

The directors of Coronation Global Frontiers Fund (the “Company”) whose names appear in the “DIRECTORY” section of this document, are the persons responsible for all the information contained in this confidential information memorandum. To the best of the knowledge and belief of the directors of the Company (who have taken all reasonable care to ensure that such is the case) the information contained in this confidential information memorandum is in accordance with the facts and does not omit anything likely to affect the import of such information. The directors of the Company accept responsibility accordingly.

No application has been made for the listing of the shares of the Company (the “Shares”) on any stock exchange, although the directors of the Company reserve the right to seek such a listing in the future if this is considered to be in the interests of the shareholders of the relevant class or classes or series. The directors of the Company do not anticipate that an active secondary market will develop in the Shares.

## **CONFIDENTIAL INFORMATION MEMORANDUM**

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**Offering of Class Z Shares of  
CORONATION GLOBAL FRONTIERS FUND**

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3 October 2016

The distribution of this confidential information memorandum (the “Information Memorandum”) and the offering of the Shares in certain jurisdictions may be restricted. Persons into whose possession this document comes are required to inform themselves about and to observe any such restrictions. This document does not constitute (and may not be used for the purpose of) an offer or solicitation in any state or other jurisdiction in which an offer or solicitation is not authorised or to any person to whom it is unlawful to make such an offer or solicitation.

The Shares have not been, nor will be, registered under the U.S. Securities Act of 1933, as amended (the “1933 Act”), or qualified under any applicable state statutes and may not be offered, sold or transferred in the United States (including its territories and possessions) or to or for the benefit of, directly or indirectly, any U.S. Person (as that term is defined under the “ELIGIBLE INVESTORS” section in this document below), except pursuant to registration or an exemption. Neither the Company nor Coronation Global Frontiers Master Fund, an exempted company with limited liability formed under the laws of the Cayman Islands (the “Master Fund”), has been, or will be, registered under the U.S. Investment Company Act of 1940, as amended (the “1940 Act”) and investors will not be entitled to the benefits of such registration. Pursuant to an exemption from registration under Section 3(c)(7) of the 1940 Act, the Company may make a private placement of Shares to a limited category of U.S. Persons. The Shares have not been approved or disapproved by the U.S. Securities and Exchange Commission, any state securities commission or other regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of this offering or the accuracy or adequacy of these offering materials. Any representation to the contrary is unlawful.

No representations or warranties of any kind are intended or should be inferred with respect to the economic return from or the tax consequences of an investment in the Company. No assurance can be given that existing laws will not be changed or interpreted adversely. Prospective investors are not to construe this document as legal or tax advice. Each investor should consult his own counsel and accountant for advice concerning the various legal, tax and economic considerations relating to his investment. Each prospective investor is responsible for the fees of his own counsel, accountants and other advisors.

No offering literature or advertising in any form shall be employed in the offering of the Shares other than this Information Memorandum and the documents referred to herein. Any further distribution or reproduction of this document, in whole or in part, or the divulgence of any of its contents, is prohibited. A prospective investor should not subscribe for Shares unless satisfied that he and/or his investment representative have asked for and received all information which would enable him or both of them to evaluate the merits and risks of the proposed investment. The Shares are not, and are not expected to be, liquid, except as described in this Information Memorandum.

The Shares are subject to restrictions on transferability and resale and may not be transferred or resold in the United States except as permitted under the 1933 Act and applicable state securities laws, pursuant to registration or exemption therefrom. Investors should be aware that they will be required to bear the financial risks of this investment for an indefinite period of time. Each U.S. Person subscribing for Shares must agree that the Directors may reject, accept or condition any proposed transfer, assignment or exchange of those Shares. All investors in the Company have limited redemption rights, and such rights may be suspended under the circumstances described in this Information Memorandum.

Coronation Global Frontiers Fund is an alternative investment fund for the purposes of the Alternative Investment Fund Managers Directive (Directive 2011/61/EU) (the “AIFM Directive”) and may not be marketed in the European Economic Area to prospective investors domiciled or with a registered office in a member state of the European Economic Area (“EEA Persons”).

No offering of Shares may be made to the public in the Cayman Islands.

No information herein contained shall constitute advice to a proposed investor in respect of his personal position. Any person interested in subscribing for Shares should consult his professional advisers on matters referred to in this Information Memorandum. Persons interested in subscribing for Shares should inform themselves as to (a) the legal requirements within the countries of their nationality, residence or domicile of such acquisition, (b) any foreign exchange restriction or exchange control requirements which they might encounter on the acquisition, holding, redemption or disposal of Shares and (c) the tax consequences which might be relevant to the acquisition, holding, redemption or disposal of Shares in the Company.

No person other than the Company has been authorised to make representations or give any information, with respect to Shares, except the information contained herein, and any information or representation not contained herein or otherwise supplied by the Company must not be relied upon as having been authorised by the Company or any of its Directors. Neither the delivery of this Information Memorandum nor the allotment or issue of Shares shall, under

any circumstances, create any implication that there has been no change in the affairs of the Company or the Master Fund since the date hereof.

The following statements are required to be made under applicable regulations of the U.S. Commodity Futures Trading Commission (“CFTC”). As the Master Fund and the Company are collective investment vehicles that may make transactions in commodity interests, each is considered to be a “commodity pool”. The Investment Manager is the commodity pool operator (“CPO”) with respect to the Master Fund and the Company.

Pursuant to CFTC Rule 4.13(a)(3), the Investment Manager is exempt from registration with the CFTC as a commodity pool operator. Therefore, unlike a registered CPO, the Investment Manager is not required to deliver a disclosure document and a certified annual report to a shareholder in the Company and/or the Master Fund. The Investment Manager qualifies for such exemption based on the following criteria: (i) the interests in the Company and/or the Master Fund are exempt from registration under the 1933 Act and are offered and sold without marketing to the public in the United States; (ii) the Company and/or the Master Fund meets the trading limitations of either CFTC Rule 4.13(a)(3)(ii)(A) or (B); (iii) each of the CPOs reasonably believes, at the time a U.S. Person investor makes his investment in the Company (or at the time the CPO began to rely on Rule 4.13(a)(3)), that each U.S. Person investor in the Company is (a) an “accredited investor,” as defined in Rule 501(a) of Regulation D under the 1933 Act, (b) a trust that is not an accredited investor but that was formed by an accredited investor for the benefit of a family member, (c) a “knowledgeable employee,” as defined in Rule 3c-5 under the 1940 Act, or (d) a “qualified eligible person,” as defined in CFTC Rule 4.7(a)(2)(viii)(A); and (iv) shares in the Company and/or the Master Fund are not marketed as or in a vehicle for trading in the commodity futures or commodity options markets.

**There are significant risks associated with an investment in the Company. Investment in the Company may not be suitable for all investors. It is intended for sophisticated investors who can accept the risks associated with such an investment including a substantial or complete loss of their investment. There can be no assurance that each of the Company and the Master Fund will achieve its investment objective. Each prospective investor should carefully review this Information Memorandum and carefully consider the risks before deciding to invest. The attention of investors is also drawn to the sections “RISK FACTORS AND CONFLICTS OF INTEREST” of this document.**

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## DIRECTORY

### Directors of the Company and the Master Fund

**Don Seymour**, 20 Genesis Close, dms House, P.O. Box 314, Grand Cayman KY1-1104, Cayman Islands

**David Bree**, 20 Genesis Close, dms House, P.O. Box 314, Grand Cayman KY1-1104, Cayman Islands

**Bryan Melville**, 7th Floor, St Albans House, 57-59 Haymarket, London SW1Y 4QX, UK

#### Registered Office of the Company and the Master Fund

dms House  
20 Genesis Close, P.O. Box 1344  
Grand Cayman,  
KY1-1108  
Cayman Islands

#### Administrator to the Company and the Master Fund

J.P. Morgan Administration Services (Ireland) Limited  
JPMorgan House,  
IFSC,  
Dublin 1  
Republic of Ireland

#### Investment Manager to the Company and the Master Fund

Coronation Investment Management International (Pty) Limited  
7th Floor, Montclare Place,  
Cnr Campground and Main Roads,  
Claremont 7708, Cape Town  
South Africa

#### Auditors to the Company and the Master Fund

Ernst & Young,  
62 Forum Lane, Camana Bay,  
PO Box 510,  
Grand Cayman  
KY1-1106  
Cayman Islands

#### Custodian to the Master Fund

JPMorgan Chase Bank, N.A.,  
London Branch,  
25 Bank Street,  
Canary Wharf,  
London E14 5JP  
United Kingdom

#### Corporate Service Provider to the Company and the Master Fund

DMS Corporate Services Ltd.,  
dms House,  
20 Genesis Close,  
P.O. Box 1344  
Grand Cayman,  
KY1-1108  
Cayman Islands

#### Legal Advisors to the Company and the Master Fund

*As to English and U.S. law:*

Dechert LLP,  
160 Queen Victoria Street,  
London  
EC4V 4QQ  
United Kingdom

*As to Cayman Islands law:*

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

## DEFINITIONS

The following terms when used in this document have the meanings specified below:

“Administration Agreement”	the administration agreement to be entered into, between the Administrator, the Company and the Master Fund, as may be amended from time to time;
“Administrator”	J.P. Morgan Administration Services (Ireland) Limited;
“Application Form”	the application form for Shares available from the Administrator which may comprise of a non-U.S. Person Application Form and a U.S. Person Application Form, respectively or may be in such other form as approved by the Directors;
“Benefit Plan Investor”	as defined under the “ELIGIBLE INVESTORS” section of this document;
“Business Day”	any week day (Monday to Friday) on which banks are open for ordinary business in Dublin and/or such other days or further days and/or such other places as the Directors may from time to time determine;
“CFTC”	the U.S. Commodity Futures Trading Commission;
“Class”	in respect of Shares (in the case of the Company) and the Master Fund Shares (in the case of the Master Fund) the Shares or the Master Fund Shares (as applicable) of the relevant class;
“Class Z Shares”	the Class Z Shares of the Company currently being offered for subscription, details of which are contained in this Information Memorandum; Class Z Shares are denominated in US dollars;
“Code”	the Internal Revenue Code of 1986, as amended;
“Company”	Coronation Global Frontiers Fund;
“Corporate Service Provider”	DMS Corporate Services Ltd.;
“CPO”	means commodity pool operator;
“Custodian”	JPMorgan Chase Bank, N.A., London Branch;
“Custody Agreement”	the global custody agreement to be entered into between the Custodian and the Master Fund, as may be amended from time to time;
“Dealing Day”	a day on which Shares of each Class or Series thereof may be subscribed and/or redeemed being, in respect of Class Z Shares, the last Business Day in each calendar month and/or such other, alternative or further day or days as the

	Directors may from time to time prescribe in relation to Shares of each such Class or Series thereof;
“Directors”	the board of directors of the Company and/or, as the context requires, the Master Fund including duly authorised committees thereof;
“ERISA”	the U.S. Employee Retirement Income Security Act of 1974, as amended;
“FINRA”	the U.S. Financial Industry Regulatory Authority;
“Frontier Market”	means all countries determined as frontier markets by MSCI Inc. in accordance with the MSCI Market Classification Framework including, without limitation, Argentina, Bahrain, Bangladesh, Bosnia and Herzegovina, Botswana, Bulgaria, Côte d'Ivoire, Croatia, Cyprus, Ecuador, Estonia, Gabon, Ghana, Kazakhstan, Kenya, Kuwait, Kyrgyzstan, Latvia, Lebanon, Lithuania, Macedonia, Malta, Mauritius, Mozambique, Namibia, Nigeria, Oman, Panama, Pakistan, Papua New Guinea, Qatar, Romania, Saudi Arabia, Senegal, Serbia, Slovakia, Slovenia, Sri Lanka, Tanzania, Trinidad and Tobago, Tunisia, Turkey, Ukraine, United Arab Emirates, Vietnam and Zambia and such additional and/or other jurisdictions as the Directors or the Investment Manager in their discretion may decide;
“FSB”	the Financial Services Board of South Africa or any successor body thereto;
“Fund”	the Company and the Master Fund;
“IFRS”	International Financial Reporting Standards;
“Investment Manager”	Coronation Investment Management International (Pty) Ltd, the investment manager appointed by the Company to provide investment management services in relation to the Portfolio;
“Investment Management Agreement”	the discretionary investment management agreement entered into, between the Investment Manager and the Master Fund, as may be amended from time to time;
“Ireland”	means the Republic of Ireland;
“Law”	the Companies Law (as amended) of the Cayman Islands and any amendment or other statutory modification thereof and where in this document any provision of the Law is referred to, the reference is to that provision as modified by any law for the time being in force;

“Management Fee”	any investment management fee payable to the Investment Manager in respect of the Shares as set out in the “FEES AND EXPENSES” section of this document;
“Master Fund”	Coronation Global Frontiers Master Fund, an exempted company formed under the laws of the Cayman Islands;
“Master Fund Shares”	the Class MZ Shares of the Master Fund and/or such other or further classes as may be established from time to time;
“Mutual Funds Law”	Mutual Funds Law of the Cayman Islands (as amended) and any amendment or other statutory modification thereof;
“New Issues”	as defined pursuant to FINRA Rule 5130 to include any initial public offering of an equity security as defined in Section 3(a)(11) of the U.S. Securities Exchange Act of 1934 made pursuant to a registration statement or offering circular;
“Performance Fee”	any performance related fee payable to the Investment Manager in respect of the Shares as set out in the “FEES AND EXPENSES” section of this document;
“Portfolio”	the portfolio of assets of the Master Fund managed in accordance with the investment objective and policy set out under the “INVESTMENT OBJECTIVE AND INVESTMENT POLICY” section of this document;
“Restricted Person”	as defined under FINRA Rule 5130. Restricted Persons are, generally, FINRA members and other broker-dealers, their officers, directors, employees and affiliates, and persons having portfolio management responsibility for collective investment vehicles or financial or other institutions, as well as certain immediate family members of such persons. A more precise definition of Restricted Person is contained in the Application Form;
“SEC”	the U.S. Securities and Exchange Commission;
“Series”	a series of a Class of Shares designated or issued on a Dealing Day and identifiable by its date of designation or issue;
“Shares”	the voting redeemable preference shares of a par value of US\$0.01 each of the Company which may be designated and issued by the Directors in one or more Classes or Series. Class Z Shares (US dollar denominated) are currently available for subscription;
“Shareholders”	holders of Shares;
“United Kingdom”; “U.K.”	the United Kingdom of Great Britain and Northern Ireland;

“United States”; “U.S.”	the United States of America, its territories and possessions, any state of the United States and the District of Columbia;
“U.S. Person”	as defined under the “ELIGIBLE INVESTORS” section of this document;
“U.S. Taxpayer”	as defined under the “ELIGIBLE INVESTORS” section of this document;
“Valuation Day”	the day as provided under “CALCULATION OF NET ASSET VALUE AND SUBSCRIPTION AND REDEMPTION PRICES: Calculation of Net Asset Value” section of this document below, with reference to which the assets and liabilities of the Master Fund and the Company, respectively, will be valued for the purposes of calculating the net asset value of the Master Fund, the Company, each Class and net asset value per Share of each Class, with such day being the Dealing Day;
“Valuation Point”	close of business in the relevant market on each Valuation Day or such other or additional time as the Directors may determine in its discretion;
“1933 Act”	the U.S. Securities Act of 1933, as amended; and
“1940 Act”	the U.S. Investment Company Act of 1940, as amended.

All references herein to “US dollars” or “\$” are to United States dollars.

## SUMMARY

The following is a summary of certain key information concerning the Fund and the offering of Class Z Shares. It is derived from, and should be read in conjunction with, the full text of this Information Memorandum.

### **The Company**

Coronation Global Frontiers Fund is an open ended multi-class investment company incorporated as an exempted company with limited liability in the Cayman Islands on 31 January 2014 under the provisions of the Law (registered no. WK-284759).

The Company is or will be a “mutual fund” for the purposes of the Mutual Funds Law.

The Company seeks to achieve its investment objective through investing substantially all of its assets through the Master Fund. Investment management of the Company’s underlying assets takes place at the level of the Master Fund.

### **The Master Fund**

The Master Fund is an open-ended multi-class investment company incorporated as an exempted company with limited liability in the Cayman Islands on 31 January 2014 under the provisions of the Law (registered no. WK-284760)

### **Class Structure**

Investment in the Company may be made through one or more Classes.

Investment in the Fund is currently available through subscription of Class Z Shares of the Company as more particularly set out under the “ELIGIBLE INVESTORS” and “SUBSCRIPTIONS AND REDEMPTIONS” sections of this document below.

The Class Z Shares are currently only available for subscription by the Investment Manager, its members, staff of the Coronation group of companies, and their connected persons and/or such other persons as the Directors may determine from time to time.

The Directors may in their sole discretion also permit investment in the Master Fund Shares through one or more feeder investment funds where this is considered appropriate in the sole discretion of the Directors.

### **Investment Objective**

The investment objective of the Company and the Master Fund is to produce long term total returns by investing at least two-thirds of the Master Fund’s assets in equities and equity-related securities in global Frontier Markets. The Company seeks to achieve the investment objective by investing substantially all of its assets in the Master Fund.

The Fund’s performance will be measured against a 3 month USD LIBOR + 3.5% p.a. (net of fees) objective over a 3 – 5 year period, but there is no intention to track this as a benchmark. It will simply be used as a measurement tool.

**There can be no assurance that the Company or the Master Fund will achieve their investment objectives.**

**Investment Policy**

The Fund will follow a long-term, valuation-driven investment philosophy, with a strong focus on potential downside risk in each investment made. The Portfolio will be constructed from the bottom-up with a focus on holding those shares that offer the best risk-adjusted investment upside.

The Master Fund focuses on investments in Frontier Market countries, including, but not limited to, investments in equities and equity-related securities and unlisted securities, such as the equity securities issued by an unlisted company that is awaiting the initial public offer of its shares.

The Master Fund may also invest in money market and debt and debt-related securities which are: (i) issued by governments or government related bodies domiciled in a Frontier Market country and/or (ii) denominated in the currency of a Frontier Market country; and/or (iii) issued by and denominated in the currency of any developed market or emerging market countries. As such, the money market and debt securities within the Portfolio may be sub-investment grade debt.

The Master Fund may also invest up to 10% in aggregate of the net assets of the Master Fund in the shares of open-ended collective investment schemes managed by the Investment Manager or other fund management companies. The Master Fund may also invest in regulated underlying collective investment schemes. The Master Fund will mainly invest in such collective investment schemes authorised in Luxembourg, Ireland, Bermuda, Isle of Man and/or the Cayman Islands.

Further details concerning the investment policy of the Fund can be found under the “INVESTMENT OBJECTIVE AND INVESTMENT POLICY: Investment Policy” section of this document.

**Accumulation/Dividend Policy**

Income and capital gains will normally be accumulated and reinvested and the Company will not ordinarily, but may in the sole discretion of the Directors, make distributions or pay dividends in respect of Class Z Shares.

The Directors will notify the Shareholders of any change in the above policies.

**Management**

The Directors of the Company and of the Master Fund are responsible for the management of the Company and the Master Fund respectively.

The Master Fund has appointed, subject to the Directors’ responsibility and supervision, the Investment Manager to manage the assets of the Master Fund.

The Investment Manager is a company regulated in the conduct of its investment business in South Africa by the FSB and is an SEC registered adviser.

**Administrator**

J.P. Morgan Administration Services (Ireland) Limited has been appointed as the administrator to the Company and the Master Fund.

**Custodian**

The Master Fund has appointed JPMorgan Chase Bank, N.A., London Branch to act as custodian to the Master Fund.

**Management Fee;  
Performance Fee**

The Company will not pay the Investment Manager a monthly Management Fee nor a Performance Fee in respect of the Class Z Shares, unless otherwise agreed between the Company and the Investment Manager at any time, in their discretion, on such terms as the Company deems appropriate in its discretion.

Each of the Class Z Shareholders will pay the Investment Manager a Management Fee and a Performance Fee which will be regulated by a side letter, or similar legal agreement, concluded between each Class Z Shareholder and the Investment Manager.

The Management and Performance Fee payable by the Class Z Shareholders to the Investment Manager will be subject to a most favoured nation clause which will clarify that in the event that the Investment Manager in the future (i) enters into a side letter with another Class Z Shareholder whose portfolio is similar to any existing Class Z Shareholder's portfolio in size, strategy, liquidity terms and profile and which falls within the Class Z and (ii) agrees fees more favourable to those agreed with such other existing Class Z Shareholder, then the Investment Manager shall offer the existing Class Z Shareholder a fee arrangement equivalent to the more favourable fees.

The Investment Manager shall also be entitled to be reimbursed expenses properly incurred by it on behalf of the Fund in the performance of its obligations under the Investment Management Agreement.

**Anti-dilution levy**

The Directors shall charge an anti-dilution levy, representing a provision for market spreads (the difference between the prices at which assets are valued and/or bought or sold) and dealing costs relating to the acquisition or disposal of assets, in the event of receipt for processing of net subscription and/or net redemption requests to be effected as of a Dealing Day (including subscriptions and/or redemptions which would be effected as a result of requests for conversion from one portfolio into another portfolio). The anti-dilution levy shall be over and above the redemption charges referred to below.

Further details concerning the anti-dilution levy can be found under the "FEES AND EXPENSES" section of this document.

**Redemption Charges**

Over and above the anti-dilution levy referred to above, redemptions of Class Z Shares will be subject to the following redemption charges:

1. redemption requests received for a Dealing Day within 1 year of purchase: the redemption charge will be 5 per cent.;
2. redemption requests received for a Dealing Day after 1 full year but within 2 full years of purchase: the redemption charge will be 3.0 per cent.;
3. redemption requests received for a Dealing Day after 2 full year but within 3 full years of purchase: the redemption charge will be 1 per cent.; and
4. redemption requests received for a Dealing Day after 3 full years of purchase: no redemption charge will apply.

All redemption charges will be retained by the Company for the benefit of ongoing investors and may be waived and/or reduced in the sole discretion of the Directors. This discretion may be exercised for a particular redemption or generally.

**Other Charges and Expenses**

Other Company and Master Fund operating costs and expenses including the fees of the Directors, the Administrator and the Custodian are set out under the “FEES AND EXPENSES” section of this document.

**Eligible Investors**

Investors may participate in the Fund through subscription for Class Z Shares of the Company.

Shares in the Company will be available to:-

- (i) non-U.S. Persons completing, to the satisfaction of the Company, the Application Form for Shares for Non-U.S. Persons; and
- (ii) U.S. Persons completing, to the satisfaction of the Company, the Application Form for Shares for U.S. Persons on a private placement basis pursuant to Regulation D under the 1933 Act.

Investors are referred to the “ELIGIBLE INVESTORS” section of this document for information relating to their prospective eligibility to invest in the Fund.

**Subscription and Redemption Dealing Days**

The last Business Day of each calendar month is currently a subscription and redemption Dealing Day in respect of the Class Z Shares.

**Subscriptions**

Investors may apply to subscribe for Class Z Shares on each monthly Dealing Day.

Application Forms, duly completed, together with cleared funds for the Class Z Shares subscribed must be received by the Administrator

no later than the close of business in Ireland on a Business Day that is no later than 2 days prior to the relevant Dealing Day, or such earlier or later day and/or time as the Directors may determine generally or in respect of specific applications, but in any event by no later than close of business on the Business Day prior to the relevant Dealing Day.

The Class Z Shares are currently only available for subscription by the Investment Manager, its members, staff of the Coronation group of companies, and their connected persons and/or such other persons as the Directors may determine from time to time.

### **Minimum Investment**

The minimum initial investment for Class Z Shares is US\$150,000, in each case, payable in full (net of any initial charge and bank charges).

There is currently no minimum additional investment amount for Class Z Shares.

The minimum initial investment amounts and minimum additional investment amounts may be increased or waived, in each case in the sole discretion of the Directors, either generally or in specific cases. Notwithstanding the foregoing, the minimum initial investment for any Class of Shares may not be less than US\$100,000 (or its currency equivalent).

### **Redemptions**

Shareholders may request the redemption of all or some of their Shares on any Dealing Day subject to prior written notice being received by the Administrator on a Business Day not less than sixty calendar days prior to the relevant Dealing Day.

Partial redemptions may be refused if, immediately thereafter, the value of such Shareholders' shares would be less than any of the minima set out below.

The minimum redemption amount in respect of Class Z Shares is US\$100,000 net of charges and the minimum residual holding is Class Z Shares having a value of US\$150,000. These minima may be lowered, increased or waived in the sole discretion of the Directors, either generally or in respect of specific cases.

Payment of redemption proceeds will be made as soon as practicable and normally within 30 Business Days of the finalisation of calculation and publication of the net asset value and subject to receipt of all relevant documentation by the Administrator and, in any event, not later than sixty calendar days after the relevant Dealing Day on which the redemption is to be effected.

The Directors may also limit the value of redemptions of Master Fund Shares and redemptions of Shares on any Dealing Day to 10 per cent. of the total number of Master Fund Shares and/or Shares, as the case may be, (or the affected Class or Series of the Master Fund and/or the Company) then in issue (or such higher percentage as the Directors may, in their absolute discretion, determine) in circumstances where the Directors believe that owing to their

perception of the liquidity of the underlying investments, such an action would be in the overall interests of investors. Where this restriction applies, redemptions will be on a *pro rata* basis and any redemptions which for this reason do not occur on any particular Dealing Day shall be treated as if a request for redemption had been made in respect of each subsequent Dealing Day until all the Shares and/or Master Fund Shares to which the original request related have been redeemed. Requests for redemption which have been carried forward from an earlier Dealing Day shall be treated *pari passu* with subsequent requests for redemption.

The Directors also have powers of compulsory redemption in the circumstances set out under the “COMPULSORY REDEMPTION AND TRANSFER” and under the “CONSTITUTION OF THE COMPANY: Articles of Association: “*Compulsory Redemption of Shares*” sections of this document.

**Tax Status of the Fund**

A description of the tax status of the Fund is set out under the “COMPANY AND SHAREHOLDER TAX CONSIDERATIONS” section of this document.

**Listing**

No application has been made for the listing of the Shares on any stock exchange, although the Directors reserve the right to seek such a listing in the future if this is considered to be in the interests of the Company and/or the Master Fund.

**Fiscal Year and Annual Reports**

The Fund’s fiscal year ends on 30 September of each year. An annual report and annual audited financial statements will be sent to Shareholders as soon as practicable and in any event within six months of the end of the fiscal year.

**RISK FACTORS**

**There are significant risks associated with an investment in the Fund. The investment may not be suitable for all investors. It is intended for sophisticated investors who can accept the risks associated with such investment including a substantial or complete loss of their investment. There can be no assurance that the Company and the Master Fund will achieve their investment objectives. Each prospective investor should carefully review this document and carefully consider the risks before deciding to invest. The attention of investors is also drawn to the sections “Risk Factors” and “Conflicts of Interest” in this document.**

## **THE COMPANY AND THE MASTER FUND**

Coronation Global Frontiers Fund is an open ended multi-class investment company incorporated as an exempted company with limited liability in the Cayman Islands on 31 January 2014 under the provisions of the Law (registered no. WK-284759).

The Company is or will be a “mutual fund” for the purposes of the Mutual Funds Law.

The Company seeks to achieve its investment objective through investing substantially all of its assets in each Class through the Master Fund. Substantially all of the Company’s assets will be invested in the Master Fund.

The Master Fund is an open ended multi-class investment company incorporated as an exempted company with limited liability in the Cayman Islands on 31 January 2014 under the provisions of the Law (registered no. WK-284760). Investment management of the Company’s underlying assets takes place at the level of the Master Fund.

References throughout this document to the investment objective, policy, restrictions and risk factors of the Company will also refer to the investment objective, policy, restrictions and risk factors of the Master Fund.

The Directors, who have overall responsibility for the establishment and supervision of the Company’s investment objective and policy, are also the directors of the Master Fund. Details of the Directors of the Company and the Master Fund are set out under the “MANAGEMENT: Directors” section of this document.

## **CLASS STRUCTURE**

Investment in the Company may be made through one or more Classes.

Investment in the Fund is currently available through subscription of the Class Z Shares of the Company as more particularly set out under the “ELIGIBLE INVESTORS” and “SUBSCRIPTIONS AND REDEMPTIONS” sections of this document.

The Class Z Shares are currently only available for subscription by the Investment Manager, its members, staff of the Coronation group of companies, and their connected persons and/or such other persons as the Directors may determine from time to time.

The Directors may in their sole discretion also permit investment in the Master Fund through one or more feeder investment funds or through direct subscription for Master Fund Shares where this is considered appropriate in the sole discretion of the Directors.

## **BASE CURRENCY OF ACCOUNT**

The base currency of account of the Portfolio is US dollars.

The net asset value per Share for Class Z Shares will be calculated in US dollars.

Although the base currency of the Portfolio is US dollars, the Master Fund anticipates holding assets denominated in currencies other than the US dollars and entering into foreign exchange transactions selectively with the aim of enhancing or maintaining the value of the Portfolio in absolute terms.

In addition, as the Class Z Shares and Class MZ Master Fund Shares are denominated in US Dollars, the Company and/or the Master Fund may generally engage in currency hedging operations in relation to such Class of Shares and Master Fund Shares with a view to mitigating, so far as practicable, the effect of currency movements between the currency in which such Class of Shares and Master Fund

Shares is denominated and the base currency of account of the Portfolio. The benefits, losses and expenses relating to such hedging transactions shall be for the account of the relevant Class of Shares. Although the Company may enter into hedging transactions, it is not obliged to do so and will only do so as determined by the Investment Manager in its sole discretion.

Any reference to the “currency equivalent” in this document shall mean the currency equivalent as determined by the Directors in their sole discretion from time to time.

No assurance can be given that such currency hedging policies, if conducted, will be successful.

### **FURTHER SHARE CLASSES AND PORTFOLIOS**

The Directors may in their sole discretion from time to time determine to issue further Classes or Series of Shares with different rights in respect of the Portfolio or further managed portfolios of assets of the Company. The Directors may from time to time determine to establish Classes or Series of Shares which are limited to specified categories of investors. The above may include, without limitation, Shares of a Class or Series denominated in a currency other than the base currency of account of the portfolio to which they relate or in respect of which different sales, management or other charges apply (see the “CONSTITUTION OF THE COMPANY – Articles of Association” section of this document). Further Classes or Series of Shares or further managed portfolios may have different investment objectives and policies from those of the Class Z Shares of the Portfolio, involving a materially greater risk profile or materially greater volatility (see the “RISK FACTORS - Cross-Class Liability” section of this document).

## INVESTMENT OBJECTIVE AND INVESTMENT POLICY

### Investment Objective

The investment objective of the Fund is to produce long term total returns by investing at least two-thirds of the Master Fund's assets in equities and equity-related securities in global Frontier Markets. The Company seeks to achieve the investment objective by investing substantially all of its assets in the Master Fund.

**There can be no assurance that this investment objective will be achieved.**

### Investment Policy

The Fund will follow a long-term, valuation-driven investment philosophy, with a strong focus on potential downside risk in each investment made. The Portfolio will be constructed from the bottom-up with a focus on holding those shares that offer the best risk-adjusted investment upside.

The Master Fund will invest in equities and equity-related securities of companies with their registered office or principal place of business in a Frontier Market country; and/or, of companies which have the preponderance of their business activities in a Frontier Market country and/or of holding companies that have the preponderance of their assets invested in companies; a) with their registered office or principal place of business in a Frontier Market; and/or b) companies which have the preponderance of their business activities in a Frontier Market country; and/or c) of companies for whom expansion into a Frontier Market country is a major part of its future strategy.

The Master Fund may also invest in unlisted securities, such as the equity securities issued by an unlisted company that is awaiting the initial public offer of its shares. The Master Fund may invest in securities located in a geographically diverse range of global Frontier Markets including but not limited to Argentina, Bahrain, Bangladesh, Bosnia and Herzegovina, Botswana, Bulgaria, Côte d'Ivoire, Croatia, Cyprus, Ecuador, Estonia, Gabon, Ghana, Kazakhsan, Kenya, Kuwait, Kyrgyzsan, Latvia, Lebanon, Lithuania, Macedonia, Malta, Mauritius, Mozambique, Namibia, Nigeria, Oman, Panama, Pakistan, Papua New Guinea, Qatar, Romania, Saudi Arabia, Senegal, Serbia, Slovakia, Slovenia, Sri Lanka, Tanzania, Trinidad and Tobago, Tunisia, Turkey, Ukraine, United Arab Emirates, Vietnam and Zambia.

The Master Fund may also invest in money market and debt and debt-related securities which are: (i) issued by governments or government related bodies domiciled in a Frontier Market country and/or issued by corporations (including holding companies of such corporations) with their registered office, principal place of business or preponderance of their business activities in a Frontier Market country; and/or (ii) denominated in the currency of a Frontier Market country as at the investment date; and/or (iii) issued by and denominated in the currency of any developed market or emerging market countries. As such, the money market and debt securities within the Portfolio may be sub-investment grade debt.

The Master Fund may also invest up to 10% in aggregate of the net assets of the Fund in the shares of open-ended collective investment schemes managed by the Investment Manager or other fund management companies. The Master Fund may also invest in regulated underlying collective investment schemes. The Master Fund will mainly invest in such collective investment schemes authorised in Luxembourg, Ireland, Bermuda, Isle of Man, the Cayman Islands and/or South Africa.

The Directors will use their reasonable endeavours to ensure that the annual reports in respect of the Company and the Master Fund provide the publicly available information in relation to the investment in the underlying collective investment scheme as the Directors in their reasonable discretion deem relevant to such investments.

The Master Fund may also invest in the Shares of exchange traded funds, which funds may be open-ended or closed-ended schemes.

Although it is normal policy of the Master Fund to deploy its assets as detailed above, it may also retain cash and cash equivalents such as certificates of deposit, bills and notes in the appropriate circumstances. Such circumstances may include but are not limited to the holding of cash on deposit pending reinvestment in order to meet redemptions and payment of expenses.

### **Investment in New Issues**

Although not envisaged at the date of this information memorandum, the Master Fund may, but is not required to, invest in New Issues. Investment in New Issues may be limited by rules imposed by FINRA, which seek to provide that investment in New Issues by an entity such as the Master Fund is only permissible where beneficial ownership by Restricted Persons does not exceed ten per cent. of the Master Fund's assets.

Each investor in the Company and/or the Master Fund must provide information regarding whether or not it is a Restricted Person at the time of its investment, and will be required to update such information periodically thereafter. Certain investors, such as other investment funds, may be required to provide additional information regarding their ownership by Restricted Persons in order to enable the Company and/or Master Fund to make a determination whether such investor should be regarded as a Restricted Person. In any case where the Company and/or Master Fund has requested but not received information sufficient enough for it to reasonably determine that an investor is not a Restricted Person, the Company and/or Master Fund may treat such investor as a Restricted Person.

### **Investment Restrictions**

Save for any constraints imposed by the investment objective and investment policy of the Master Fund in respect of the Portfolio, the Master Fund is not currently subject to any requirements or restrictions on:

- (i) the amount or degree to which it may hold liquid assets in the form of cash, near cash, money market investments, government and non-government debt securities and other securities;
- (ii) the percentage of the gross assets of the Master Fund which may be invested in the securities of a single issuer or issue or exposed to the creditworthiness of a single counterparty, other than the Custodian provided that no more than 20 per cent. of the assets attributable to a particular Class may be invested in an IPO (initial public offering) of any one issuer;
- (iii) the percentage of the gross assets of the Master Fund which may be invested in unlisted securities or securities which are not traded on an exchange or market; or
- (iv) the markets in which the Master Fund may invest.

Although not envisaged at the date of this information memorandum, the Directors nonetheless reserve the right to seek a listing in the future for the Shares and/or the Master Fund Shares on any stock exchange when this is considered to be in the interests of investors of the relevant Class or Classes. In such event the Master Fund may become subject to investment restrictions and other constraints to which it would otherwise not be subject which may include, without limitation, becoming required to restrict its exposure to any single counterparty and the proportion of its assets invested in securities issued by any one issuer and being prohibited from entering into any transaction which may result in the Master Fund taking legal or management control of any underlying investment.

## **Investment via Subsidiaries**

Although not envisaged at the date of this information memorandum, the Company and the Master Fund have the power to establish subsidiaries through which investment may be made and reserves the right to utilise this power where this is considered to be in the interests of the Company or current or prospective Shareholders or conducive to achieving the investment objective of the Portfolio or any further managed portfolios.

## **Changes and/or Amendments**

Any change or amendment to the Company's and the Master Fund's investment objective, policy or restrictions may be made following prior written notice to Shareholders.

## **ACCUMULATION/DIVIDEND POLICY**

Income and capital gains will normally be accumulated and reinvested and the Company will not ordinarily, but may in the sole discretion of the Directors, make distributions or pay dividends in respect of Class Z Shares.

The Directors will notify the Shareholders of any change in the above policies.

## **MANAGEMENT**

### **Directors**

The Directors of the Company and the Master Fund are responsible for the management of the Company and the Master Fund respectively. The Directors may appoint other parties and have appointed, subject to their responsibility and supervision, the Investment Manager to manage the assets of the Fund.

The Directors of the Company and the Master Fund, respectively, are:

#### **David Bree**

David Bree is a Managing Director of DMS Governance Ltd. (DMS) and has served the firm in that capacity since 2002.

Mr. Bree sits as an independent director on the boards of a variety of hedge fund and related structures.

Prior to joining DMS, he was the General Manager of Admiral Administration Ltd., an independent mutual fund administration firm in the Cayman Islands.

Prior to that, he was a Managing Director of International Fund Administration Ltd. in Bermuda. His previous experience includes internal audit experience with a Fortune 500 company and public accounting experience with Coopers & Lybrand, New York.

He holds a Bachelor of Science degree in Accounting from New York University and qualified as a Certified Public Accountant in New York.

Mr. Bree is a Registered Director with the Cayman Islands Monetary Authority and is a member of the Cayman Islands Directors Association.

## **Bryan Melville**

Bryan Melville is the Chief Executive Officer of Coronation International Limited. Mr. Melville joined Coronation Asset Management (Proprietary) Limited in South Africa in July 1997. In January 1999 he was appointed as Operations Manager of Coronation Global Limited (now Coronation Global Fund Managers (Ireland) Limited). Mr. Melville was appointed to the post of Chief Operations and Financial Officer in Coronation International Limited in January 2001. He then moved to Coronation Global Fund Managers (Ireland) Limited in January 2004 where he held the position of Managing Director until February 2006. At that time he moved to Coronation International Limited to act as a research analyst for their fund of fund products and was thereafter appointed to his current position. Prior to working at Coronation, he was an Assistant Audit Manager at KPMG Cape Town.

Mr Melville serves the Company and the Master Fund in an executive capacity.

## **Don Seymour**

Don Seymour is the Founder of DMS and is recognized by the Financial Times as one of the most influential men in the global hedge fund industry. He was directly responsible for the creation of the Investment Services Division of the Cayman Islands Monetary Authority (CIMA), where he is credited with the development and implementation of its market-friendly and responsive regulatory framework for regulating hedge funds that propelled the Cayman Islands to become the leading hedge fund jurisdiction in the world. After his tenure as Head of Investment Services, he served as a member of the board of directors of CIMA. He began his career in Audit and Business Advisory Services with Price Waterhouse.

He is a member of the Financial Services Council of the Cayman Islands Government, a Cabinet-level appointment to provide strategic advice on the financial industry to the government of the Cayman Islands.

Mr. Seymour also serves on the board of Cayman Finance, the organization responsible for promoting the development of the Cayman Islands financial services industry.

Mr. Seymour is a past Director of Cayman Airways Limited, the national airline of the Cayman Islands and is a former member of the Trade & Business Licensing Board of the Cayman Islands and served as Vice-President of the Cayman Islands Directors Association.

A Notary Public, he holds a Bachelor of Business Administration degree in Accounting from the University of Texas at Austin and a Certified Public Accountant certificate from Illinois. Mr. Seymour is also a Registered Director with the Cayman Islands Monetary Authority.

## **Investment Manager**

The Investment Manager has been appointed by the Master Fund pursuant to the Investment Management Agreement. Under the Investment Management Agreement, the Investment Manager is responsible for managing the assets of the Master Fund.

The Investment Manager was incorporated in South Africa on 9 June 2014 and is authorised and regulated in the conduct of its investment business in South Africa by the FSB. The directors of the Investment Manager are currently:

## **Clinton Martin**

Clinton Martin joined Coronation International Limited (United Kingdom) in January 2003. In January 2005, Mr Martin was appointed to the post of Chief Financial Officer of Coronation International Limited. He transferred to Coronation Fund Managers Limited (South Africa) in November 2008 to

take up the role of Group Financial Manager. Prior to Coronation, Mr Martin was with Deloitte South Africa in Cape Town where he qualified as a Chartered Accountant.

### **John Snam**

John Snam has been the chief financial officer of Coronation Fund Managers since its inception in 1993. During that time he has been responsible for all finance and legal functions related to the business as well as responsibilities for operations, risk and compliance. He has also held directorships on the boards of all South African operating subsidiaries of the group, including Coronation Asset Management (Pty) Ltd. Prior to joining Coronation, Mr Snam spent eight years in the fields of finance, operations and compliance within financial services companies in London and South Africa. Mr Snam was appointed to the board in November 2012.

Pursuant to the Investment Management Agreement, the Investment Manager may delegate any of its functions under the agreement to one or more sub-investment managers. The Investment Manager will give prior written notice to the Master Fund of any delegation which involves the exercise of its discretionary investment management powers.

Pursuant to the Investment Management Agreement, the Investment Manager will not be liable for any claims for loss or damage suffered by the Master Fund in connection with the services it provides under the agreement (and in particular, but without limitation, in respect of any investments managed on behalf of the Master Fund) unless such loss arises from its fraud, dishonesty, negligence, wilful default or breach of its duties as a fiduciary.

The Investment Management Agreement is terminable on the expiry of thirty days' written notice by either party. The Agreement shall terminate immediately when the FSB withdraws its approval from the Investment Manager as a licensed financial services provider, in which case the Investment Manager shall account to the Master Fund immediately.

### **Use of Dealing Commission**

The Investment Manager may execute transactions for the Fund under arrangements whereby the transactions are executed through brokers or other persons where the Investment Manager passes on the broker or other persons' charges to the Fund and in return for such charges the Investment Manager receives goods or services in addition to execution of orders. Where the Investment Manager executes orders on behalf of the Fund through such a broker or other person, passes on that persons' charges to the Fund and receives in return goods or goods or services additional to that execution service, it will satisfy itself on reasonable grounds that such additional goods and services (i) are related to the execution of trades on behalf of its customers or comprise the provision of research, (ii) will reasonably assist the Investment Manager in the provision of its services to Fund and (iii) do not, and are not likely to, impair the Investment Manager's compliance with its duty to act in the best interests of the Fund. Such goods and services might include, by way of example, research in the form of periodic and one-off newsletters, reports and market analyses, and execution facilities such as access to particular markets or trading forums, execution software, market-making, block trading and stock-lending facilities, trade confirmation and settlement services, and execution-related information and advice.

The reasons for selecting individual brokers will vary, but will include factors such as the quality of research, financial security, quality and range of execution services, charges, and reliability and responsiveness to client demands. In some cases the value of the services provided may depend upon a minimum threshold of broker commissions or a percentage of such commissions. The receipt of these benefits assists the Investment Manager in providing a better service to its clients but also assists it in containing its costs and ultimately its charges to clients. The Investment Manager is able to enter into such arrangements and obtain such benefits, inter alia, due to its ability to deal collectively and aggregate transactions on behalf of clients and obtain benefits which would not be available to an individual investor.

The Investment Manager will comply with the SEC rules on use of dealing commissions.

## **ADMINISTRATION**

J.P. Morgan Administration Services (Ireland) Limited has been appointed as administrator to the Company and the Master Fund.

The Administrator will be responsible for maintaining the accounting records of the Company and the Master Fund and calculating the net asset value of the Company and the Master Fund (as well as the net asset value per Share and Master Fund Share). The Administrator will also assist the auditors, where requested, in relation to the audit of the financial statements of the Company and the Master Fund. The Administrator will keep the accounts of the Company and the Master Fund in accordance with IFRS. The Administrator will also be responsible for, but not limited to, processing subscription, transfer and redemption instructions received by the Company and the Master Fund; preparing and distributing annual reports to Shareholders; and responding to enquiries received by the Company and the Master Fund from Shareholders and others. The Administrator will also maintain the Shareholder register of the Company and the Master Fund.

Pursuant to the Administration Agreement, the Administrator may delegate any of its duties and obligations under the agreement to a reputable agent, provided that the Administrator will provide the Company and the Master Fund with written notice of such delegation and consult with the Company and the Master Fund before it implements the delegation of a material portion of the services.

The Administrator will not be liable to the Company or the Master Fund for any loss or damage suffered by the Company or the Master Fund with respect to matters as to which the Administrator has satisfied its obligation of reasonable care unless the same results from an act of negligence, fraud or wilful default on the part of the Administrator. The Administrator will not be liable under the Administration Agreement for any indirect, incidental, consequential or special damages (including, without limitation, lost profits or business) of any form incurred by any person or entity.

Each of the Company and the Master Fund, as applicable, indemnifies the Administrator and its affiliates and nominees, and their respective directors, officers, employees and agents (the "Administrator Indemnitees") against, and hold them harmless from, any liabilities, losses, claims, costs, damages, penalties, fines, obligations, or expenses of any kind whatsoever (including, without limitation, reasonable attorneys', accountants', consultants' or experts' fees and disbursements) ("Administrator Liabilities") that may be imposed on, incurred by or asserted against any of the Administrator Indemnitees in connection with or arising out of the Administrator's performance under the Administration Agreement, provided that the Administrator Indemnitees have not acted with negligence or engaged in fraud or wilful default in connection with the Liabilities in question.

The Administration Agreement shall be in effect for an initial term of three years and will automatically renew for additional one year periods unless terminated by either party by giving not less than 180 days written notice to the other party prior to the end of the applicable term. The Administration Agreement may be terminated by the Company and/or the Master Fund prior to the end of the initial term upon not less than 12 months' prior written notice to the Administrator, subject to the payment of a termination fee.

The Administration Agreement may be terminated by any party immediately upon written notice to the other party if: (i) the other party is declared insolvent, enters into a composition with creditors, obtains a suspension of payment, is put under court controlled management or is the subject of a similar measure; (ii) the Administrator ceases to be permitted under applicable law to provide the services under the Administration Agreement; or (iii) the other party commits a material breach of the Administration Agreement and fails to remedy such breach (if capable of remedy) within 30 days of being given written notice of the material breach, unless the parties agree to extend the period to remedy the breach.

## CUSTODIAN

The Master Fund may appoint one or more custodians to provide brokerage, principal brokerage, banking, finance, prime brokerage and/or custody services to the Master Fund including, without limitation, margin financing, clearing, settlement, safe custody, stock borrowing facilities and foreign exchange facilities.

At the date hereof, the Master Fund has appointed JPMorgan Chase Bank, N.A., London Branch to provide custodian, settlement and associated services to the Master Fund. The Company and the Master Fund may also use other brokers, finance counterparties, counterparties.

The Custodian is authorised by the PRA and regulated by the PRA and the FCA in the conduct of its business. The Custodian had in excess of USD 21.7 trillion of assets under custody as of 30 June, 2014. The ultimate parent company of the Custodian is J.P. Morgan Chase & Co. incorporated in Delaware, United States.

The services provided by the Custodian under the Custody Agreement will include safekeeping, settlement, income collection, corporate actions collections, the provision of a proxy voting service and foreign exchange services.

The Custodian will establish one or more securities accounts and cash accounts for the Master Fund. Except as otherwise agreed by the Custodian and the Master Fund, the Custodian will identify in its books that securities credited to the Master Fund's account belong to the Master Fund and, to the extent permitted by applicable law or market practice, the Custodian will require each sub-custodian which it appoints to identify in its own books that securities held at such sub-custodian by the Custodian on behalf of its customers belong to customers of the Custodian such that it is readily apparent that the securities do not belong to the Custodian or the sub-custodian.

The Master Fund has granted the Custodian a lien entitling it, without notice to the Master Fund, to withhold delivery of securities, sell or otherwise realise securities and apply the proceeds any other other money credited to the Master Fund's account in satisfaction of the Master Fund's liabilities to the Custodian. In addition, the Custodian may set-off against any liabilities of the Master Fund to the Custodian or any of its affiliates any account in any currency (i) standing to the credit of any of the Master Fund's accounts with any branch or office of the Custodian or (ii) owed by the Master Fund by any branch or office of the Custodian or any affiliate of the Custodian. The Custodian may act through and hold the Master Fund's securities with sub-custodians. Under the terms of the Custody Agreement, the Custodian has undertaken to use reasonable skill, care and diligence in the selection, monitoring and continued appointment of such sub-custodians.

The Custodian will be liable to the Master Fund's direct losses arising from its negligence, fraud or wilful misconduct. The Custodian will be responsible for the failure by a sub-custodian to use reasonable care in the provision of custodial services by it in accordance with the standards prevailing in the relevant market or from the fraud or wilful misconduct of such sub-custodian in the provision of custodial services by it or the insolvency of certain sub-custodians which are members of the JP Morgan group.

The Master Fund has agreed to indemnify the Custodian, its affiliates, its sub-custodians and their respective nominees, directors, officers, employees and agents against any liabilities arising out of (i) the Custodian's performance under the Custody Agreement, provided that the indemnified parties have not acted with negligence or engaged in fraud or wilful misconduct in connection with the liabilities in question or (ii) any indemnified party's status as a holder of record of the Master Fund's securities.

The initial term of the Custody Agreement shall be for a period of three years, during which the Master Fund may terminate the Agreement at any time upon 60 days' prior written notice subject to the payment of a termination fee. Following the initial term, the Master Fund may terminate the Custody Agreement

on at least 60 days' prior written notice to the Custodian. The Custodian may terminate the Custody Agreement on at least 180 days' written notice to the Master Fund (or upon 60 days' written notice in the event that the Custodian reasonably determines that the Master Fund has ceased to satisfy the Custodian's customary credit requirements).

Either party may terminate the Custody Agreement immediately on written notice to the other in the event of (i) a material breach of the Custody Agreement which is not cured within 30 days' of receipt by the defaulting party of written notice thereof or (ii) upon the occurrence of a bankruptcy or similar event with respect to the other party.

The Custodian is not involved directly or indirectly with the business affairs, organisation, sponsorship or management of the Master Fund and is responsible and liable only for the custodial services that it provides to the Master Fund pursuant to the Custody Agreement.

## **FEES AND EXPENSES**

### **Organisational and Operational Expenses**

The formation and preliminary expenses (including printing and legal fees) relating to the Company and the Master Fund will be borne by the Master Fund and may be expensed or amortised over a period not exceeding five years subject to the Directors' discretion to vary this if they consider it prudent to do so. Amortisation of such expenses is contrary to IFRS and, although this is not anticipated by the Directors, could result in a qualified audit opinion.

Unless agreed otherwise between the respective boards of the Master Fund and the Company in their sole discretion, the Master Fund will pay the costs and expenses incurred in its and the Company's operation, including, without limitation, taxes, expenses for administration, legal, auditing and consulting services, promotional activities, registration fees and other expenses due to supervisory authorities, insurance, interest, the fees of the Directors and the cost of the publication of the net asset value.

By virtue of the Company's investment in the Master Fund, Shareholders will bear the fees, and other costs and expenses in relation to the Master Fund.

The Investment Manager may, by way of a loan to the Master Fund or otherwise, agree to pay certain of the organisational and operational expenses of the Company and/or the Master Fund which may be repayable on such basis as the Master Fund and the Investment Manager may from time to time agree.

### **Investment Management Fees and Performance Fee**

#### ***Management Fees***

##### *Class Z*

No Management Fee is payable by the Company on Class Z Shares which are only available to the Investment Manager, its members, staff of the Coronation group of companies, and their connected persons and/or such other persons as the Directors may determine from time to time.

Each of the Class Z Shareholders will pay the Investment Manager a Management Fee which will be regulated by a side letter, or similar legal agreement, concluded between each Class Z Shareholder and the Investment Manager.

### ***Performance Fee***

No Performance Fee is payable by the Company on Class Z Shares which are only available to the Investment Manager, its members, staff of the Coronation group of companies, and their connected persons and/or such other persons as the Directors may determine from time to time.

Each of the Class Z Shareholders will pay the Investment Manager a Performance Fee which will be regulated by a side letter, or similar legal agreement, concluded between each Class Z Shareholder and the Investment Manager.

### **Administration Fees and Expenses**

The Administrator is entitled to receive an arms' length fee for the provision of its services to the Company and the Master Fund. To avoid double charging, the Administrator will not take a fee at the level of the Master Fund. The Administrator is also entitled to receipt of reasonable out-of-pocket expenses incurred on behalf of the Company and/or the Master Fund including, without limitation, communications, postage and printing.

### **Custodian Fees and Expenses**

The Custodian performs custodial services on arms length commercial terms for the Master Fund for which fees are charged at normal commercial rates and expenses are to be reimbursed. Any sub-custodian fees and, in some cases, risks will be met by the Master Fund. All sub-custodian fees will be charged at normal commercial rates.

### **Corporate Service Provider Fees and Expenses**

The Corporate Service Provider is entitled to receive an arms' length fee of up to \$3,500 per annum for the provision of its services to the Company and the Master Fund. The Corporate Service Provider is also entitled to receipt of reasonable out-of-pocket expenses incurred on behalf of the Company and the Master Fund including, without limitation, communications, postage and printing.

### **Auditor's Fees**

Ernst and Young in the Cayman Islands will act as auditors to the Company and to the Master Fund, at a fee to be approved by the Directors each year.

### **Anti-dilution Levy**

The Directors may impose an anti-dilution levy in such manner as determined by the Directors in their discretion, representing a provision for market spreads (the difference between the prices at which assets are valued and/or bought or sold), and dealing costs ("**Dealing Costs**") relating to the acquisition or disposal of assets in the event of receipt for processing of net subscription and/or redemption requests (including subscriptions and/or redemptions which would be effected as a result of requests for conversion from one Portfolio into another Portfolio) which exceed any threshold as may be determined at the discretion of the Directors from time to time.

The levy will be deducted from the subscription amount received as a separate charge in the case of net subscription requests and deducted from the redemption proceeds to be paid in the case of net redemption requests (including subscriptions and/or redemptions which would be effected as a result of requests for conversion from one Portfolio into another Portfolio).

The anti-dilution levy will be paid into the Portfolio and become part of the property of the Portfolio and is designed to protect both the value of the Portfolio's underlying assets, and the current

shareholders' interests in the Portfolio. The Directors shall be entitled to waive the anti-dilution levy in circumstances where the Directors consider it appropriate to do so.

### **Redemption Charges**

#### *All Shares*

Over and above the anti-dilution levy, redemptions of Shares will be subject to the following redemption charges:

1. redemption requests received for a Dealing Day within 1 year of purchase: the redemption charge will be 5 per cent.;
2. redemption requests received for a Dealing Day after 1 full year but within 2 full years of purchase: the redemption charge will be 3.0 per cent.;
3. redemption requests received for a Dealing Day after 2 full year but within 3 full years of purchase: the redemption charge will be 1 per cent.; and
4. redemption requests received for a Dealing Day after 3 full years of purchase: no redemption charge will apply.

All redemption charges will be retained by the Company for the benefit of ongoing investors and may be waived and/or reduced in the sole discretion of the Directors. This discretion may be exercised for a particular redemption or generally.

### **General**

To the extent permitted by applicable law, the Investment Manager may, in its sole discretion, (i) pay commission to financial intermediaries who refer prospective investors or (ii) waive, or pay, rebates or commissions in respect of its fees for or to certain prospective investors based on factors deemed appropriate to the Investment Manager, including, but not limited to, the amount of the proposed investment by a prospective investor, provided that in doing so the Investment Manager will act in accordance with all applicable laws and best practice.

### **ELIGIBLE INVESTORS**

Shares in the Company will be available to:-

- (i) non-U.S. Persons completing, to the satisfaction of the Company, the non-U.S. Person Application Form; and
- (ii) U.S. Persons completing, to the satisfaction of the Company, the U.S. Person Application Form on a private placement basis pursuant to Regulation D under the 1933 Act. U.S. persons are referred to the additional disclosures under the "U.S. FEDERAL TAX CONSIDERATIONS" section of this document below.

The Class Z Shares are currently only available for subscription by, the Investment Manager, its members, staff of the Coronation group of companies, and their connected persons and/or such other persons as the Directors may determine from time to time.

By investing, each investor represents and warrants that, among other things, he is able to invest without violating applicable laws, including the rules and regulations aiming to prevent money laundering. The Company will not knowingly offer or sell Shares to any investors to whom such offer or sale would be unlawful. Investment is confined to sophisticated investors who can provide the representations and warranties contained in the Application Form.

Unless otherwise determined in the sole discretion of the Directors, each investor is required to declare in the relevant Application Form that either: (i) his ordinary business or professional activity includes buying and selling of investments, whether as principal or agent; or (ii) in the case of a natural person, his individual net worth (or joint net worth with spouse) exceeds US\$1 million; or (iii) that it is an institution with a minimum amount of assets under discretionary management of US\$5 million. In addition, each investor must warrant that he (a) has the knowledge, expertise and experience in financial matters to evaluate the risks of investing in the Fund and to make an informed decision with respect thereto; (b) is aware of the risks involved in investing in the Fund and the method by which the assets of the Fund are held and invested; and (c) can bear the risk of the loss of his entire investment.

Applicants who are not U.S. Persons (as defined below) will be required to certify that they are not investing for the benefit of, directly or indirectly, any U.S. Person and that they will not, subject to the conditions set out under “SUBSCRIPTIONS AND REDEMPTIONS: Transfers”, sell or offer to sell or transfer Shares in the Company in the United States or to or for the benefit of, directly or indirectly, a U.S. Person.

### **U.S. Persons and U.S. Taxpayers**

The Shares are not registered, nor will they be registered, under the 1933 Act, and the Company is not registered, nor will be registered, under the 1940 Act. Shares are being offered to U.S. Persons in reliance on the exemption from characterisation of the Company as an investment company subject to the 1940 Act found in Section 3(c)(7) of the 1940 Act.

The Company reserves the right to accept, reject or condition applications from U.S. Persons if the Company does not receive evidence satisfactory to it that the sale of Shares to such an investor is exempt from registration under the securities laws of the United States, including, but not limited to, the 1933 Act, that such sale will not require the Company to register under the 1940 Act and, in all events, that there will be no adverse tax or other regulatory consequences to the Master Fund or its Shareholders or to the Company or its Shareholders, respectively, as a result of such sale.

Some subscribers may be taxable in the United States but will not come within the definition of U.S. Person for the purposes of determining which Application Form should be used. Such persons need not complete the U.S. Person Application Form supplied by the Administrator, but should carefully review the additional disclosures under “U.S. FEDERAL TAX CONSIDERATIONS”.

#### ***“U.S. Person”***

A “U.S. Person” for purposes of this Information Memorandum is a person who is in either of the following two categories: (a) a person included in the definition of “U.S. person” under Rule 902 of Regulation S under the 1933 Act or (b) a person excluded from the definition of a “Non-United States person” as used in CFTC Rule 4.7. For the avoidance of doubt, a person is excluded from this definition of U.S. Person only if he or it does not satisfy any of the definitions of “U.S. person” in Rule 902 and qualifies as a “Non-United States person” under CFTC Rule 4.7.

“U.S. person” under Rule 902 includes the following:

- (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 non-U.S. 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; and
- (h) any partnership or corporation if:
  - (i) organised or incorporated under the laws of any non-U.S. jurisdiction; and
  - (ii) formed by a U.S. person principally for the purpose of investing in securities not registered under the 1933 Act, unless it is organised or incorporated, and owned, by accredited investors (as defined in Rule 501(a) of Regulation D under the 1933 Act) who are not natural persons, estates or trusts.

Notwithstanding the preceding paragraph, “U.S. person” under Rule 902 does not include: (i) 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; (ii) any estate of which any professional fiduciary acting as executor or administrator is a U.S. person, if (A) 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 (B) the estate is governed by non-U.S. law; (iii) 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; (iv) 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; (v) any agency or branch of a U.S. person located outside the United States if (A) the agency or branch operates for valid business reasons, and (B) the agency or branch is engaged in the business of insurance or banking and is subject to substantive insurance or banking regulation, respectively, in the jurisdiction where located; and (vi) certain international organisations as specified in Rule 902(k)(2)(vi) of Regulation S under the 1933 Act, including their agencies, affiliates and pension plans.

CFTC Rule 4.7 currently provides in relevant part that the following persons are considered “Non-United States persons”:

- (a) a natural person who is not a resident of the United States or an enclave of the U.S. government, its agencies or instrumentalities;
- (b) a partnership, corporation or other entity, other than an entity organised principally for passive investment, organised under the laws of a non-U.S. jurisdiction and which has its principal place of business in a non-U.S. jurisdiction;
- (c) an estate or trust, the income of which is not subject to United States income tax regardless of source;
- (d) an entity organised principally for passive investment such as a pool, investment company or other similar entity, provided, that Shares of participation in the entity held by persons who do not qualify as Non-United States persons or otherwise as qualified eligible persons (as defined in CFTC Rule 4.7(a)(2) or (3)) represent in the aggregate less than ten per cent. of the beneficial interest in the entity, and that such entity was not formed principally for the purpose of facilitating investment by persons who do not qualify as Non-United States persons in a pool with respect to which the operator is exempt from certain requirements of Part 4 of the CFTC’s regulations by virtue of its participants being Non-United States persons; and
- (e) a pension plan for the employees, officers or principals of an entity organised and with its principal place of business outside the United States.

### ***“U.S. Taxpayer”***

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

An investor who is not a U.S. Person may nevertheless be considered a “U.S. Taxpayer” under U.S. federal income tax laws. For example, an individual who is a U.S. citizen residing outside of the United States is not a “U.S. Person” but is a “U.S. Taxpayer”. Such a person should complete the Application Form for Shares for Non-U.S. Persons. In addition, the tax consequences described below in “U.S. FEDERAL TAX CONSIDERATIONS” will apply to that person.

### **Special Considerations for Benefit Plan Investors**

#### ***In General***

Subject to the limitations applicable to investors generally, Shares of the Company may be purchased using assets of various benefit plans, including employee benefit plans (“ERISA Plans”) subject to Title I of ERISA, or retirement plans subject to Code Section 4975, such as plans intended to qualify under Code Section 401(a) (including plans covering only self-employed individuals) and individual retirement accounts (together with ERISA Plans, “Plans”). However, none of the Company, the Master Fund, the Investment Manager, the Directors or the Administrator, nor any of their principals, agents, employees, affiliates or consultants, makes any representation with respect to whether the Shares of the Company are a suitable investment for any such Plan.

In considering whether to invest assets of a Plan in Shares of the Company, the persons acting on behalf of or with any assets of the Plan should consider in the Plan’s particular circumstances whether the investment will be consistent with their responsibilities and any special constraints imposed by the terms of such Plan and applicable U.S. federal, state or other law, including ERISA and the Code. Some of the responsibilities and constraints imposed by ERISA and the Code are summarised below. The following is merely a summary of those particular laws, however, and should not be construed as legal advice or as complete in all relevant respects. All investors are urged to consult their legal advisors before investing assets of an employee benefit plan in Shares of the Company and to make their own independent decisions.

Employee benefit plans that are not Plans, including, for example, governmental plans, church plans with respect to which no election has been made under Code Section 410(d), and non-U.S. plans, although they are not subject to Title I of ERISA or Section 4975 of the Code, may be subject to other laws regulating employee benefit plans. The laws or governing instruments applicable to such plans may have provisions that impose restrictions on the investments and management of the assets of such plans that are, in some cases, similar to those under ERISA and the Code. It is uncertain whether exemptions and interpretations under ERISA would be recognised by the applicable authorities in such cases. Provisions relating to the investment and management of such plans’ assets also might contain restrictions and limitations such as a prohibition, or percentage limitation, on investments of a particular type, or a bar on investments in particular countries or kinds of businesses. Fiduciaries of such plans, in consultation with their advisers, should consider the impact of their applicable laws, regulations and governing instruments on investments in the Company and the Master Fund, as well as the considerations discussed herein, to the extent applicable.

### ***Fiduciary Responsibilities under ERISA***

Persons acting as fiduciaries on behalf of or with any assets of an ERISA Plan are subject to specific standards of behaviour in the discharge of their responsibilities. As a result, such persons must, for example, conclude an investment in Shares of the Company by an ERISA Plan would be prudent, in the best interests of plan participants and their beneficiaries and in accordance with the documents and instruments governing the ERISA Plan, and would satisfy the diversification requirements of ERISA. In making those determinations, such persons should take into account, among other factors, (i) that the Company will invest the assets in each Class in accordance with the applicable investment objectives and strategies without regard to the particular objective of any class of investors, including Plans, (ii) the fee structure of the Company, (iii) the tax effects of the investment, (iv) the relative illiquidity of the investment and its effect on the cash flow needs of the Plan, (v) the Plan's funding objectives, (vi) the risks of an investment in the Fund and (vii) that, as discussed below, it is not expected that the Company's assets will constitute the "plan assets" of any investing Plan, so that none of the Company, the Investment Manager, the Directors or the Administrator, nor any of their principals, agents, employees, affiliates or consultants will be a "fiduciary" as to any investing Plan.

ERISA imposes certain duties on persons who are ERISA Plan fiduciaries. In addition, both ERISA and the Code prohibit certain transactions involving "plan assets" between the Plan and its fiduciaries or other parties in interest under ERISA or disqualified persons under the Code with respect to the Plan.

### ***Identification of, and Consequences of Holding, Plan Assets under ERISA***

Under the Plan Asset Rule, the prohibited transaction and other applicable provisions of ERISA and the Code, including the rules for determining who is a party in interest or a disqualified person, would generally be applied by treating the investing Plan's assets as including any Shares interests purchased but not, solely by reason of such purchase, including any of the underlying assets of the Company. Under the Plan Asset Rule, however, this may not be the case if immediately after any acquisition or redemption of any equity interest in the Company, 25 per cent. or more of the value of any class of equity Shares of the Company is held by "Benefit Plan Investors" (as defined below). For purposes of this 25 per cent. determination, the value of any equity interest held by a person (other than a Benefit Plan Investor) who has discretionary authority or control with respect to the assets of the Fund or any person who provides investment advice for a fee (direct or indirect) with respect to Fund assets, or any affiliate of such a person (such as the Directors and the Investment Manager), shall be disregarded. For this purpose, an "affiliate" of a person includes any person controlling, controlled by or under common control with that person, including by reason of having the power to exercise a controlling influence over the management or policies of such person.

The Company intends to limit the sale and transfer of Shares of the Company, and may exercise the Company's right to cause a compulsory redemption, to the extent necessary, to prevent the 25 per cent. threshold described above from being exceeded with respect to any class of equity interests, and consequently to prevent the underlying assets of the Fund from being treated as "plan assets" of any Plan investing in the Fund.

If the assets of the Fund nonetheless were deemed to be "plan assets" under ERISA, the Investment Manager could be characterised as a fiduciary of investing ERISA Plans under ERISA and it and its affiliates and certain of its delegates could be characterised as "parties in interest" under ERISA and/or "disqualified persons" under the Code with respect to investing Plans. Further, (a) the prudence and other fiduciary responsibility standards of ERISA applicable to investments made by ERISA Plans and their fiduciaries would extend to investments made with assets of the Fund; (b) an ERISA Plan's investment in the Company's Shares might expose the ERISA Plan fiduciary to co-fiduciary liability under ERISA for any breach of ERISA fiduciary duties by the Investment Manager; (c) assets of the Fund held outside the jurisdiction of the U.S. district courts might not be held in compliance with applicable DOL regulations; (d) the Plan's reporting obligations might extend to the assets of the Fund; and (e) certain transactions in which the Fund might seek to engage could constitute prohibited

transactions under ERISA and/or the Code. A prohibited transaction involving a Plan, unless an exemption for the prohibited transaction were available, generally could subject an interested party to an excise tax and to certain remedial measures imposed by ERISA; a prohibited transaction involving an individual retirement account in certain circumstances could result in its disqualification. DOL regulations do provide, however, that the ERISA requirement that plan assets be held in trust would be satisfied with respect to the assets of an entity that are deemed to be plan assets if the indicia of ownership of such assets (e.g., Shares of the Company) are held in trust on behalf of an investing ERISA Plan by one or more of its trustees.

Each prospective investor that is a Plan or a governmental or non-electing church plan will be required to represent and warrant that the acquisition and holding of Shares does not and will not constitute or result in a non-exempt prohibited transaction under Title I of ERISA or Code Section 4975, or a violation of any similar applicable law.

Even though the assets of a Plan that invests in the Company should not include assets of the Fund, a possible violation of the prohibited transaction rules under ERISA and the Code nonetheless could occur if an investment in the Company were made with assets of a Plan with respect to which the Investment Manager, or any of its affiliates, has discretionary authority or control or renders investment advice. Accordingly, the fiduciaries of a Plan should not permit investment in the Company with plan assets if the Investment Manager, or any of its affiliates, perform or have any such investment powers with respect to those assets, unless an exemption from the prohibited transaction rules applies with respect to such acquisition.

***“Benefit Plan Investor”***

“Benefit Plan Investor” is used as defined in U.S. Department of Labor (“DOL”) regulation 29 C.F.R. § 2510.3-101 and Section 3(42) of the U.S. Employee Retirement Income Security Act of 1974, as amended (“ERISA”) (collectively, the “Plan Asset Rule”) and includes (i) any employee benefit plan subject to Part 4 of Title I of ERISA; (ii) any plan to which Section 4975 of the U.S. Internal Revenue Code of 1986, as amended (“Code”), applies (which includes a trust described in Code Section 401(a) that is exempt from tax under Code Section 501(a), a plan described in Code Section 403(a), an individual retirement account annuity described in Code Section 408 or 408A, a medical savings account described in Code Section 220(d), a health savings account described in Code Section 223(d) and an education savings account described in Code Section 503); and (iii) any entity whose underlying assets include plan assets by reason of a plan’s investment in the entity (generally because 25 per cent. or more of a class of equity interests in the entity is owned by plans). An entity described in (iii) immediately above will be considered to hold plan assets only to the extent of the percentage of the equity interests in the entity held by Benefit Plan Investors. Benefit Plan Investors also include that portion of any insurance company’s general account assets that are considered “plan assets” and (except if the entity is an investment company registered under the 1940 Act) also include assets of any insurance company separate account or bank common or collective trust in which plans invest.

**BEFORE MAKING AN INVESTMENT IN THE COMPANY, ANY PLAN FIDUCIARY SHOULD CONSULT ITS LEGAL ADVISOR CONCERNING THE ERISA, TAX AND OTHER LEGAL CONSIDERATIONS OF SUCH AN INVESTMENT.**

## SUBSCRIPTIONS AND REDEMPTIONS

### Subscriptions

Investors may apply to subscribe for Class Z Shares on each Dealing Day.

Application Forms, duly completed, together with cleared funds for the Shares subscribed must be received by the Administrator no later than the close of business in Ireland on a Business Day not less than 2 (two) Business Days prior to the relevant Dealing Day, or such earlier or later day and/or time as the Directors may determine generally or in respect of specific applications. Requests received after close of business in Ireland on such date will, subject to the Directors' discretion to waive this provision, be held over until the next Dealing Day and Shares will then be issued at the price applicable with reference to that day.

An anti-dilution levy shall apply to net subscriptions as set out in more detail under the "FEES AND EXPENSES" section of this document.

The Directors may change the Dealing Day and/or Valuation Day and/or Valuation Point or increase or decrease the number of Dealing Days and/or Valuation Days and/or Valuation Points. Notice of any such change (which may be of general application or for a particular case) will normally be given to investors.

The Directors have the discretion to refuse to accept applications from subscribers in whole or in part and in such event shall notify subscribers of their decision.

### *Subscription Price*

The initial issue price for Class Z Shares is \$10. After the initial issuance of the Class Z Shares, additional Class Z Shares will be issued at the prevailing net asset value of that Class as at the relevant Valuation Point calculated as set out under "CALCULATION OF NET ASSET VALUE AND SUBSCRIPTION AND REDEMPTION PRICES" below.

### *Subscription Procedures*

Applications for Class Z Shares should be made by written application using the Application Form. Application Forms duly completed should be sent to the Administrator in accordance with the instructions contained in the Application Form. If an application is received by the Administrator by fax, the original must follow by post. The Administrator will send to the investor an acknowledgement of his purchase. Shares are issued to such decimal places as may be approved by the Directors from time to time. Share certificates will not be issued.

### *Anti-Money Laundering*

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

- (a) the applicant is a 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 (as amended) of the Cayman Islands (as amended)(a "**Schedule 3 Country**"); or
- (b) the application is made through a recognised intermediary which is regulated by a recognised regulatory authority and carries on business in a Schedule 3 Country. In this situation the Company may rely on a written assurance from the intermediary that the requisite identification procedures on the applicant for business have been carried out; or

- (c) the subscription payment is remitted from an account (or joint account) held in the applicant's name at a bank in the Cayman Islands or a bank regulated in a Schedule 3 Country. In this situation the Company may require evidence identifying the branch or office of the bank from which the monies have been transferred, verify that the account is in the name of the applicant and retain a written record of such details.

The Company and the Administrator reserve the right to request such information as is necessary to verify the identity of an applicant. In the event of delay or failure by the applicant to produce any information required for verification purposes, the Administrator will refuse to accept the application and the subscription monies relating thereto. Where an application is rejected, subscription money will be returned to the account from which it was received at the risk of the applicant. Any interest earned on such sums will accrue to the Company. The Administrator and the Company will be held harmless by a potential subscriber against any loss arising as a result of a failure to process a subscription or redemption request if such information as has been requested by the Administrator has not been provided by the applicant.

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

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

#### ***Other Jurisdictions***

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

#### ***Minimum Investment Levels***

The minimum initial investment in Class Z Shares of the Company is US\$150,000, net of charges.

There is currently no minimum additional investment amount in Class Z Shares.

The minimum initial investment and the minimum additional investment amounts may be increased or waived, in each case in the sole discretion of the Directors either generally or in specific cases provided, however, that the minimum initial investment for any Class of Shares may not be reduced below US\$100,000 (or its currency equivalent).

### ***Closure to Subscriptions***

Performance can be affected by the Fund's size. With this in mind and depending upon market conditions, the Directors may consider the imposition of periods which are closed to new investors and/or further investment by Shareholders where they consider this will be beneficial to the Fund as a whole.

### **Redemptions**

Shares may be redeemed on any Dealing Day. The redemption price per Share of each Class and any related Series is calculated in accordance with the procedures referred to under the "CALCULATION OF NET ASSET VALUE AND SUBSCRIPTION AND REDEMPTION PRICES" section of this document below.

An anti-dilution levy may apply to net redemptions as set out in more detail under the "FEES AND EXPENSES" section of this document.

Partial redemptions may be refused if, immediately thereafter, the value of such Shareholders' shares would be less than any of the minima set out below.

The minimum redemption amount in respect of Class Z Shares is US\$150,000 net of charges and the minimum residual holding is Class Z Shares having a value of US\$150,000.

These minima may be lowered, increased or waived in the sole discretion of the Directors, either generally or in specific cases in relation to any Class of Shares provided the minimum residual holding is not reduced below US\$150,000 for Class Z Shares.

The Company will redeem Master Fund Shares in order to satisfy redemptions of Shares. Since the redemption price of Class Z Shares is tied to the net asset value of the underlying assets of the Portfolio, it should be noted that the price at which an investor might redeem his Class Z Shares may be more or less than the price at which he subscribed for them depending on whether the value of the Portfolio has appreciated or depreciated between the date of subscription and the date of redemption and subject also to dividends (if any) declared and paid on the relevant Class of Shares (See also the "RISK FACTORS" to 58 below).

### ***Redemption Procedure***

Written requests for redemption of Class Z Shares must be made in respect of a particular Dealing Day and must be received by the Administrator on a Business Day which is not less than 60 calendar days prior to the relevant Dealing Day. Redemptions made within 3 full years of purchase may be subject to a redemption charge further information on which is set out below.

Any requests for redemption received on a Business Day which is not at least sixty calendar days prior to the requested Dealing Day will be deemed to be a request for redemption at the next Dealing Day thereafter. This notice period may be waived and/or reduced by the Directors generally or in respect of specific requests for redemption. Any request for redemption received by the Administrator on a day which is not a Business Day shall be deemed to be received on the next following day which is a Business Day. Redemption requests may be delivered to the Administrator by overnight courier or by fax. All redemption requests delivered by fax should be verified by Shareholders by telephone to the Administrator to confirm receipt of their fax instruction.

Notwithstanding the foregoing, the Directors may, when they deem it appropriate in their sole discretion, require that the original signed redemption request be delivered to the Administrator prior to the payment of the redemption proceeds.

If a Class Z Shareholder withdraws a request for redemption, a charge of up to 3 per cent. of the value of the Shares that would have been redeemed may be charged in the sole discretion of the Directors and if charged, will be satisfied by the Directors having the power to redeem at par such number of that Shareholder's Shares as have an aggregate net asset value equivalent to the redemption charge. The Directors may waive this charge in respect of a particular redemption request or generally. Redemption requests once made may not be withdrawn without the prior written consent of the Directors.

### ***Redemption Charges***

Over and above the anti-dilution levy, redemptions of Shares will be subject to the following redemption charges:

1. redemption requests received for a Dealing Day within 1 year of purchase: the redemption charge will be 5 per cent.;
2. redemption requests received for a Dealing Day after 1 full year but within 2 full years of purchase: the redemption charge will be 3.0 per cent.;
3. redemption requests received for a Dealing Day after 2 full year but within 3 full years of purchase: the redemption charge will be 1 per cent.; and
4. redemption requests received for a Dealing Day after 3 full years of purchase: no redemption charge will apply.

The applicable redemption charge will be calculated with reference to the redemption proceeds to which a redeeming Shareholder would otherwise be entitled in respect of the relevant redemption and will be deducted from such proceeds and retained for the benefit of the Company. Such redemption charge may be waived and/or reduced in the sole discretion of the Directors. This discretion may be exercised for a particular redemption or generally.

In the event that a redemption request is received on a Business Day falling not less than sixty calendar days prior to the requested Dealing Day and due to a suspension, deferral or other event the redemption request is given effect to on a subsequent Dealing Day or on subsequent Dealing Days, the percentage redemption charge applied to the proceeds of redemption shall be the applicable percentage which would have been applied if the redemption had been effected on the relevant requested Dealing Day. The Directors may determine to waive, reduce or vary the application of such charges in such circumstances in their sole discretion in respect of a particular redemption request or generally.

### ***Receipt of Redemption Requests***

Redemption requests may be made by fax or other written request using such redemption form as determined by the Directors in their discretion. Redemption proceeds will be transferred to the pre-designated bank account at the shareholder's risk and expense as soon as practicable and in normal circumstances within 30 Business Days of the finalisation of calculation and publication of the net asset value and subject to receipt of all relevant documentation by the Administrator and, in any event, not later than sixty calendar days after the relevant Dealing Day on which the redemption is to be effected. If a Shareholder requires redemption proceeds to be paid by cheque or to an alternative account, the Administrator may, at the discretion of the Directors, require the original confirmation in writing signed by the Shareholder.

The Directors may in exceptional circumstances adjust the redemption proceeds in the interests of fairness among Shareholders. A fuller description of the calculation of Share prices and the terms governing the transaction is to be found below, see "CALCULATION OF NET ASSET VALUE AND SUBSCRIPTION AND REDEMPTION PRICES" below.

### ***Deferral of Redemption Requests***

The Directors may also limit the value of redemptions of Shares so that total redemptions from the Fund do not result in overall redemptions at the level of the Master Fund exceeding 10 per cent. of the Master Fund Shares (or such higher percentage as the Directors may, in their absolute discretion, determine). The Directors may exercise these powers in circumstances where the Directors believe that owing to their perception of the liquidity of the underlying investments, such an action would be in the overall interests of investors. Where this restriction applies, redemptions will be on a *pro rata* basis and any redemptions which for this reason do not occur on any particular Dealing Day shall be treated as if a request for redemption had been made in respect of each subsequent Dealing Day until all the Shares and/or Master Fund Shares to which the original request related have been redeemed. Requests for redemption which have been carried forward from an earlier Dealing Day shall rank equally with requests for redemption for a later Dealing Day. The Directors shall notify investors in the event that any redemption requests are deferred.

### ***In Specie Redemptions***

The Directors may elect in their absolute discretion to effect a redemption payment to any or all redeeming Shareholders, either in whole or in part, *in specie* or in kind rather than in cash in which event the Directors shall use the same valuation procedures used in determining the net asset value of the Company and of the relevant Class to determine the value to be attributed to the relevant securities to be transferred or assigned to the redeeming shareholders who shall receive securities or other assets of a value equal to the redemption payment to which they would otherwise be entitled and who shall be responsible for all custody and other costs involved in changing the ownership of the relevant securities from the Company to the redeeming shareholders and on-going custody costs. Any such distributions *in specie* will not materially prejudice the interests of remaining Shareholders. Where such an election is made, the Directors may further elect for the relevant assets to be held in a segregated account of the Company (which may be represented by a class of interest issued by the Company or the Master Fund with such terms as the Directors may in their sole discretion determine) and for the proceeds of disposal of such assets, less costs, to be distributed to the relevant Shareholder.

### **Transfers**

All transfers of Shares will be effected by written instrument signed by the transferor and containing the name and address of the transferee and the number of Shares being transferred, or in such other manner or form and subject to such evidence as the Directors shall consider appropriate. The transfer will take effect on registration of the transferee as holder of the Shares. The transferee will be required to give the warranties contained in the Application Form and to comply with all measures, as set out in the Application Form, aimed towards the prevention of money laundering. The Directors may decline to register any transfer of Shares where the holding of such Shares may result in regulatory, pecuniary, legal, taxation or material administrative disadvantage to the Company or the Shareholders as a whole. The Directors will decline to register the transfer where the transfer would result in the transferee holding Shares with a net asset value of less than US\$150,000 for Class Z.

### **Switching**

The Directors may in their absolute discretion permit investors to switch their investments between Classes of Shares by way of a redemption of the existing Shares held by the switching Shareholder and a subscription for Shares in the new class on any Dealing Day and upon such notice period as they may determine. Where a Shareholder requires only a partial reinvestment of the redemption proceeds in a new Class, the usual procedures set out under “SUBSCRIPTIONS AND REDEMPTIONS: Redemptions” above will apply. Switching as contemplated herein may be a taxable event for a Shareholder since it is effected by way of a redemption and subscription. The various tax considerations for the Company and its Shareholders are more fully set out in the “COMPANY AND SHAREHOLDER TAX CONSIDERATIONS” section of this document.

In connection with any switch the Directors may in their absolute discretion waive any applicable subscription and redemption notice periods and any applicable initial charges or redemption charges either generally or in respect of a particular switching investor.

### **COMPULSORY REDEMPTION AND TRANSFER**

If on any Dealing Day the net asset value of the Company had, at any Valuation Point within the previous period of four consecutive months, been less than US\$5,000,000 the Company may on that Dealing Day (or such other Dealing Day within four months thereafter as the Directors may determine) redeem at the redemption price on such Dealing Day all (but not some) of the Shares not previously redeemed. In such a case the redemption price will, for each Share, be equal to a pro rata share of the assets of the Company attributable to the relevant Class less all liabilities attributable to the relevant Class including those accrued or contingent upon the liquidation of the Company. The Directors may also liquidate any Class falling below US\$2,000,000 in value.

The Company also has the right to compulsorily redeem the Class Z Shares of any Shareholder where the net asset value of the holding of Shares is less than, US\$150,000.

The Directors reserve and intend to exercise the right at their sole discretion, compulsorily to redeem or require the transfer of any Shares (i) sold (or acquired) in contravention of the provisions outlined under the “ELIGIBLE INVESTORS” section of this document above or (ii) in the event that the continued ownership of any Shares by any person could result in adverse tax, regulatory, pecuniary, or legal consequences or material administrative disadvantages respectively to the Company or its Shareholders or the Master Fund or its shareholders or the Investment Manager or in particular, require the Company or the Master Fund to register under the 1940 Act or register the Master Fund Shares or the Shares under the 1933 Act. The Company also has the power to exercise certain additional compulsory redemption and compulsory transfer rights. Investors and potential investors are referred to the section of this document headed “CONSTITUTION OF THE COMPANY: Articles of Association” under the sub headings: “Compulsory Redemption of Shares” and “Compulsory Transfer of Shares”. The Company may also compulsorily redeem Shares where such shareholder fails to provide necessary information on tax reporting or in order to meet withholding tax for which the relevant shareholder is responsible as further provided under “U.S. FEDERAL INCOME TAX CONSIDERATIONS: Taxation of Company”.

### **CALCULATION OF NET ASSET VALUE AND SUBSCRIPTION AND REDEMPTION PRICES**

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

The Administrator will determine the net asset value of each Class in the Master Fund (on which the net asset value of the Company will be based) normally as at the Valuation Point for each Dealing Day by deducting the total liabilities from the total assets of each Class of the Master Fund. Total assets include the value of all investments held, the sum of any cash and accrued interest. The Valuation Point in respect of the Master Fund is currently close of business in the relevant market on the Valuation Day. Total liabilities comprise all liabilities including any borrowings, accrued expenses and any contingencies for which reserves are determined to be required. In calculating the value the assets of each Class:

- (a) investments listed and regularly traded on a recognised exchange and for which market quotations are readily available shall be valued on the basis of the last traded or last available quoted prices as of the Valuation Point provided that the value of any investment listed on a recognised exchange, but acquired or traded at a premium or at a discount outside or off the relevant recognised exchange or on an over-the-counter market, shall be valued taking into account such premium or discount as at the date of valuation of the investment;

- (b) investments which are not listed or which are listed but in respect of which prices are not available or in respect of which the last traded or last available price does not in the opinion of the Investment Manager represent fair market value as of the Valuation Point shall be valued at their probable realisation value estimated with care and in good faith, in consultation with the Investment Manager by a competent person approved for the purpose by the Directors;
- (c) derivative contracts traded on a regulated market including without limitation futures and options contracts and index futures shall be valued at the settlement price as determined by the market. If the settlement price is not available, the value shall be the probable realisation value estimated with care and in good faith by (i) the Investment Manager (ii) a competent person firm or corporation selected by the Investment Manager and approved for the purpose by the Directors or (iii) any other means provided that the value is approved by the Directors. Derivative contracts which are not traded on a regulated market (including without limitation swap and swaption contracts) may be valued either using the counterparty valuation or an alternative valuation such as a valuation calculated on behalf of the Master Fund or by an independent pricing vendor. The Master Fund must value an over the counter derivative on at least a monthly basis except where the dealing frequency of a Portfolio is greater than once a month in which case the Master Fund must value the over the counter derivatives consistent with the dealing frequency of the Portfolio. Where the Master Fund values an over the counter derivative using an alternative valuation, the Master Fund will follow international best practice and adhere to the principles on valuation of OTC instruments established by bodies such as IOSCO and AIMA, the alternative valuation will be provided by a competent person selected by the Investment Manager and approved for the purpose by the Directors, or a valuation by any other means provided that the value is approved by the Directors and the alternative valuation will be fully reconciled to the counterparty valuation on a monthly basis. Where the Master Fund values an over the counter derivative using the counterparty valuation, the valuation must be approved or verified by a party who is approved for the purpose by the Directors and who is independent of the counterparty and the independent verification must be carried out at least monthly. The reference to an independent party may include the Master Fund. It can also include a party related to the counterparty provided the related party constitutes an independent Share within the counterparty's group which does not rely on the same pricing models employed by the counterparty. Where the independent party is related to the over the counter counterparty and the risk exposure to the counterparty may be reduced through the provision of collateral, the position must also be subject to verification by an unrelated party to the counterparty on a six monthly basis
- (d) Shares/shares in underlying collective investment schemes not valued pursuant to paragraph (a) above shall be valued by reference to (a) the latest available net asset value of the Shares/shares as published of the relevant underlying collective investment scheme or (b) if more recent, the latest available estimate of the probable realisation value of the Shares/shares of the relevant underlying collective investment scheme estimated with care and good faith by the (i) Investment Manager, or (ii) other person selected by the Investment Manager, being a competent person approved for the purpose by the Directors;
- (e) if Shares/shares of an underlying collective investment scheme are valued by reference to the latest available estimate of the probable realisation value of the Shares/shares of the underlying collective investment scheme, such valuation shall be final and not subsequently adjusted when the final valuation of such Shares/shares becomes available;
- (f) assets denominated in a currency other than in US dollars (whether of an investment or cash) and any non-US dollar borrowing shall be converted into US dollars at the rate (whether official or otherwise) which the Investment Manager deems appropriate in the circumstances;
- (g) cash and other liquid assets shall be valued at their nominal value plus accrued interest; and

- (h) forward foreign exchange contracts shall be valued in the same manner as derivatives contracts which are not traded in a regulated market as detailed at paragraph (iii) above or by reference to freely available market quotations.

In determining the net asset value, assets will be valued at the latest available prices as set out in (a) to (h) above, except for the purposes of compulsory redemption when they may in the sole discretion of the Directors be valued at the latest available “bid” prices for long positions and “asked” prices for short positions and less any fiscal charges, fees and expenses incurred as a result of such redemption.

The Directors may, in their sole discretion, permit any other method of valuation to be used if they consider that such method of valuation more fairly reflects value and is in accordance with good accounting practice. To the extent feasible, expenses, fees and liabilities will be accrued in accordance with IFRS. Reserves (whether or not in accordance with IFRS) may be taken or estimated in respect of accrued expenses, liabilities or contingencies. The Directors may in their sole discretion adopt different accounting principles and standards from time to time.

The Directors are entitled to exercise their reasonable judgement in determining the values to be attributed to assets and liabilities and provided they are acting bona fide in the interest of the Fund as a whole, such valuation is not open to challenge by current or previous investors.

### **Calculation of Net Asset Value Per Share**

The net asset value per Share of each Class or Series thereof, is determined by dividing the net asset value of the Company attributable to the relevant Class or Series by the number of Shares of such Class or Series outstanding. The net asset value of each Class of the Company will be based on the net asset value of the relevant Class of the Master Fund and will reflect the Company's liabilities and expenses (including any Management Fee as well as any Performance Fee payable to the Investment Manager by the Company, if any, bearing in mind that the Directors of the Company shall have the discretion to issued additional fee paying Classes of Shares from time to time).

### **Calculation of Subscription Prices**

The price at which Shares may be subscribed on the relevant Dealing Day following the initial issuance of Shares is, in respect of Class Z Shares, the net asset value per Share calculated as at the Valuation Point in respect of the relevant Dealing Day (taking into account the valuation of the Master Fund's assets and the Company's shareholding in the Master Fund as a Shareholder conducted as at such Valuation Point). The calculation of the subscription price will be subject to adjustment for the anti-dilution levy as set out under the “Anti-Dilution Levy” section of this document.

A portion of the subscription monies (being such sum as the Directors may consider represents the appropriate pro rata provisions for duties and charges which would be incurred on the assumption that all the investments held by the Fund were to be acquired at the relevant Valuation Point) may be applied as a credit to the other investors in the Fund in the interests of equality. Where this occurs, the Company may make a corresponding addition to the subscription price per Share. The Directors may also make such additional adjustments to the subscription price and/or the net asset value on the basis of which such price is calculated as may be permitted under the constitutional documentation of the Company and the Master Fund.

### **Calculation of Redemption Prices**

The price at which Shares of each Class or Series thereof may be redeemed on the relevant Dealing Day is the net asset value per Share of the relevant Class or Series calculated as at the Valuation Point in respect of the relevant Dealing Day (taking into account the valuation of the Master Fund's assets and the Company's shareholding in the Master Fund as a Shareholder conducted as at such Valuation Point).

The calculation of the redemption price will be subject to adjustment for the anti-dilution levy as set out under the “Anti-Dilution Levy” section of this document.

The Company may deduct from the redemption payment due such sum as it may consider represents the appropriate pro rata allowance for duties and charges in relation to the realisation of all, or such part as the Directors deem appropriate, of the investments of the Master Fund held at that Valuation Point and apply such sum as a credit to other investors in the interests of equality. The Directors may also make such additional adjustments to the redemption price and/or the net asset value on the basis of which such price is calculated as may be permitted under the constitutional documentation of the Company and the Master Fund.

### **Possible Suspension**

The Directors may suspend the determination of the net asset value of the Master Fund, the Company, any Class or Series, and/or the payment of redemption proceeds (or any portion thereof) and/or subscriptions and/or redemptions (whether in whole or in part and whether in respect of one or more Classes or Series) in such circumstances as they may determine in their absolute discretion including without limitation during any period or part thereof :

- (a) where the right of redemption from the Master Fund and/or the Company in whole or in part is suspended;
- (b) in which the settlement of redemptions or payment of redemption proceeds would, in the opinion of the Directors, result in a violation of law or violate any instrument or agreement governing any indebtedness incurred by the Company or the Master Fund;
- (c) when one or more stock exchanges which provide the basis for valuing a substantial portion of the assets of the Master Fund are closed other than for, or during, holidays or if dealings therein are restricted or suspended;
- (d) when, as a result of political, economic, military or monetary events or any circumstances outside the control, responsibility and power of the Master Fund, disposal of the underlying assets of the Master Fund is not reasonably practicable without being seriously detrimental to Shareholders or if, in the opinion of the Directors, a fair price cannot be calculated for those assets of the Master Fund;
- (e) in the case of a breakdown of the means of communication normally used for valuing a significant portion of the investments of the Master Fund or if, for any reason, the value of any asset of the Master Fund may not be determined as rapidly and accurately as required;
- (f) if, as a result of exchange restrictions or other restrictions affecting the transfer of funds, transactions on behalf of the Master Fund are rendered impracticable or if purchases, sales, deposits and redemptions of any Class's or Series' assets cannot be effected at the normal rates of exchange;
- (g) if a resolution calling for the liquidation, dissolution or merger of the Master Fund, the Company or a Class has been proposed; or
- (h) to facilitate an orderly winding up of the affairs of the Master Fund, the Company or a Class or Series.

The Directors reserve the right to withhold payment (in whole or in part) from persons who have redeemed prior to such suspension until after the suspension is lifted. Such right will be exercised in circumstances where the Directors believe that to make such payment during the period of suspension would prejudice the interests of existing investors. Notice of any suspension will be given to any

investor attempting to redeem as soon as practicable. If the request is not withdrawn, the day with reference to which the redemption of such Shares will be effected will (if later than the day on which the redemption would otherwise have been effected if there had been no suspension) be the applicable Dealing Day next following the end of the suspension.

In addition, the Directors have the right to postpone any Dealing Day for up to one Business Day without the requirement to give notice to investors when, in their opinion, a significant proportion (which is likely to be five per cent. or more) of the assets of the Master Fund cannot be valued on an equitable basis and such difficulty is expected by the Directors to be overcome within that period. The Directors will take all reasonable steps to bring any period of suspension to an end as soon as possible.

## RISK FACTORS

### Risk Factors

There are significant risks associated with an investment in the Fund. Investment in the Fund may not be suitable for all investors. It is intended for sophisticated investors who can accept the risks associated with such an investment including a substantial or complete loss of their investment.

The risks associated with investment in the Fund which an investor should take into account include, without limitation, risks relating to the operation of the Fund and the terms of an investor's investment in Class Z Shares and risks relating to the investment objective and policy of the Fund, the investment strategies pursued from time to time by the Investment Manager and the investments and/or instruments in which the Fund invests and/or trades.

As a Shareholder in the Master Fund, the Company is subject to the risks of the Master Fund.

Each prospective investor should carefully review this Information Memorandum and carefully consider all these risks. The discussion below as to risks to which the Fund may be subject is not intended to be exhaustive. The Fund may invest in instruments other than those described below, including instruments not in existence or available in the market as of the date of this Information Memorandum, and is likely to be subject to risks not discussed below.

### A. General Risks

*Lack of Operating History* - The Fund is newly-formed. There can be no assurance that the Fund will achieve its investment objective. The past investment performance of the Investment Manager cannot be construed as an indication of the future results of an investment in the Company. The Company may not grow to or maintain an economically viable size, in which case the Directors may determine to wind up the Fund at a time that may not be opportune for Shareholders.

*Business Dependent Upon Key Individuals* - The success of the Fund is significantly dependent upon the expertise of the investment managers and personnel of the Investment Manager, respectively, with responsibility for managing the assets of the Fund and any future unavailability of any of their services could have an adverse impact on the Fund's performance. The past investment performance of the Investment Manager and the Fund may not be construed as an indication of the future results of an investment in the Fund.

*Fee and Performance fee Structure* - The prospect of the Performance Fee may lead the Investment Manager to advise on and/or make on behalf of the Fund investments that are riskier than would otherwise be the case. The Performance Fee is calculated on unrealised as well as realised gains and hence may arise although the relevant gains are not realised.

No additional fees will be charged for investments into pooled or co-mingled funds managed or advised by the Investment Manager or any of its associated companies within the Coronation group of companies ("**In-house Funds**"). Any fees payable in connection with any investments into such In-house Funds shall be rebated.

*Investment in Other Funds and Structures* – The Master Fund may seek to achieve its investment objective and policy through investment in other open and closed-ended funds and structures. These may be or include unregulated funds and structures as well as funds and structures managed and/or advised by the Investment Manager. The Master Fund will be exposed to the liquidity and other risks to which investors in such funds are subject.

*Conflicts of Interest* – Other clients of the Investment Manager may have similar investment objectives, policies and/or strategies to those adopted and/or implemented in respect of the Fund and may invest in

the same markets or the same or similar instruments and securities. (See also the “CONFLICTS OF INTEREST” section of this document).

In addition, other clients of the Investment Manager may participate in tranches of credit securities and portfolios of credit default swaps or instruments in which the Fund invests and investment may also be made by the Investment Manager in such obligations.

*Fees and Expenses* – Unless agreed otherwise between the respective boards of the Master Fund and the Company in their sole discretion, the Master Fund pays fees, costs and expenses incurred in the operation of the Master Fund and the Company, including, without limitation, taxes, expenses for legal, auditing, administration, custody, prime brokerage and consulting services, promotional activities, registration fees and other expenses due to supervisory authorities, insurance, interest, the fees of the Directors and the cost of the publication of the net asset value.

The Investment Manager may receive management and/or performance fees from the underlying funds, in which investment may be made by the Fund and for which it acts as an investment manager or investment adviser, which may create an incentive to make investments that are riskier or more speculative than would be the case if such arrangement were not in effect.

The fees and expenses to which the Fund will be subject could be substantial and will dilute the returns realised by investors.

*Amortisation of Costs* - The formation and preliminary expenses relating to the establishment of the Company and the Master Fund will be borne by the Master Fund and either expensed or amortised over a period of up to 5 years subject to the Directors’ discretion to vary this if they consider it prudent to do so. The Company’s and the Master Fund’s financial statements are prepared in accordance with IFRS which do not permit the amortisation of costs and therefore there is a possibility that the financial statements may be qualified in this regard.

*Restriction in Dealing in Investments* – In providing investment services in relation to the Fund and other clients, the Investment Manager may recommend and/or advise on and/or give effect to activist and/or other strategies in relation to securities and/or issuers involving the acquisition on behalf of the Fund and/or other clients, or in concert with other parties, of positions in companies and/or other issuers.

In connection with such positions, in order to comply with laws and regulations relating to insider dealing, market abuse, concert parties, takeovers and market standards generally and also as a means of dealing with conflicts of interest, the Investment Manager may from time to time be prevented, or elect to restrict themselves and the Fund, from dealing in and/or advising on certain strategies, securities or instruments, either in particular circumstances or generally. As a result of this, the Investment Manager may be unable to realise a position in a particular security or instrument and/or advise as to, make or act on certain investment decisions which they would otherwise have made or implemented on behalf of their clients including the Master Fund. This may result in, *inter alia*, the Master Fund being unable to realise a position in order to meet redemption requests or margining or other financing obligations or take advantage of certain opportunities in the market to the detriment of the Fund and/or its investors.

*Auditors’ Limitation on Liability* - The Auditors, in common with current Cayman Islands practice, have limited their liability under the terms of their engagement which has limited the Company’s and the Master Fund’s rights of possible recourse against the Auditors.

*Subscriptions and Redemptions* – Shares will be issued to an applicant as of a Dealing Day. Prospective investors should note that all cleared subscription monies will be available for use by the Fund prior to the relevant Dealing Day. Where subscription monies are used in this way, a prospective investor’s rights to recover monies in the event of the insolvency of the Fund may be adversely affected.

Save in the event of a suspension of dealings, subscription applications and redemption requests once submitted may only be withdrawn with the prior consent of the Directors. Any interest earned on subscription monies in respect of a rejected subscription will accrue to the benefit of the Company.

The Directors may in their absolute discretion charge interest to an investor in such amount as they deem reasonable in respect of late subscription monies received by the Company in respect of a subscription. Redemption proceeds will not be paid until all administrative requirements have been met. No interest will be paid on any proceeds retained pending the finalisation of such administrative requirements.

*Funding Liquidity Risk* - Where investors redeem their investments in the Company in an amount which exceeds the amount of cash or other liquid assets immediately available to fund such redemptions, the Company and the Master Fund may, subject to their discretion to restrict redemptions, seek to liquidate additional assets to fund the redemption costs incurred. This may limit or otherwise affect the ability of the Master Fund to operate or manage investment positions and strategies within its portfolio and restrict or materially affect investment performance and returns.

*Restrictions on Redemptions and Redemption Charges*– Investors in the Company are subject to restrictions relating to the redemption of Shares of the Company.

Securities and other instruments in which the Fund may be invested may be illiquid or otherwise may not be readily realisable either by reason, *inter alia*, of the securities or instruments themselves or the investment strategies and/or obligations relating thereto to which the Fund is committed or for regulatory reasons. The Directors may limit the value of redemptions in respect of any Dealing Day as set out under the “Redemptions” section of this document in circumstances where the Directors believe that, owing to their perception of the liquidity of the underlying investments, such an action would be in the overall interests of investors.

Redemptions will normally be settled in cash in the currency of investment but may, in the sole discretion of Directors, be settled in securities selected by the Directors or partly in cash and partly in securities and redemptions made within three years of purchase of such Shares may be subject to a redemption charge applicable on a sliding scale up to 5 per cent as set out under the “Redemption Charges” section of this document.

The Directors may also suspend the calculation of the determination of the net asset value of the Master Fund, the Company, any Class, and/or the payment of redemption proceeds (or any portion thereof) and or subscriptions and/or redemption in the circumstances set out under the “Possible Suspension” section of this document. The Directors may withhold payment to investors who have sought to redeem prior to such a suspension of valuation. Directors may also suspend redemptions during any period in which the settlement of redemptions would, in the opinion of the Directors, result in a violation of law or violate any instrument or agreement governing any indebtedness incurred by the Master Fund.

The imposition of any of the above measures by the Directors may result from the underlying liquidity of the Fund and the valuation of the underlying investments in which it is invested and circumstances in this respect may be subject to regular and sudden change. Should the Directors exercise their discretion to impose any such measures, they shall inform Shareholders of their decision in this regard.

*Compulsory Redemption* – The Directors may compulsorily redeem an investor’s holding of Shares as more specifically disclosed in this Information Memorandum, the Master Fund Articles and the Articles. Such circumstances include, but are not limited to, situations where: (i) the investor does not meet eligibility requirements; (ii) the holding of Shares of the Company by the investor gives rise to a regulatory, pecuniary, legal taxation or material administrative disadvantage for the Fund or subjects the Fund to registration or filing requirements in any jurisdiction; (iii) the level of the investor’s holding drops below the minimum holding requirement (iv) the aggregate amount invested in the Company or in any class or the small number of Shareholders with outstanding Shares of any Class at any time does

not justify the ongoing trading and existence of the Fund or a particular Class; or (v) in any other circumstances in which the Director's determine in their absolute discretion that such compulsory redemption is in the best interests of the Company and/or the Master Fund.

*Valuation* - The price at which investors subscribe and redeem Shares of the Company and the value with reference to which management and other fees are calculated is calculated with reference to the net asset value of the Master Fund and the Company determined as more specifically disclosed under the "Calculation of Net Asset Value" section of this document. The Administrator may, however, in the sole discretion of the Directors, follow some other prudent methods of valuation if it considers that under the circumstances such methods should be adopted in order to reflect fairly the values of the relevant investments or liabilities of the Fund.

In addition, special situations affecting the measurement of the net asset value of the assets of the Fund may arise from time to time. Investors should be aware that situations involving uncertainties as to the valuation of such assets could have an adverse effect on the net asset value of the Company and the Master Fund.

The net asset value of the Company and the Master Fund may fluctuate over time according to the performance of the Master Fund's investments. An investor may not fully recover his initial investment when he chooses to redeem his Shares or upon compulsory redemption, if the net asset value of the Company and the Master Fund is less than that at the time of investment. The value of the Shares, and the income (if any) derived from them, can go down as well as up.

*Portfolio Turnover* - Turnover of the Fund's investments may be higher than the average for other more traditional portfolios and accordingly the level of commissions paid and other transaction costs is likely to be higher than average, which may adversely affect the returns realised by investors.

*Cross-Class Liability* - The Company and the Master Fund may create further Classes in the future. In such event, each separate Class will be maintained with separate accounting records. Portfolios may be shared to the extent the Class differential relates to currency or other rights and/or entitlements. However, the Company and the Master Fund may be treated as one entity. Thus all of the assets of the Company and the Master Fund may be available to meet all of the liabilities of the Company and the Master Fund, regardless of the Class to which such assets or liabilities are attributable. In practice, cross-class liability will usually only arise where any Class becomes insolvent or exhausts its assets and is unable to meet all of its liabilities. In this case, all of the assets of the Company and the Master Fund attributable to the other Classes may be applied to cover the liabilities of the insolvent Class.

*Business and Regulatory Risks Associated with Funds* – Legal, tax and regulatory changes could occur during the term of the Company and/or the Master Fund that may adversely affect the Company and/or the Master Fund. The regulatory environment for funds pursuing alternative investment strategies is evolving and changes in the regulation of such funds may adversely affect the value of investments held by the Master Fund and the ability of the Master Fund to obtain leverage or to pursue its trading strategies. In addition, the securities and future 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 governmental and judicial action. Any future legal or regulatory change could substantially and adversely affect the Fund.

*Fraud Risk* - The Fund will be exposed to the risk of fraud by third party service providers to, or the directors, officers or agents of, an investment entity in which the Fund is invested. These risks include fraud or bad faith relating to dealings with, or on behalf, of any investment entity where such officers, agents and third parties may receive direct or indirect benefit from dealings with or for that entity or where fees are received or cash flows handled in respect of that entity.

*Legal Risk* - Many of the laws that govern private and foreign investment, equity securities transactions and other contractual relationships in certain countries, particularly in developing countries, are new and largely untested. As a result the Fund may be subject to a number of unusual risks, including inadequate investor protection, contradictory legislation, incomplete, unclear and changing laws, ignorance or breaches of regulations on the part of other market participants, lack of established or effective avenues for legal redress, lack of standard practices and confidentiality customs, characteristic of developed markets, and lack of enforcement of existing regulations. Furthermore, it may be difficult to obtain and enforce a judgement in certain countries in which assets of the Master Fund are invested. There can be no assurance that this difficulty in protecting and enforcing rights will not have a material adverse effect on the Fund and its operations. In addition, the income and gains of the Company and the Master Fund may be subject to withholding taxes imposed by foreign governments for which shareholders may not receive a full or any foreign tax credit. Furthermore, it may be difficult to obtain and enforce a judgment in a court outside of the Cayman Islands.

Regulatory controls and corporate governance of companies in some developing countries may confer little protection on minority shareholders. Anti-fraud and anti-insider trading legislation is often rudimentary. The concept of fiduciary duty to shareholders by officers and directors is also limited when compared to such concepts in more developed markets. In certain instances management may take significant actions without the consent of investors and anti-dilution protection may also be limited.

*AIFM Directive* – On 21 July 2011 a Directive on Alternative Investment Fund Managers (the “**AIFM Directive**”) to regulate “managers of alternative investment funds” or “AIFM” (as these terms are defined in the AIFM Directive) came into force. Member states of the European Union were required to implement the AIFM Directive into national legislation by 22 July 2013. Subject to the transitional provisions in the AIFM Directive, the entity designated as the “AIFM” may be required to procure that the Company and the Master Fund complies with certain restrictions and/or meets certain conditions which may include, depending upon the structure adopted by the Company and the Master Fund and the marketing activities undertaken with respect to the Company and the Master Fund, restrictions and/or conditions as to their liquidity profile and redemption policy and use of leverage, transparency, the appointment of a depositary and disclosure obligations. Such restrictions and/or conditions may result in the restructuring of the Company and the Master Fund and/or its respective relationships with service providers and are likely to increase the on-going costs borne, directly or indirectly, by the Company and the Master Fund. It is not currently intended that the Company, the Master Fund or the Investment Manager will fall within the scope of the AIFM Directive, however this cannot be guaranteed and the Company may, in the future, be marketed to shareholders or prospective investors which are domiciled or have a registered office in any member state of the European Economic Area, in which case the Company, the Master Fund and the Investment Manager would likely be subject to requirements under the AIFM Directive.

*Tax Considerations* – Applicable taxation laws, treaties, rules or regulations or the interpretation thereof may always change, possibly with retrospective effect. Changes in the tax treatment of investments and special purpose vehicles and unanticipated withholding taxes or other taxes may affect anticipated cash flows. The Company and the Master Fund may use a variety of investment structures to obtain exposure to the underlying assets on a case by case basis. Whilst the Company and the Master Fund will seek to enhance the tax efficiency of such investment structures in their jurisdictions of incorporation, the tax laws, however, may change or be subject to differing interpretations. Accordingly, the tax consequences of a particular investment or structure may change after the investment has been made or the structure has been established with the result the Company and the Master Fund could become subject to taxation (including by way of withholding tax) in respect of its investments and the income, profit and gains derived therefrom in a manner or to an extent that is not currently anticipated. Any such change may have an adverse effect on the net asset value of the Company and the Master Fund and interests in it.

Although the Directors and the Investment Manager each intend that, so far as it is within their respective control, the affairs of the Company and the Master Fund and the Investment Manager are conducted so that the Company and the Master Fund do not become subject to U.K. corporation tax or

income tax or to South African income tax on its profits, there can be no guarantee that all of the requirements to ensure this will at all times be satisfied.

*Foreign Account Tax Compliance* - Pursuant to the U.S. Foreign Account Tax Compliance Act ("FATCA"), each of the Company and the Master Fund will be required to comply (or be deemed compliant) with extensive new reporting and withholding requirements designed to inform the U.S. Department of the Treasury of U.S.-owned foreign investment accounts. Failure to comply (or be deemed compliant) with these requirements will subject such entity to U.S. withholding taxes on certain U.S.-sourced income and (effective 1 January 2017) gross proceeds. Pursuant to an intergovernmental agreement between the United States and the Cayman Islands, as described more fully below, each of the Company and the Master Fund may be deemed compliant, and therefore not subject to the withholding tax, if it identifies and reports U.S. taxpayer information directly to the Cayman Islands government. Shareholders may be requested to provide additional information to the Company to enable the Company to satisfy these obligations. Failure to provide requested information may subject a Shareholder to liability for any resulting U.S. withholding taxes, U.S. tax information reporting and/or mandatory redemption, transfer or other termination of the Shareholder's interest in its Shares. Detailed guidance as to the mechanics and scope of this new reporting and withholding regime is continuing to develop. There can be no assurance as to the timing or impact of any such guidance on future operations of the Company and/or the Master Fund.

On 29 November 2013, the Cayman Islands government entered into a model 1 inter-governmental agreement with the United States (the "**US IGA**") in connection with the implementation of the US Foreign Account Tax Compliance Act ("**FATCA**"). The US IGA is intended to result in the automatic exchange of tax information under FATCA. The two governments have also signed a Tax Information Exchange Agreement which outlines the legal channels through which tax information will automatically be exchanged.

On 4 July 2014, the Cayman Islands government issued The Tax Information Authority (International Tax Compliance) (United States of America) Regulations, 2014 (the "**US FATCA Regulations**") to accompany The Tax Information Authority Law (2013 Revision) (the "**TIA Law**"). The US FATCA Regulations implement the provisions of the US IGA. The US FATCA Regulations provide for the identification of and reporting on certain direct and indirect United States investors, and impact the Company and its Shareholders.

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

In addition, the Cayman Islands government entered into a model 1 non-reciprocal inter-governmental agreement with the United Kingdom (the "**UK IGA**") on 5 November 2013. On 4 July 2014, the Cayman Islands government issued The Tax Information Authority (International Tax Compliance) (United Kingdom) Regulations, 2014 (the "**UK FATCA Regulations**") to accompany the TIA Law to implement the UK IGA. The UK FATCA Regulations provide for the identification of and reporting on certain direct and indirect UK investors, and impact the Company and its Shareholders.

The Company may be required to report to the TIA under the UK FATCA Regulations and may accordingly need to identify and undertake prescriptive due diligence on 'UK Reportable Accounts', being financial accounts held by UK individuals or entities controlled by UK persons. In this regard, the Company may request further information from a Shareholder in order to identify UK Reportable

Accounts and in order to comply with its obligations under the UK FATCA Regulations. The TIA may then provide this information to HM Revenue and Customs.

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

*Terrorist Action* - There is a risk of terrorist attacks causing significant loss of life and property and damage and disruptions in global markets. Economic and diplomatic sanctions may be in place or imposed on certain states and military action may be commenced. The impact of such events is unclear, but could have a material effect on general economic conditions and market liquidity which may in turn adversely affect the Company and the Master Fund and investors.

## **B. General Investment and Strategy Risks**

*Investment and Trading Risks in General* - All securities investments present a risk of loss of capital. The Company and the Master Fund's investment policy may utilise investment techniques such as option transactions, margin transactions, short sales and futures and forward contracts, which practices can maximise, in certain circumstances, any losses. There can be no assurance that the Fund will achieve its investment objective.

*Counterparty Risk* – Markets in which the Master Fund may effect transactions may include OTC or “interdealer” markets. The participants in such markets are typically not subject to credit evaluation and regulatory oversight as members of “exchange-based” markets. This exposes the Master Fund to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a dispute over the terms of the contract (whether or not *bona fide*) or because of a credit or liquidity problem, thus causing the Master Fund to suffer a loss. Such “counterparty risk” is accentuated for contracts with longer maturities where events may intervene to prevent settlement, or where the Master Fund has concentrated its transactions with a single or small group of counterparties. The Master Fund is not restricted from dealing with any particular counterparty or from concentrating any or all of its transactions with one counterparty. Moreover, the Master Fund has no internal credit function which evaluates the creditworthiness of its counterparties. The ability of the Master Fund to transact business with any one or number of counterparties, the lack of any meaningful and independent evaluation of such counterparties' financial capabilities and the absence of a regulated market to facilitate settlement may increase the potential for losses by the Master Fund.

*Borrowing, Leverage and Margin* – In addition to the leverage inherent in the credit securities and instruments in which the Master Fund may invest, the Master Fund may employ borrowings to meet its obligations in relation to the administration of the Master Fund related to the settlement of buying and sale transactions and redemption or cancellation of Shares of up to a maximum of 100% of the Net Asset Value of the Fund. For the purpose of providing margin or collateral, the Master Fund may from time to time secure such borrowings by pledging, mortgaging or charging the assets of the Master Fund.. Consequently, the level of interest rates at which the Master Fund can borrow and other costs of obtaining leverage funds will affect the operating results of the Fund. In addition, the Master Fund may in effect borrow through entry into repurchase agreements and may for the purpose of efficient portfolio management or for any other investment purpose that is consistent with its investment objective and investment policy, “leverage” its investment return with such instruments as forwards, futures, options and other derivative contracts.

The Company and the Master Fund's potential use of borrowing and leverage results in certain additional risks.

Should the securities pledged to brokers to secure the Master Fund's margin accounts decline in value, the Fund could be subject to a "margin call" and need to deposit additional funds with the broker or suffer mandatory liquidation of the pledged securities to compensate for the decline in value. In the event of a sudden drop in the value of the Fund's assets, the Fund might not be able to liquidate assets quickly enough to pay off its margin debt.

In the futures markets, margin deposits are typically low. Low margin deposits mean that a relatively small price movement in a futures contract may result in immediate and substantial losses. For example, if at the time of purchase 10 per cent. of the price of a futures contract is deposited as margin, a 10 per cent. decrease in the price of the futures contract would, if the contract is then closed out, result in a total loss of the margin deposit before any deduction for the brokerage commission.

*Trading in Options* - The Master Fund may purchase and sell ("write") options on securities, currencies and commodities on a variety of commodities and securities exchanges and over-the-counter markets. The seller ("writer") of a put or call option which is uncovered (*i.e.* the writer has effectively a long or a short position in the underlying security, currency or commodity) assumes the risk (which theoretically may be unlimited) of a decrease or increase in the market price of the underlying security, currency or commodity below or above the sales or purchase price. Investing in futures and options is a highly specialised activity and, although it may increase total return, it may also entail significantly greater than ordinary investment risk.

*Exchange-Traded Futures Contracts and Options on Futures Contracts* - The Master Fund's use of futures contracts and options on futures contracts will present the same types of volatility and leverage risks associated with transactions in derivative instruments generally (see below). In addition, such transactions present a number of risks which might not be associated with the purchase and sale of other types of investment products.

The Master Fund may invest in futures and related options to the extent that all necessary CFTC registrations or exemptions have been obtained. Such registrations or exemptions would not include review or approval by the CFTC of any information memorandum or the trading strategies of the Fund.

Prior to exercise or expiration, a futures or option position can be terminated only by entering into an offsetting transaction. This requires a liquid secondary market on the exchange on which the original position was established. While the Master Fund will enter into futures and option positions only if, in the judgement of the Investment Manager, there appears to be a liquid secondary market for such instruments, there can be no assurance that such a market will exist for any particular contract at any point in time. In that event, it might not be possible to establish or liquidate a position.

The Master Fund's ability to utilise futures or options on futures to hedge its exposure to certain positions or as a surrogate for investments in instruments or markets will depend on the degree of correlation between the value of the instrument or market being hedged, or to which exposure is sought and the value of the futures or option contract. Because the instrument underlying a futures contract or option traded will often be different from the instrument or market being hedged or to which exposure is sought, the correlation risk could be significant and could result in substantial losses to the Fund. The use of futures and options involves the risk that changes in the value of the underlying instrument will not be fully reflected in the value of the futures contract or option.

The liquidity of a secondary market in futures contracts and options on futures contracts is also subject to the risk of trading halts, suspensions, exchange or clearing house equipment failures, government intervention, insolvency of a brokerage firm, clearing house or exchange or other disruptions of normal trading activity.

*OTC Derivative Instrument Transactions* - The Master Fund may invest a substantial portion of its assets in investments which are not traded on organised exchanges and as such are not standardised. Such transactions are known as over-the-counter or ("OTC") transactions and may include forward

contracts or options. Whilst some OTC markets are highly liquid, transactions in OTC derivatives may involve greater risk than investing in exchange traded derivatives because there is no exchange market on which to close out an open position. It may be impossible to liquidate an existing position, to assess the value of the position arising from an off-exchange transaction or to assess the exposure to risk. Bid and offer prices need not be quoted and, even where they are, they will be established by dealers in these instruments and, consequently, it may be difficult to establish what is a fair price. In respect of such trading, the Fund is subject to the risk of counter-party failure or the inability or refusal by a counter-party to perform with respect to such contracts. Market illiquidity or disruption could result in major losses to the Fund.

The instruments, indices and rates underlying derivative transactions expected to be entered into by the Master Fund may be extremely volatile in the sense that they are subject to sudden fluctuations of varying magnitude, and may be influenced by, among other things, government trade, fiscal, monetary and exchange control programmes and policies; national and international political and economic events; and changes in interest rates. The volatility of such instruments, indices or rates, which may render it difficult or impossible to predict or anticipate fluctuations in the value of instruments traded by the Fund could result in losses.

*Interpositioning* – The Master Fund, from time to time, may execute over the counter (“OTC”) trades on an agency basis rather than on a principal basis. In these situations, the broker used by the Master Fund may acquire or dispose of a security through a market-maker or other dealer (a practice known as “interpositioning”). The transaction may thus be subject to both a commission payable to the broker and a markup or markdown included in the price quoted by the dealer. The use of a broker can provide anonymity in connection with a transaction. In addition, a broker, in certain case, may have greater expertise or capability in connection with both accessing the market and executing a given transaction.

*No Established Rating Criteria* - No rating criteria have been established for some of the debt securities in which the Master Fund may invest. The Master Fund may invest in low rated (considered to be those that are below “investment grade”) and unrated debt securities. Low rated and unrated debt securities are the equivalent of high yield, high risk bonds, commonly known as “junk bonds” and are generally considered to be speculative with respect to the issuer’s capacity to pay interest and repay principal in accordance with the terms of its obligations under such securities. The Master Fund will be more dependent upon the judgment of the Investment Manager as to the credit quality of such unrated securities.

*Credit Ratings* - Credit ratings of debt securities or credit or reference entities represent the rating agencies’ opinions regarding their credit quality and are not a guarantee of future credit performance of such securities. Rating agencies attempt to evaluate the safety of principal and interest payments and do not evaluate the risks of fluctuations in market value. Therefore, the ratings assigned to securities by rating agencies may not fully reflect the true risks of an investment. Also, rating agencies may fail to make timely changes in credit ratings in response to subsequent events, so that an issuer’s current financial conditions may be better or worse than a rating indicates. Consequently, credit ratings of reference entities or obligors in respect of eligible investments will be used by the Investment Manager only as a preliminary indicator of investment quality, and for the purposes of maintaining any stated ratings criteria of a credit security. Obligations of reference entities which are not investment grade will be more dependent on the credit analysis by the Investment Manager than would be the case with those which are investment-grade.

*Credit Risk* - The Company and the Master Fund also is subject to credit risk, i.e. the risk that an issuer of securities will be unable to pay principal and interest when due, or that the value of the security will suffer because investors believe the issuer is less able to pay. Investment in the obligations of credit securities, portfolios of credit default swaps or instruments, individual credit default swaps and other instruments involves a degree of risk arising from fluctuations in the amount and timing of the receipt of principal and interest by the Fund and the amounts of the claims of creditors and counterparties ranking in priority to the rights of the Fund in respect of such securities, obligations and instruments.

In particular, the amount and timing of payments of the principal, interest and other amounts on credit securities and other obligations and instruments will depend upon the detailed terms of the documentation relating to the instrument and on whether or not any issuer thereof or obligor thereunder defaults in its obligations thereunder. A default, downgrade or credit impairment of any of its investments could result in a significant or even total loss of the investment.

*Concentration of Investments/Lack of Asset Diversification* – The Master Fund is subject to limited diversification requirements and may invest a significant portion of its assets in the securities of a small number of issuers or, directly or indirectly similar in assets. As a result, the Master Fund may be more susceptible to risks associated with a single economic, political or regulatory occurrence than would be the case with a more diversified portfolio and the Master Fund may be subject to significant losses in the event that it holds a large position in a particular investment that declines in value or is otherwise adversely affected, including by default of the issuer.

*Securities and Other Investments of the Master Fund May Be Illiquid; Restrictions on Transfer* – Many of the obligations in respect of credit securities and portfolios of credit default swaps or instruments purchased by the Master Fund will have no, or only a limited, trading market. The Master Fund's investment in such securities and portfolios may restrict its ability to dispose of investments in a timely fashion and for a fair price as well as its ability to take advantage of market opportunities. Further, the factors relating to illiquidity of investment positions may also be applicable to an investor whose assets are used in any *in specie* or in kind redemption.

There can be no assurances as to the liquidity or continuance of a market in tranches of certain credit securities. Consequently, the Fund must be prepared to hold such investments for an indefinite period of time and potentially until their maturity date. In addition, such instruments may be subject to certain transfer restrictions and may only be subject to transfer outside the United States or to persons who are not U.S. persons. Such restrictions on the transfer of the notes may further limit their liquidity. Illiquid underlying Credit Securities may trade at a discount from comparable, more liquid investments.

*Credit Exposure to the Reference Entities* – The obligation of the Fund directly or indirectly through other instruments and securities to make payments to credit default swap counterparties under credit default swaps and other similar instruments creates significantly leveraged exposure to potential credit events of the relevant reference entities and credits. The Master Fund may have the right to obtain from the credit default swap counterparties, the issuer of the instrument or the trustee information in relation to the reference entities or credits or information regarding any obligation of any reference entity. The credit default swap counterparties may have no obligation to keep the issuer, the trustee or the Fund informed as to matters arising in relation to any reference entity, including whether or not circumstances exist under which there is a possibility of the occurrence of a credit event.

A credit default swap counterparty for a particular credit default instrument may be obliged to make a payment upon the designation of an early termination date thereunder. The Company and the Master Fund may be exposed to the credit risk of such credit default swap counterparties with respect to such payments. In the event of the insolvency of any credit default swap counterparty, the Master Fund will be treated as a general creditor of the credit default swap counterparty and will not have any claim against any reference entity. Consequently, the Fund will be subject to the credit risk of credit default swap counterparty as well as that of a reference entity. As a result, credit default swaps entered into with credit default swap counterparties will subject the Fund to a degree of risk with respect to defaults by credit default swap counterparties as well as to the risk of defaults by the reference entities.

Following the occurrence of a credit event with respect to a reference entity (and subject to the satisfaction of any condition to payment), the Master Fund may be required to pay to the credit default swap counterparty an amount equal to the relevant settlement amount on the relevant settlement date. Certain of the reference entities and/or reference obligations in respect of the reference entities in respect of credit default swaps contained in the particular portfolio, may be rated below investment grade (or of equivalent credit quality). Under credit default swaps where the Master Fund has sold protection by

reference to any such reference entity or which includes any such reference obligation the likelihood of the Master Fund being obliged to make payment is greater.

Credit default swaps present risks in addition to those resulting from direct purchases of obligations of the reference entities. Under credit default swaps, the Master Fund and/or issuer of credit securities will have a contractual relationship only with the relevant credit default swap counterparty, and not with any reference entity. Consequently, the credit default swaps do not constitute a purchase or other acquisition or assignment of any interest in any obligation of any reference entity. The Master Fund and/or any issuer, therefore, will have rights solely against each credit default swap counterparty in accordance with the relevant credit default swap and will have no recourse against any reference entities. None of the Master Fund, the issuer or any other entity will have any rights to acquire any interest in any obligation of any reference entity, notwithstanding the payment by an issuer or the Master Fund of a credit default swap floating amount to a credit default swap counterparty with respect to such reference entity of a credit default unless the terms of the specific credit default swap provide for a transfer of any obligation upon the occurrence of a credit event. Neither the Master Fund nor any issuer will directly benefit from any collateral supporting the obligations of the reference entity and will not have the benefit of the remedies that would normally be available to a holder of any such obligation.

There is no assurance that actual payments of any credit default swap amounts will not exceed such assumed losses. If any payments of credit default swap amounts exceed such assumed losses, payment on the respective class of notes of an issuer could be adversely affected by the occurrence of synthetic credit events.

*Currency* – Shares are issued and redeemed in US dollars. The underlying instruments held by the Master Fund may be denominated in other currencies. Accordingly, the value of an investment may be affected favourably or unfavourably by fluctuations in exchange rates, notwithstanding any efforts made to hedge such fluctuations. In addition, prospective investors whose assets and liabilities are primarily denominated in currencies other than the currency of investment should take into account the potential risk of loss arising from fluctuations in the rate of exchange between the currency of investment and such other currency. The Company and the Master Fund may enter into back to back currency borrowing or utilise derivatives such as forwards, futures, options and other derivatives to hedge against currency fluctuations, but there can be no assurance that such hedging transactions will be undertaken or if undertaken will be effective or beneficial or that there will be a hedge in place of any given time.

*Trading in Indices, Financial Instruments and Currencies* - The Investment Manager may trade in indices, financial instruments and currencies. The effect of any governmental intervention may be particularly significant at certain times in currency and financial instrument futures and options markets. Such intervention (as well as other factors) may cause all of these markets to move rapidly in the same or varying directions which may result in sudden and significant losses.

*Hedging Transactions and Other Methods of Risk Management* – The Master Fund may utilise financial instruments such as derivatives for investment purposes and for risk management purposes, for example in order to: (i) protect against possible changes in the market value of the portfolio resulting from fluctuations in the securities markets and changes in interest rates; (ii) protect the Master Fund's unrealised gains in the value of the portfolio; (iii) facilitate the sale of any investment; (iv) enhance or preserve returns, spreads or gains on any investment in the portfolio; (v) hedge the interest rate or currency exchange rate on any of the Master Fund's liabilities or assets; (vi) protect against any increase in the price of any securities the Master Fund anticipates purchasing at a later date; or (vii) for any other reason that the Investment Manager deems appropriate. Such hedging transactions may not always achieve the intended effect and can also limit potential gains.

While the Master Fund may enter into such transactions to seek to reduce currency, exchange rate, commodity related and interest rate risks, unanticipated changes in currency, interest rates and equity markets may result in a poorer overall performance by the Fund. For a variety of reasons, the Master

Fund may not obtain a perfect correlation between such hedging instruments and the portfolio holdings being hedged. Such imperfect correlation may prevent the intended hedge or expose the Fund to risk of loss.

The success of the Master Fund's risk management strategies will depend in part upon the Investment Manager's ability correctly to assess the degree of correlation between the performance of the instruments used in the hedging strategy and the performance of the portfolio investments being hedged. Since the characteristics of many securities change as markets change or time passes, the success of the Master Fund's hedging strategy will also be subject to the Investment Manager's ability to continually recalculate, readjust and execute hedges in an efficient and timely manner. While the Master Fund may enter into hedging transactions to seek to reduce risk, such transactions may result in a poorer overall performance for the Fund than if it had not engaged in such hedging transactions. For a variety of reasons the Investment Manager may not seek to establish a perfect correlation between the hedging instruments utilised and the portfolio holdings being hedged. Such an imperfect correlation may prevent the Master Fund from achieving the intended hedge or expose the Master Fund to risk of loss. The Investment Manager may not hedge against a particular risk because it does not regard the probability of the risk occurring to be sufficiently high as to justify the cost of the hedge, or because it does not foresee the occurrence of the risk. The successful utilisation of hedging and risk management transactions requires skills complementary to those needed in the selection of the portfolio.

*Emerging and Developing Markets* – The Company and the Master Fund may invest in credit securities, portfolios of credit default swaps or instruments, individual credit default swaps and other instruments relating to creditors in emerging and/or developing markets. Investment in such markets involves risk factors and special considerations, including those set forth following which may not be typically associated with investing in more developed markets. Such risks include, among other things, trade balances and imbalances and related economic policies, unfavourable currency exchange rate fluctuations, restrictions on foreign investment imposition of exchange control regulation by governments, withholding taxes, limitations on the removal of funds or other assets, policies of governments with respect to possible nationalisation of their industries, political difficulties, including expropriation of assets, confiscatory taxation and social, economic or political instability in foreign nations. These factors may affect the level and volatility of securities prices and the liquidity of the Master Fund's investments. Unexpected volatility or illiquidity could impair the Master Fund's profitability or result in losses. Political or economic change and instability may be more likely to occur in emerging and developing markets and have a greater effect on the economies and markets of emerging and developing countries.

By comparison with more developed securities markets, most emerging countries' securities markets are comparatively small, less liquid and more volatile. In addition settlement, clearing and registration procedures may be underdeveloped enhancing the risks of error, fraud or default. Furthermore, the legal infrastructure and accounting, auditing and reporting standards in emerging and developing markets may not provide the same degree of investor information or protection as would generally apply to major markets.

The economies of countries differ in such respects as growth of gross domestic product, rate of inflation, currency depreciation, asset reinvestment, resource self sufficiency and balance of payments position. Further, certain economies are heavily dependent upon international trade and, accordingly, have been and may continue to be adversely affected by trade barriers, measures imposed or negotiated by the countries with which they trade. The economies of certain countries may be based, predominantly, on only a few industries and may be vulnerable to changes in trade conditions and may have higher levels of debt or inflation.

*Fixed Income Securities* – The Master Fund may invest in bonds or other fixed income securities, including without limitation, commercial paper and "higher yielding" (including non-investment grade and, therefore, higher risk) debt securities. The Master Fund will, therefore, be subject to credit, liquidity and interest rate risks. Higher-yielding debt securities are generally unsecured and may be

subordinated to certain other outstanding securities and obligations of the issuer, which may be secured on substantially all of the issuer's assets. The lower rating of debt obligations in the higher-yielding sectors reflects a greater probability that adverse changes in the financial condition of the issuer or in general economic conditions or both may impair the ability of the issuer to make payments of principal and interest. Non-investment grade debt securities may not be protected by financial covenants or limitation on additional indebtedness. In addition, evaluation of credit risk for debt securities involves uncertainty because credit rating agencies throughout the world have different standards, making comparison across countries difficult. Also, the market for credit spreads is often inefficient and illiquid, making it difficult to accurately calculate discounting spreads for valuing financial instruments. It is likely that a major economic event, such as a recession or reduction of liquidity in the market could severely disrupt the market for such securities and may have an adverse impact on the value of such securities. In addition, it is likely that any such an economic event could adversely affect the ability of issuers of such securities to repay principal and pay interest thereon and increase the incidence of default for such securities.

*Investments in Unlisted Securities* – The Master Fund may invest in unlisted securities. Because of the absence of any trading market for these investments, it may take longer, or may not be possible, to liquidate these positions. Accordingly, the ability of the Master Fund to respond to market movements may be impaired and the Master Fund may experience adverse price movements upon liquidation of its investments. Although these securities may be resold in privately negotiated transactions, prices realised on these sales could be less than those originally paid by the Master Fund. Settlement of transactions may be subject to delay and administrative uncertainties. Further, companies whose securities are not publicly traded will generally not be subject to public disclosure and other investor protection requirements applicable to publicly traded securities. The lack of publicly available information in an actively traded market in unlisted securities will also give rise to uncertainty in valuing such securities.

*Commodity Pool Operator – “De Minimis Exemption”* – While the Master Fund may trade commodity interests (commodity futures contracts, commodity options contracts and/or swaps), including security futures products, the Investment Manager is exempt from registration with the CFTC as a CPO pursuant to CFTC Rule 4.13(a)(3). Therefore, unlike a registered CPO, the Investment Manager is not required to deliver a CFTC disclosure document to prospective investors, nor is it required to provide investors with certified annual reports that satisfy the requirements of CFTC rules applicable to registered CPOs.

The potential consequence of this exemption, the so-called “de minimis exemption”, includes a limitation on the Master Fund's exposure to the commodity markets. CFTC Rule 4.13(a)(3) requires that a pool for which such exemption is filed must meet one or the other of the following tests with respect to its commodity interest positions, including positions in security futures products, whether entered into for bona fide hedging purposes or otherwise: (a) the aggregate initial margin, premiums, and required minimum security deposit for retail forex transactions, will not exceed 5 per cent. of the liquidation value of the pool's portfolio, after taking into account unrealised profits and unrealised losses on any such positions it has entered into; or (b) the aggregate net notional value of such positions does not exceed 100 per cent. of the liquidation value of the pool's portfolio, after taking into account unrealised profits and unrealised losses on any such positions it has entered into.

*Swap Agreements* – The Master Fund may enter into swap agreements. Swap agreements can be individually negotiated and structured so as to include exposure to a variety of different types of investments or market factors. Depending on their structure, swap agreements may increase or decrease the Master Fund's exposure to long-term or short-term interest rates, currency values, corporate borrowing rates, or other factors such as security prices, baskets of equity securities or inflation rates. Swap agreements can take many different forms and are known by a variety of names. The Master Fund is not limited to any particular form of swap agreement if consistent with the Master Company and the Master Fund's investment objective and policy.

Swap agreements tend to shift the Master Fund's investment exposure from one type of investment to

another. For example, if the Master Fund agrees to exchange payments in US dollars for payments in Euro, the swap agreement would tend to decrease the Master Fund's exposure to US dollar interest rates and increase its exposure to the Euro and its interest rates. Depending on how they are used, swap agreements may increase or decrease the overall volatility of the Master Fund's portfolio. The most significant factor in the performance of swap agreements is the change in the specific interest rate, currency, individual equity value or other factors that determine the amounts of payments due to and from the Master Fund. If a swap agreement calls for payments by the Master Fund, the Master Fund must be prepared to make such payments when due. In addition, if a counterparty's credit worthiness declines, the value of swap agreements with such counterparty can be expected to decline, potentially resulting in losses by the Master Fund.

*Credit Default Swaps* - The Master Fund may enter into credit default swap agreements. The "buyer" in a credit default contract is obligated to pay the "seller" a periodic stream of payments over the term of the contract provided that no event of default on an underlying reference obligation has occurred. If an event of default occurs, the seller must pay the buyer the full notional value, or "par value," of the reference obligation in exchange for the reference obligation. The Master Fund may be either the buyer or seller in a credit default swap transaction. If the Master Fund is a buyer and no event of default occurs, the Master Fund will lose its investment and recover nothing. However, if an event of default occurs, the Master Fund (if the buyer) will receive the full notional value of the reference obligation that may have little or no value. As a seller, the Master Fund receives a fixed rate of income throughout the term of the contract, which typically is between six months and three years, provided that there is no default event. If an event of default occurs, the seller must pay the buyer the full notional value of the reference obligation. Credit default swap transactions involve greater risks than if the Master Fund had invested in the reference obligation directly.

*Loan of Portfolio Securities* – The Master Fund may lend its portfolio securities. By doing so, the Master Fund attempts to increase income through the receipt of interests on the loan. In the event of bankruptcy of the counterparty to such a securities loan, the Master Fund could experience delays in recovering the loaned securities. To the extent that the value of the securities lent by the Master Fund has increased, the Master Fund could experience a loss if such securities are not recovered.

*Security* – The Company and the Master Fund may invest in obligations of an issuer of a credit security which are secured by an assignment by way of first fixed security, a first fixed charge and a floating fixed charge in favour of the relevant trustee over the collateral debt securities pursuant to the trust deed on the closing date, which may take effect as a security interest over the right of the issuer to require delivery of the collateral debt securities from the custodian in accordance with the terms of the particular custody agreement.

*Subordination Risk* - Certain debt investments acquired by the Master Fund will be subject to certain additional risks. Such investments may be unsecured and structurally or contractually subordinated to substantial amounts of senior indebtedness, all or significant portion of which may be secured. Moreover, such investments may not be protected by financial covenants or limitations upon additional indebtedness.

*Interest Rate Risk* - The Master Fund is subject to several risks associated with changes in interest rates on its financings and investments which may affect profitability.

*Increased Interest Payments* - The interest payments on the Master Fund's financings may increase relative to the interest earned on the Master Fund's investments. In a period of rising interest rates, interest payments by the Master Fund could increase while the interest earned on certain Investments would not change.

*Interest Rate Adjustments* - The Master Fund may rely on short-term financings to acquire Investments with long-term maturities. Similarly, the Master Fund may acquire investments with short term maturities which are secured by long dated assets. Certain of the Master Fund's investments may be

adjustable rate instruments in which interest rates vary over time, based upon changes in an objective index (e.g., LIBOR) which generally reflect short-term interest rates. The interest rates on the Master Fund's financings similarly vary with changes in an objective index but may adjust more frequently than the interest rates of the Master Fund's investments.

*Repurchase Agreements* – The Master Fund may enter into repurchase and reverse repurchase agreements. When the Master Fund enters into a repurchase agreement, it “sells” securities to a broker-dealer or financial institution and agrees to repurchase such securities on a mutually agreed date for the price paid by the broker-dealer or financial institution, plus interest at a negotiated rate. In reverse repurchase transactions, the Master Fund “buys” securities from a broker dealer or financial institution subject to the obligation of the broker-dealer or financial institution to repurchase such securities at the price paid by the Master Fund, plus interest at a negotiated rate. The use of repurchase and reverse repurchase agreements by the Master Fund involves certain risks. For example, if the seller of securities to the Master Fund under a reverse repurchase agreement defaults on its obligation to repurchase the underlying securities as a result of its bankruptcy or otherwise, the Master Fund will seek to dispose of such securities, which action could involve costs or delays. If the seller becomes insolvent and subject to liquidation or reorganisation under applicable bankruptcy or other laws, the Master Fund's ability to dispose of the underlying securities may be restricted. It is possible in a bankruptcy or liquidation scenario that the Master Fund may not be able to substantiate its interest in the underlying securities. In addition, if a seller defaults on its obligation to repurchase securities under a reverse repurchase agreement, the Master Fund may suffer a loss to the extent that it is forced to liquidate its position in the market and proceeds from the sale for the underlying securities are less than the repurchase prices agreed by the defaulting seller.

*Certain Securities Markets* - Stock markets in certain countries or sectors may have a relatively low volume of trading. Securities of companies in such markets may also be less liquid and more volatile than securities of comparable companies elsewhere. There may be low levels of government regulation of stock exchanges, brokers and listed companies in certain countries. In addition settlements of trades in some markets is slow and subject to failure.

*Highly Volatile Instruments* - The price of derivative instruments, including options are highly volatile. Price movements of forward contracts and other derivative contracts in which the Master Fund's assets may be invested are influenced by, amongst other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary, and exchange control programs and policies of governments, and national and international political and economic events and policies. In addition, governments from time to time intervene, directly and by regulation, in certain markets, particularly those in currencies and financial instrument options. Such intervention often is intended directly to influence prices and may, together with other factors, cause many of such markets to move rapidly in the same direction because of, among other things, interest rate fluctuations. The Master Fund also is subject to the risk of the failure of any of the exchanges on which its positions trade or of their clearing houses.

*Highly Volatile Markets* - The prices of financial instruments in which the Master Fund may invest can be highly volatile. Price movements of forward and other derivative contracts in which the Master Fund's assets may be invested are influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, and national and international political and economic events and policies. The Master Fund is subject to the risk of failure of any of the exchanges on which its positions trade or of its clearing houses.

*High Risk Investments* - The Master Fund may acquire assets secured by real property interests, including distressed residential mortgages, liens on high-risk collateral, or notes or pledges made by high-risk borrowers, including sub-prime and non-performing loans. Such assets generally carry below-investment grade credit ratings, or lack credit ratings altogether. These assets and/or the loans underlying these types of assets may be in default or may have a greater than normal risk of future defaults, delinquencies, bankruptcies or fraud losses. There can be no assurance that the assets will

perform, the borrowers will pay as expected or, if subject to default, that the underlying assets will be able to be foreclosed upon and liquidated in a cost effective manner. In addition to the risks of borrower default, the Master Fund will be subject to a variety of risks in connection with such debt instruments, including risks arising from mismanagement or a decline in the value of collateral, contested foreclosures, bankruptcy of the debtor, claims for lender liability, violations of usury laws and the imposition of common law or statutory restrictions on the Master Fund's exercise of contractual remedies for defaults on such investments.

*Dodd-Frank Wall Street Reform and Consumer Protection Act* – With the passage of the Dodd-Frank Wall Street Reform and Consumer Protection Act (“Dodd-Frank”) in the United States, there will be extensive rulemaking and regulatory changes that will have affected and will continue to affect private fund managers, the funds that they manage and the financial industry as a whole. Under Dodd-Frank, the SEC has mandated new reporting requirements and is expected to mandate new recordkeeping requirements for Investment Advisers, which are expected to add costs to the legal, operations and compliance obligations of the Investment Manager and the Fund and increase the amount of time that the Investment Manager spends on non-investment related activities. Until the SEC implements all of the new requirements of Dodd-Frank, it is unknown how burdensome such requirements will be. Dodd-Frank will affect a broad range of market participants with whom the Fund interacts or may interact, including commercial banks, investment banks, other non-bank financial institutions, rating agencies, mortgage brokers, credit unions, insurance companies and broker-dealers. Regulatory changes that will affect other market participants are likely to change the way in which the Investment Manager and/or Investment Manager conducts business with its counterparties. It may take several years to understand the impact of Dodd-Frank on the financial industry as a whole, and therefore, such continued uncertainty may make markets more volatile, and it may be more difficult for the Investment Manager to execute the investment strategy of the Fund.

*EMIR* – E.U. Regulation No 648/2012, known as “EMIR”, came into force in stages starting in 2013 onwards and introduces new reporting, clearing and risk mitigation requirements in respect of derivatives transactions where one or both of the parties is based in the E.U. The Fund, as a non-E.U. entity with a non-E.U. manager, is not directly subject to EMIR. However, where the Fund enters into OTC derivative contracts with an E.U. counterparty which is itself subject to EMIR, that counterparty may require the Fund, as a term of doing business, to comply with certain of EMIR's clearing or risk mitigation requirements. This may in turn give rise to additional costs for the Fund in doing any such business.

**The foregoing list of risk factors is not complete. Prospective investors should consult with their own advisors before deciding to subscribe.**

### **CONFLICTS OF INTEREST**

The following inherent or potential conflicts of interest should be considered by prospective investors before investing in the Fund:

**Other Clients** - The Investment Manager may act as manager, broker, investment manager or investment adviser to other clients (including without limitation, funds, client accounts and proprietary accounts) now or in the future. The investment objectives of such clients may be identical, similar or different to those of the Fund. They may additionally serve as consultants to, partners or shareholders in other investment funds, companies and investment firms. Certain investments may be appropriate for the Fund and also for other clients advised or managed by the Investment Manager. Investment decisions for the Fund and for such other clients are made with a view to achieving their respective investment objectives and after consideration of such factors as their current holdings, the current investment views of the different portfolio managers of the Investment Manager, availability of cash for investment, and the size of their positions generally. Frequently, a particular investment may be bought or sold for only the Fund or only one client or in different amounts and at different times for more than one but less than all clients, including the Company and the Master Fund. Likewise, a

particular investment may be bought for the Fund or one or more clients when one or more other clients are selling the same security. In addition, purchases or sales of the same investment may be made for two or more clients, including the Fund, on the same date and mirror portfolios may be operated for other clients. In such event, such transactions will be allocated among the Fund and clients in a manner believed by the Investment Manager to be equitable to each. Purchase and sale orders for the Fund may be combined with those of other clients of the Investment Manager. In effecting transactions, it may not always be possible, or consistent with the possibly differing investment objectives of the various clients and of the Fund, to take or liquidate the same investment positions at the same time or at the same prices.

**Other Activities** - The Investment Manager and/or other service providers will engage in other business activities and manage the accounts of clients other than the Company and the Master Fund. The Investment Manager and/or other service providers are not required to refrain from any other activity, to account for any profits from any such activity, whether as partners of additional investment companies or otherwise or to devote all or any particular part of the time and effort of any of its or their partners, officers, directors or employees to the Company and the Master Fund and their affairs. Investment strategy for such other clients may vary from that for the Fund. The Directors may act as directors of, or otherwise be interested in, other funds in which the Fund may invest now or in the future. To the extent that there are other conflicts of interest on the part of the Directors, the Investment Manager and/or other service providers between the Company, the Master Fund and any other account, company, Master Fund or venture with which it is now or later may become affiliated, they will endeavour to treat all of such entities equitably.

## COMPANY AND SHAREHOLDER TAX CONSIDERATIONS

### The Company and its Shareholders

#### *General*

The statements on taxation below are intended to be a general summary of certain Cayman Islands, South Africa, United Kingdom and U.S. tax consequences that may result to the Company and Shareholders. The statements relate to Shareholders holding Shares as an investment (as opposed to an acquisition by a dealer) and are based on advice received by the Directors regarding the law and practice in force in the relevant jurisdiction at the date of this document. As is the case with any investment, there can be no guarantee that the tax position or proposed tax position prevailing at the time an investment in the Company is made will endure indefinitely.

**Prospective Shareholders should familiarise themselves with and, where appropriate, 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 realisation of, Shares in the places of their citizenship, residence and domicile. The tax consequences for each Shareholder of acquiring, holding, redeeming or disposing of Shares will depend upon the Shareholder's individual circumstances and the relevant laws of any jurisdiction to which the Shareholder is subject (which may be subject to change in the future). Prospective investors should seek their own professional advice as to this, as well as to any relevant exchange control or other laws and regulations.**

The Company, via the Master Fund, may be subject to local withholding taxes in respect of income or gains derived from its investments in underlying investee countries. Taxation law and practice and the levels and bases of and reliefs from taxation relating to the Company and to Shareholders may change from time to time.

#### *Cayman Islands*

As an exempted company, the Company has received from the Governor in Cabinet of the Cayman Islands an undertaking in accordance with Section 6 of the Tax Concessions Law (as amended) of the Cayman Islands that, for a period of 20 years from 18 February 2014, no laws of the Cayman Islands imposing any tax on profits, income, gains or appreciations shall apply to the Company or its operations and that no tax to be levied on profits, income, gains or appreciations or which is in the nature of estate duty or inheritance tax shall be payable on or in respect of the Shares, debentures or other obligations of the Company.

Under current Cayman Islands law no tax would be charged in the Cayman Islands on profits or gains of the Company and dividends of the Company would be payable to the shareholders resident in or outside the Cayman Islands without deduction of tax. No stamp duty is levied in the Cayman Islands on the transfer or redemption of Shares. An annual registration fee will be payable by the Company in the Cayman Islands. At current rates the fee will be \$853 per annum. In addition, the Company pays a mutual fund registration fee of \$4,269 per annum.

#### *South Africa*

##### *The Company*

The Directors intend that the affairs of the Company should be managed and conducted so that it does not have its place of effective management in South Africa and hence does not become resident in South Africa for South African taxation purposes. Accordingly, and provided that the Company does not carry on a trade in South Africa through a permanent establishment situated therein for South African taxation purposes, or through a branch or agency situated in the South Africa which would bring the Company within the charge to income tax, the Company will not be subject to South African income tax on income

and capital gains arising to it. The Directors intend that the affairs of the Company are conducted so that it does not become resident in South Africa and so that no such permanent establishment, branch or agency will arise insofar as this is within their control, but it cannot be guaranteed that the conditions necessary to prevent any such permanent establishment, branch or agency coming into being will at all times be satisfied.

Interest and other income received by the Company which has a South African source may be subject to withholding taxes in South Africa.

### ***United Kingdom***

#### ***The Company***

The Directors intend that the affairs of the Company should be managed and conducted so that it does not become resident in the U.K. for U.K. taxation purposes. Accordingly, and provided that the Company does not carry on a trade in the U.K. through a permanent establishment situated therein for U.K. taxation purposes, or through a branch or agency situated in the U.K. which would bring the Company within the charge to income tax, the Company will not be subject to U.K. income or corporation tax on income and capital gains arising to it. The Directors intend that the affairs of the Company are conducted so that no such permanent establishment, branch or agency will arise insofar as this is within their control, but it cannot be guaranteed that the conditions necessary to prevent any such permanent establishment, branch or agency coming into being will at all times be satisfied.

Interest and other income received by the Company which has a U.K. source may be subject to withholding taxes in the U.K.

#### ***The European Union Savings Directive***

As the Company is not a UCITS authorised in accordance with European Union Directive 85/611/EEC (as amended), is not licensed as a mutual fund under section 5 of the Mutual Funds Law nor is regarded as a UCITS equivalent under the laws of the relevant jurisdictions, the European Savings Directive 2003/48/EC (the "Directive") should not apply to payments made in respect of Shares by the Company and the Master Fund or the Administrator. Where the Directive applies, to an undertaking for collective investment which has the relevant percentage of its assets invested in debt instruments as defined in the Directive, a paying agent in a Member State such as the Administrator is required to provide to its home tax authorities details of payments of interest or (as relevant to the Company and the Master Fund) deemed interest paid by it to or for the benefit of an individual resident in another Member State which will be shared with the tax authorities of that other Member State.

Shareholders should note that the European Commission has proposed an extension of the scope of the Directive to include all investment funds or schemes, whether or not they are constituted as UCITS, and certain other changes. It remains uncertain if, or when, any changes will be implemented.

#### ***Agreement between the Government of the U.K. and the Government of the Cayman Islands to Improve International Tax Compliance***

The Cayman Islands government entered into a model 1 non-reciprocal inter-governmental agreement with the United Kingdom (the "UK IGA") on 5 November 2013. On 4 July 2014, the Cayman Islands government issued The Tax Information Authority (International Tax Compliance) (United Kingdom) Regulations, 2014 (the "UK FATCA Regulations") to accompany The Tax Information Authority Law (2013 Revision) to implement the UK IGA. The UK FATCA Regulations provide for the identification of and reporting on certain direct and indirect UK investors, and impact the Company and its Shareholders.

The Company may be required to report to the Cayman Islands Tax Information Authority (the "TIA") under the UK FATCA Regulations and may accordingly need to identify and undertake prescriptive due diligence on 'UK Reportable Accounts', being financial accounts held by UK individuals or entities controlled by UK persons. In this regard, the Company may request further information from a Shareholder in order to identify UK Reportable Accounts and in order to comply with its obligations under the UK FATCA Regulations. The TIA may then provide this information to HM Revenue and Customs.

Failure to provide such information may subject the Company and/or the Master Fund to investigation and sanction by the Cayman Islands Monetary Authority. The Company and/or the Master Fund may take any steps necessary to avoid such sanctions which may include (but are not limited to) allocating the costs of any penalty or fine to the relevant shareholder or compulsorily redeeming the relevant shareholder. Detailed guidance as to the mechanics and scope of this new regime is continuing to develop. There can be no assurance as to the timing or impact of any such guidance on future operations of the Company and/or the Master Fund.

## **The Master Fund**

### ***General***

The statements on taxation below are intended to be a summary and are based on the law and practice in force in the relevant jurisdiction at the date of this document. As is the case with any investment, there can be no guarantee that the tax position or proposed tax position prevailing at the time an investment is made will endure indefinitely.

The Master Fund may be subject to local withholding taxes in respect of income or gains derived from its investments in underlying investee countries. Taxation law and practice and the levels and the bases of and reliefs from taxation relating to the Master Fund and to Shareholders may change from time to time.

### ***Cayman Islands***

As an exempted company, the Master Fund has received from the Governor in Cabinet of the Cayman Islands an undertaking in accordance with Section 6 of the Tax Concessions Law (as amended) of the Cayman Islands that, for a period of 20 years from 18 February 2014, no laws of the Cayman Islands imposing any tax on profits, income, gains or appreciations shall apply to the Master Fund or its operations and that no tax to be levied on profits, income, gains or appreciations or which is in the nature of estate duty or inheritance tax shall be payable on or in respect of the Shares, debentures or other obligations of the Master Fund.

Under current Cayman Islands law no tax would be charged in the Cayman Islands on profits or gains of the Master Fund and dividends of the Master Fund would be payable to the shareholders resident in or outside the Cayman Islands without deduction of tax. No stamp duty is levied in the Cayman Islands on the transfer or redemption of Shares. An annual registration fee will be payable by the Master Fund in the Cayman Islands. At current rates the fee will be \$853 per annum. In addition, the Master Fund pays a mutual fund registration fee of \$4,269 per annum.

### ***South Africa***

The Directors intend that the affairs of the Master Fund should be managed and conducted so that it does not have its place of effective management in South Africa and hence does not become resident in South Africa for South African taxation purposes. Accordingly, and provided that the Master Fund does not carry on a trade in South Africa through a permanent establishment situated therein for South African taxation purposes, or through a branch or agency situated in the South Africa which would bring the Master Fund within the charge to income tax, the Master Fund will not be subject to South

African income tax on income and capital gains arising to it. The Directors intend that the affairs of the Master Fund are conducted so that it does not become resident in South Africa and so that no such permanent establishment, branch or agency will arise insofar as this is within their control, but it cannot be guaranteed that the conditions necessary to prevent any such permanent establishment, branch or agency coming into being will at all times be satisfied.

Interest and other income received by the Master Fund which has a South African source may be subject to withholding taxes in South Africa.

### ***United Kingdom***

Interest and other income received by the Master Fund which has a U.K. source may be subject to withholding taxes in the U.K.

### ***U.S. Federal Income Tax Considerations***

As with any investment, the tax consequences of an investment in Shares may be material to an analysis of an investment in the Company. U.S. Taxpayers investing in the Company should be aware of the tax consequences of such an investment before purchasing Shares. This Information Memorandum discusses certain U.S. federal income tax consequences only generally and does not purport to deal with all of the U.S. federal income tax consequences applicable to the Company or to all categories of investors, some of whom may be subject to special rules. This discussion assumes that no U.S. Taxpayer owns or will own directly or indirectly, or will be considered as owning by reason of certain tax law rules of constructive ownership, 10 per cent. or more of the total combined voting power of all Shares. The Company does not, however, guarantee that will always be the case. Furthermore, the discussion assumes that the Company will not hold any interests (other than as a creditor) in any “United States real property holding corporations” as defined in the Code. Each prospective investor is urged to consult his or her tax advisor regarding the specific consequences of an investment in the Company under applicable U.S. federal, state, local and foreign income tax laws as well as with respect to any specific gift, estate and inheritance tax issues.

### ***Taxation of the Company***

The Company generally intends to conduct its affairs so that it will not be deemed to be engaged in trade or business in the United States and, therefore, none of its income will be treated as “effectively connected” with a U.S. trade or business carried on by the Company. If none of the Company’s income is effectively connected with a U.S. trade or business carried on by the Company, certain categories of income (including dividends (and certain substitute dividends and other dividend equivalent payments) and certain types of interest income) derived by the Company from U.S. sources will be subject to a U.S. tax of 30 per cent., which tax is generally withheld from such income. Certain other categories of income, generally including most forms of U.S. source interest income (e.g. interest and original issue discount on portfolio debt obligations (which may include United States Government securities, original issue discount obligations having an original maturity of 183 days or less, and certificates of deposit), and capital gains (including those derived from options transactions), will not be subject to this 30 per cent. withholding tax. If, on the other hand, the Company derives income which is effectively connected with a U.S. trade or business carried on by the Company, such income will be subject to U.S. federal income tax at the graduated rates applicable to U.S. domestic corporations, and the Company would also be subject to a branch profits tax on earnings removed, or deemed removed, from the United States.

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

Pursuant to the U.S. Foreign Account Tax Compliance Act (“FATCA”), each of the Master Fund and the Company will be subject to U.S. federal withholding taxes (at a 30 per cent. rate) on payments of certain amounts made to such entity after 30 June 2014 (“withholdable payments”), unless it complies (or is deemed compliant) with extensive reporting and withholding requirements. Withholdable payments generally include interest (including original issue discount), dividends, rents, annuities, and other fixed or determinable annual or periodical gains, profits or income, if such payments are derived from U.S. sources, as well as (effective 1 January 2017) gross proceeds from dispositions of securities that could produce U.S. source interest or dividends. Income which is effectively connected with the conduct of a U.S. trade or business is not, however, included in this definition.

To avoid the withholding tax, unless deemed compliant, each of the Master Fund and the Company will be required to enter into an agreement with the United States to identify and disclose identifying and financial information about each U.S. Taxpayer (or foreign entity with substantial U.S. ownership) which invests in such entity, and to withhold tax (at a 30 per cent. rate) on withholdable payments and related payments made to any investor which fails to furnish information requested by such entity to satisfy its obligations under the agreement. Pursuant to an intergovernmental agreement between the United States and the Cayman Islands, each of the Master Fund and the Company may be deemed compliant, and therefore not subject to the withholding tax, if it identifies and reports U.S. taxpayer information directly to the Cayman Islands government. Certain categories of U.S. investors, generally including, but not limited to, tax-exempt investors, publicly traded corporations, banks, regulated investment companies, real estate investment trusts, common trust funds, brokers, dealers and middlemen, and state and federal governmental entities, will be exempt from such reporting. Detailed guidance as to the mechanics and scope of this new reporting and withholding regime is continuing to evolve. There can be no assurance as to the timing or impact of any such guidance on future Master Fund and Company operations.

All Shareholders will be required to furnish appropriate documentation certifying as to their U.S. or non-U.S. tax status, together with such additional tax information as the Company or its agents may from time to time request. Failure to provide requested information or (if applicable) satisfy its own FATCA obligations may subject a Shareholder to liability for any resulting U.S. withholding taxes, U.S. tax information reporting, and/or mandatory redemption of the Shareholder’s Shares.

### ***Taxation of Shareholders***

The U.S. tax consequences to Shareholders of distributions from the Company and of dispositions of Shares generally depends on the Shareholder’s particular circumstances, including whether the Shareholder conducts a trade or business within the United States or is otherwise taxable as a U.S. Taxpayer.

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

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

Shareholders will be required to provide such additional tax information as the Directors may from time to time request.

Failure to provide requested information may subject a Shareholder to liability for any resulting U.S. withholding taxes, U.S. tax information reporting, and/or mandatory redemption of the Shareholder's Shares.

*Dividend Distributions* - Distributions made by the Company to its U.S. Taxpayer Shareholders with respect to the Shares will be taxable to those shareholders as ordinary income for U.S. federal income tax purposes to the extent of the Company's current and accumulated earnings and profits, subject to the "passive foreign investment company" ("PFIC") rules discussed below. Dividends received by U.S. corporate Shareholders will not be eligible for the dividends-received deduction.

*Sale of Shares* - Upon the sale or other disposition of Shares, and subject to the PFIC rules discussed below, a U.S. Taxpayer that holds Shares as a capital asset generally will realise a capital gain or loss which generally will be long-term or short-term, depending upon the shareholder's holding period for the Shares.

*Medicare tax* - An additional 3.8 per cent. Medicare tax is imposed on certain net investment income (including interest, dividends, annuities, royalties, rents and net capital gains) of U.S. individuals, estates and trusts to the extent that such person's "modified adjusted gross income" (in the case of an individual) or "adjusted gross income" (in the case of an estate or trust) exceeds a threshold amount.

*PFIC Rules - In General.* The Company will be a PFIC within the meaning of Section 1297(a) of the Code. Unless the Master Fund determines in the future to elect to be treated other than as a corporation for U.S. federal income tax purposes, the Master Fund will also be a PFIC. In addition, the Company and the Master Fund may invest directly or indirectly in other entities that are classified as PFICs. Thus, investors will be treated as indirect Shareholders of the Master Fund and any PFICs in which the Company or the Master Fund directly or indirectly invests. U.S. Taxpayers are urged to consult their own tax advisors with respect to the application of the PFIC rules and the making of a "qualified electing fund" ("QEF") election or "mark-to-market election" summarised below.

*PFIC Consequences - No QEF or Mark-to-Market Election.* A U.S. Taxpayer which holds Shares will generally be subject to special rules with respect to any "excess distribution" by the Company to that shareholder or any gain from the disposition of the Shares. For this purpose, an "excess distribution" generally refers to the excess of the amount of any distributions received by the Shareholder during any taxable year in respect of the Shares of the Company over 125 per cent. of the average amount received by the shareholder in respect of those Shares during the three preceding taxable years (or shorter period that the shareholder held the Shares). The tax payable by a U.S. Taxpayer with respect to an excess distribution or disposition of Shares will be determined by allocating the excess distribution or gain from the disposition ratably to each day in the shareholder's holding period for the Shares. The distribution or gain so allocated to any taxable year of the shareholder, other than the taxable year of the excess distribution or disposition, will be taxed to the shareholder at the highest ordinary income tax rate in effect for that year, and the tax will be further increased by an interest charge to reflect the value of the tax deferral deemed to have resulted from the ownership of the Shares. Any amount of distribution or gain allocated to the taxable year of the distribution or disposition will be included as ordinary income.

*PFIC Consequences - QEF Election* - A U.S. Taxpayer may be able to make a QEF election, in lieu of being taxable in the manner described above, to include annually in gross income that shareholder's pro rata share of (a) the ordinary earnings (that is, the earnings and profits (computed using U.S. federal income tax principles), reduced by any net capital gain (defined below)) and (b) the net capital gain (that is, the excess of net long-term capital gain over net short-term capital loss) of the Company, regardless of whether the shareholder actually received any distributions from the Company. The ordinary earnings would be included in the shareholder's income as ordinary income, and the net capital

gain would be included as long-term capital gain. (Losses would not flow through to an electing shareholder.) For the QEF election to be effective, however, the Company would need to provide the electing shareholder with certain financial information based on U.S. tax accounting principles. The Company and the Master Fund have no current intention to do so. There can be no assurance that a QEF election will be available with respect to any PFIC shares held by a shareholder indirectly through the Company.

*PFIC Consequences - Mark to Market Election.* A mark-to-market election is not expected to be available for U.S. Taxpayers holding Shares, nor is one likely to be available with respect to any Master Fund or other PFIC shares held indirectly through the Company. Were such an election to become available, in lieu of being taxable in the manner described above, an electing shareholder would include in income at the end of each taxable year the excess, if any, of the fair market value of its Shares over its adjusted basis for the Shares. The shareholder also would be permitted to deduct the excess, if any, of its adjusted basis for the Shares over their fair market value, but only to the extent of any net mark-to-market gain included in income in prior years. Any mark-to-market gain and any gain from an actual disposition of Shares would be included as ordinary income. Ordinary loss treatment would apply to any deductible mark-to-market loss, as well as any loss from an actual disposition to the extent of previously included net mark-to-market gains. An electing shareholder's adjusted basis in its Shares would be adjusted to reflect any mark-to-market inclusions or deductions.

*PFIC Consequences - Tax-exempt Organisations - Unrelated Business Taxable Income.* Certain entities (including qualified pension and profit-sharing plans, individual retirement accounts, 401(k) plans and Keogh plans) ("Tax-exempt Entities") generally are exempt from U.S. federal income taxation except to the extent that they have unrelated business taxable income ("UBTI"). UBTI is income from a trade or business regularly carried on by a Tax-exempt Entity which is unrelated to the entity's exempt activities. Various types of income, including dividends, interest and gains from the sale of property other than inventory and property held primarily for sale to customers, are excluded from UBTI, so long as the income is not derived from debt-financed property. Capital gains derived by a Tax-exempt Entity from the sale or exchange of Shares and any dividends received by a Tax-exempt Entity with respect to its Shares should be excluded from UBTI, provided that the Tax-exempt Entity has not incurred acquisition indebtedness in connection with the acquisition of such Shares.

Under current law, the PFIC rules apply to a Tax-exempt Entity that holds Shares only if a dividend from the Company would be subject to U.S. federal income taxation in the hands of the Shareholder (as would be the case, for example, if the Shares were debt-financed property in the hands of the Tax-exempt Entity). It should be noted, however, that temporary and proposed regulations appear to treat certain tax-exempt trusts (but not qualified plans) differently than other Tax-exempt Entities by treating the beneficiaries of such trusts as PFIC Shareholders and thereby subjecting such persons to the PFIC rules.

*Other Tax Considerations* - The foregoing discussion assumes, as stated above, that no U.S. Taxpayer owns or will own, directly or indirectly, or be considered as owning by application of certain tax law rules of constructive ownership, ten per cent. or more of the total combined voting power of all Shares. In the event that the ownership of Shares were so concentrated, other U.S. tax law rules which are designed to prevent deferral of U.S. income taxation (or conversion of ordinary income into capital gain) through investment in non-U.S. corporations could apply to an investment in the Company. For example, the Company could, in such a circumstance, be considered a "controlled foreign corporation", in which case a U.S. Taxpayer might, in certain circumstances, be required to include in income that amount of the Company's earnings to which the Shareholder would have been entitled had the Company currently distributed all of its earnings. (Under current law, such income inclusions generally would not be expected to be treated as UBTI, so long as not deemed to be attributable to insurance income earned by the Company.) Also, upon the sale or exchange of Shares, all or part of any resulting gain could be treated as a dividend. Similar rules could apply with respect to shares of the Master Fund and any other non-U.S. corporations that are held by a Shareholder indirectly through the Company.

*Reporting Requirements* - U.S. Taxpayers may be subject to additional U.S. tax reporting requirements by reason of their ownership of Shares. For example, special reporting requirements may apply with respect to certain interests in, transfers to, and changes in ownership interest in, the Company and certain foreign entities in which the Company may invest. A U.S. Taxpayer also would be subject to additional reporting requirements in the event that it is deemed to own ten per cent. or more of the voting stock of a controlled foreign corporation by reason of its investment in the Company. Each U.S. Taxpayer which is deemed to be a direct or indirect PFIC shareholder also will be required to report annually such information as the U.S. Department of the Treasury shall require, regardless of whether such person has received any PFIC income or distributions in a given taxable year. Individuals holding foreign financial assets (including Company Shares) having an aggregate value of more than US\$50,000 generally will be required to disclose such holdings with such individual's U.S. tax returns. Significant penalties will apply to failures to disclose and to certain underpayments of tax attributable to undisclosed foreign financial assets. U.S. Taxpayers should consult their own U.S. tax advisors regarding any reporting responsibilities.

*Tax Shelter Reporting* - Persons who participate in or act as material advisors with respect to certain "reportable transactions" must disclose required information concerning the transaction to the IRS. In addition, material advisors must maintain lists that identify such reportable transactions and their participants. Significant penalties apply to taxpayers who fail to disclose a reportable transaction. Although the Company is not intended to be a vehicle to shelter U.S. federal income tax, and the new regulations provide a number of relevant exceptions, there can be no assurance that the Company and certain of its Shareholders and material advisors will not, under any circumstance, be subject to these disclosure and list maintenance requirements.

### ***Taxation of the Master Fund***

The Master Fund may in the future elect to be classified as a "partnership," and operate so as to avoid being treated a "publicly traded partnership" that is treated as a corporation, for U.S. federal income tax purposes. As such, it will not be subject to any regular U.S. federal income tax. Instead, the investors in the Master Fund (including Company) will be treated as being engaged in the activities carried on by the Master Fund and, to the extent subject to U.S. federal income tax, will be taxable on their distributive share of the Master Fund's income and gain. The remainder of the discussion assumes that the Master Fund has so elected and is treated as a partnership for U.S. federal income tax purposes. The Master Fund generally intends to conduct its affairs so that it will not be deemed to be engaged in a trade or business within the United States. With respect to the Master Fund's income that is not effectively connected with a U.S. trade or business carried on by the Master Fund, certain categories of income (including dividends, certain dividend equivalent payments and certain types of interest income) derived by the Master Fund from U.S. sources and allocable to the Company will be subject to a U.S. tax of 30 per cent., which tax is generally withheld from such income. Certain other categories of income, generally including capital gains (including those derived from options transactions) and interest on certain portfolio debt obligations (which may include U.S. Government securities), original issue discount obligations having an original maturity of one hundred and eighty three days or less, and certificates of deposit, will not be subject to this 30 per cent. tax. If, on the other hand, the Master Fund derives income which is effectively connected with a U.S. trade or business carried on by the Master Fund, this 30 per cent. tax will not apply to such effectively connected income, but the Master Fund generally will be required to withhold quarterly amounts of tax from the amount of effectively connected taxable income allocable to the Company at the highest rate of tax applicable to U.S. corporate taxpayers. Thus, the Company would be taxable on capital gains, as well as other income which is treated as effectively connected with the Master Fund's U.S. trade or business, and generally would be required to file U.S. tax returns. Furthermore, the Company would be subject to an additional 30 per cent. branch profits tax.. See "Taxation of the Company," above.

U.S. Persons are also referred to the disclosure under "COMPANY AND SHAREHOLDER TAX CONSIDERATIONS; The Company and its Shareholders" above.

## CONSTITUTION OF THE COMPANY

### Constitution

- (a) The Company is an open ended multi-class investment company incorporated as an exempted company with limited liability in the Cayman Islands on 31 January 2014 under the provisions of the Law (registered no. WK-284759). Since the date of incorporation the Company has not commenced business and no accounts have been made up and no dividends have been declared.
- (b) The authorised share capital of the Company is US\$1 000,000 comprising 99,990,000 redeemable voting preference shares of US\$0.01 par value each of which the Company is currently authorised to issue 99,990,000 Shares which may be classified as Class Z and 100 founder shares of US\$1.00 each.
- (c) The founder shares were taken up by the subscriber to the Memorandum of Association in order that the Company be incorporated and transferred to CFM (Isle of Man) Limited. The founder shares confer the right to vote at general meetings of the Company only when no Shares are in issue and give the rights in the winding-up of the Company as set out under the “Winding up” section of this document. However, holders of founder shares have the exclusive right to vote on any resolution or pass any resolution in writing to change the name of the Company. They confer no other right to participate in the profits or assets of the Company.
- (d) The Shares will be issued pursuant to resolutions of the Directors.
- (e) No Shares have preference or pre-emptive rights. There are no outstanding options or any special rights relating to any Shares. All Shares participate equally in the net assets of their respective Class on liquidation and in dividends and other distributions as declared.
- (f) The Company was incorporated with the capacity of issuing various classes of shares. The Class Z Shares are available for issue. As of the date of this document, no further classes have been created.

The Memorandum and Articles of Association (the “**Articles**”) of the Company comprise its constitution. The following summary is not exhaustive. These documents are available for inspection at the Company’s registered office.

(a) ***Memorandum***

The Memorandum of Association of the Company provides in clause 3 that the Company’s principal objects are unrestricted (except as prohibited by law).

(b) ***Articles of Association***

The Articles contain certain provisions to the following effect:

### Issue of Shares

Subject as provided in the Articles, this Information Memorandum or the Law, the Shares shall be at the disposal of the Directors, who in their absolute discretion may issue, allot, grant options over or otherwise dispose of, the same to such persons on such terms and in such manner as they may think fit, save that no Share shall be issued at a discount, except in accordance with the Law. Fractional Shares may be issued up to four decimal places. The Directors may in their absolute discretion refuse to issue any Shares to any subscriber. Shares are issued in registered form.

The Company is authorised to issue 99,990,000 Shares of US\$0.01 par value each. Shares shall be issued in Classes each having a designated currency of issue.

The Shares shall be issued in such Class as the Directors determine, each such Class representing the capital contribution made by holders of the relevant Class of Shares. Each Class of Shares shall rank equally in priority and preference save as expressly provided in the Articles. Future Classes shall be issued for a price denominated in such currency as the Directors determine. The capital contributions made in respect of each such Class (and resulting investments therewith) shall be maintained in separate accounts with separate records in the relevant currency in the books of the Company, the subscription proceeds of each Class of Shares being invested in the corresponding Class of Shares of the Master Fund denominated in the currency of issue of such Class and upon such other terms and conditions as may be determined by the Directors from time to time. Portfolios may be shared where the Class differential relates to currency.

### **Alterations of Share Capital**

Subject to the provisions of the Law, the Company may by ordinary resolution increase the share capital by such sum, to be divided into new shares of such amount, as the resolution shall prescribe. The Company may also by ordinary resolution consolidate and divide all or any of its share capital into shares of a larger amount than its existing Shares. The Company may also by ordinary resolution subdivide its existing Shares, or any of them, into Shares of smaller amounts than is fixed by the Memorandum of Association, subject to the provisions of the Law.

The Company may with the sanction of a special resolution and subject always to the Law reduce its share capital and any capital redemption reserve or share premium account and may also purchase its own Shares on terms agreed with the holder.

### **Variation of Class Rights**

The rights attaching to any Share Class (unless otherwise provided by the terms of issue of that Share Class) may be varied or abrogated by the Directors if the Directors determine that such change is not materially adverse to the interests of the holders of Shares of such Class but otherwise with the consent in writing of not less than two thirds of such holders of the issued Shares of that Class or with the sanction of a resolution passed by not less than a two thirds majority of holders of the Shares of that Class as may be present in person or by proxy at a separate general meeting of the holders of the Shares of that class. To every such separate general meeting, the provisions of the Articles applying to general meetings shall apply but so that the necessary initial quorum shall be any one or more persons holding or representing by proxy not less than one third of the issued Shares of the Class and that any holder of Shares of the Class present in person or by proxy may demand a poll. For the purpose of variation or abrogation as aforesaid, the Directors may treat any or all of the classes of shares as forming one class if they consider that such classes would be affected in the same way by the proposals under consideration but, in any other case, shall treat them as separate classes. To the fullest extent permitted by law a variation to the investment objective of the portfolio or the Dealing Day shall not be deemed to be a variation of class rights.

### **Founder Shares**

The founder shares shall confer no right to participate in the profits or assets of the Company other than the return of the nominal value thereof. The founder shares carry no voting rights except where no redeemable shares are in issue. However, holders of founder shares have the right to receive notice of, attend, speak and have the exclusive right to vote at general meetings of the Company on any resolution to change the name of the Company and the exclusive right to pass a resolution in writing to change the name of the Company.

### **Redeemable Shares**

The Shares shall be redeemable voting participating shares. The holders of Shares shall be entitled to receive notice of and to attend and to vote at any general meeting of the Company. On a return of capital

on liquidation or winding up of the Company, the assets of the Company available for distribution among its Shareholders shall be applied in the following priority:

- (i) firstly, in the payment to the holders of the Shares of each Class of a sum in the currency in which that Class is designated (or in any other currency selected by the liquidator) as nearly as possible equal (at a rate of exchange determined by the liquidator) to the net asset value of the Shares of such Class held by such holders respectively as at the date of commencement to wind up provided that there are sufficient assets available in the portfolio of net assets of the Company represented by each Class of Shares (an “investment account”). In the event that there are insufficient assets available in the relevant investment account, to enable such payment to be made recourse shall be had:
  - (A) first, to any assets of the Company not comprised within any of the investment accounts; and
  - (B) secondly, to the assets remaining in the investment accounts for the other Classes of Shares (after payment to the holders of the Shares of that Class to which they relate of the amounts to which they are respectively entitled under this paragraph (i)) *pro rata* to the total value of such assets remaining within each investment account;
- (ii) secondly, in the payment to the holders of Shares of a particular Class any balance then remaining in the relevant investment account, such payment being made in proportion to the number of Shares held;
- (iii) thirdly, in the payment to the holders of founder shares of the nominal amount paid on the founder shares; and
- (iv) fourthly, in the payment to the holders of the Shares of any balance then remaining and not comprised within any of the investment accounts, such payment being made in proportion to the number of Shares held.

The Shares of each Class shall entitle the holders thereof to any dividends that may be declared in respect of the Shares of that Class.

No Shares shall be issued to an ineligible investor so designated by the Directors and the Directors shall have power to impose such further restrictions on the Shares as they may think necessary for the purpose of ensuring that no Shares are acquired or held by any person in breach of the Articles, the Law or the applicable requirements of any country or governmental authority.

Subject to the provisions of and the restrictions contained in the Law, a holder of Shares shall be entitled to redeem all or any of such Shares on any Dealing Day or such day as the Directors may determine by such number of days prior written notice to the Company as determined by the Directors from time to time and otherwise in such form given in such manner as the Directors shall from time to time determine but no Shares shall be redeemed whilst the calculation of the net asset value of the Company is suspended.

The Directors may also limit the value of redemptions of Shares so that total redemptions from the Fund do not result in overall redemptions at the level of the Master Fund exceeding 10 per cent. of the Master Fund Shares (or such higher percentage as the Directors may, in their absolute discretion, determine). The Directors may exercise these powers in circumstances where the Directors believe that owing to their perception of the liquidity of the underlying investments, such an action would be in the overall interests of investors. Where this restriction applies, redemptions will be on a *pro rata* basis and any redemptions which for this reason do not occur on any particular Dealing Day shall be treated as if a request for redemption had been made in respect of each subsequent Dealing Day until all the Shares and/or Master Fund Shares to which the original request related have been redeemed. Requests for

redemption which have been carried forward from an earlier Dealing Day shall (subject always to the foregoing limits) be treated *pari passu* later requests.

The Directors may elect in their absolute discretion to effect a redemption payment to any or all redeeming Shareholders, either in whole or in part, *in specie* or in kind rather than in cash in which event the Directors shall use the same valuation procedures used in determining the net asset value of the Company and of the relevant Class to determine the value to be attributed to the relevant securities to be transferred or assigned to the redeeming Shareholders who shall receive securities of a value equal to the redemption payment to which they would otherwise be entitled and who shall be responsible for all custody and other costs involved in changing the ownership of the relevant securities from the Company to the redeeming Shareholders and on-going custody costs. Any such distributions *in specie* will not materially prejudice the interests of remaining Shareholders.

The Directors may make such further regulations concerning redemption as they shall from time to time deem necessary.

The Directors may determine from time to time with respect to the Shares of each Class the minimum number of such Shares to be issued to each prospective Shareholder, the minimum number of Shares of each Class capable of being redeemed by any Shareholder on any Dealing Day or such day as the Directors may determine (or an amount in respect thereof) and the minimum number of Shares to be otherwise issued to or held on an ongoing basis after any redemptions by each Shareholder.

### **Transfer of Shares**

Shares may be transferred by a form of transfer in any usual or common form or such other form as may be approved by the Directors in their sole discretion. Share transfers shall be executed by or on behalf of the transferor and, if so requested by the Directors, by or on behalf of the transferee, and the transferor shall be deemed to remain a holder of the Share until the name of the transferee is entered into the register of Shareholders in respect thereof.

The Directors may decline to register any transfer of Shares to a U.S. Person or to any persons who are not eligible investors or where the holding of such Shares may result in regulatory, pecuniary, legal, taxation or material administrative disadvantage for the Company. The Directors may decline to register a transfer during the 21 days before a general meeting. They may also decline to register a transfer when the transfer instrument is not accompanied by the relevant application or subscription form, from the transferee and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer. The Directors may for partial transfers decline to register the transfer where the transfer would result in the transferee holding Shares with a net asset value of less than US\$150,000 for Class Z Shares.

If the Directors refuse to register a transfer of Shares they shall within 21 days after the date on which the transfer was lodged with the Company, send to the transferee notice of the refusal.

### **Compulsory Transfer of Shares**

The Directors are entitled by service of a notice to require the transfer of any Shares held by, or for the benefit, of, any person:

- (i) who is a U.S. Person or is holding Shares for the account of a U.S. Person or any other person who is not an eligible investor;
- (ii) who, by virtue of the holding concerned, gives rise to a regulatory, pecuniary, legal or taxation or material administrative disadvantage to the Company or its Shareholders;

- (iii) in the event that the continued ownership of Shares by such person could result in adverse tax, regulatory, pecuniary, legal consequences or material administrative disadvantage to the Company or its Shareholders or require the Company to comply with any registration or filing requirements in any jurisdiction with which it would not otherwise be required to comply; or
- (iv) who has failed to provide any information or declaration required by the Directors within twenty one days of being requested to do so.

### **Compulsory Redemption of Shares**

The Directors are entitled compulsorily to redeem Shares owned directly or beneficially by any person or persons who or which, by virtue of the holding concerned, gives rise to a breach of any applicable laws or requirement in any jurisdiction or may, either alone or together with other Shareholders, in the sole and conclusive opinion of the Directors:

- (i) prejudice the tax status or residence of the Company or its Shareholders as a whole; or
- (ii) cause the Company or its Shareholders to suffer any regulatory, pecuniary, legal, taxation or material administrative disadvantages; or
- (iii) cause the Company to be required to comply with any registration or filing requirements in any jurisdiction with which it would not otherwise be required to comply.

The Directors are also entitled compulsorily to redeem all or any Shares generally or in a particular Class where:

- (i) the aggregate amount invested in the Company or in any Class or the small number of Shareholders with outstanding Shares of any Class at any time does not justify or support the continued trading and existence of the Company or a particular Class; or
- (ii) in any other circumstances in which the Directors determine in their absolute discretion that such compulsory redemption is in the best interests of the Company.

### **General Meetings**

The Directors may whenever they think fit, convene an extraordinary general meeting. If at any time there are no Directors, any Shareholder entitled to vote may convene an extraordinary general meeting in the same manner as nearly as possible as that in which meetings may be convened by the Directors. The Directors shall, upon the receipt of a requisition expressing the object of the meeting in writing of any one or more Shareholders holding ten per cent. or more of the Shares entitled to vote, convene an extraordinary general meeting, such meeting to be convened by the Directors within 21 days from the date of delivery of the requisition at the registered office (for a date not later than 45 days after the date of such deposit) or failing that, convened by any of the requisitionists subject to the Articles as to notice.

At least 21 days' notice of a general meeting is required to be given to such persons as are entitled to vote or may otherwise be entitled under the Articles to receive such notices, but with the consent of all the Shareholders entitled to receive notice, that meeting may be convened by shorter notice and in such manner as those Shareholders think fit.

No business shall be transacted at any general meetings unless a quorum of Shareholders is present at the time when the meeting proceeds to business. One or more Shareholders holding in aggregate not less than one third of the total issued share capital of the Company present in person or by proxy and entitled to vote shall be a *quorum*. If within fifteen minutes (or such longer time as the chairman of the meeting decides to wait) from the time appointed for the meeting, a *quorum* is not present, the meeting, if convened upon the requisition of Shareholders, shall be dissolved. In any other case it shall stand

adjourned to the same day in the next week, at the same time and place, and if at the adjourned meeting, a *quorum* is not present within half an hour from the time appointed for the meeting, the Shareholder or Shareholders present and entitled to vote shall be a *quorum*. An ordinary resolution may be passed by a majority of Shareholders entitled to vote present at the meeting. A special resolution requires a two thirds majority of Shareholders entitled to vote present at the meeting. An ordinary or special resolution may be passed by unanimous written resolution.

On a show of hands every Shareholder present in person or by proxy and entitled to vote shall have one vote. On a poll every such Shareholder entitled to vote shall have one vote for each Share of which he is the holder. On the holding of a poll, every Shareholder who votes need not cast all the votes he uses in the same way.

In the case of joint holders the vote of the senior holder who tenders a vote whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders; and for this purpose seniority shall be determined by the order in which the names stand in the register of members.

On a show of hands or a poll, votes may be given either personally or by proxy. The instrument appointing a proxy may be in any usual or common form or in such other form as the Directors may approve and shall be deposited at the registered office of the Company or at such other place as is specified for that purpose in the notice convening the meeting no later than 24 hours prior to the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote.

## **Directors**

The minimum number of Directors shall be one and unless the Company by ordinary resolution otherwise determines, the maximum shall be 10. The Company may by ordinary resolution remove and appoint a Director. A Director may appoint a proxy or an alternate to act on his behalf and such proxy or alternate shall count towards a *quorum*. No person resident in the U.K. shall be appointed a proxy or an alternate of a Director not resident in the U.K. No person resident in South Africa shall be appointed a proxy or an alternate of a Director not resident in South Africa.

The Directors may, where they unanimously so resolve, be entitled to remuneration for their services as Directors. The Directors shall be entitled to be paid their travelling, hotel and other expenses properly incurred by them in going to, attending and returning from meetings of the Directors, or any committee of the Directors, or general meetings of the Company, or otherwise in connection with the business of the Company, or to receive a fixed allowance in respect thereof as may be determined by the Directors from time to time, or a combination of one such method and partly the other.

There is no shareholding qualification for Directors.

The business of the Company shall be managed by the Directors, outside the U.K. and South Africa and the Directors may pay all expenses incurred in setting up and registering the Company and may exercise all such powers of the Company as are not, by the Law or the Articles, required to be exercised by the Company in general meeting. The Directors may exercise all the powers of the Company to borrow money and to mortgage or charge the Company undertaking and/or its assets.

The Directors may meet together (either within or without the Cayman Islands but outside of the U.K. and South Africa) for the despatch of business, adjourn, and otherwise regulate their meetings and proceedings, as they think fit. Questions arising at any meeting shall be decided by a majority of votes. In case of an equality of votes the chairman shall not have a second or casting vote. A Director may at any time, summon a meeting of Directors by at least five days' notice in writing to every Director which notice shall set forth the general nature of the business to be considered provided however that notice may be waived by all the Directors (or their alternates) either at, before or after the meeting.

The *quorum* necessary for the transaction of the business of the Directors may be fixed by the Directors and, unless so fixed by the Directors, if there shall be two or more than two Directors shall be two, and if less than two Directors shall be one (or their proxies or alternates) provided that at any such transaction of business there shall at least be a majority of Directors who are independent directors and there shall not be a majority of directors who are resident in the United Kingdom or South Africa.

No Director shall be disqualified from the office of Director or prevented by such office from contracting with the Company, either as vendor, purchaser or otherwise, nor shall any such contract or any contract or transaction entered into by or on behalf of the Company in which any Director shall be in any way interested or be liable to be avoided, nor shall any Director or alternate Director so contracting or being so interested be liable to account to the Company for any profit realised by any such contract or transaction by reason of such Director holding office or of any fiduciary relationship thereby established. A Director may be counted in the quorum of any relevant meeting which he attends and shall be at liberty to vote in respect of any contract or transaction in which he is so interested as aforesaid provided however that the nature of the interest of any Director in any such contract or transaction shall be disclosed by him at or prior to its consideration and any vote thereon and a general notice that a Director is a Shareholder of any specified firm or company and/or is to be regarded as interested in any transaction with such firm or company shall be sufficient disclosure and after such general notice it shall not be necessary to give special notice relating to any particular transaction.

All acts done by any meeting of the Directors or of a committee of Directors, or by any person acting as a Director shall, notwithstanding that it be afterwards discovered that there was some defect in the appointment of any such Director or person acting as aforesaid, or that they or any of them were disqualified, be as valid as if every such person had been duly appointed and was qualified to be a Director.

### **Notices**

A notice may be given by the Company to any Shareholder either personally or by sending it by post, fax or e-mail to him at his address, or (if he has no registered address) to the address, if any, supplied by him to the Company for the giving of notices to him. Where a notice is sent by post, service of the notice shall be deemed to be effected by properly addressing, pre-paying and posting a letter containing the notice (by airmail if available) and to have been effected at the expiration of three days after it was posted.

Where a notice is sent by fax or e-mail, service of the notice shall be deemed to be effected by properly addressing, and sending such notice through the appropriate transmitting medium and to have been effected on the day the same is sent. Notice of every general meeting shall be given to every Shareholder entitled to vote except those Shareholders entitled to vote who (having no registered address) have not supplied to the Company an address for the giving of notices to them. No other persons shall be entitled to receive notices of general meetings. A notice may be given by the Company to the joint holders of record of a Share by giving the notice to the joint holder first named on the register of Shareholders in respect of the Share.

### **Winding Up**

If the Company shall be wound up, the liquidator may, with the sanction of a special resolution of the Company and any other sanction required by the Law, divide amongst the relevant Shareholders *in specie* or in kind the whole or any part of the assets of the Company (whether they shall consist of property of the same kind or not) and may for such purpose set such value as he deems fair upon any property to be divided and may determine how such divisions shall be carried out as between Classes.

## **Indemnity**

Every Director and officer for the time being of the Company or any trustee for the time being acting in relation to the affairs of the Company and their representatives, heirs, executors, administrators, personal representatives or successors or assigns shall, in the absence of fraud, negligence or wilful default, be indemnified and secured harmless out of the assets and funds of the Company against all actions, proceedings, costs, charges and expenses, including travelling expenses, losses, damages or liabilities, which any such Director, officer or trustee may incur or become liable in respect of or by reason of any contract entered into or act or thing done by him as such officer or servant, or in any way in discharge of his duties. No such Director or officer shall be liable or answerable (i) for the acts, receipts, neglects, defaults or omissions of any other Director, officer or trustee or (ii) for joining in any receipt for money not received by him personally or other act for conformity or (iii) for any loss on account of defect of title to any property of the Company or (iv) on account of the insufficiency of any security in or upon which any of the assets of the Company shall be invested or for any loss of any of the assets of the Company which shall be invested, or (v) for any loss incurred through any bank, broker or other agent, or (vi) for any loss or damage arising from the bankruptcy, insolvency or tortious act of any person with whom any assets, securities or effects shall be deposited, or (vii) for any loss occasioned by any negligence, default, breach of duty, breach of trust, error of judgement or oversight on his part, or (viii) for any loss, damage or misfortune whatsoever which may happen in or arise from the execution or discharge of the duties, powers, authorities, or discretions of his office or in relation thereto unless the same happens through his own fraud or wilful default.

## CONSTITUTION OF THE MASTER FUND

### General

The Company seeks to achieve its investment objective through investing substantially all of its assets through the Master Fund. The Company will invest in the Master Fund as a Shareholder of the relevant Class or Classes of the Master Fund Shares.

### Constitution

- (a) The Master Fund is an open ended multi-class investment company incorporated as an exempted company with limited liability in the Cayman Islands on 31 January 2014 under the provisions of the Law (registered no. WK-284759). Since the date of incorporation the Company has not commenced business and no accounts have been made up and no dividends have been declared.
- (b) The authorised share capital of the Master Fund is US\$1 000,000 comprising 99,990,000 redeemable voting preference shares of US\$0.01 par value each of which the Master Fund is currently authorised to issue 99,990,000 Shares which may be classified as Class MZ and 100 founder shares of US\$1.00 each.
- (c) The founder shares were taken up by the subscriber to the Memorandum of Association in order that the Master Fund be incorporated and transferred to CFM (Isle of Man) Limited. The founder shares confer the right to vote at general meetings of the Master Fund only when no Shares are in issue and give the rights in the winding-up of the Master Fund as set out under the “Winding up” section of this document. However, holders of founder shares have the exclusive right to vote on any resolution or pass any resolution in writing to change the name of the Master Fund. They confer no other right to participate in the profits or assets of the Master Fund.
- (d) The Shares will be issued pursuant to resolutions of the Directors.
- (e) No Shares have preference or pre-emptive rights. There are no outstanding options or any special rights relating to any Shares. All Shares participate equally in the net assets of their respective Class on liquidation and in dividends and other distributions as declared.
- (f) The Master Fund was incorporated with the capacity of issuing various classes of shares. The Class MZ Shares are available for issue. As of the date of this document, no further classes have been created.

The Memorandum and Articles of Association of the Master Fund (the “Master Fund Articles”) comprise its constitution. The following summary is not exhaustive. These documents are available for inspection at the Master Fund’s registered office.

(a) ***Memorandum***

The memorandum of association of the Master Fund provides in clause 3 that the Master Fund’s principal objects are unrestricted (except as prohibited by law).

(b) ***Articles of Association***

The Master Fund Articles contain certain provisions to the following effect:

## **Issue of Shares**

Subject as provided in the Master Fund Articles, this Information Memorandum or the Law, the Master Fund Shares shall be at the disposal of the Directors, who in their absolute discretion may issue, allot, grant options over or otherwise dispose of, the same to such persons on such terms and in such manner as they may think fit, save that no Master Fund Share shall be issued at a discount, except in accordance with the Law. Fractional Shares may be issued up to four decimal places. The Directors may in their absolute discretion refuse to issue any Master Fund Shares to any subscriber. Master Fund Shares are issued in registered form.

The Master Fund is authorised to issue 99,990,000 Shares of US\$0.01 par value each. Shares shall be issued in Classes each having a designated currency of issue.

The Master Fund Shares shall be issued in such Class as the Directors determine, each such Class representing the capital contribution made by holders of the relevant Class of Master Fund Shares. Each Class of Master Fund Shares shall rank equally in priority and preference save as expressly provided in the Master Fund Articles. Future Classes shall be issued for a price denominated in such currency as the Directors determine. The capital contributions made in respect of each such Class (and resulting investments therewith) shall be maintained in separate accounts with separate records in the relevant currency in the books of the Master Fund. Portfolios may be shared where the Class differential relates to currency.

## **Alterations of Share Capital**

Subject to the provisions of the Law, the Master Fund may by ordinary resolution increase the share capital by such sum, to be divided into new shares of such amount, as the resolution shall prescribe. The Master Fund may also by ordinary resolution consolidate and divide all or any of its share capital into shares of a larger amount than its existing Master Fund Shares. The Master Fund may also by ordinary resolution subdivide its existing Master Fund Shares, or any of them, into Master Fund Shares of smaller amounts than is fixed by the Master Fund memorandum of association, subject to the provisions of the Law.

The Master Fund may with the sanction of a special resolution and subject always to the Law reduce its share capital and any capital redemption reserve or share premium account and may also purchase its own Master Fund Shares on terms agreed with the holder.

## **Variation of Class Rights**

The rights attaching to any Master Fund Share Class (unless otherwise provided by the terms of issue of that Master Fund Share Class) may be varied or abrogated by the Directors if the Directors determine that such change is not materially adverse to the interests of the holders of Master Fund Shares of such Class but otherwise with the consent in writing of not less than two thirds of such holders of the issued Master Fund Shares of that Class or with the sanction of a resolution passed by not less than a two thirds majority of holders of the Master Fund Shares of that Class as may be present in person or by proxy at a separate general meeting of the holders of the Master Fund Shares of that class. To every such separate general meeting, the provisions of the Master Fund Articles applying to general meetings shall apply but so that the necessary initial quorum shall be any one or more persons holding or representing by proxy not less than one third of the issued Master Fund Shares of the Class and that any holder of Master Fund Shares of the Class present in person or by proxy may demand a poll. For the purpose of variation or abrogation as aforesaid, the Directors may treat any or all of the classes of shares as forming one class if they consider that such classes would be affected in the same way by the proposals under consideration but, in any other case, shall treat them as separate classes. To the fullest extent permitted

by law a variation to the investment objective of the portfolio or the Dealing Day shall not be deemed to be a variation of class rights

### **Founder Shares**

The founder shares shall confer no right to participate in the profits or assets of the Master Fund other than the return of the nominal value thereof. The founder shares carry no voting rights except where no redeemable shares are in issue. However, holders of founder shares have the right to receive notice of, attend, speak and have the exclusive right to vote at general meetings of the Master Fund on any resolution to change the name of the Master Fund and the exclusive right to pass a resolution in writing to change the name of the Master Fund.

### **Redeemable Shares**

The Master Fund Shares shall be redeemable voting participating shares. The holders of Master Fund Shares shall be entitled to receive notice of and to attend and to vote at any general meeting of the Master Fund. On a return of capital on liquidation or winding up of the Master Fund, the assets of the Master Fund available for distribution among its Shareholders shall be applied in the following priority:

- (i) firstly, in the payment to the holders of the Master Fund Shares of each Class of a sum in the currency in which that Class is designated (or in any other currency selected by the liquidator) as nearly as possible equal (at a rate of exchange determined by the liquidator) to the net asset value of the Master Fund Shares of such Class held by such holders respectively as at the date of commencement to wind up provided that there are sufficient assets available in the portfolio of net assets of the Company represented by each Class of Master Fund Shares (an “investment account”). In the event that there are insufficient assets available in the relevant investment account, to enable such payment to be made recourse shall be had:
  - (A) first, to any assets of the Master Fund not comprised within any of the investment accounts; and
  - (B) secondly, to the assets remaining in the investment accounts for the other Classes of Master Fund Shares (after payment to the holders of the Master Fund Shares of that Class to which they relate of the amounts to which they are respectively entitled under this paragraph (i)) *pro rata* to the total value of such assets remaining within each investment account;
- (ii) secondly, in the payment to the holders of Master Fund Shares of a particular Class any balance then remaining in the relevant investment account, such payment being made in proportion to the number of Master Fund Shares held;
- (iii) thirdly, in the payment to the holders of founder shares of the nominal amount paid on the founder shares; and
- (iv) fourthly, in the payment to the holders of the Master Fund Shares of any balance then remaining and not comprised within any of the investment accounts, such payment being made in proportion to the number of Master Fund Shares held.

The Master Fund Shares of each Class shall entitle the holders thereof to any dividends that may be declared in respect of the Master Fund Shares of that Class.

No Master Fund Shares shall be issued to an ineligible investor so designated by the Directors and the Directors shall have power to impose such further restrictions on the Master Fund Shares as they may think necessary for the purpose of ensuring that no Master Fund Shares are acquired or held by any

person in breach of these Master Fund Articles, the Law or the applicable requirements of any country or governmental authority.

Subject to the provisions of and the restrictions contained in the Law, a holder of Master Fund Shares shall be entitled to redeem all or any of such Master Fund Shares on any Dealing Day or such day as the Directors may determine by such number of days prior written notice to the Master Fund as determined by the Directors from time to time and otherwise in such form given in such manner as the Directors shall from time to time determine but no Master Fund Shares shall be redeemed whilst the calculation of the net asset value of the Master Fund is suspended.

The Directors may limit the value of redemptions on any Dealing Day to a percentage of the total value of Master Fund Shares then in issue (as specified in the applicable Information Memorandum) in circumstances where the Directors believe that owing to their perception of the liquidity of the underlying investments, such an action would be in the overall interests of investors. Where this restriction applies, redemptions will be on a *pro rata* basis and any redemptions which for this reason do not occur on any particular Dealing Day shall be treated as if a request for redemption had been made in respect of each subsequent Dealing Day until all the Master Fund Shares to which the original request related have been redeemed. Requests for redemption which have been carried forward from an earlier Dealing Day shall (subject always to the foregoing limits) be treated *pari passu* later requests.

The Directors may elect in their absolute discretion to effect a redemption payment to any or all redeeming Shareholders, either in whole or in part, *in specie* or in kind rather than in cash in which event the Directors shall use the same valuation procedures used in determining the net asset value of the Master Fund and of the relevant Class to determine the value to be attributed to the relevant securities to be transferred or assigned to the redeeming Shareholders who shall receive securities of a value equal to the redemption payment to which they would otherwise be entitled and who shall be responsible for all custody and other costs involved in changing the ownership of the relevant securities from the Master Fund to the redeeming Shareholders and on-going custody costs. Any such distributions *in specie* will not materially prejudice the interests of remaining Shareholders.

The Directors may make such further regulations concerning redemption as they shall from time to time deem necessary.

The Directors may determine from time to time with respect to the Master Fund Shares of each Class the minimum number of such Master Fund Shares to be issued to each prospective Shareholder, the minimum number of Master Fund Shares of each Class capable of being redeemed by any Shareholder on any Dealing Day or such day as the Directors may determine (or an amount in respect thereof) and the minimum number of Shares to be otherwise issued to or held on an ongoing basis after any redemptions by each Shareholder.

### **Transfer of Shares**

Master Fund Shares may be transferred by a form of transfer in any usual or common form or such other form as may be approved by the Directors in their sole discretion. Master Fund Share transfers shall be executed by or on behalf of the transferor and, if so requested by the Directors, by or on behalf of the transferee, and the transferor shall be deemed to remain a holder of the Master Fund Share until the name of the transferee is entered into the register of Shareholders in respect thereof.

The Directors may decline to register any transfer of Master Fund Shares to a U.S. Person or to any persons who are not eligible investors or where the holding of such Shares may result in regulatory, pecuniary, legal, taxation or material administrative disadvantage for the Master Fund. The Directors may decline to register a transfer during the 21 days before a general meeting. They may also decline to register a transfer when the transfer instrument is not accompanied by the relevant application or subscription form, from the transferee and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer. The Directors will decline to register the transfer

where the transfer would result in the transferee holding Master Fund Shares with a net asset value of less than US\$150,000 for Class MZ Shares.

If the Directors refuse to register a transfer of Master Fund Shares they shall within 21 days after the date on which the transfer was lodged with the Master Fund, send to the transferee notice of the refusal.

### **Compulsory Transfer of Master Fund Shares**

The Directors are entitled by service of a notice to require the transfer of any Master Fund Shares held by, or for the benefit, of, any person:

- (i) who is a U.S. Person or is holding Master Fund Shares for the account of a U.S. Person or any other person who is not an eligible investor;
- (ii) who, by virtue of the holding concerned, gives rise to a regulatory, pecuniary, legal or taxation or material administrative disadvantage to the Master Fund or its Shareholders;
- (iii) in the event that the continued ownership of Master Fund Shares by such person could result in adverse tax, regulatory, pecuniary, legal consequences or material administrative disadvantage to the Master Fund or its Shareholders or require the Master Fund to comply with any registration or filing requirements in any jurisdiction with which it would not otherwise be required to comply; or
- (iv) who has failed to provide any information or declaration required by the Directors within twenty one days of being requested to do so.

### **Compulsory Redemption of Master Fund Shares**

The Directors are entitled compulsorily to redeem Master Fund Shares owned directly or beneficially by any person or persons who or which, by virtue of the holding concerned, gives rise to a breach of any applicable laws or requirement in any jurisdiction or may, either alone or together with other Shareholders, in the sole and conclusive opinion of the Directors:

- (i) prejudice the tax status or residence of the Master Fund or its Shareholders as a whole; or
- (ii) cause the Master Fund or its Shareholders to suffer any regulatory, pecuniary, legal, taxation or material administrative disadvantages; or
- (iii) cause the Master Fund to be required to comply with any registration or filing requirements in any jurisdiction with which it would not otherwise be required to comply.

The Directors are also entitled compulsorily to redeem all or any Master Fund Shares generally or in a particular Class where:

- (i) the aggregate amount invested in the Master Fund or in any Class or the small number of Shareholders with outstanding Master Fund Shares of any Class at any time does not justify or support the continued trading and existence of the Master Fund or a particular Class; or
- (ii) in any other circumstances in which the Directors determine in their absolute discretion that such compulsory redemption is in the best interests of the Master Fund.

### **General Meetings**

The Directors may whenever they think fit, convene an extraordinary general meeting. If at any time there are no Directors, any Shareholder entitled to vote may convene an extraordinary general meeting in the same manner as nearly as possible as that in which meetings may be convened by the Directors.

The Directors shall, upon the receipt of a requisition expressing the object of the meeting in writing of any one or more Shareholders holding ten per cent. or more of the Master Fund Shares entitled to vote, convene an extraordinary general meeting, such meeting to be convened by the Directors within 21 days from the date of delivery of the requisition at the registered office (for a date not later than 45 days after the date of such deposit) or failing that, convened by any of the requisitionists subject to the Master Fund Articles as to notice.

At least 21 days' notice of a general meeting is required to be given to such persons as are entitled to vote or may otherwise be entitled under the Master Fund Articles to receive such notices, but with the consent of all the Shareholders entitled to receive notice, that meeting may be convened by shorter notice and in such manner as those Shareholders think fit.

No business shall be transacted at any general meetings unless a quorum of Shareholders is present at the time when the meeting proceeds to business. One or more Shareholders holding in aggregate not less than one third of the total issued share capital of the Master Fund present in person or by proxy and entitled to vote shall be a *quorum*. If within fifteen minutes (or such longer time as the chairman of the meeting decides to wait) from the time appointed for the meeting, a *quorum* is not present, the meeting, if convened upon the requisition of Shareholders, shall be dissolved. In any other case it shall stand adjourned to the same day in the next week, at the same time and place, and if at the adjourned meeting, a *quorum* is not present within half an hour from the time appointed for the meeting, the Shareholder or Shareholders present and entitled to vote shall be a *quorum*.

An ordinary resolution may be passed by a majority of Shareholders entitled to vote present at the meeting. A special resolution requires a two thirds majority of Shareholders entitled to vote present at the meeting. An ordinary or special resolution may be passed by unanimous written resolution.

On a show of hands every Shareholder present in person or by proxy and entitled to vote shall have one vote. On a poll every such Shareholder entitled to vote shall have one vote for each Share of which he is the holder. On the holding of a poll, every Shareholder who votes need not cast all the votes he uses in the same way.

In the case of joint holders the vote of the senior holder who tenders a vote whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders; and for this purpose seniority shall be determined by the order in which the names stand in the register of members.

On a show of hands or a poll, votes may be given either personally or by proxy. The instrument appointing a proxy may be in any usual or common form or in such other form as the Directors may approve and shall be deposited at the registered office of the Master Fund or at such other place as is specified for that purpose in the notice convening the meeting no later than 24 hours prior to the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote.

## **Directors**

The minimum number of Directors shall be one and unless the Master Fund by ordinary resolution otherwise determines, the maximum shall be 10. The Master Fund may by ordinary resolution remove and appoint a Director. A Director may appoint a proxy or an alternate to act on his behalf and such proxy or alternate shall count towards a *quorum*. No person resident in the U.K. shall be appointed a proxy of or an alternate of a Director not resident in the U.K. No person resident in South Africa shall be appointed a privy or an alternate of a Director not resident in South Africa.

The Directors may, where they unanimously so resolve, be entitled to remuneration for their services as Directors. The Directors shall be entitled to be paid their travelling, hotel and other expenses properly incurred by them in going to, attending and returning from meetings of the Directors, or any committee of the Directors, or general meetings of the Master Fund, or otherwise in connection with the business

of the Master Fund, or to receive a fixed allowance in respect thereof as may be determined by the Directors from time to time, or a combination of one such method and partly the other.

There is no shareholding qualification for Directors.

The business of the Master Fund shall be managed by the Directors, outside the U.K. and South Africa and the Directors may pay all expenses incurred in setting up and registering the Master Fund and may exercise all such powers of the Master Fund as are not, by the Law or the Master Fund Articles, required to be exercised by the Master Fund in general meeting. The Directors may exercise all the powers of the Master Fund to borrow money and to mortgage or charge the Master Fund undertaking and/or its assets.

The Directors may meet together (either within or without the Cayman Islands but outside of the U.K. and South Africa) for the despatch of business, adjourn, and otherwise regulate their meetings and proceedings, as they think fit. Questions arising at any meeting shall be decided by a majority of votes. In case of an equality of votes the chairman shall not have a second or casting vote. A Director may at any time, summon a meeting of Directors by at least five days' notice in writing to every Director which notice shall set forth the general nature of the business to be considered provided however that notice may be waived by all the Directors (or their alternates) either at, before or after the meeting.

The *quorum* necessary for the transaction of the business of the Directors may be fixed by the Directors and, unless so fixed by the Directors, if there shall be two or more than two Directors shall be two, and if less than two Directors shall be one (or their proxies or alternates) provided that at any such transaction of business there shall at least be a majority of Directors who are independent directors and there shall not be a majority of directors who are resident in the United Kingdom or South Africa..

No Director shall be disqualified from the office of Director or prevented by such office from contracting with the Master Fund, either as vendor, purchaser or otherwise, nor shall any such contract or any contract or transaction entered into by or on behalf of the Master Fund in which any Director shall be in any way interested or be liable to be avoided, nor shall any Director or alternate Director so contracting or being so interested be liable to account to the Master Fund for any profit realised by any such contract or transaction by reason of such Director holding office or of any fiduciary relationship thereby established. A Director may be counted in the quorum of any relevant meeting which he attends and shall be at liberty to vote in respect of any contract or transaction in which he is so interested as aforesaid provided however that the nature of the interest of any Director in any such contract or transaction shall be disclosed by him at or prior to its consideration and any vote thereon and a general notice that a Director is a Shareholder of any specified firm or company and/or is to be regarded as interested in any transaction with such firm or company shall be sufficient disclosure and after such general notice it shall not be necessary to give special notice relating to any particular transaction.

All acts done by any meeting of the Directors or of a committee of Directors, or by any person acting as a Director shall, notwithstanding that it be afterwards discovered that there was some defect in the appointment of any such Director or person acting as aforesaid, or that they or any of them were disqualified, be as valid as if every such person had been duly appointed and was qualified to be a Director.

### **Notices**

A notice may be given by the Master Fund to any Shareholder either personally or by sending it by post, fax or e-mail to him at his address, or (if he has no registered address) to the address, if any, supplied by him to the Master Fund for the giving of notices to him. Where a notice is sent by post, service of the notice shall be deemed to be effected by properly addressing, pre-paying and posting a letter containing the notice (by airmail if available) and to have been effected at the expiration of three days after it was posted.

Where a notice is sent by fax or e-mail, service of the notice shall be deemed to be effected by properly addressing, and sending such notice through the appropriate transmitting medium and to have been effected on the day the same is sent. Notice of every general meeting shall be given to every Shareholder entitled to vote except those Shareholders entitled to vote who (having no registered address) have not supplied to the Master Fund an address for the giving of notices to them. No other persons shall be entitled to receive notices of general meetings. A notice may be given by the Master Fund to the joint holders of record of a Master Fund Share by giving the notice to the joint holder first named on the register of Shareholders in respect of the Master Fund Share.

### **Winding Up**

If the Master Fund shall be wound up, the liquidator may, with the sanction of a special resolution of the Master Fund and any other sanction required by the Law, divide amongst the relevant Shareholders *in specie* or in kind the whole or any part of the assets of the Master Fund (whether they shall consist of property of the same kind or not) and may for such purpose set such value as he deems fair upon any property to be divided and may determine how such divisions shall be carried out as between Classes.

### **Indemnity**

Every Director and officer for the time being of the Master Fund or any trustee for the time being acting in relation to the affairs of the Master Fund and their representatives, heirs, executors, administrators, personal representatives or successors or assigns shall, in the absence of fraud, negligence or wilful default, be indemnified and secured harmless out of the assets and funds of the Master Fund against all actions, proceedings, costs, charges and expenses, including travelling expenses, losses, damages or liabilities, which any such Director, officer or trustee may incur or become liable in respect of or by reason of any contract entered into or act or thing done by him as such officer or servant, or in any way in discharge of his duties. No such Director or officer shall be liable or answerable (i) for the acts, receipts, neglects, defaults or omissions of any other Director, officer or trustee or (ii) for joining in any receipt for money not received by him personally or other act for conformity or (iii) for any loss on account of defect of title to any property of the Master Fund or (iv) on account of the insufficiency of any security in or upon which any of the assets of the Master Fund shall be invested or for any loss of any of the assets of the Master Fund which shall be invested, or (v) for any loss incurred through any bank, broker or other agent, or (vi) for any loss or damage arising from the bankruptcy, insolvency or tortious act of any person with whom any assets, securities or effects shall be deposited, or (vii) for any loss occasioned by any negligence, default, breach of duty, breach of trust, error of judgement or oversight on his part, or (viii) for any loss, damage or misfortune whatsoever which may happen in or arise from the execution or discharge of the duties, powers, authorities, or discretions of his office or in relation thereto unless the same happens through his own fraud or wilful default.

## GENERAL INFORMATION

### Directors' and Promoters' Interests

- (a) Fees may be paid by the Master Fund to the Directors for acting as such. In addition, the Directors will be reimbursed for reasonable travelling, hotel accommodation and other out-of-pocket expenses incurred by them while executing their duties as Directors.

Directors may waive all or part of their fees and may assign their fees to their employers.

- (b) The Directors of the Company are also the directors of the Master Fund.
- (c) At the date hereof, no Director, nor any connected person, has any interest, direct or indirect in the Shares or Master Fund Shares. Although none of the Directors are required to be investors, all of the Directors and any associates may invest in the Fund. The level of any investment is likely to vary over time.
- (d) The Directors and/or persons associated with the Investment Manager may make identical, similar or different own account investments from time to time.
- (e) There is no retirement age for Directors.
- (f) No Director has:
- (i) any unspent convictions in relation to indictable offences; or
  - (ii) been bankrupt or the subject of a voluntary arrangement or has had a receiver appointed to any asset of such Director; or
  - (iii) been a director of any company which, while he was a director with an executive function or within 12 months after he ceased to be a director with an executive function, had a receiver appointed or went into compulsory liquidation, creditors voluntary liquidation, administration or company voluntary arrangements, or made any composition or arrangements with its creditors generally or with any class of its creditors; or
  - (iv) been a partner of any limited partnership which, while he was a partner or within 12 months after he ceased to be a partner, went into compulsory liquidation, administration or limited partnership voluntary arrangement or had a receiver appointed to any limited partnership asset;
  - (v) had any public criticism by statutory or regulatory authorities (including recognised professional bodies); or
  - (vi) been disqualified by a court from acting as a director or from acting in the management or conduct of affairs of any company.

## Cayman Islands Mutual Funds Law

Each of the Company and the Master Fund falls or will fall within the definition of a "Mutual Fund" in terms of the Mutual Funds Law and, accordingly, is or will be regulated in terms of that Mutual Funds Law. However, neither the Company nor the Master Fund is required to be licensed or employ a licensed mutual fund administrator since the minimum aggregate investment purchasable by a prospective investor in the Company and/or the Master Fund is equal to or exceeds US\$100,000, or its equivalent in any other currency.

As regulated mutual funds, the Company and the Master Fund are or will be subject to the supervision of the Cayman Islands Monetary Authority (the "**Monetary Authority**"). The Company must file this Information Memorandum and details of any changes that materially affect any information in this Information Memorandum with the Monetary Authority. The Company and the Master Fund must also file annually with the Monetary Authority accounts approved by an approved auditor, together with a return containing particulars specified by the Monetary Authority, within six months of their financial year end or within such extension of that period as the Monetary Authority may allow. A prescribed fee must also be paid annually.

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

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

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

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

- (a) is or is likely to become unable to meet its obligations as they fall due;
- (b) is carrying on or is attempting to carry on business or is winding up its business voluntarily in a manner that is prejudicial to its investors or creditors;
- (c) is not being managed in a fit and proper manner; or
- (d) has persons appointed as director, manager or officer that is not a fit and proper person to hold the respective position.

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

## Reports and Financial Statements

- (a) The Company and the Master Fund's financial year ends on 30 September. Audited financial statements will be prepared and sent to investors, within six months of the financial year end.
- (b) Further investor reporting may take place from time to time in the sole discretion of the Directors. Shareholders wishing to receive such additional investor reporting are invited to contact the Administrator.

## General

- (a) The Directors reserve the right to accept subscriptions satisfied by way of *in specie* transfers of assets. In exercising their discretion, the Directors will take into account the investment objective, policy and rationale of the Fund and whether the proposed *in specie* assets comply with those criteria including the permitted investments of the Fund. Any *in specie* subscription that meets the investment criteria will be valued by the Administrator in accordance with the valuation procedures of the Fund as set out under the "CALCULATION OF NET ASSET VALUE AND SUBSCRIPTION AND REDEMPTION PRICES" section of this document. Upon receipt of that verification and properly completed subscription materials, the Administrator will allot the requisite number of Shares or Master Fund Shares in the normal manner. The Directors reserve the right to decline to register any prospective investor until the subscriber has been able to prove title to the assets in question and make a valid transfer thereof. The subscriber will be responsible for all custody and other costs involved in the transfer of the relevant assets unless the Directors otherwise agree.
- (b) The Company and the Master Fund do not, nor do they expect to, have any employees.
- (c) The Company has complied with the Mutual Funds Law by being registered under that law. It is obliged to file audited accounts with the Cayman Islands Monetary Authority within six months of their financial year end. It is also obliged within 21 days to register any changes in the particulars filed with the Cayman Islands Monetary Authority.
- (d) General meetings of Shareholders and meetings of the Master Fund Shareholders will be held in the Cayman Islands unless otherwise notified and will be convened by not less than 21 days notice given by fax or airmail letter or e-mail sent to the registered address of each Shareholder or Master Fund Shareholder.
- (e) Where a time limit or period is specified in this Information Memorandum, the Directors may, where permitted by the constitutive documents of the Company and the Master Fund and other applicable laws and regulations, specify a longer or shorter time limit or period where the Directors determine that the same is reasonable and in the best interests of the Company and/or Master Fund, as the case may be. This discretion may be exercised generally or in any particular case.

## Material Contracts

The following contracts, not being contracts in the ordinary course of business, have been entered into by the Master Fund and, as the case may be, the Company on or about the date hereof and are or may be material. Information in relation to fees is contained under the "Fees and Expenses" section of this document above.

- (a) The Administration Agreement between (1) the Company, (2) the Master Fund and (3) the Administrator whereby the Administrator has agreed, subject to the overall supervision of the Directors to act as administrator and registrar of the Company and the Master Fund. A summary

of the Administration Agreement is contained under the “Administration” section of this document above;

- (b) The Custody Agreement between the Master Fund and the Custodian whereby the Custodian has agreed to provide custodial services to the Master Fund. A summary of the Custody Agreement is contained under the “Custodian” section of this document above; and
- (c) The Investment Management Agreement between (1) the Master Fund, (2) the Company and (3) the Investment Manager whereby the Investment Manager has been appointed to provide discretionary investment management services to the Master Fund and the Company. A summary of the Investment Management Agreement is contained under the “Management - Investment Manager” section of this document above.

The Company and the Master Fund may in future enter into marketing agreements with the Investment Manager and/or other financial intermediaries approved by the Directors. All of the agreements listed above may be amended from time to time by mutual consent of the parties thereto.

The Company and/or the Master Fund and/or the Investment Manager may enter into side letters in relation to the Company and/or the Master Fund with individual investors covering, inter alia, capacity, fee rebates or restrictions, provision of additional information, most favoured investor commitments, individual investor approval requirements, transfer rights and confirmations of how expenses will be borne. In entering into any side letters on behalf of the Company and/or the Master Fund, the Directors will act in the best interests of the Company and/or the Master Fund as a whole and in a manner which ensures equality of treatment for investors in the same position.

### **Documents for Inspection**

Copies of the following documents will be available for inspection at the offices of the Administrator during usual business hours on any day (Saturdays, Sundays and public holidays excepted) and for not less than 14 days from the date of the Information Memorandum or the duration of any offer to which the Information Memorandum relates at the offices of the Administrator:

- (a) the Memorandum and Articles of Association of the Master Fund and the Company;
- (b) the material contracts referred to above under “GENERAL INFORMATION: Material Contracts”;
- (c) the Companies Law (as amended) and the Mutual Funds Law (as amended) of the Cayman Islands; and
- (d) when available, the latest audited financial statements of the Master Fund and the Company.