................15
Banker ......................................................................................................................15
Custodian ..................................................................................................................15
Broker ........................................................................................................................15
Auditors .....................................................................................................................15
Directors ...................................................................................................................15
Legal Advisors ........................................................................................................16
Compliance Agent (AML) .......................................................................................16
TABLE OF CONTENTS

STANDARD TERMS

THE FUND

INVESTMENT POLICY

MANAGEMENT

MANAGEMENT

FEES AND EXPENSES

SHARES OF THE FUND

CERTAIN RISK FACTORS

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>TABLE OF CONTENTS</td>
<td>17</td>
</tr>
<tr>
<td>STANDARD TERMS</td>
<td>21</td>
</tr>
<tr>
<td>THE FUND</td>
<td>21</td>
</tr>
<tr>
<td>INVESTMENT POLICY</td>
<td>22</td>
</tr>
<tr>
<td>Investment Objective and Strategy</td>
<td>22</td>
</tr>
<tr>
<td>Special Investments</td>
<td>22</td>
</tr>
<tr>
<td>Permitted Investments</td>
<td>22</td>
</tr>
<tr>
<td>Investment Restrictions</td>
<td>23</td>
</tr>
<tr>
<td>Leverage</td>
<td>23</td>
</tr>
<tr>
<td>Distributions and Reinvestment</td>
<td>23</td>
</tr>
<tr>
<td>MANAGEMENT</td>
<td>24</td>
</tr>
<tr>
<td>The Board of Directors</td>
<td>24</td>
</tr>
<tr>
<td>The Investment Manager</td>
<td>24</td>
</tr>
<tr>
<td>The Investment Advisor</td>
<td>25</td>
</tr>
<tr>
<td>The Administrator</td>
<td>26</td>
</tr>
<tr>
<td>The Banker</td>
<td>26</td>
</tr>
<tr>
<td>Banking Agreement</td>
<td>26</td>
</tr>
<tr>
<td>The Custodian</td>
<td>26</td>
</tr>
<tr>
<td>Custody Agreement</td>
<td>27</td>
</tr>
<tr>
<td>The Broker</td>
<td>27</td>
</tr>
<tr>
<td>Brokerage Agreement</td>
<td>27</td>
</tr>
<tr>
<td>Right to Change Custodian, Banker, and Broker</td>
<td>28</td>
</tr>
<tr>
<td>Legal Advisors in Cayman</td>
<td>28</td>
</tr>
<tr>
<td>Constitutional Documents</td>
<td>28</td>
</tr>
<tr>
<td>FEES AND EXPENSES</td>
<td>29</td>
</tr>
<tr>
<td>Organisational, Ongoing and Other Costs</td>
<td>29</td>
</tr>
<tr>
<td>Fees of the Investment Manager</td>
<td>29</td>
</tr>
<tr>
<td>Fees of the Administrator</td>
<td>30</td>
</tr>
<tr>
<td>Distribution Fees</td>
<td>30</td>
</tr>
<tr>
<td>Leverage Fees</td>
<td>30</td>
</tr>
<tr>
<td>Fees of the Banker</td>
<td>30</td>
</tr>
<tr>
<td>Directors’ Fees</td>
<td>31</td>
</tr>
<tr>
<td>Fees of the Compliance Agent</td>
<td>31</td>
</tr>
<tr>
<td>SHARES OF THE FUND</td>
<td>32</td>
</tr>
<tr>
<td>The Fund’s Share Capital</td>
<td>32</td>
</tr>
<tr>
<td>Special Investment Shares</td>
<td>32</td>
</tr>
<tr>
<td>Subscription and Redemption Prices</td>
<td>33</td>
</tr>
<tr>
<td>Procedure for Applications</td>
<td>34</td>
</tr>
<tr>
<td>Eligible Investors</td>
<td>34</td>
</tr>
<tr>
<td>Procedure for Redemptions</td>
<td>37</td>
</tr>
<tr>
<td>Equalization Procedure</td>
<td>39</td>
</tr>
<tr>
<td>Temporary Suspension of Dealings</td>
<td>40</td>
</tr>
<tr>
<td>Registration and Transfer of Shares</td>
<td>40</td>
</tr>
<tr>
<td>Determination of Net Asset Value</td>
<td>41</td>
</tr>
<tr>
<td>CERTAIN RISK FACTORS</td>
<td>43</td>
</tr>
<tr>
<td>Foreign Exchange Trading Risks in General</td>
<td>43</td>
</tr>
<tr>
<td>Risks Related to the Fund</td>
<td>44</td>
</tr>
<tr>
<td>Segregated Portfolio Risk</td>
<td>48</td>
</tr>
<tr>
<td>Trading Risks</td>
<td>49</td>
</tr>
<tr>
<td>Market-Related Risks</td>
<td>52</td>
</tr>
<tr>
<td>Regulatory Risks</td>
<td>53</td>
</tr>
</tbody>
</table>
POTENTIAL CONFLICTS OF INTEREST ........................................................................54
TAXATION ........................................................................................................56
  General ........................................................................................................56
  Cayman Islands ............................................................................................56
  General Information .......................................................................................56
MUTUAL FUND REGULATION ........................................................................58
ANTI-MONEY LAUNDERING REGULATIONS ..................................................59
ADDITIONAL INFORMATION ........................................................................60
  Material Contracts .........................................................................................60
  Available Documents .....................................................................................60
  Counsel ........................................................................................................60
  Inquiries and Communication with the Fund ................................................61
  General Information .......................................................................................61
The Company is an exempted limited liability company of unlimited duration registered as a Segregated Portfolio Company on 22 March, 2006 pursuant to the provisions of Part XIV of the Companies Law (Revised) of the Cayman Islands. The Segregated Portfolio Company structure permits the creation of numerous Segregated Portfolios of assets and liabilities within the capital of the Company and allows the segregation and protection of assets of a particular Segregated Portfolio from other liabilities of the Company and other Segregated Portfolios. Under the laws of the Cayman Islands, a Segregated Portfolio Company such as the Company may create several Segregated Portfolios each with its own unique investment objectives, strategy and each representing a distinct portfolio of assets and liabilities.

Each such Segregated Portfolio created shall constitute a Segregated Portfolio of the Company with a separate investment strategy (each a “Segregated Portfolio” and collectively the “Segregated Portfolios”). Each share issued in respect of the Fund shall be deemed a Segregated Portfolio share of the Fund. The assets represented by such Share shall be applied for the account of the Segregated Portfolio and form Segregated Portfolio Assets of the Segregated Portfolio. Subject to the Companies Law (Revised) of the Cayman Islands, the assets and liabilities and income and expenditures attributable to the Fund shall be applied to the Fund to the exclusion of any other segregated portfolio of the Company. In the case of any asset or liability of the Company which the Directors do not consider is attributable to the Fund or a particular segregated portfolio (including but not limited to the costs of incorporation/registering the Company, the preparation and printing of this Memorandum and related establishment costs), the Directors shall, subject to the Companies Law of the Cayman Islands, have the discretion to determine the basis upon which any such asset or liability shall be allocated between or among the various segregated portfolios created and in existence from time to time (including the Fund) and the general assets and the Directors shall have power at any time and from time to time to vary such basis.

The information in this Memorandum is qualified in its entirety by the agreements and documents referred to herein and by the Memorandum of Association and Articles of Association of the Fund, copies of which are available from the Administrator (herein) upon request.
INVESTMENT POLICY

Investment Objective and Strategy

The investment strategies in respect of each Segregated Portfolio summarised in the Specific Terms of the Segregated Portfolio represent the Investment Manager’s current intentions. Depending on conditions and trends in the securities markets and the economy in general, the Investment Manager may pursue any strategies, employ any investment techniques or purchase any type of security that it considers appropriate to achieve the objective of a Segregated Portfolio, whether or not described in this section, subject to any applicable law or regulation. The discussion in each Specific Terms of the Segregated Portfolio includes and is based upon numerous assumptions and opinions of the Investment Manager concerning world financial markets and other matters, the accuracy of which cannot be assured. There can be no assurance that the investment strategy of any Segregated Portfolio will achieve the intended objective. Each Segregated Portfolio’s investment programme is speculative and involves a high degree of risk, including without limitation the risk of loss of the entire amount invested.

Special Investments

From time to time, the Investment Manager may require that certain securities or assets with respect to the shares, class, sub-class or series offered in terms of this memorandum which it believes lack a readily assessable market value to be classed as special investments (“Special Investments”) and in such cases the Fund's Segregated Portfolio may decide to create a special share class designated for such Special Investments (“Special Investment Shares”). Generally, the Fund's Segregated Portfolio will not be able to withdraw its interest in Special Investments or redeem its Special Investment Shares until they are disposed of by the Investment Manager, and such investments will be valued by the Administrator (or independent third party) either at cost or at estimated fair market value. While the Investment Manager has no obligation to do so, the Investment Manager may feel it is necessary to parallel its treatment of Special Investments by converting a pro rata portion of the Segregated Portfolio’s other classes of non-Special Investment Shares outstanding at the time (based on the NAV of such Shares) to a new series of "Class S Shares". Class S Shares must be held by a shareholder until the Special Investment in respect of such Special Investment account is realized (or a portion of the Special Investment is realized), or upon the determination of the Investment Manager, in its sole and absolute discretion, that such Special Investment need not be held in a Special Investment account anymore (such determination, a "deemed realization" of such Special Investment).

Only a shareholder that holds Shares in the Fund's Segregated Portfolio (other than Special Investment Shares) at the time a Special Investment is designated will be issued Class S Shares. Further details of the Special Investment Shares are set out below in the section titled “Shares of the Fund” under the subheading “Special Investment Shares”.

Permitted Investments

There is a wide discretion of the Directors of the Company in respect of what investments may be made for and on behalf of the Fund's Segregated Portfolio however unless otherwise agreed by the Investor and Investment Manager in advance the assets of the Fund's Segregated Portfolio will be invested into Trading Account(s) managed by the appointed Investment Manager. Neither the Memorandum nor the Articles of Association of the Company contain any restrictions on the
investment powers of the Company or the appointed Investment Manager nor limits on the types of securities or other instruments in which the Fund's Segregated Portfolio may invest, the types of positions it may take, the concentration of its investment by sector, industry, fund, country, class or otherwise, the amount of leverage it may employ or the number or nature of short positions it may take. The intended portfolio structure is set forth below.

The Investment Manager will be provided with trading facilities at brokers or other institutions providing facilities to invest in a wide range of financial instruments and markets. The Company on behalf of the Fund's Segregated Portfolio will at its sole discretion appoint the Investment Manager.

Upon specific request by an Investor, the Investment Manager may (in consultation with and on the express consent of the Directors of the Company) pursue other strategies on behalf of the Fund's Segregated Portfolio or employ other techniques it considers appropriate and in the Fund’s best interests subject always to an additional agreement with the Investor in respect of such other strategies. Where determined necessary, desirable or advisable the Directors of the Company may determine that a separate additional segregated portfolio be established for the Investor in respect of other strategies. In such cases, the Directors may determine that costs of establishment of such additional segregated portfolio may be borne directly by the Investor or the additional segregated portfolio.

**Investment Restrictions**

There are no restrictions on the Fund's Segregated Portfolio subject to the general restrictions on the investment powers of the Company set out in the Memorandum and herein.

**Leverage**

The Fund's Segregated Portfolio will invest in Trading Accounts where the underlying instruments can be traded with leveraged positions.

**Distributions and Reinvestment**

The Fund's Segregated Portfolio does not expect to make any distributions to Shareholders out of the current earnings and profits of the shares, class, sub-class or series offered in terms of this memorandum. Rather, the Fund will reinvest such income. Potential investors should keep this limitation in mind when determining whether or not an investment in the Fund is suitable for their particular purposes. The Board of Directors reserves the right to change such policy.
The Board of Directors

The Fund is operated by its Board of Directors in accordance with the Fund’s Articles of Association and additional and alternate directors may be appointed from time to time.

It is anticipated that the Board will meet at least once a year to review the investment and administrative affairs of the Fund’s Segregated Portfolio. The Board has delegated responsibility for investment of the Fund’s Segregated Portfolio assets to the Investment Manager of the Segregated Portfolio and the Board is not responsible for the day-to-day conduct of the Fund’s Segregated Portfolio investment program. The Board also has delegated certain administrative responsibilities of the Fund to the Administrator of the Segregated Portfolio and various other service providers where appropriate.

Pursuant to the Articles of Association of the Fund, any Director may hold any other office in connection with the Fund (other than the office of the Fund’s independent auditors) in conjunction with his or her office of Director on such terms as to tenure of office and otherwise as the Board may determine. Any Director also may act in a professional capacity (other than as the Fund’s independent auditors) and he or she or his or her firm will be entitled to remuneration for such services as if he or she were not a Director. A Director may contract with the Fund provided that the Director declares his or her interest or gives notice of his or her interest as soon as practicable after the Director obtains such interest. Furthermore, a Director may vote or be counted in the quorum in respect of certain contracts in which the Director is materially interested other than as a Shareholder, provided that such Director declares such interest prior to the taking of the vote.

The Articles of Association of the Fund provide that every Director, agent or officer of the Fund shall be indemnified by the Fund against any liability incurred by him as a result of any act or failure to act in carrying out his functions other than such liability (if any) that he may incur by his own fraud or wilful default. No such Director or agent or officer shall be liable to the Fund for any loss or damage in carrying out his functions unless that liability arises through the fraud or wilful default of such director, agent or officer.

The Investment Manager

The Fund’s Board of Directors on behalf of the Segregated Portfolio has delegated substantially all of its responsibilities for the Fund’s Segregated Portfolio investment management to the Investment Manager. Pursuant to an agreement entered into between the Fund on behalf of its Segregated Portfolio and the Investment Manager (the “Investment Management Agreement”) on or about the date of this Memorandum, the Investment Manager is responsible for the day-to-day investment activities of the Fund’s Segregated Portfolio.

The Investment Manager shall also be responsible for reporting the following Segregated Portfolio information to the Fund’s Board of Directors on a quarterly basis or at any other time at the request of the Directors giving reasonable notice: total return (net of all commissions and fees), additions and withdrawals from the trading/brokerage accounts, current holdings at cost and market value, and purchases and sales for the quarter. Regular communication concerning investment strategy and outlook is expected. Additionally, the Investment Manager is required to inform the Fund’s Directors of any change to the Segregated Portfolio in ownership, organizational structure,
professional personnel, account structure (e.g., number, asset size and account minimum) or fundamental investment philosophy.

Under the Investment Management Agreement, the Investment Manager may delegate to one or more investment advisors, sub-advisors or other service providers any of its duties and responsibilities.

The appointment of the Investment Manager is for an indefinite period and will continue unless and until terminated by the Fund on behalf of its Segregated Portfolio or the Investment Manager giving to the other prior written notice according to the Investment Management Agreement or due to the occurrence of certain events or circumstances described in the Investment Management Agreement.

As set forth in the Investment Management Agreement, the Investment Manager, its directors, officers, employees and agents shall not be liable to the Fund on behalf of its Segregated Portfolio (or any Shareholder) for any action taken or not taken by it or for any action taken or not taken by any other person with respect to the Fund's Segregated Portfolio (or any Shareholder) or in respect of the investments of the Fund's Segregated Portfolio by the Investment Manager, provided that the actions of any person seeking to rely on such provision did not involve wilful malfeasance, bad faith, or gross negligence.

To the extent permitted by applicable law and the Investment Management Agreement, the Fund on behalf of its Segregated Portfolio has agreed to indemnify, upon demand the Investment Manager and each director, officer, employee or agent of the Investment Manager against any loss or expense incurred as the result of an action brought in connection with the performance by the Investment Manager of its duties under the Investment Management Agreement, except for losses or expenses resulting from wilful malfeasance, bad faith, or gross negligence by the Investment Manager in the performance of its duties, or by reason of the Investment Manager’s reckless disregard of its obligations and duties under the Investment Management Agreement, or for losses resulting from any criminal action or proceeding if the Investment Manager did not act in good faith or had reasonable cause to believe that its conduct was unlawful (the termination of the criminal action by settlement or a plea of nolo contendere or its equivalent not creating a presumption of reasonable cause or the absence of good faith). In addition, the Fund on behalf of its Segregated Portfolio will pay or promptly reimburse the Investment Manager's expenses incurred in connection with any matter as to which the Investment Manager may become entitled to indemnification under the Investment Management Agreement.

**The Investment Advisor**

The Investment Manager has appointed the Investment Advisor as the initial investment advisor to assist the Investment Manager in carrying out its duties.

The Investment Advisor, under the terms of the Investment Advisory Agreement, will advise on investment opportunities for the Fund's Segregated Portfolio and generally assist the Investment Manager in the management of the Fund’s Segregated Portfolio assets in order to ensure that the investment strategies of the Fund's Segregated Portfolio are followed. The Investment Manager is not bound to such advice.

The Investment Advisor shall be entitled to delegate part of its functions if approved by the Investment Manager. The Investment Advisor shall be remunerated by the Investment Manager, and not by the Fund's Segregated Portfolio.
The Administrator

The Fund on behalf of its Segregated Portfolio has appointed the Administrator to be responsible for the operations and administration of the Fund's Segregated Portfolio in accordance with the terms of an administration agreement (the “Administration Agreement”) dated on or about the date of this Memorandum and entered into between the Fund and the Administrator.

Pursuant to the Administration Agreement, the Administrator will: (i) perform or supervise the performance of services necessary for the operation and administration of the Fund's Segregated Portfolio (other than making investment decisions, custodial, and transaction services), (ii) maintain the Fund’s Segregated Portfolio books and records, (iii) act as registrar and transfer agent, and (iv) prepare and mail reports to Shareholders and governmental agencies. The Administrator will also calculate the Segregated Portfolio Net Asset Value of each Segregated Portfolio share, class, sub-class and/or series as of the Segregated Portfolio Net Asset Value Calculation Date.

The Administrator shall not be responsible for any loss or damage which the Fund's Segregated Portfolio may sustain or suffer as a result of or in the course of the discharge of its duties hereunder and according to the Administration Agreement other than loss or damage arising by reason of fraud, dishonesty, gross negligence or wilful default of the Administrator and the Fund on behalf of its Segregated Portfolio shall indemnify and hold harmless on a full indemnity basis the Administrator or any company or entity associated with the Administrator or any Director, officer, shareholder or employee thereof against all claims and demands which may be made against the Administrator and all or any delegates in respect of any loss or damage sustained or suffered by any third party, otherwise than by reason of fraud, dishonesty, gross negligence or wilful default of the Administrator as aforesaid. To the extent permitted by law and without prejudice to any broader protection available under the Articles of Association, the indemnities and limitation of liability hereunder shall apply for the benefit of any person appointed as a Director or officer of the Fund or its Segregated Portfolio, in such person’s capacity as Director or officer of the Fund or its Segregated Portfolio, pursuant to the Administrator’s Directorship and corporate services hereunder. The Administrator shall not be liable as a result of any failure on the Fund’s Segregated Portfolio part promptly to give such Proper Instructions (as defined in the Administration Agreement) as may be necessary to carry out its obligations as defined hereunder and in the Administration Agreement.

The Administration Agreement will continue until it is terminated by either the Fund on behalf of its Segregated Portfolio or the Administrator upon the terms specified in the Administration Agreement and may be terminated immediately under certain circumstances as defined in the Administration Agreement.

The Banker

The Fund on behalf of its Segregated Portfolio has appointed the Banker as defined in the Specific Terms as its Banker in accordance with the terms of a Banking agreement (the “Banking Agreement”) dated on or about the date of this Memorandum and entered into between the Fund on behalf of its Segregated Portfolio and the Banker.

Banking Agreement

Pursuant to the Banking Agreement, the Banker may establish and maintain, if required, banking accounts in which subscription proceeds will be received and from which redemption proceeds and fees will be paid out. Any banking activities performed by the Banker shall solely be based on the directions and orders of the Fund on behalf of its Segregated Portfolio or its authorized parties. Further the Bank is not responsible for any trading or investment decisions of the Fund on behalf of its Segregated Portfolio.
The Banking Agreement established between the Banker and the Fund on behalf of its Segregated Portfolio governs the terms and conditions applicable to the relationship between the Banker and the Fund on behalf of its Segregated Portfolio as well as the duties and rights of the parties involved and the fee or remuneration due to the Banker along with all other aspects of the contract between the Banker and the Fund on behalf of its Segregated Portfolio.

The Custodian

The Fund on behalf of its Segregated Portfolio has appointed a Custodian as defined in the Specific Terms as its Custodian in accordance with the terms of a custody agreement (the “Custody Agreement”) dated on or about the date of this Memorandum and entered into between the Fund on behalf of the Segregated Portfolio and the Custodian.

Custody Agreement

Pursuant to the Custody Agreement, the Custodian may establish and may maintain, if required, custodial accounts in which will be deposited the Investments made on behalf of the Fund's Segregated Portfolio, and the settling of any securities in Investment Vehicles purchased or sold on behalf of the Fund's Segregated Portfolio. Any custody activities performed by the Custodian shall solely be based on the directions and orders of the Fund on behalf of its Segregated Portfolio or its authorized parties. Further the Custodian is not responsible for any trading or investment decisions of the Fund on behalf of its Segregated Portfolio.

The Custody Agreement established between the Custodian and the Fund on behalf of its Segregated Portfolio governs the terms and conditions applicable to the relationship between the Custodian and the Fund on behalf of its Segregated Portfolio as well as the duties and rights of the parties involved and the fee or remuneration due to the Custodian along with all other aspects of the contract between the Custodian and the Fund on behalf of its Segregated Portfolio.

The Broker

The Fund on behalf of its Segregated Portfolio has appointed a Broker as defined in the Specific Terms as its Broker in accordance with the terms of a brokerage agreement (the “Brokerage Agreement”) dated on or about the date of this Memorandum and entered into between the Fund on behalf of the Segregated Portfolio and the Broker.

Brokerage Agreement

Pursuant to the Brokerage Agreement, the Broker may establish and may maintain, if required, brokerage accounts in which Investments will be made on behalf of the Fund's Segregated Portfolio, and the settling of any securities in Investment Vehicles purchased or sold on behalf of the Fund's Segregated Portfolio. Any brokering activities performed by the Broker shall solely be based on the directions and orders of the Fund on behalf of its Segregated Portfolio or its authorized parties. Further the Broker is not responsible for any trading or investment decisions of the Fund on behalf of its Segregated Portfolio.

The Brokerage Agreement established between the Broker and the Fund on behalf of its Segregated Portfolio governs the terms and conditions applicable to the relationship between the Broker and the Fund on behalf of its Segregated Portfolio as well as the duties and rights of the parties involved and the fee or remuneration due to the Broker along with all other aspects of the contract between the Broker and the Fund on behalf of its Segregated Portfolio.
Right to Change Custodian, Banker, and Broker

The Fund on behalf of its Segregated Portfolio reserves the right to change the banking arrangements described above by agreement with each Banker and, in its discretion, to appoint additional or alternative banker(s).

The Fund on behalf of its Segregated Portfolio reserves the right to change the brokerage and/or custodian and/or banking arrangements described above by agreement with the parties concerned in respect of the Fund’s Segregated Portfolio and, in its sole discretion, to appoint additional or alternative broker(s) and custodian(s) and banker(s).

Legal Advisors in Cayman

The Legal Advisor in Cayman acts as legal counsel to the Fund with respect to matters of Cayman Islands law in connection with the Fund’s organisation and has advised upon certain matters of Cayman Islands law in connection with this offering. The Legal Advisor in Cayman neither represents nor advises the Shareholders or prospective investors in the Fund or any of its Segregated Portfolios.

Constitutional Documents

Copies of: this Memorandum, as amended or supplemented from time to time; the Fund’s Articles of Association; and other constitutional documents are available for inspection during regular business hours at the Fund’s registered offices in the Cayman Islands.
Organisational, Ongoing and Other Costs

The principals of the Investment Manager have paid for all costs and expenses associated with the Fund’s Segregated Portfolio establishment, organisational and offering expenses of the Fund’s Segregated Portfolio. The Fund’s Segregated Portfolio shall reimburse the Investment Manager for such costs. For the purpose of calculating and determining the Net Asset Value the Fund’s Segregated Portfolio will amortise its organisational costs and expenses over a five (5) year period. The Fund will be responsible for all of the necessary expenses of its operation including, without limitation, the cost of maintaining the Fund’s registered office in the Cayman Islands, secretary, any corporate services work undertaken by the provider of such a service as specified in the Terms of the Fund, the Fund’s annual Cayman Islands government registration fee, brokerage commissions, research expenses, legal 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 Shareholders and prospective Shareholders of Fund offering documents, annual reports and other financial information, and similar ongoing operational expenses. Fees and expenses that are identifiable with a particular Segregated Portfolio Share class, sub-class or series will be charged against that Segregated Portfolio Share class, sub-class or series in computing its Net Asset Value. Other fees and expenses will be charged to the Fund as a whole or otherwise at 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, and for paying the fees of any investment advisor or sub-advisor that is appointed in respect of the Fund’s Segregated Portfolio.

Other fees and expenses will be charged to the Fund as a whole or otherwise at the discretion of the Board.

Fees of the Investment Manager

Management Fee. The Investment Manager will receive a fee as set out in the Specific Terms of the Segregated Portfolio. The Investment Manager, in its sole discretion, may effectively waive all or part of its Management Fee with respect to any one or more Shareholder.

Incentive Fee. The Investment Manager is also entitled to receive a monthly performance-based fee as set out in the Specific Terms of the Segregated Portfolio.

The Incentive Fee payable with respect to any Segregated Portfolio Shares redeemed prior to the end of a month will be determined solely by reference to such Segregated Portfolio Shares on such terms set out in the Investment Management Agreement (the “Incentive Fee”). All fees and expenses that have been accrued or paid for a given period are deducted prior to calculating the Incentive Fee for such period, including, without limitation, the Management Fee, the Administrator’s Fee and the Custody Fee. Appropriate adjustments are to be made to account for subscriptions and redemptions. The Investment Manager, in its sole discretion, may effectively waive all or part of its Incentive Fee with respect to any one or more Shareholder’s investment, by rebate or otherwise. The Investment Manager may, in its sole discretion, rebate or otherwise pay all or part of its Incentive Fee to placement agents or individual Shareholders.

In order to ensure that the Incentive Fee is properly charged only to those Segregated Portfolio Shares that have appreciated in value, an Equalization Method according to the Specific
Terms of the Segregated Portfolio may be applied. See Section headed “Shares of the Fund” below for full details.

The Investment Manager may invest Segregated Portfolio assets in other investment vehicles to which the Investment Manager or an affiliate serves as investment manager. In such a case, the Investment Manager may or may not waive the Management Fee and the Incentive Fee (as defined herein) with respect to the amounts so invested.

The Investment Manager will also be reimbursed by the Fund’s Segregated Portfolio in respect of properly incurred out-of-pocket expenses. The Investment Manager may, at its absolute discretion, waive its right to charge, in whole or in part, and in relation to a particular shareholder or generally, the Incentive Fee in any given Incentive Fee Period. Any waiver of the Investment Manager’s right in any given Incentive Fee Period will not be considered or may not be construed as a waiver of any future right to charge the Incentive Fee. The Investment Manager may appoint one or more advisors and may instruct the Fund to pay a portion of its fees directly to such advisor(s).

**Fees of the Administrator**

The Administrator is entitled to receive an Administrator’s Fee in consideration of the services performed by the Administrator for the Fund’s Segregated Portfolio in accordance with the Administration Agreement. The Administrator’s fee will be borne by the Fund’s Segregated Portfolio.

The Administrator is entitled to an Administrator’s Fee according to the Specific Terms of the Segregated Portfolio. In addition, the Administrator shall be reimbursed by the Fund’s Segregated Portfolio for expenses, including but not limited to professional and accounting fees, telephone, photocopy, fax and courier charges.

**Distribution Fees**

Qualified investors will often subscribe through a private bank or institution and these distributors may contract with a distribution agent.

The Investment Manager may appoint a Distribution Agent to distribute Shares. The Distribution Agent shall be responsible for the distribution of Shares in accordance with its letter of appointment and may be remunerated upon such terms to be agreed upon between the Investment Manager and Distribution Agent. The Distribution Fees may be paid according to the Specific Terms of the Segregated Portfolio (if applicable).

**Leverage Fees**

The leverage provider may charge a spread plus a facility fee.

**Fees of the Banker**

The Banker will receive Fees in consideration of the services performed by the Banker for the Fund’s Segregated Portfolio in accordance with the Banking Agreement. The Banking Fee will be borne by the Fund’s Segregated Portfolio. The Banker Fee is calculated according to the Specific Terms of the Segregated Portfolio. In addition, the bank may be reimbursed by the Fund’s Segregated Portfolio for reasonable out-of-pocket expenses, including but not limited to professional and accounting fees, telephone, photocopy, fax and courier charges.
Directors’ Fees

Each Director who is not an officer or employee of the Investment Manager will receive Directors’ Fees as specified in the Specific Terms of the Segregated Portfolio Memorandum. The Directors shall be entitled for reimbursement from the Fund’s Segregated Portfolio for reasonable out-of-pocket expenses incurred by them on behalf of the Fund’s Segregated Portfolio.

Fees of the Compliance Agent

The Compliance Agent is entitled to receive a fee for its services rendered with respect to the compliance of AML/KYC regulations including but not limited to the preparation, controlling, maintaining, updating and filing of identification documentation, the preparation of AML/KYC audits and reasonable out of pocket expenses. Further the Compliance Agent may be reimbursed for audit fees, governmental charges, affiliation fees and or other taxes directly linked to its duties for this fund. While costs arising from specific investments should - in accordance with the Investment Manager - be charged directly to the investor concerned, all other fees may be paid from the Fund’s Segregated Portfolio assets.
SHARES OF THE FUND

The Fund’s Share Capital

The Fund’s authorised share capital is divided into Management Shares and Shares. Fractional shares are permitted to four decimal points. Each Share has the redemption rights discussed herein. There are no outstanding options or any special rights relating to any Shares, nor has it been agreed conditionally or unconditionally to put Shares under option. The Shares are now being offered, and may be created and issued as such Segregated Portfolio classes/sub-classes/series as the Board shall determine in their sole discretion. The initial offer price is specified in the Specific Terms of the Segregated Portfolio.

If the Shares are divided into separate Segregated Portfolio classes/sub-classes/series, the proceeds of the sale, the issue of each Segregated Portfolio class/sub-class/series of Shares, the assets, liabilities, income and expenditures attributable to each Segregated Portfolio class/sub-class/series of Shares with respect to investments in initial public offerings will be applied to an account (or book entry) maintained for each Segregated Portfolio class/sub-class/series of Shares subject as provided herein and to applicable law. The assets so held in respect of each Segregated Portfolio class/sub-class/series of Shares will be applied solely in respect of that Segregated Portfolio class/sub-class/series of Shares except to the extent that expenses of the Fund are allocated among the Segregated Portfolio classes/sub-classes/series of Shares at the discretion of the Directors (as defined herein). The Net Asset Value of each Segregated Portfolio class/sub-class/series will be calculated separately and Shares of a particular Segregated Portfolio class/sub-class/series will be redeemed at the Net Asset Value of that Segregated Portfolio class/sub-class/series at the relevant time. For the limitations of such a corporate structure as regards the liabilities of the Fund, see “CERTAIN RISK FACTORS” below.

The Fund may, in its sole discretion, issue additional Segregated Portfolio classes/sub-classes/series of Shares on terms determined upon their issuance without the consent of or notice to the Shareholders, provided that such Shares will not adversely affect the interests of the holders of Shares. In addition, the Fund may, insofar as it is permitted by applicable law, redeem or purchase any of the Shares and increase or reduce its authorised share capital pursuant to its Memorandum of Association and Articles of Association and subject to the provisions of the Companies Law (Revised) of the Cayman Islands.

The net proceeds from the sale of Segregated Portfolio Shares are invested by the Fund’s Segregated Portfolio as described herein. The Fund’s Segregated Portfolio will pay the expenses of offering the Shares. See “FEES AND EXPENSES.” The rights and restrictions attaching to the Management Share and the Shares are more particularly set forth in the Specific Terms and under the section “Additional Information” sub-heading “General Information”.

Special Investment Shares

From time to time, the Investment Manager may require that certain securities or assets which it believes lack a readily assessable market value to be classed as special investments (“Special Investments”) and in such cases the Fund’s Segregated Portfolio may decide to create a special share class designated for such Special Investments (“Class S Shares”). Only a Shareholder that holds Shares at the time a Special Investment is designated will be issued Class S Shares.
Upon the determination of the Investment Manager to create such Class S Shares in respect of one or more Special Investments, the Investment Manager has no obligation to do so but may feel it is necessary to parallel its treatment of Special Investments by converting a pro rata portion of the Fund’s Segregated Portfolio’s respective non-Special Investments outstanding at the time (based on the Net Asset Value of such shares) into Class S Shares of a series, so that such series of Class S Shares will have an initial aggregate Net Asset Value equal to the fair value of such Special Investment. Class S Shares issued in connection with any single Special Investment will generally constitute a separate series of Class S Shares. Generally, the Fund's Segregated Portfolio will not be able to withdraw its interest in Special Investments (and Shareholders will not be able to redeem Special Investment Shares) until the relevant Special Investments are disposed of by the Investment Manager, or upon the determination of the Investment Manager, in its sole and absolute discretion, that such Special Investment need not be held in a Special Investment account anymore (such determination, a "deemed realization" of such Special Investment) and such investments will be valued by the Administrator (or independent third party) either at cost or at estimated fair market value. Class S Shares are not redeemable by a shareholder and must be held until the Special Investment is realized or deemed realized (see "Investment Policy."). At that time, a shareholder's Class S Shares will be converted back into the class of Shares that they had originally been prior to the issuance of and the conversion to such Class S Shares (unless the shareholder has previously redeemed all of its Shares).

Subscription and Redemption Prices

During the Initial Offering Period, the Segregated Portfolio Shares will be offered at the Initial Offering Price as specified in the Specific Terms of the Segregated Portfolio. Thereafter, such Shares may be purchased as of each Subscription Day at the immediately preceding Segregated Portfolio Net Asset Value. Segregated Portfolio Shares of possible additional Classes will be available for subscription on a subscription day and at a subscription price determinate by the Directors. The Board, in its absolute discretion, may modify the frequency of permitted subscriptions. Additionally, the Board may “close” the Fund's Segregated Portfolio by refusing to accept any new capital investments into the Fund's Segregated Portfolio without prior notice to Shareholders. Notwithstanding the foregoing, the Board may, in its sole discretion, reopen the Fund's Segregated Portfolio as of any date. The monies to be paid for the Segregated Portfolio Shares subscribed are payable in full upon subscription. The Investment Manager may, in its sole discretion, accept subscriptions in kind and, if so accepted, shall use the same valuation principles detailed herein in valuing such subscriptions in kind.

The Minimum Investment in the Fund is set out in the Specific Terms of the Segregated Portfolio. The Board may increase or decrease the Minimum Investment from time to time at their discretion. The Minimum Holding (if any) in the Fund is set out in the Specific Terms of the Segregated Portfolio.

The Fund’s standard terms provide that the redemption price of each Segregated Portfolio Share is equal to the relevant Segregated Portfolio Net Asset Value per Share as of the close of business on the relevant Redemption Date adjusted by deduction of such amount as the Directors may prescribe to reflect the dealing and realisation of the assets of the Fund and otherwise in accordance with procedures approved by the Directors.

The Fund’s standard terms provide that the determination of a Segregated Portfolio Net Asset Value is binding on all parties once such Segregated Portfolio Net Asset Value has been determined in respect of the redemption price per Segregated Portfolio Share and stated in good faith by or on behalf of the Board.

All subscriptions performed after the Initial Offering Period may pay Subscription Fees as specified in the Specific Terms of the Segregated Portfolio.
The subscription fees or part of the subscription fees can be waived at the discretion of the Investment Manager.

Procedure for Applications

If the acceptance of applications for Segregated Portfolio Shares during the Initial Offering Period is in some way limited, these limitations are specified in the Specific Terms of the Segregated Portfolio. After the Initial Offering Period has expired in respect of the Shares, applications for Shares may be made on each Subscription Day as defined in the Specific Terms of the Segregated Portfolio or at such other time determined by the Board in its sole discretion (each a “Subscription Day”) at the Segregated Portfolio Net Asset Value of the immediately preceding period.

Application for Segregated Portfolio Shares should be made by completing and signing the Subscription Agreement available from the Administrator and mailing or faxing the same to the Administrator. In the event that an application is made by facsimile, the relevant applicant must send the signed original application to the Administrator immediately thereafter. Payment for Segregated Portfolio Shares may be made by wire transfer as described in the Subscription Agreement. The Fund on behalf of its Segregated Portfolio has the right to accept or reject (in whole or part) any application for Segregated Portfolio Shares. Applicants should be aware of the risks associated with sending faxed applications and that the Administrator accepts no responsibility for any loss caused due to the non-receipt of any fax. Applications for the issuance of Segregated Portfolio Shares on a particular Subscription Day must be received according to the deadline for receiving Subscriptions as specified in the Specific Terms of the Segregated Portfolio. Segregated Portfolio Shares will be held in book entry form and a contract note only will be sent to the applicant upon receipt of: cleared funds, the properly completed application form, the acceptance of such funds by the Fund on behalf of its Segregated Portfolio, and the finalization of the subscribed Segregated Portfolio Net Asset Value by the Administrator. Applications received after this time will be held in an account and treated as an application for the next Subscription Day. Such balances may or may not earn interest at the sole discretion of the Investment Manager. Payment may also be made in cash equivalents and securities, subject to the approval of the Board in consultation with the Investment Manager.

Applicants subscribing for Shares are advised that the Shares are issued subject to the provisions of the Fund’s Memorandum of Association and Articles of Association.

As part of the Fund’s and the Administrator’s responsibility for the prevention of money laundering, a detailed verification of the applicant’s identity and the source of payment for the Segregated Portfolio Shares may be required.

The Fund and the Administrator each reserves the right to request such information as they consider necessary to verify the identity of the applicant. In the event of delay or failure by the applicant to produce any information required for verification purposes, the Fund may refuse to accept the application and all subscription monies relating thereto or may refuse to process a redemption request until proper information has been provided.

Eligible Investors

The Shares may be purchased only by “Eligible Investors,” as described herein. Persons interested in purchasing Shares should inform themselves as to the legal requirements within their own countries for the purchase of Shares and any foreign exchange restrictions with which they must comply. The Fund reserves the right to reject, either in whole or in part, subscriptions for Shares, in its absolute discretion. Unless otherwise agreed to by the Fund, each prospective investor is required to certify that the Shares are not being acquired directly or indirectly for the account or benefit of a Restricted Person. The term “Restricted Person” as used in this Memorandum means any U.S. Person.
as defined below, and other persons from time to time designated as such by the Fund.

For the purposes of this Memorandum, “U.S. Person” means:

(a) any natural person resident in the United States;

(b) any partnership or corporation organised 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 organised, incorporated or, if an individual, resident in the United States; or

(h) any partnership or corporation if (i) organised or incorporated under the laws of any foreign jurisdiction and (ii) formed by a U.S. Person principally for the purpose of investing in securities not registered under the United States Securities Act of 1933, as amended (the “Securities Act”), unless it is organised or incorporated, and owned, by accredited investors (as defined in Rule 501(a) under the Securities Act) who are not natural persons, estates or trusts.

“U.S. Person” does not include:

(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 organised, 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 (i) 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 (ii) the estate is governed by foreign law;

(c) any trust of which any professional fiduciary acting as trustee is a U.S. Person if a trustee 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 (i) the agency or branch operates for valid business reasons and (ii) 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; or

(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.

The Directors may in their discretion amend the criteria for determining who is an Eligible Investor for the purpose of an investment in the Fund from time to time. Initially all the following subscribers will not be accepted as “Eligible Investors”:

(a) any subscriber whose acquisition of Shares would cause a breach of the law or requirements of any country or governmental authority including anti-money laundering regulations or conventions; or

(b) any subscriber acting directly or indirectly on behalf of terrorists or terrorist organisations, including those persons or entities that are included on the List of Specially Designated Nationals and Blocked Persons maintained by the US Treasury Department’s Office of Foreign Asset Control1 (“OFAC”) as such List may be amended from time to time; or

(c) any subscriber acting directly or indirectly for a senior foreign political figure, any member of a senior foreign political figure’s immediate family or any close associate of a senior foreign political figure2 (a “politically exposed person” or “potentate”) unless the Fund, after being specifically notified by the subscriber in writing that it is such a person, conducts further due diligence, and determines that such investment shall be permitted, or

(d) any subscriber or any entity acting as trustee, agent, representative or nominee for a subscriber that is a foreign shell bank3; or

(e) any subscriber who has given representations in an Application Form that were not true when given or have ceased to be true; or

(f) any subscriber in circumstances (whether directly or indirectly affecting such person or persons and whether taken alone or in conjunction with any other person or persons, connected or not, or any other circumstances appearing to the Directors to be relevant) in which in the opinion of the Directors the continuing ownership of Shares by such person or persons would cause an undue risk of adverse tax or other consequences to the Fund or any of its Shareholders.

1 The OFAC list may be accessed on the web at http://www.treas.gov/ofac.

2 Senior foreign political figure means a senior official in the executive, legislative, administrative, military or judicial branches of a foreign government (whether elected or not), a senior official of a major foreign political party or a senior executive of a foreign government-owned corporation. In addition, a senior foreign political figure includes any corporation, business or other entity that has been formed by, or for the benefit of, a senior foreign political figure. The immediate family of a senior foreign political figure typically includes the political figure’s parents, siblings, spouse, children and in-laws. A close associate of a senior foreign political figure is a person who is widely and publicly known internationally to maintain an unusually close relationship with the senior foreign political figure, and includes a person who is in a position to conduct a substantial domestic and international financial transactions on behalf of the senior foreign political figure.

3 Foreign shell bank means a foreign bank without a physical presence in any country, but does not include a regulated affiliate.
All persons who do not fall into the above categories are “Eligible Investors”. All persons in categories (a) to (f) are collectively known as “Prohibited Persons”.

Any prospective investor acting in any fiduciary capacity is required to certify the number of beneficial owners for whom Shares are being purchased. Furthermore, it is the responsibility of each investor to verify that the purchase and payment for the Shares is in compliance with all relevant laws of the investor’s jurisdiction or residence.

The Fund reserves the right to offer Shares to Restricted Persons upon compliance with applicable rules and regulations. The Fund reserves the right to reject subscriptions for Shares, in whole or in part, in its absolute discretion for any reason or for no reason.

The Fund’s standard terms provide that the Board has the power to impose such restrictions as they may deem necessary for the purpose of ensuring that no Management Share or Share in the Fund is acquired or held by any person or persons in circumstances (whether directly or indirectly affecting such person or persons) which, in the opinion of the Board, might result in the Fund incurring any tax liability or suffering any other pecuniary or commercial disadvantage that the Fund might not otherwise have incurred or suffered (a “Non-Qualified Person”). In the event that the Fund incurs any such tax liability or suffering or any other pecuniary or commercial disadvantage resulting from a Non-Qualified Person being a Shareholder, the Fund may require such Person to reimburse the Fund for such tax liability, suffering or disadvantage.

The Fund’s standard terms provide that if it comes to the notice of the Board that any Shares are held by any such Non-Qualified Person, the Board may give notice to such Non-Qualified Person requiring the redemption or transfer of such Non-Qualified Person’s Shares as the case may be, in accordance with the provisions of the standard terms. A person who becomes aware that he or she is holding Shares under circumstances that render such person a Non-Qualified Person is required either to deliver to the Fund a written request for redemption of such Shares in accordance with the standard terms of the Fund or to transfer the same to a person who would not thereby be a Non-Qualified Person.

**Procedure for Redemptions**

At the conclusion of the Initial Offering Period, Shares shall, subject to any applicable restrictions contained herein, be redeemable at the option of the holder on the terms provided for herein.

A Shareholder may request redemption of all or some of its Shares at a Net Asset Value calculated as of the Redemption Date specified in the Specific Terms or at such other time as determined by the Board in its sole discretion (each a “Redemption Date”) to be executed the Business Day following such date. Shareholders wishing to redeem Shares as of the particular Redemption Date must respect a Redemption Notice Period as defined in the Specific Terms and must provide the Administrator prior to such a Redemption Notice Period written notice of their intention to redeem such Shares as of the intended Redemption Date. Redemption requests may initially be sent by fax, however, Shareholders should be aware of the risks associated with sending documentation in this manner and that the Administrator will not be responsible in the event of non-receipt of any redemption request sent by fax. Payments for redemption requests made by fax are subject to receipt of the original redemption request by mail. Redemption payments will be made in the Redemption Currency according to the Specific Terms and will be remitted by wire transfer to an account designated by the Shareholder at the bank from which the subscription price was paid (as specified by the Shareholder in its written redemption notice). A request for redemption received too late (during the defined Notice Period) will be treated as a request for redemption as of the next Redemption Date.
A redemption request, once made, will be irrevocable and may not be withdrawn without the consent of the Board. The Minimum Holding in the Fund (if applicable) is specified in the Specific Terms. A request for redemption that would reduce a Shareholder’s aggregate holdings below the Minimum Holding or Minimum Investment requirement in effect at the time of such redemption will be treated as a request for a full redemption, unless the Board, in its discretion, determines otherwise.

Should a Shareholder request a redemption, Redemption Fees (as specified in the Specific Terms) may be charged. The Board may, with agreement from the Investment Manager, waive part or all of such fees. The Board may, at its discretion, choose to provide specific share classes/sub-classes/series with special redemption dates other than the Redemption Date specified in the Specific Terms. Such special redemptions will charge a similar redemption fee to be determined by the Board on a case-by-case basis or as defined in the Specific Terms. The Board may, at its discretion, choose to waive the required redemption notice period, or otherwise modify the redemption terms.

The redemption price is equal to the relevant Segregated Portfolio class/sub-class/series’ Net Asset Value per Share on the corresponding Redemption Date. The Administrator will redeem the Segregated Portfolio class/sub-class/series’ Shares at the Segregated Portfolio Net Asset Value per Share on the Redemption Date less any applicable accrued Incentive Fees and other charges and expenses referred to herein. Under normal circumstances, each redeeming Shareholder will receive the redemption proceeds within 5 to 10 Business Days after the finalization of the NAV for the relevant calculation period.

In circumstances where the Fund on behalf of its Segregated Portfolio is unable to liquidate securities positions in an orderly manner in order to fund redemptions, or where the value of the assets and liabilities of the Segregated Portfolio cannot reasonably be determined, the Fund on behalf of its Segregated Portfolio may take longer than the time periods mentioned above to effect settlements of redemptions or may even suspend redemptions. At the discretion of the Board, the Fund on behalf of its Segregated Portfolio may settle redemptions in kind and may extend the duration of the redemption notice period if the Board deems such an extension as being in the best interest of the Fund on behalf of its Segregated Portfolio and the non-redeeming Shareholders. Holdings of Class S Shares (see section titled “Special Investments”) are subject to redemption restrictions and may not be redeemed without the consent of the Investment Manager. Class S Shares must be held by a shareholder until the Special Investment in respect of such Special Investment account is realized, or upon the determination of the Investment Manager, in its sole and absolute discretion, that such Special Investment need not to be held in a Special Investment account anymore.

The Fund on behalf of its Segregated Portfolio may withhold a portion of any proceeds of redemption if necessary to comply with applicable legal, tax or regulatory requirements. Moreover, the Board has the right to require a compulsory redemption of all or some of the Segregated Portfolio Shares held by a Shareholder at the price per Share equal to the then prevailing Net Asset Value per Share of the relevant Segregated Portfolio class/sub-class/series without assigning any reason therefore. The Board may compulsorily redeem a Shareholder’s Shares for any or for no reason, including, without limitation, if such Shareholder is either a Restricted Person that has acquired Shares otherwise than in compliance with applicable rules and regulations or is a Non-Qualified Person or if such Shareholder has requested a partial redemption which would cause the aggregate Net Asset Value of the Shares owned by such Shareholder following such redemption to decline below the Minimum Holding (if applicable) as the same was applicable to such Shareholder. See “Eligible Investors.” Compulsory redemptions will be made at the relevant Segregated Portfolio class/sub-class/series’ Net Asset Value per Share as of the last Business Day of the calculation period in which such notice of redemption is issued to the Shareholder.
Equalization Procedure

In order to charge Incentive Fees equitably to Shareholders notwithstanding the date upon which Shareholders invest in the Fund, the Fund may apply an Equalization Procedure. Equalization is a means of ensuring that inequities do not occur between Shareholders when an Incentive Fee is levied. The natures of inequities that can arise when charging an Incentive Fee on a Fund are twofold: “unfair clawback” and “free ride”. There are a number of methods of implementing equalization but each method seeks to achieve the same goal – to ensure that every Shareholder is charged his/her fair share of Incentive Fees based on how his/her own investment in the Fund has performed.

The goal of the Equalization Procedure is to ensure that:

(i) any Incentive Fee is fairly allocated between each holder of Shares;

(ii) all Shareholders of the same Segregated Portfolio class, resp. sub-class, resp. series have the same amount of capital per Share at risk in the Fund’s Segregated Portfolio; and

(iii) all Shares within the same Segregated Portfolio class, sub-class, series, etc. have the same Net Asset Value per Share.

There are numerous methods of implementing equalization, which are generally variations on a theme as the differences in the results are minimal:

Simple Equalization. This method takes into account each investment individually. Each investment will have an individual High Watermark and the Incentive Fee will be applied to each investment individually. As each investment is considered individually it is not possible to publish a NAV net of both, fixed costs (Administration Fees and Management Fees) and variables costs (Incentive Fees). The entire Incentive Fee will be settled by Equalization.

Equalization Adjustment Approach I (without issuance of shares). The Incentive Fee is calculated on a fund level (and not on the individual subscription) based on the High Watermark of the last Incentive Fee billing cycle. Upon billing of the Incentive Fee a portion of the Shares of Subscriptions at a lower High Watermark than the High Watermark of the previous Incentive Fee billing cycle are redeemed in favor of the Investment Manager to avoid free rides.

Equalization Adjustment Approach II (with issuance of shares. By choosing this method the same principles of the Equalization Adjustment Approach I apply. The difference is that (in addition) any Subscription at a higher High Watermark than the High Watermark of the previous Incentive Fee billing cycle is issued additional shares to level out an otherwise too high Incentive Fee for this particular Subscription.

Series Methodology. The Fund will issue a separate Series of Shares during each Initial Offering Period and on each Subscription Day thereafter. All Shareholders who enter the Fund on the same day will be issued the same Series of Shares. Incentive Fees are charged separately to each Share in a Series based upon performance of that Series. In order to keep the number of outstanding Series of Shares to a minimum, if at the end of any Incentive Fee Period the NAV per Share of a Series exceeds the prior High Watermark for such Series, then such Series will be consolidated into the first profitable Series at the NAV per Share of such initial Series, unless a loss carried forward attributable to the initial Series remains outstanding. If at the end of any Incentive Fee Period the NAV per Share of a Series is less than the prior High Watermark for such Series, then such Series will not be consolidated into the first profitable Series and will remain outstanding as a separate Series until the next Incentive Fee Period.
The Fund has opted for the Equalization Method specified in the Specific Terms. For more detailed information, please see for example: http://www.aima.org/en/document-summary/index.cfm/docid/AE468D44-166A-4A72-BAF50F4667815484.

Temporary Suspension of Dealings

The Fund’s standard terms provide that the Board may declare a temporary suspension of the determination of the Fund’s Segregated Portfolio Net Asset Value and/or the sale, allotment, issue or redemption of the Segregated Portfolio Shares:

(i) during any period during which, in the opinion of the Board in consultation with the Investment Manager, the disposal of securities by the Fund on behalf of its Segregated Portfolio which constitute a substantial portion of the assets of the Fund's Segregated Portfolio is not practically feasible or as a result of which any such disposal would be materially prejudicial to Shareholders;

(ii) during any period when, in the opinion of the Board in consultation with the Investment Manager, for any reason it is not possible to transfer monies involved in the acquisition or disposition or realisation of securities which constitute a substantial portion of the assets of the Fund’s Segregated Portfolio at normal rates of exchange;

(iii) during any period when, in the opinion of the Board in consultation with the Investment Manager, for any reason the prices of any securities which constitute a substantial portion of the assets of the Fund's Segregated Portfolio cannot be reasonably, promptly or accurately ascertained;

(iv) during any period (other than customary holiday or weekend closings) when any recognised exchange or market on which the Fund’s Segregated Portfolio securities are normally dealt in or traded is closed, or during which trading thereon is restricted or suspended;

(v) during any period when proceeds of any sale or redemption of the Shares cannot be transmitted to or from the Fund’s Segregated Portfolio account; and

(vi) for any other reason, in the opinion of the Board in consultation with the Investment Manager, the Board deems is in the best interests of the Fund.

In all the above mentioned cases (i-vi) the Board may in consultation with the Investment Manager temporarily suspend the dealings while requesting the Administrator of the Fund to continue to calculate NAVs and execute contractual payments to service providers.

Registration and Transfer of Shares

Shares are issued only in registered form; the Fund does not issue bearer shares. The Administrator maintains a current register of the names and addresses of the Shareholders, and the Administrator’s entry in the share register is conclusive evidence of ownership of such Shares. Certificates representing Shares will not be issued save in exceptional circumstances and then only at the discretion of the Board.

In accordance with Cayman Islands law and the standard terms of the Fund, Shares are only issued or registered in the names of companies, partnerships or individuals. Shares purchased for those less than eighteen (18) years of age must be registered in the name of a parent or guardian, but may be designated with the minor’s initials for the purposes of identification. The Fund will take no
cognisance of any trust applicable to the Shares so registered.

Transfers of Shares by instruments in writing in the usual common form are permitted only with the prior consent of the Board, which consent may be withheld in the absolute discretion of the Board. Any transferee of Shares is required to furnish the same information and complete the same documents that would be required in connection with a direct subscription, including without limitation being required to complete a subscription agreement, in order for a transfer application to be considered by the Board. Violation of applicable ownership and transfer restrictions may result in a compulsory redemption.

**Determination of Net Asset Value**

Shares of the Fund sold during the Initial Offering Period will be offered at an Initial Offering Price. Thereafter, Shares may be purchased as of a Subscription Day at the Net Asset Value per Share for the relevant Segregated Portfolio class/sub-class/series of Shares as of the close of business on the immediately preceding Valuation Date. Further shares of other Segregated Portfolio classes/sub-classes/series will be available for subscription on a date and at a subscription price to be determined by the Directors in their sole discretion.

In accordance with the provisions of the Fund’s standard terms, as summarised herein, and under the overall supervision and direction of the Board, the Administrator, in conjunction with the Investment Manager, will determine the Segregated Portfolio Fund’s Net Asset Value, each Segregated Portfolio class/sub-class/series’ Net Asset Value, and each Segregated Portfolio class/sub-class/series’ Net Asset Value per Share, as of the Net Asset Value calculation date as specified in the Specific Terms of the Segregated Portfolio in respect of the relevant calculation period, or on another day, at the discretion of the Board (each a “Valuation Date”).

The Net Asset Value of each Segregated Portfolio of the Fund is equal to the total assets, including all cash and equivalents of the Segregated Portfolio less its total liabilities, including any reserves to be required for contingencies which are accrued by the Segregated Portfolio in accordance with the Accepted Accounting Standards specified in the Specific Terms of the Segregated Portfolio. Each Segregated Portfolio class/sub-class/series’ Net Asset Value per Share will be calculated by dividing the particular Segregated Portfolio class/sub-class/series’ Net Asset Value by the number of that Segregated Portfolio class/sub-class/series’ Shares then outstanding. Such valuation will be made by the Administrator acting in good faith, after consulting with the Investment Manager. In no event shall the Board, the Administrator, or the Investment Manager incur any individual liability or responsibility for any determination made or action taken or omitted by them in the absence of wilful misfeasance, bad faith or gross negligence. In general, investments are valued as follows:

1. Securities or shares issued by a fund will be priced by the Administrator using the most reliable price source previously agreed upon by the Administrator and the Investment Manager. The price source is chosen as the source where the most reliable price, at which a matching trade can occur, can be obtained. In general this source will be the underlying administrator of the fund that issued the shares purchased by the Fund.

2. In the event the Administrator, after consulting with the Investment Manager, deems any of the foregoing valuation methods to be inadequately representative of an asset’s value, the Administrator, after consulting with the Investment Manager, acting in good faith and in a commercially reasonable manner, may assign to such asset an alternate value. Furthermore, all assets of each Segregated Portfolio of the Fund shall be assigned such value as the Administrator, after consulting with the Investment Manager, may reasonably determine in good faith. Independent appraisals may be conducted but are not required.
In determining the Fund’s individual Segregated Portfolio Net Asset Value based upon the above parameters, the following (without limitation) shall be subtracted: (a) Management Fee, Incentive Fee, Custody Fee and Administrator’s Fee that have accrued, as of the date of computation; (b) an allowance for the cost of the Fund’s Segregated Portfolios, legal and other fees; and (c) any contingency for which reserves are determined to be appropriate. Net Asset Valuations are expressed in the Functional Currency as specified in the Specific Terms of the Segregated Portfolio (or in the currency of the share Segregated Portfolio class/sub-class/series concerned, or in any other currency as specified in the Specific Terms of the Segregated Portfolio) and any items denominated in other currencies are converted at prevailing exchange rates as determined by the Administrator. All debts, liabilities and Net Asset Valuations will be determined in accordance with the accepted accounting standards specified in the Specific Terms of the Segregated Portfolio. The Fund’s functional currency, i.e. the currency in which it maintains its books and records and its financial statements, is specified in the Terms of the Fund. The Terms of the Fund specify when the fund’s fiscal year will end. The Specific Terms of the Segregated Portfolio specify when the Segregated Portfolio Fiscal Year will end. Investors should obtain their own legal or tax advice on the tax and other consequences of purchasing, holding, transferring and selling the Shares.

In general the determination of the value of such assets will be the value attributed to the asset as at its most recent valuation. In calculating the Segregated Portfolio Net Asset Value per Share, the Administrator may rely upon (i) such automatic pricing services as it shall determine, (2) the advice provided by the Fund’s brokers, bankers or other advisors and (3) the valuations provided to it by the portfolio managers’ valuation agents. The Administrator shall be entitled to rely upon prices received from a reputable pricing service. In addition and with respect to securities valued by the Investment Manager, the Administrator shall be entitled to rely without inquiry upon the valuations submitted to it by the Investment Manager and shall have no responsibility to determine the accuracy or otherwise thereof.

Given the illiquid nature of Special Investments, the NAV of the series of Class S Shares cannot be determined (by the Investment Manager or other independent third party) with the same degree of certainty as would be the case of the Segregated Portfolio’s liquid investments. For purposes of calculating the Management Fee and Incentive Fee, Special Investments Shares generally will be carried on the books of the Fund’s Segregated Portfolio at fair value (which may be cost) as reasonably determined by the Investment Manager.

If the Administrator should determine, after consulting with the Investment Manager, that special circumstances exist whereby the value of any asset or liability of the Fund should be determined in a manner other than as set forth above, the value of such asset or liability shall be the value assigned by the Administrator in good faith. Prospective investors should be aware that situations involving uncertainties as to the valuation of portfolio positions could have an adverse effect on the Net Asset Value determination if judgments regarding appropriate valuations should prove incorrect. Absent bad faith or manifest error, the Administrator’s determination of Net Asset Value is conclusive and binding on all Shareholders and prospective investors.

Fees and expenses that are identifiable with a particular class/sub-class/series will be charged against that class/sub-class/series 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 net ending asset value is the value of the portfolio after the incentive fee (if applicable) has been deducted from the portfolio and paid to the firm.

A net performance for a period of the portfolio is calculated by comparing the previous periods’ net ending asset value with the current periods’ net ending asset value.

Inflows during the calculation period will not be charged management or incentive fee for that period.
CERTAIN RISK FACTORS

Shares of the Fund are speculative and involve risks suitable only for financially sophisticated investors who are able to bear the risk of losing most or all of their investment. A Shareholder in the Fund faces a variety of material risks, including those described below.

THE LIST OF RISK FACTORS SET FORTH BELOW DOES NOT PURPORT TO BE A COMPLETE EXPLANATION OF THE RISKS INVOLVED IN INVESTING IN SHARES OF THE FUND. BEFORE MAKING ANY DECISION TO SUBSCRIBE FOR OR BUY SHARES, PROSPECTIVE INVESTORS SHOULD CAREFULLY READ THE ENTIRE MEMORANDUM, AND CONSULT WITH THEIR PROFESSIONAL ADVISORS REGARDING THE TAX AND OTHER CONSEQUENCES OF AN INVESTMENT IN THE SHARES IN LIGHT OF THEIR PERSONAL CIRCUMSTANCES.

The Fund is a newly formed company and has no prior operating history. Investment in the Fund’s Segregated Portfolios is speculative and involves a high degree of risk. Past performance of the principals of the Investment Manager is no guarantee of future performance. There is no assurance that the Fund’s Segregated Portfolios will be profitable. The risks of an investment in the Fund’s Segregated Portfolios include, but are not limited to, the speculative nature of the Fund’s Segregated Portfolio strategies and the substantial charges that the Fund’s Segregated Portfolios will incur regardless of whether any profits are earned. The Fund is also subject to certain conflicts of interest. See “POTENTIAL CONFLICTS OF INTEREST.” The Investment Manager may directly or indirectly manage the assets of other funds that in some respects compete with the Fund’s Segregated Portfolio for certain investments.

Although Shareholders in the Fund have limited liability and cannot lose more than the amount of their commitment, an investment in the Fund’s Segregated Portfolio involves a high degree of risk, including the risk of loss of the entire amount invested, as a result of both (i) the types of investments to be made by the Fund’s Segregated Portfolio and any Investment Funds in which the Fund’s Segregated Portfolio may invest; and (ii) the structure and operations of the Fund’s Segregated Portfolio and such Investment Funds. There can be no assurance that the Fund’s Segregated Portfolio will achieve their respective investment objective or that there will be any return of capital to Shareholders. Before investing in the Fund’s Segregated Portfolio, prospective investors should carefully consider the inherent risks, including the following:

Foreign Exchange Trading Risks in General

The Fund intends to enter into currency exchange transactions on a spot (i.e., cash) basis, or enter into currency exchange forward contracts or currency swap agreements or FX derivatives.

Neither spot transactions nor swap or forward currency exchange contracts eliminate fluctuations in the prices of a Fund’s Segregated Portfolio securities or in foreign exchange rates, or prevent loss if the prices of these securities should decline.

The Fund’s Segregated Portfolio may enter into currency exchange transactions in an attempt to protect against changes in a country’s currency exchange rates between the trade and settlement dates of specific securities transactions or anticipated securities transactions. The Fund’s Segregated Portfolio may also enter into forward contracts to hedge against a change in currency exchange rates that would cause a decline in the value of existing investments denominated or principally traded in a currency other than the reference currency of the Fund’s Segregated Portfolio, furthermore the Fund’s Segregated Portfolio may also use FX spot, FX derivatives and FX forwards to speculate on price fluctuations.
changes. To that effect, the Fund’s Segregated Portfolio would enter into a forward contract to sell the currency in which the investment is denominated or principally traded in exchange for the reference currency of the Fund’s Segregated Portfolio.

Although these transactions are intended to minimise the risk of loss due to a decline in the value of the hedged currency, at the same time they limit any potential gain that might be realised should the value of the hedged currency increase. The precise matching of the forward contract amounts and the value of the portfolio securities involved will not generally be possible because the future value of such securities will change as a consequence of market movements in the value of such securities between the date on which the forward contract is entered into and the date on which it matures. Therefore, no assurance may be given that any such currency hedging techniques will be successful.

**Risks Related to the Fund**

*Conflicts of interest.* The investment activities of the Fund’s Segregated Portfolio, its Directors, Investment Manager, Investment Advisor and their respective affiliates will present certain conflicts of interest.

*Dependence upon the Investment Manager and Investment Advisor.* The success of the Fund’s Segregated Portfolio will depend on the management of the Investment Manager and Investment Advisor and on the skill and acumen of their principals. If key personnel of the Investment Manager or Investment Advisor should die, become disabled or otherwise cease to participate in the Fund’s Segregated Portfolio business; the Fund’s Segregated Portfolio ability to select attractive investments and manage its portfolio could be severely impaired. As a shareholder, you should be aware that you will have no right to participate in the management of the Fund or its Segregated Portfolio, and you will have no opportunity to select or evaluate any of the Fund’s Segregated Portfolio investments or strategies. Accordingly, you should not invest in the Fund’s Segregated Portfolio unless you are willing to entrust all aspects of the management of the Fund’s Segregated Portfolio and its investments to the discretion of the Investment Manager and the Investment Advisor. Although each principal of the Investment Manager and the Investment Advisor intend to devote a substantial time to the business of the Fund’s Segregated Portfolio, they may not devote all of their time. The Investment Manager and/or the Investment Advisor of this Fund’s Segregated Portfolio may also serve in this or a similar capacity in other Funds or investment vehicles which are potentially competitive with this Fund’s Segregated Portfolio.

*Dependence upon the Directors.* The Directors of this Fund may also serve in this or a similar capacity in other Funds which are potentially competitive with this Fund.

*Limited operating history.* The Fund’s Segregated Portfolio has limited operating history (although the Board and the investment committee of the Investment Manager may have extensive experience in managing assets for individual accounts which pursue substantially similar investment objectives).

*No formal diversification policies.* Although diversification is an integral part of the Investment Manager’s overall portfolio risk management process, the Investment Manager is not restricted as to the percentage of the Fund’s Segregated Portfolio assets that may be invested in any particular instrument, market or asset class. The Fund’s Segregated Portfolio has not adopted fixed guidelines for diversification of its investments among issuers, countries, instruments or markets and may be heavily concentrated, at any time, in a limited number of positions. In attempting to maximize the Fund’s Segregated Portfolio returns, the Investment Manager may concentrate the holdings of the Fund’s Segregated Portfolio in those countries, companies, instruments or markets which, in the sole judgment of the Investment Manager, provide the best profit opportunity in view of the Fund’s Segregated Portfolio investment objectives.
Limited liquidity and restrictions on redemptions and transfers of Shares. To date, there is no market for the Shares and no secondary market is expected to develop to provide shareholders with liquidity of investment. Although the Fund may in the future apply for the listing of certain Segregated Portfolio Classes/Sub-Classes/Series of Shares on a stock exchange and/or permit an affiliate to make a market in its Shares, no assurance may be given that active secondary trading will develop or that Shares will trade at a premium or discount from their net asset value. In addition, Shares of the Fund may only be redeemed pursuant to the terms and conditions provided under “The Shares - Redemption of Shares” and any such redemptions will be limited to the Redemption Dates specified at the sole discretion of the Board of Directors. The Shareholders’ ability to redeem their Shares may also be limited by the Fund’s decision to suspend the valuation of its Shares, or to carry forward large redemptions requests. Funds investing primarily in other Investment Funds will be subject to a higher risk of suspension in the net asset value of their Shares and the holders of such Shares may be paid the full redemption value of their investment in instalments (see “Risks related to investments in other funds and through managers” below). In addition, the transfer or disposition of Shares is subject to the Fund’s approval and Shares can only be transferred to certain transferees as described herein under “Transfer Restrictions.” Such restrictions on the transferability of Shares may further limit their liquidity.

Effects of redemptions. Large redemptions of Shares within a limited period of time could require the Fund’s Segregated Portfolio to liquidate positions more rapidly than would otherwise be desirable, adversely affecting the value of both the Shares being redeemed and the outstanding Shares. In addition, regardless of the period of time over which redemptions occur, the resulting reduction in a Fund’s Segregated Portfolio Net Asset Value could make it more difficult for the Investment Manager to generate profits or recover losses. Redemption proceeds paid by the Fund to a redeeming Shareholder may be less than the Segregated Portfolio Net Asset Value of such Shares at the time a redemption is made due to fluctuations in the Segregated Portfolio Net Asset Value between the date of the resolution and the applicable Valuation Date. Since the Segregated Portfolio Net Asset Value of the Shares may at times include estimated valuations for investments in other Investment Funds, there is a risk that the Shares may be overvalued (or undervalued) on a Valuation Date, and that the amounts paid out upon redemption of the Shares may therefore exceed (or be less than) the actual Segregated Portfolio Net Asset Value of the Shares. This would result in a loss either to the Fund or the redeeming Shareholder.

Effect of Incentive fee. The Investment Manager, like most of the Investment Funds’ managers, may receive an incentive fee from the Fund’s Segregated Portfolio based on a percentage of any net realised and unrealised profits. Incentive fees 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 such incentive compensation arrangements. The incentive fee payable to the Investment Manager will be determined in accordance with such terms set out in the Investment Management Agreement.

Special Investments. The Investment Manager may designate certain investments as Special Investments (See "Investment Policy - Special Investments"). While the Investment Manager may create Class S Shares, it is not required to do so. In the event that the Investment Manager does not create corresponding Class S Shares, redeeming shareholders may not be able to take part in the true gain or loss of such Special Investment since the investment may be held by the Fund on behalf of the Segregated Portfolio at cost rather than at estimated fair value, depending on information received from the Administrator (or any independent third party). If Special Investments are carried at cost, only shareholders that are holders of Class S Shares at the time of the realization or deemed realization of the special investment will participate in the net gain or net loss associated with such special investment. Additionally, Special Investments may not be redeemed by the Fund on behalf of its Segregated Portfolio, even if it is otherwise redeeming from the Investment Manager and even if it requires cash in order to fund redemptions within the Fund’s Segregated Portfolio. As a result, the Fund on behalf of its Segregated Portfolio will likely have to rely on the Segregated Portfolio’s liquid investments to make new investments and to fund redemptions. Over time, if Special Investments
remain in place, the Fund’s Segregated Portfolio’s aggregate exposure to illiquid investments may increase.

**Risks of leverage.** The Fund’s Segregated Portfolio may borrow funds and employ financial instruments and techniques with an embedded leverage effect. This leverage is similar and in addition to the leverage afforded to any Investment Funds in which a Fund may invest, as described under “Risks of special techniques used by Investment Funds and their Managers” below. The borrowing of funds and use of leverage by a Fund’s Segregated Portfolio will magnify increases or decreases in that Fund’s Segregated Portfolio Net Asset Value. No assurance may be given that secured or unsecured debt financing will be available on terms that the Investment Manager considers acceptable, nor that the use of leveraged financial instruments and techniques will not generate losses in excess of the amount invested or committed (see “Risks of special techniques used by Investment Funds and their Managers - Risks of leverage” herein).

**Institutional risk.** All assets of the Fund’s Segregated Portfolio will be held under the custody or supervision of the Banker and/or the Prime Broker, if appointed. The Banker is authorised to use nominees which may include affiliates of the Investment Manager. The institutions, including brokerage firms and banks, with which the Fund’s Segregated Portfolio (directly or indirectly) does business, or to which portfolio securities have been entrusted for custodial purposes, may encounter financial difficulties that impair the operational capabilities or the capital position of the Fund’s Segregated Portfolio (see also “Risk related to investments in other funds or through managers - Valuation of Investment Funds” herein). The Fund’s Segregated Portfolio intends to limit its securities transactions to well-capitalized and established banks and brokerage firms in an effort to mitigate such risks.

**Rehypothecation of Assets and use of Collateral.** A Prime Broker, if appointed, may borrow, lend or otherwise use the Fund’s Segregated Portfolio investments and cash for its own purposes. Such investments and cash will become the property of the Prime Broker and in the event of an insolvency of the Prime Broker, the Fund’s Segregated Portfolio may not be able to recover such assets or cash and the Fund’s Segregated Portfolio will rank as one of the Prime Broker’s general creditors in relation thereto. In addition, any counterparty to the Fund’s Segregated Portfolio may hold collateral in excess of the Fund’s Segregated Portfolio obligations to the counterparty. In the event of an insolvency of any such counterparty, the Fund’s Segregated Portfolio may not be able to recover such collateral and the Fund’s Segregated Portfolio will rank as one of any such counterparty’s general creditors in relation thereto.

**Legal restrictions on portfolio investments.** The Fund’s Segregated Portfolio or its direct and indirect portfolio investments may be subject to regulations (including tax and exchange control regulations) in various countries. The Fund may also be subject to regulations in countries where its Shares may be registered for distribution. Such legal requirements applicable to the Fund and the Investment Manager, may force the Fund’s Segregated Portfolio to modify or limit, for other than investment reasons, the amount of assets invested in a particular financial instrument or issuer. Such actions may affect the performance of the Fund’s Segregated Portfolio. In addition, possible changes to the laws and regulations governing permissible activities of the Fund, the Investment Manager and their affiliates could restrict or prevent the Fund or the Investment Manager from continuing to pursue the Fund’s Segregated Portfolio investment objectives or operate in the manner currently contemplated. In addition, most Investment Funds in which the Fund’s Segregated Portfolio may invest will not be subject to significant regulation or regulatory supervision and neither the Fund nor the Investment Manager can monitor legal and regulatory compliance by such Investment Funds and their managers.

**Possible adverse tax consequences.** No assurance may be given that the manner in which the Fund’s Segregated Portfolio will be managed and operated, or that the composition of its direct and indirect portfolio investments, will be tax efficient for any particular Shareholder or group of Shareholders. The Fund does not intend to provide its Shareholders with information regarding the
ownership of its Shares held by residents of any country. The Fund’s Segregated Portfolio books and records could be audited by the tax authorities of countries where the Fund’s Segregated Portfolio will be managed and operated, or where a portion of its direct and indirect portfolio investments are made, or where a particular Shareholder or group of Shareholders reside. Any such audits could subject the Fund’s Segregated Portfolio to tax, interest and penalties, as well as incremental accounting and legal expenses. Should the Fund’s Segregated Portfolio be required to incur additional taxes or expenses as a result of the capital contributions made by any Shareholder, or become subject to any record-keeping or reporting obligations as a result of permitting any person to remain or be admitted as a Shareholder of the Fund’s Segregated Portfolio, the Fund’s Segregated Portfolio will seek reimbursement of the costs of such taxes, expenses or obligations from such person.

Risk of litigation. The Fund’s Segregated Portfolio may, directly and indirectly, accumulate substantial positions in the securities of a single issuer which may become involved in litigation or bankruptcy proceedings. Under such circumstances, the Fund might be named as a defendant in a lawsuit or regulatory action.

Reserve for liabilities. Under certain circumstances, the Fund’s Segregated Portfolio may find it necessary, upon redemption by a Shareholder, to set up a reserve for contingent or future liabilities or valuation difficulties and withhold a certain portion of that Shareholder’s net redemption proceeds. This could happen, for example, if the Fund’s Segregated Portfolio or the issuer of one of its portfolio securities were involved in a dispute regarding the value of its assets, in litigation, or subject to a tax audit at the time the redemption request is accepted.

Indemnity Risks. The Directors, the Investment Manager, the Administrator, the Banker, any other agents of the Fund’s Segregated Portfolio or any of their respective affiliates may be entitled to be indemnified in certain circumstances. As a result, there is a risk that a Fund's Segregated Portfolio assets will be used to indemnify such persons, companies or their employees or to satisfy their liabilities as a result of their activities in relation to the Fund’s Segregated Portfolio.

Contractual Risks. The Fund’s Segregated Portfolio may make investments based on, or enter into contracts described by, significant legal documents. Such documents may include (but not limited to) prospectuses and other offering documents as well as OTC derivative contracts, including contracts for differences and credit default swaps. Whilst the Fund’s Segregated Portfolio will generally seek advice on material matters, there can be no guarantee that any advice given will be accurate, that a contract will be validly executed by the relevant counterparty or that a contract will ultimately prove to be enforceable against the relevant counterparty. Furthermore, the expected outcome of these contracts or investments may not be realised in practice. If these contracts or investments do not produce the expected result, a Fund’s Segregated Portfolio could suffer significant losses.

In Kind Redemptions Risks. The Fund intends to make all redemptions in cash but may make in kind redemption if it so determines. Such non-cash redemptions could expose investors to some or all of the risks associated with investments as described in this Memorandum, including, but not limited to, stock market volatility, illiquidity, etc.

Valuation of Fund’s Investments. Because of the overall size and concentrations in particular markets and maturities of positions that may be held by the Fund’s Segregated Portfolio from time to time, the liquidation values of the securities and other investments held for the related Classes may differ significantly from the interim valuations of such investments derived from the valuation methods described herein. Such differences may be further affected by the time frame within which such liquidation occurs.

The Fund may have some of its assets in investments, which by their very nature may be extremely difficult to accurately value. In particular, definitive prices for securities issued by managers of portfolio securities may not be available on the applicable Valuation Date. In such a
case, the last definitive or estimated available prices, provided by the valuation agent of such portfolio manager, or the portfolio manager directly may be used as the basis for the calculation of the Fund’s Segregated Portfolio Net Asset Value. Typically no adjustments will be made for differences between the estimated and final values.

To the extent that the value assigned by the Fund’s Segregated Portfolio to any such investment differs from the actual value, the Segregated Portfolio Net Asset Value per Share may be understated or overstated, as the case may be. In light of the foregoing, there is a risk that a Shareholder who redeems all or part of its Shares while the Fund’s Segregated Portfolio 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’s Segregated Portfolio. Similarly, there is a risk that such Shareholder might, in effect, be overpaid if the actual value of such investments is lower than the value designated by the Fund’s Segregated Portfolio. In addition, there is risk that an investment in the Fund’s Segregated Portfolio by a new Shareholder (or an additional investment by an existing Shareholder) could dilute the value of such investments for the other Shareholders if the designated value of such investments is higher than the value designated by the Fund’s Segregated Portfolio. Further, there is risk that a new Shareholder (or an existing 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’s Segregated Portfolio.

None of the Directors, the Fund, the Fund’s Segregated Portfolio, Investment Manager 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’s Segregated Portfolio.

Allocation of liabilities among classes and sub-classes of – Shares cross collateralisation. Although each class/sub-class/series of Shares will be maintained by the Fund’s Segregated Portfolio separately, with separate accounting records and with the capital contributions (and investments made therewith) kept in separate accounts, separate classes/sub-classes/series of Shares are not separate legal entities but rather classes/sub-classes/series of Shares in the Fund’s Segregated Portfolio such classes issued in respect of that Fund’s Segregated Portfolio will not enjoy the same statutory segregation and protection as between separate Segregated Portfolios. A segregated portfolio, will be treated as a single entity for the purposes of any liability or collateral as it is not possible to achieve legal segregation of assets and liabilities between different classes issued in respect of the same Segregated Portfolio, where there are multiple classes issued within the same Segregated Portfolio. Thus, all of the assets of Segregated Portfolio are available to meet all of the liabilities of the Segregated Portfolio, regardless of the classes, sub-classes and series of Shares to which such assets or liabilities are attributable.

If losses or liabilities are sustained by a class, sub-class or series of Shares in excess of the assets attributable to such class, sub-class or series, such excess may be apportioned to the other class, sub-class or series of Shares. THE ASSETS ATTRIBUTABLE TO ANY ONE CLASS, SUB-CLASS OR SERIES OF SHARES WILL NOT BE ISOLATED FROM THE LIABILITIES ATTRIBUTABLE TO OTHER CLASSES, SUB-CLASSES OR SERIES OF SHARES TO THE EXTENT THAT THE ASSETS OF ONE PARTICULAR CLASS SUB-CLASS OR SERIES OF SHARES ARE INSUFFICIENT TO SATISFY THE LIABILITIES ATTRIBUTABLE TO SUCH CLASS, SUB-CLASS OR SERIES OF SHARES THEN THE ASSETS OF OTHER CLASSES SUB-CLASSES OR SERIES OF SHARES MAY BE CHARGED WITH SUCH LIABILITIES.

Segregated Portfolio Risk

Segregation of Assets in a Segregated Portfolio Structure. The Company 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 Company may
operate or have assets held on their behalf or be subject to claims in other jurisdictions which may not necessarily recognise such segregation. There is no guarantee that the courts of any jurisdiction will respect the limitations on liability associated with a segregated portfolio company. Further, individual Shares issued within each Segregated Portfolio are not segregated. Accordingly, if the assets attributable to one Class of 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 Shares of the same Segregated Portfolio. As at the date of this document, the Directors are not aware of any such claim or contingent liability.

Trading Risks

Risks of Investment in Futures, Options, Derivatives and Foreign Exchange (FOREX). Subject to all applicable registration requirements, the Investment Manager may use strategies which cause the Fund's Segregated Portfolio assets to be invested in futures, options derivatives and foreign exchange (FOREX). Such strategies present unique risks. For example, should interest or exchange rates or the prices of securities or financial indices move in an unexpected manner, the Fund’s Segregated Portfolio may not achieve the desired benefits of the futures, options and derivatives or may realize losses. Thus, the Fund’s Segregated Portfolio would be in a worse position than if such strategies had not been used. In addition, the correlation between movements in the price of the securities and securities hedged or used for cover will not be perfect and could produce unanticipated losses.

Forward contracts, swap agreements and other over-the-counter transactions entered into with “principals” are subject to the credit risk of the principal or its refusal to perform and of the imposition of exchange controls. Forward contracts, swap agreements and other over-the-counter transactions are not guaranteed by an exchange or its clearing house and the failure, for example, of a principal with whom a forward contract is made would likely result in a default. It may be difficult, due to political or monetary policies, to enforce the contractual obligations of a principal in a foreign jurisdiction in the event that such a principal refuses to perform a forward contract swap agreement or other over-the-counter transaction. No regulatory scheme currently exists in relation to the foreign currency forward market, except for regulation of general banking activities and exchange controls in the various jurisdictions where trading occurs or in which the currency originates. While the United States does not currently impose any restrictions on the movements of currencies, it could choose to do so, and the imposition or relaxation of exchange controls in various jurisdictions could significantly affect the market for that and other jurisdictions' currencies.

When the Fund’s Segregated Portfolio invests in a derivative instrument, it may be required to segregate cash and other high-grade liquid assets or certain portfolio securities to “cover” the position. Assets segregated or set aside generally may not be disposed of so long as the Fund’s Segregated Portfolio maintains the positions requiring segregation or cover. Segregating assets could diminish the Fund's return due to the opportunity losses of foregoing other potential investments with the segregated assets.

Forward Trading. Forward contracts and options thereon, unlike futures contracts, are not traded on exchanges and are not standardized; rather banks and dealers act as principals in these markets, negotiating each transaction on an individual basis. Forward and “cash” trading is substantially unregulated; there is no limitation on daily price movements and speculative position limits are not applicable. The principals who deal in the forward markets are not required to continue to make markets in the instruments they trade and these markets can experience periods of illiquidity, sometimes of significant duration. There have been periods during which certain participants in these markets have refused to quote prices for certain markets or have quoted prices with an unusually wide spread between the price at which they were prepared to buy and that at which they were prepared to sell. Disruptions can occur in any market traded by the Fund’s Segregated Portfolio due to unusually high trading volume, political intervention or other factors. The imposition of controls by governmental authorities might also limit such forward trading to less than that which the Investment
Manager would otherwise recommend, to the possible detriment of the Fund’s Segregated Portfolio. In respect of such trading, the Fund’s Segregated Portfolio is subject to the risk of counterparty failure or the inability or refusal by a counterparty to perform with respect to such contracts. Market illiquidity or disruption could result in major losses to the Fund’s Segregated Portfolio.

**Risks of a Fund-of-Funds.** Investment in a fund-of-funds, is subject to specific risks, some of which are summarized below:

- **Multi-Manager Strategy.** In order to diversify among trading methods and markets, the Fund shall select a number of portfolio managers, each of which invests independently of the others. Although this diversification is intended to offset losses while maintaining the possibility of capitalizing on profitable price movements, there can be no assurance that this strategy will not result in net losses for the Fund.

In addition, some portfolio managers may compete with each other from time to time for the same positions in the markets. Conversely, a portfolio manager could hold from time to time opposite positions in the same security as held by another portfolio manager. Portfolio managers selected by the Fund may take substantial positions in the same or related markets at or about the same time and the Fund may at such time not achieve the desired diversification of risk. There is no assurance that selection of multiple portfolio managers will be more successful than selection of a single portfolio manager. The Fund may reallocate its assets among the portfolio managers at any time. Any such reallocation could adversely affect the performance of the Fund.

- **Access to Information from portfolio managers.** The Investment Manager will select portfolio managers based upon the factors described in the section entitled “Investment Objective and Strategy” above. The Investment Manager will request information from each portfolio manager regarding the portfolio manager’s historical performance and investment strategy. The Investment Manager will also request detailed portfolio information on a continuing basis from each portfolio manager retained on behalf of the Fund. However, the Investment Manager may not always be provided with such information because certain of this information may be considered proprietary information by the particular portfolio manager. This lack of access to information may make it more difficult for the Investment Manager to select, allocate among, and evaluate portfolio managers.

- **New portfolio managers.** Part of the assets of the Fund may be allocated to new portfolio managers with a limited or non-existent track record. Such allocation involves additional risk as a limited amount of useful information is available to gauge the level of risk/reward attributes of such portfolio managers.

- **Redemption Date Valuation of portfolio managers without Corresponding Redemption Rights.** When Shares are redeemed the redemption value will reflect the net asset value of the Fund’s investments in the portfolio managers. However, certain of these portfolio managers may not permit the Fund itself to make redemptions as of each Redemption Date. The Fund will bear the risk of any declines, as well as have the profit potential of any increases, in the net asset value of its existing investments in such portfolio managers from the Redemption Date as of which a redeeming Shareholder’s Shares are valued until the Fund is itself able to withdraw capital from such portfolio managers to reflect such redemption.

- **Limited Control Over portfolio managers; Additional Expenses.** As an investor in the portfolio managers, the Fund will be required to rely on third party portfolio manager choice of brokers, bankers and counterparties as well as tax and accounting
procedures. In addition, the Fund will generally not have access to trade data relating to the portfolio managers’ positions, only to overall net asset values.

In addition to the Fund's direct expenses, the Fund, as an investor in portfolio managers, will indirectly bear its pro rata share of the expenses of those portfolio managers. These indirect expenses include the Fund's pro rata share of a portfolio manager’s investment expenses (such as Custody Fee and brokerage commissions) and overhead expenses (such as rent, personnel expenses, equipment, supplies, management and consulting fees and similar expenses). When the Fund invests in portfolio managers, such portfolio managers may charge (i) a fixed basic fee (typically 1% to 2% of net assets on an annual basis) and (ii) an incentive fee based upon a percentage of any profits of the investment entity (typically 20% of profits). These fees decrease the Fund's profits with respect to its investment in such entities.

- **Portfolio manager Misconduct or Bad Judgment.** Although the Investment Manager will seek to select only portfolio managers who will invest the Fund’s assets with the highest level of integrity, the Fund will have no control over the day-to-day operations of any of the selected portfolio managers. As a result, there can be no assurance that every portfolio manager engaged by the Fund will conform his conduct to these standards.

- **Limited Liquidity and Limited Availability of Portfolio Funds.** Among the principal disadvantages and risks inherent in the Fund’s structure are the restrictions imposed on the Fund’s asset allocation flexibility and risk control as a result of the limited liquidity of the portfolio managers, limited transparency, as well as their limited availability to accept investments from the Fund. The Fund could be unable to withdraw its capital from a portfolio manager for some months despite having major losses being incurred or after the Investment Manager has determined that the portfolio manager has deviated from its announced trading policies and strategy.

- **Portfolio Managers’ Incentive Compensation.** The Fund will typically enter into arrangements with portfolio managers which provide that portfolio managers be compensated, in whole or in part, based on the appreciation in value (including unrealized appreciation) of the account during specific measuring periods. In certain infrequent cases, portfolio managers may be paid a fee based on appreciation during the specific measuring period without taking into account losses occurring in prior measuring periods, although the Investment Manager anticipates that most, if not all, portfolio managers who charge such fees will take into account prior losses. Such performance-based arrangements may create an incentive for such portfolio managers to make investments that are riskier or more speculative than would be the case in the absence of such performance-based compensation arrangements.

The Fund may be required to pay an incentive fee to the portfolio managers who make a profit for the Fund in a particular fiscal year even though the Fund may in the aggregate incur a net loss for such fiscal year.

- **Layering of Fees.** Under certain circumstances, the Fund’s "fund-of-funds" structure may be disadvantageous to Shareholders as compared with maintaining investments directly in the underlying portfolio managers. In addition to the fees charged to the Fund by the portfolio managers, the fees charged by the Investment Manager add an extra layer of fees that a Shareholder would not incur if it were able to invest directly with the portfolio managers.

  **Counterparty and Settlement Risk.** The Fund’s Segregated Portfolio will be subject to the risk of the inability of any counterparty (including portfolio managers, brokers and
administrator/custodians/bankers) to perform with respect to transactions, whether due to insolvency, bankruptcy or other causes.

For example, in relation to the Fund’s Segregated Portfolio right to the return of assets equivalent to those of the Fund’s Segregated Portfolio investments which have been transferred to the brokers as collateral or margin, the Fund’s Segregated Portfolio will rank as one of the broker’s unsecured creditors and, in the event of the insolvency of such broker, the Fund’s Segregated Portfolio might not be able to recover such equivalent assets in full.

**Market-Related Risks**

*General economic conditions.* The success of any investment activity is affected by general economic conditions, which may affect the level and volatility of interest rates and the liquidity of the markets for both equities and interest-rate-sensitive securities. Certain market conditions, including unexpected volatility or liquidity in the market in which the Fund’s Segregated Portfolio directly or indirectly holds positions, could impair the Fund’s Segregated Portfolio ability to achieve its objectives and/or cause it to incur losses.

*Market risks.* The success of a significant portion of the Fund’s Segregated Portfolio investment program will depend, to a great extent, upon correctly assessing the future course of the price movements of stocks, bonds, financial instruments and foreign currencies. There can be no assurance that the Investment Manager or Investment Fund’s manager will be able to predict accurately these price movements.

*Investments in foreign and emerging markets.* Investments in certain foreign securities may be subject to greater risks than investments in securities of issuers from member-States of the OECD due to a variety of factors including currency controls and currency exchange rate fluctuations, changes in governmental administration or economic or monetary policy or changed circumstances in dealings between nations. Dividends paid by foreign issuers may be subject to withholding and other foreign taxes that may decrease the net return on these investments. There may be less publicly available information about foreign issuers in certain countries and such issuers may not be subject to uniform accounting, auditing and financial reporting standards and requirements comparable to those of the Fund’s Segregated Portfolio or most OECD issuers. In certain countries, securities of local issuers are less liquid and more volatile than securities of comparable issuers of more mature economies, and foreign brokerage commissions are generally higher than in more developed markets. Foreign securities markets may also be less liquid, more volatile and subject to lower levels of government supervision than those in the OECD. Investment in foreign countries could be affected by other factors not present in more developed countries, including expropriation, confiscatory taxation and potential difficulties in enforcing contractual obligations. These markets may be volatile and illiquid and the investments of the Fund’s Segregated Portfolio in such markets may be considered speculative and subject to significant custody and clearance risks and delays in settlement.

Investors should consult a professional advisor as to the suitability for them of an investment in the Fund’s Segregated Portfolio investing in foreign and emerging markets. Subscriptions to Shares of the Fund investing in such markets should be considered only by investors who are aware of, and able to bear, the risks related thereto and such investments should be made on a medium- to long-term basis.

*Investment in currencies other than the Functional Currency specified in the Specific Terms.* Portions of the Fund’s Segregated Portfolio assets may be held or traded in currencies other than the Functional Currency specified in the Specific Terms of the Segregated Portfolio and may therefore be subject to risks associated with investments in such currencies. In general, foreign exchange rates can be extremely volatile. Currency prices may be influenced by, among other factors: changing supply and demand for a particular currency; trade, fiscal and monetary policies of governments (including
exchange control programs, restrictions on local exchanges or markets and limitations on foreign investment in a country or on investment by residents of a country in other countries); political events; changes in balances of payments and trade; the Functional Currency’s rate of inflation and the rate of inflation of the currencies other than the Functional Currency; international interest rates; international trade restrictions; and currency devaluations and revaluations. In addition, governments from time to time intervene, directly and by regulation, in the currency markets to influence prices directly. Variance in the degree of volatility of the market from the Fund’s Segregated Portfolio expectations may produce significant losses to the Fund’s Segregated Portfolio.

Suspension of trading. Each securities exchange or commodities contract market typically has the right to suspend or limit trading in all securities or commodities which it lists. Such a suspension would render it impossible for the Fund’s Segregated Portfolio and/or their Investment Funds to liquidate positions and, accordingly, expose the Fund’s Segregated Portfolio to losses and delays in its ability to redeem Shares.

Other investments. The Fund’s Segregated Portfolio reserves the right to invest in equities, obligations, investment funds, or derivative structures based thereon which the Board and the Investment Manager at their sole discretion feel are consistent with the investment objectives and philosophy of the Fund’s Segregated Portfolio. No assurance can be given that such investments will be successful.

Regulatory Risks

Legal, tax and regulatory changes could occur during the term of the Fund that may adversely affect the Fund. The regulatory environment for hedge funds is evolving, and changes in the regulation of hedge funds may adversely affect the value of investments held by a Fund and the ability of the Fund to obtain the leverage it might otherwise obtain or to pursue its trading strategies. In addition, the securities and futures markets are subject to comprehensive statutes, regulations and margin requirements. Regulators and self-regulatory organisations and exchanges are authorised to take extraordinary actions in the event of market emergencies. The regulation of derivatives transactions and funds that engage in such transactions is an evolving area of law and is subject to modification by government and judicial action. The effect of any future regulatory change on the Fund could be substantial and adverse.

The foregoing list of risk factors does not purport to be a complete explanation of the risks involved in investing in the Fund’s Segregated Portfolio. Potential investors should read this entire Memorandum before determining whether to invest in the Fund’s Segregated Portfolio and consult with their own financial and tax advisors. Potential investors should also be aware that, if they decide to purchase Shares, they will have no role in the management of the Fund and will be required to rely on the expertise of the Investment Manager and the Administrator in dealing with the foregoing (and other) risks on a day-to-day basis.
POTENTIAL CONFLICTS OF INTEREST

The Directors may currently hold and may in the future hold, directorships of other investment funds which may be competitive with the Fund or invest in the same or similar investments as the Fund. According the Directors will not devote the whole of their time to the affairs of the Fund.

The Investment Manager manages the trading activities of the Fund’s Segregated Portfolio and expects to manage other funds and accounts in the future whether or not such other funds or accounts are in competition with the Fund’s Segregated Portfolio. The Investment Manager may have financial or other incentives to favour certain funds and accounts over the Fund’s Segregated Portfolio. Furthermore, the Board and officers of the Fund are permitted to invest in Shares of the Fund.

The Investment Manager endeavours to act in a manner that it considers fair, reasonable and equitable in allocating investment opportunities to the Fund’s Segregated Portfolio and its other accounts, but the Investment Management Agreement does not otherwise impose any specific obligations or requirements concerning the allocation of time, effort or investment opportunities to the Fund’s Segregated Portfolio, or any restrictions on the nature or timing of investments for the account of the Fund’s Segregated Portfolio, other funds or accounts or the Investment Manager’s own account. The principals of the Investment Manager are not obligated to devote any specific amount of their business time to the affairs of the Fund’s Segregated Portfolio, and the Investment Manager is not required to accord exclusivity or priority to the Fund’s Segregated Portfolio in the event of “limited availability” investment opportunities. The Board, officers, partners, stockholders and employees of organisations affiliated with, the Investment Manager, may buy and sell securities or futures (or other derivative instruments) for their own account and/or the accounts of others. Such trading may be similar to, or different from, the investment strategies pursued on behalf of the Fund’s Segregated Portfolio.

The Administrator and its officers, affiliates, and employees will use their best endeavours in carrying out their obligations under the terms of the Administration Agreement. The Administrator is not obligated to devote any specific amount of its business time to the affairs of the Fund’s Segregated Portfolio and may provide administrative or other similar services to other funds and accounts, whether or not such other funds or accounts are in competition with the Fund’s Segregated Portfolio. The Administrator may give advice on administrative matters and render services to, or take action with respect to such other funds or accounts that differ from advice given with respect to the Fund’s Segregated Portfolio.

In selecting brokers and dealers and in negotiating any commission or dealer mark-up involved in its transactions, the Fund’s Segregated Portfolio considers the range and quality of the professional services provided by such firm. Such services may include furnishing information concerning investment opportunities for the Fund’s Segregated Portfolio and providing statistical and other research services to the Investment Manager with respect to the Fund’s Segregated Portfolio and other advisory accounts that it manages. The Fund’s Segregated Portfolio is authorized to pay higher commissions to purchase securities through firms that provide such investment and research information if the Fund’s Segregated Portfolio determines such commissions are reasonable in relation to the overall services provided to it. Subject to obtaining “best execution” in selecting brokers and dealers, the Fund’s Segregated Portfolio may give consideration to non-research or brokerage services provided to it.

Information so received is in addition to and not in lieu of the services required to be performed by the Investment Manager, and the expenses of the Investment Manager will not
necessarily be reduced as a result of the receipt of such supplemental information. Research services provided by firms used by the Fund’s Segregated Portfolio may be utilized by the Investment Manager in connection with its investment services for other accounts and, likewise, research services provided by firms used for transactions for other accounts may be utilized by the Investment Manager in performing its services for the Fund’s Segregated Portfolio.

The Investment Manager may have conflicts of interest in rendering advice because its compensation: (i) for managing other accounts may exceed its compensation for managing the account of the Fund, or (ii) as Introducing Broker may exceed or compete with commissions payable to other Brokers. The Investment Manager will endeavour to ensure that all investment opportunities and brokerage commissions are allocated on a fair and equitable basis between the Fund and such other accounts and Brokers, respectively.

The legal Advisor in Cayman as specified in the Terms of the Fund acts as legal counsel to the Fund with respect to matters of Cayman Islands law in connection with the Fund’s organisation and has passed upon certain matters of Cayman Islands law in connection with this offering. The legal Advisor in Cayman as specified in the Terms of the Fund does not represent the Shareholders or prospective investors in the Fund.

Prospective investors are advised to consult their own independent counsel (and not the legal Advisor in Cayman as specified in the Specific Terms) with respect to the legal and tax implications of an investment in the Fund’s Segregated Portfolio.
TAXATION

General

The operations of the Fund are conducted so that Shareholders who are not otherwise subject to Cayman Islands taxation by reason of residence, nationality or other particular circumstances should not be subject to taxation in the Cayman Islands by reason of the ownership or redemption of Shares. Prospective investors should familiarize themselves with and, where applicable, take advice on the laws and regulations (such as those relating to taxation and exchange controls) applicable to the subscription for and the holding and redemption of Shares in the places of their citizenship, residence and domicile. Prospective investors should not take the enclosed as constituting legal or tax advice and are encouraged to contact their own representatives prior to investment.

Cayman Islands

There are no income, corporate, capital gains or other taxes in effect in the Cayman Islands on the basis of the present legislation. As an exempted company, the Fund has applied for and expects to receive from the Governor-in-Cabinet of the Cayman Islands an undertaking that in the event of any change to the foregoing, for a period of twenty (20) years from the date of the grant of the undertaking, the Fund will not be chargeable to tax in the Cayman Islands on its income or capital gains arising in the Cayman Islands or elsewhere and that dividends of the Fund will be payable without deductions of Cayman Islands tax. No capital or stamp duties are levied in the Cayman Islands on the issue, transfer or withdrawal of Shares. An annual registration fee will be payable by the Fund to the Cayman Islands Government which will be calculated by reference to the nominal amount of its authorised capital.

General Information

The Fund’s Segregated Portfolio may invest in securities of various issuers. Interest and dividend income from such sources may be subject to withholding taxes at the source at varying rates. Also, it is possible that a jurisdiction may impose tax on gains derived from the disposition of investments in that jurisdiction.

The foregoing summary does not address tax considerations that may be applicable to certain investors under the laws of jurisdictions other than the Cayman Islands. The Fund has no present plans to apply for any certifications or registrations, or to take any other actions under the laws of any jurisdictions that would afford relief to local investors therein from the normal tax regime otherwise applicable to an investment. It is the responsibility of all persons interested in purchasing Shares to inform themselves as to any income or other tax consequences arising in the jurisdictions in which they are resident or domiciled for tax purposes, 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 Shares.

THE FOREGOING IS A SUMMARY OF SOME OF THE IMPORTANT TAX CONSIDERATIONS AFFECTING INVESTORS IN THE FUND AND THE PROPOSED OPERATIONS OF THE FUND. THE FOREGOING, HOWEVER, DOES NOT PURPORT TO BE A COMPLETE ANALYSIS OF ALL RELEVANT TAX RULES AND CONSIDERATIONS, NOR DOES IT PURPORT TO BE A COMPLETE LISTING OF ALL POTENTIAL TAX RISKS INVOLVED IN PURCHASING OR HOLDING SHARES. PROSPECTIVE INVESTORS IN THE
FUND ARE URGED TO CONSULT THEIR OWN TAX ADVISORS.
MUTUAL FUND REGULATION

The Fund will fall within the definition of a “mutual fund” pursuant to the Mutual Funds Law (Revised) of the Cayman Islands as amended from time to time (the “Law”) and be registered with the Cayman Islands Monetary Authority (“CIMA”) pursuant to section 4(3) of the Law. Accordingly, the Fund will be required as a CIMA regulated mutual fund to:

(i) register the Fund with CIMA in the Cayman Islands in accordance with the terms of the Law;

(ii) file with CIMA prescribed details of this document and any material change thereto;

(iii) file annually with CIMA accounts audited by an approved auditor; and

(iv) pay a prescribed registration fee per fund

Since the Fund will be regulated, CIMA may at any time instruct the Fund and its Segregated Portfolios to have its accounts audited and to submit the audited accounts to CIMA within such time as CIMA specifies. In addition CIMA may ask the Directors to give CIMA such information or such explanation in respect of the Fund as CIMA may reasonably require to enable it to carry out its duty under the Law.

The Directors must give CIMA access to or provide at any reasonable time all records relating to the Fund and CIMA may copy or take an extract of a record to which it is given access. Failure to comply with these requests by CIMA may result in substantial fines being imposed on the Directors and may result in CIMA applying to the court to have the Fund liquidated. CIMA is prohibited by the Law from disclosing any information relating to the affairs of a mutual fund other than disclosure required for the effective regulation of a mutual fund or when required to by applicable law or by a relevant court.

CIMA 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 liquidating its business voluntarily in a manner that is prejudicial to its investors or creditors. The powers of CIMA include, inter alia, the power to require the substitution of the Directors, to appoint a person to advise the Fund on the proper conduct of their affairs or to appoint a person to assume control of the affairs of the Fund. There are other remedies available to CIMA including the ability to apply to the court for approval of other actions. The Fund will fall within the definition of a closed end Fund and is not registered with nor regulated by Cayman Islands Monetary Authority (“CIMA”)
As part of the Fund’s responsibility for the prevention of money laundering, the Directors of the Fund, its affiliates, subsidiaries or associates will require a detailed verification of each investor’s identity and the source of the payment. Depending on the circumstances of each investor, a detailed verification might not be required where:

(i) the investor is a recognised financial institution which is regulated by a recognised regulatory authority and carries on business in a country listed in Schedule 3 of the Money Laundering Regulations (Revised); and

(ii) the application is made through a recognised intermediary which is regulated by a recognised regulatory authority and carries on business in a country recognised in Schedule 3 of the Money Laundering Regulations (Revised). In this situation the Fund may rely on a written assurance from the intermediary that the requisite identification procedures on the applicant for business have been carried out.

These exceptions will only apply if the financial institution or intermediary referred to above is within a country recognised by the Administrator as having sufficient anti-money laundering regulations.

As a condition for subscription the Fund requires the completion and submission to the Investment Manager and the Administrator of the “Anti Money Laundering” letter part of the Subscription Agreement available from the Administrator. In the event of delay or failure by the investor to produce any information required for verification purposes, the Investment Manager will refuse to accept the application and the subscription monies relating thereto.

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

The overall responsibility to fully comply with the anti-money laundering practices and procedures that comply with all applicable laws, rules and regulations of the Cayman Islands lies with the Compliance Agent specified in the Specific Terms of the Segregated Portfolio. This specified Compliance Agent also has the obligation to provide on request all AML/KYC documentation at any given time to the Directors or the Administrator of the Fund.
Material Contracts

The Fund has entered into or intends to enter into the following contracts (not being contracts in the ordinary course of business) which may be material:

(i) the Investment Management Agreement between the Fund’s Segregated Portfolio and the Investment Manager pursuant to which the investment decisions were delegated to the Investment Manager of the Fund’s Segregated Portfolio;

(ii) the Administration Agreement between the Fund, the Investment Manager and the Administrator pursuant to which the Administrator was appointed Administrator to the Fund’s Segregated Portfolio;

(iii) the Banking Agreement between the Fund and the Banker pursuant to which the Banker was appointed Banker to the Fund’s Segregated Portfolio;

(iv) the Director Services Agreements between the Fund and the Registered Office Provider pursuant to which the Directors provide services to the Fund; and

(v) the Registered Office and Secretarial Services Agreement between the Fund and the Registered Office Provider as specified in the Terms of the Fund; whereas the Registered Office Provider having agreed to provide registered office and corporate secretary for the Fund.

Available Documents

This Memorandum is not intended to provide a complete description of the Fund’s Memorandum of Association and Articles of Association or the agreements with the Investment Manager, Administrator, Banker, and various counterparties summarised herein. Copies of the following documents are available for inspection by Shareholders and prospective investors during normal business hours by request to the Administrator, at the address set forth in the “DIRECTORY” appearing elsewhere in this Memorandum.

(A) the Memorandum of Association and Articles of Association of the Fund;

(B) the material contracts referred to above;

(C) Subscription Agreements.

Counsel

The Legal Advisor in Cayman (as specified in the Terms of the Fund) will serve as counsel to the Fund in connection with matters pertaining to Cayman Islands law.

Should a future dispute arise between the Fund and Investment Manager, separate counsel may be retained as circumstances and professional responsibilities then dictate. Counsel to the Fund does not represent the Shareholders or potential Investors. See “POTENTIAL CONFLICTS OF INTEREST”.
Inquiries and Communication with the Fund

All communications and correspondence with the Fund and inquiries concerning the Fund or any of its Segregated Portfolios and the Shares, including information concerning subscription and redemption procedures and current Fund Segregated Portfolio Net Asset Value, should be directed to the Administrator, at the address set forth in the “DIRECTORY” appearing elsewhere in this Memorandum.

General Information

- The Memorandum of Association and the Articles of Association of the Fund comprise its constitution. The Memorandum of Association provides various objectives of the Fund, including the carrying on of the businesses described in this Memorandum. The Articles of Association of the Fund include the provisions summarised below and elsewhere in this Memorandum:
  - The Board
    - Each Director who is not an employee or officer of the Investment Manager receives a flat annual fee that accords with customary Directors’ Fees for service in such capacity. The Board may also be paid, *inter alia*, for travel, hotel and other expenses properly incurred by them in attending meetings of the Board or in connection with the business of the Fund. Any Director who devotes special attention to the business of the Fund may be paid such extra remuneration as determined by the Board.
    - 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 for the Fund on such terms as the Board may determine. No Director shall be disqualified by his or her office from contracting with the Fund in any capacity, nor shall any such contract or arrangement entered into by the Fund in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Fund for any profit realised by any such contract or arrangement by reason of such Director holding that office if he shall declare the nature of his or her interest.
    - A Director, notwithstanding his or her interest, may be counted in the quorum present at any meeting at which he or she or any other Director is appointed to hold any such office or place of profit under the Fund or at which the terms of any such appointment are arranged, and he or she may vote on any such appointment or arrangement other than his own appointment or the arrangement of terms thereof.
    - There is no provision in the Articles of Association requiring a Director to retire by reason of any age limit and there is no share qualification for the Board.
  - Indemnities
    - The Articles of Association of the Fund provide that every Director, agent or officer of the Fund shall be indemnified by the Fund against any liability incurred by him as a result of any act or failure to act in carrying out his functions other than such liability (if any) he may incur by his own fraud or wilful default. No such Director
or agent or officer shall be liable to the Fund for any loss or damage in carrying out his functions unless that liability arises through the fraud or wilful default of such director, agent or officer. It shall be the duty of the Board to pay out of the funds of the Fund, all costs, losses, and expenses that any such officer or servant may incur or become liable for by reason of any contract entered into, or act or thing done by him as such officer or servant, or in any way in the discharge of his duties, and the amount for which such indemnity is provided shall immediately attach as a lien on the property of the Fund and have priority as between the Shareholders over all other claims. Certain indemnities are also provided to the Directors pursuant to the Director Services Agreement under which the Directors provide their services.

- Save as disclosed in this document, no commissions, discounts, brokerages or other special terms have been granted by the Fund in connection with the issue or sale of any Shares.

- There is no land or buildings purchased or acquired by the Fund or proposed to be purchased or acquired by the Fund that is to be paid for wholly or partly out of the proceeds of this offer, or the purchase or acquisition of which has not been completed at the date of this Memorandum.

- The Fund is not engaged in any litigation or arbitration proceedings and is not aware of any litigation or claim pending or threatened by or against it.

- No person has, or is entitled to be given, an option to subscribe for any share or loan capital of the Fund.