

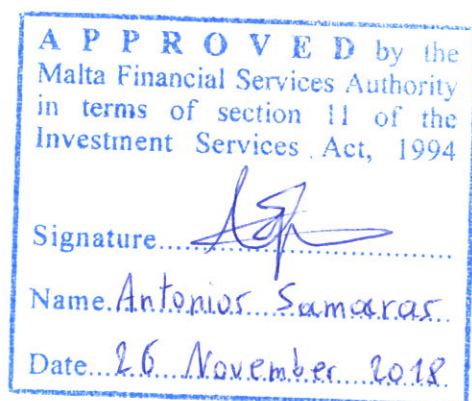
## MANSARD CAPITAL SICAV p.l.c.

An open-ended collective investment scheme organised as a multi-fund limited liability company with variable share capital registered under the laws of Malta.

### Offering Memorandum

26 November 2018

The Directors of MANSARD CAPITAL SICAV p.l.c, whose names appear in the "Directory", accept responsibility for the information contained herein. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this Offering Memorandum is in accordance with the facts and does not omit anything likely to affect the import of such information. The Directors accept responsibility accordingly.



*This Offering Memorandum is an updated version of the Offering Memorandum dated the 10<sup>th</sup> November 2017.*

MANSARD CAPITAL SICAV p.l.c. (the “Company”) is a collective investment scheme established as a multi-fund investment company with variable share capital (SICAV) incorporated with limited liability under the laws of Malta and licensed by the Malta Financial Services Authority (“MFSA”) under the ISA as a Professional Investor Fund targeting Qualifying Investors.

The licensing of the Company and its Sub-Funds does not constitute a warranty by the MFSA as to the performance of the Company or its Sub-Funds and the MFSA is not in any way liable for the performance or default of the Company or its Sub-Funds.

Professional Investor Funds are non-retail schemes. Therefore, the protection normally arising as a result of the imposition of the MFSA’s investment and borrowing restrictions and other requirements for retail schemes do not apply. Shares in the Company may only be sold to ‘Qualifying Investors’ as defined in the Offering Memorandum. Investors in Professional Investor Funds are not protected by any statutory compensation arrangements in the event of the Company’s failure. The MFSA has made no assessment or value judgement on the soundness of the Company or its Sub-Funds or on the accuracy or completeness of the statements made or opinions expressed with regard to them.

This Offering Memorandum does not constitute, and may not be used for the purposes of, an offer or solicitation to anyone in any jurisdiction in which such offer or solicitation is not authorised, or to any person to whom it is unlawful to make such offer or solicitation. The distribution of this Offering Memorandum and the offering of Shares in the Sub-Funds in certain jurisdictions are restricted.

Persons to whose attention this Offering Memorandum may come are required to inform themselves about, and to observe such, restrictions. Prospective investors should inform themselves as to (a) the legal requirements within their own jurisdictions for the purchase, holding or disposal of Shares, (b) any foreign exchange restrictions which may affect them, and (c) the income and other tax consequences which may apply in their own jurisdictions relevant to the purchase, holding or disposal of Shares in the Sub-Funds.

**In the event of any inconsistency between this Offering Memorandum and the Offering Supplement for any Sub-Fund of the Company, the said Offering Supplement shall prevail.**

## **The Republic of Malta/Malta Financial Services Authority**

Malta is a Member State of the European Union and adopted the Euro as its official currency in January 2008. It is located in the central Mediterranean around 60 kilometres south of Italy. It has a population of around 400,000 which is mostly multi-lingual in Maltese, English and Italian. Its economy is based on industry, tourism and the services sector, in which the financial sector is steadily taking a prominent place. Its legal system is Roman law based but with a very strong English law influence in commercial law and public law areas. It has a President, a Prime Minister, a Cabinet of Ministers, a British style Parliamentary democracy and an independent judiciary.

As an EU Member State it participates fully within all EU institutions including those relating to the regulation of the financial sector which covers banking, insurance, investment services, trusts and companies and its laws have all been aligned to those of the European Union over the last few years.

The MFSA is the single regulator of financial services in Malta. It is a fully autonomous public institution and reports to the Maltese Parliament on an annual basis. The MFSA has taken over supervisory functions previously carried out by the Central Bank of Malta and the Malta Stock Exchange. The sector incorporates all financial activity including banking, investment services and investment funds (including Professional Investor Funds), insurance and trustee/fiduciary activities. The MFSA also houses the Registry of Companies and has taken over responsibility as the Listing Authority.

Over the past decade or so, Malta has completed a programme of reforming all its finance sector legislation in line with international best practice and was one of the first six countries in the world to reach an advanced accord on fiscal matters with the Organisation for Economic Co-operation and Development (OECD). As a result of this agreement Malta is NOT considered as a tax haven. It is actively involved with the OECD (for which it is an applicant State), the EU and the Commonwealth in modelling global regulatory policy.

It has also successfully undergone reviews by the Financial Action Task Force and the Council of Europe and continues to abide by the latest recommendations in the combat against money laundering and the financing of terrorism.

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## **1. Important Notices**

### **Restricted Offer**

This Offering Memorandum does not constitute, and may not be used for the purposes of, an offer or solicitation to anyone in any jurisdiction in which such offer or solicitation is not authorised, or to any person to whom it is unlawful to make such offer or solicitation. The distribution of this Offering Memorandum and the offering of Shares in the Sub-Funds in certain jurisdictions are restricted. Persons to whose attention this Offering Memorandum may come are required to inform themselves about, and to observe, such restrictions. Prospective investors should inform themselves as to (a) the legal requirements within their own jurisdictions for the purchase, holding or disposal of Shares (b) any foreign exchange restrictions which may affect them and (c) the income and other tax consequences which may apply in their own jurisdictions relevant to the purchase, holding or disposal of Shares in the Sub-Funds. The Directors may from time to time declare other categories of persons who do not qualify under applicable laws to purchase Shares in the Company.

### **Reliance on Offering Memorandum**

The Shares are offered solely on the basis of the information and representations contained in this Offering Memorandum and any further information given or representations made by any person may not be relied upon as having been authorised by the Company or its Directors. Neither the delivery of this Offering Memorandum nor the offer, issue or sale of Shares shall constitute a representation that the information given in this Offering Memorandum is correct at the time or any time subsequent. No person receiving a copy of this Offering Memorandum in any territory may treat the same as constituting an invitation to him unless, in the relevant territory, such an invitation could lawfully be made to him without compliance with any registration or other legal requirements. It is the responsibility of any person wishing to acquire Shares to fully observe all the laws of the relevant territory in connection therewith, including obtaining any governmental or other consents which may be required or observing any other formalities needing to be observed in such territory.

### **Licensed in Malta**

The Company is a collective investment scheme established as a multi-fund investment company with variable share capital (SICAV) incorporated with limited liability under the laws of Malta and licensed by the MFSA under the ISA as a Professional Investor Fund targeting Qualifying Investors.

#### Qualifying Investors

This offer is an offer only to the person to whom a copy of this document has been furnished and on the basis that the person falls within the definition of a Qualifying Investor as defined in this Offering Memorandum and, where so requested in a particular Offering Supplement, can also make certain declarations as specified in the Subscription Agreement. The information in this Offering Memorandum is furnished on a confidential basis exclusively for your use and retention and, by accepting this Offering Memorandum and accompanying Offering Supplements, you agree not to transmit, reproduce or make available to any other person (other than your legal, tax, accounting and other advisors) any part of this Offering Memorandum without the express written permission of the Directors. You further agree to return the Offering Memorandum to the Company or destroy it promptly in the event that you reach a decision not to make an investment in the Company or its Sub-Funds.

#### Restrictions on Distribution

This Offering Memorandum does not constitute an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation. Purchasers should inform themselves as to the legal requirements within their own countries for the purchase of shares in the Company or its Sub-Funds, and any taxation or exchange control legislation applicable to them.

#### Information Available to all Investors

Prospective purchasers and their purchaser representatives, if any, are invited to ask questions of and to obtain additional information from the Administrator concerning the investment, the terms and conditions of the Offering and other matters (including additional information to verify the accuracy of the information in this Offering Memorandum). Such information will be supplied to the extent that the Administrator possesses or can acquire it without unreasonable effort or expense.

## Investment Risk

Since investment in the Company carries substantial risk, investment in the Company is only suitable for those investors who qualify as Qualifying Investors as defined in this Offering Memorandum. There can be no assurance that the Company's investment objective will be achieved and investment results may vary substantially over time. Prospective investors should be aware that the value of investments, as reflected in the Net Asset Value per Share, can go down as well as up and the attention of investors is drawn to the section "Risk Factors" below.

Prospective investors should carefully consider whether an investment in Shares is suitable for them in the light of their circumstances and financial resources (see further under "Risk Factors") and should consult persons who are authorised to provide advice on this kind of investment.

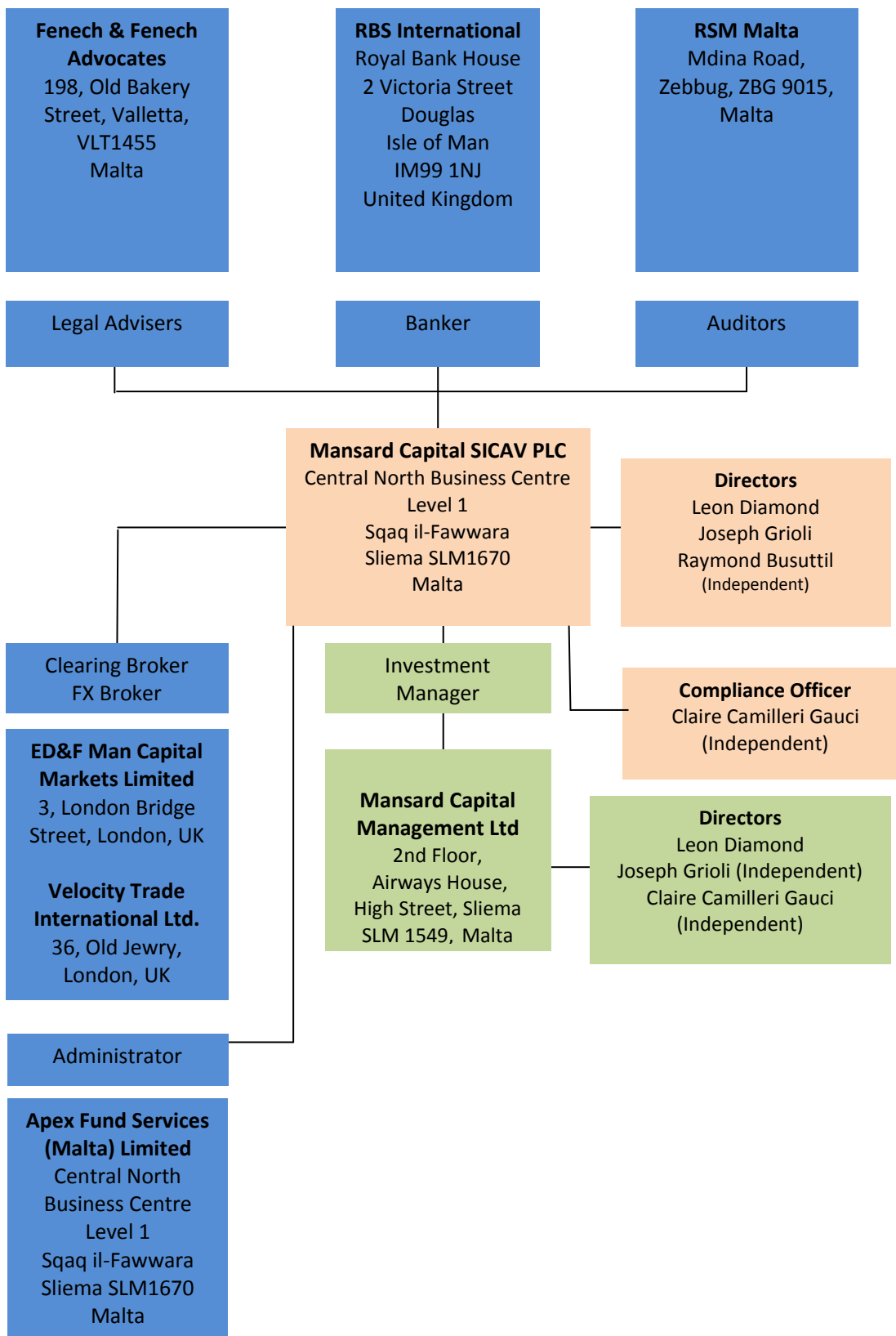
## Right to Refuse Any Subscription Agreement

The Company may reject a Subscription Agreement for any reason and is not obliged to disclose the reason, or reasons, for rejecting any Subscription Agreement.

## No Application to List Shares on any Stock Exchange

No application has been made for a listing on any stock exchange for any of the Shares of the Company or for the grant of permission for any Shares in the Company to be traded on any other exchange.

## Directory





## 2. Definitions

<b>"Accounting Period"</b>	Unless otherwise determined by the Directors, a financial period of the Company commencing in the case of the first such period on the date of the registration of the Company and terminating on the 31st of December 2011, and thereafter commencing on the 1st of January of each year and ending on the 31st of December of that year.
<b>"Administrator"</b>	Apex Fund Services (Malta) Limited having company number C42646 and its registered office at Central North Business Centre, Level 1, Sqaq il-Fawwara, Sliema SLM1670, Malta, appointed in relation to Company's Sub-Funds.
<b>"Affiliate"</b>	Any person which, in relation to the person concerned, is (i) a holding company, (ii) a subsidiary of any such holding company, (iii) a subsidiary, or (iv) controlled directly or indirectly by the person concerned.
<b>" Articles"</b>	The Articles of Association of the Company as amended from time to time.
<b>" Auditors"</b>	RSM Malta.
<b>"Banker"</b>	Any banker/s that may be appointed with respect to a Sub-Fund of the Company, as well as with respect to the Company, as detailed in the relevant Offering Supplement/s and notified to the Administrator.
<b>"Base Currency"</b>	Such currency in relation to any Sub-Fund as specified in this Offering Memorandum or the relevant Offering Supplement.
<b>"Business Day"</b>	Any day (that is not a Saturday or a Sunday or a day on which banks are required to close in Malta or London or in such other places as may be specified in the relevant Offering Supplement) and such other day or days as the Directors may from time to time determine and notify to Shareholders in advance.
<b>"Clearing Broker"</b>	Any listed derivatives clearing broker/s that may be appointed with respect to a Sub-Fund of the Company, as detailed in the relevant Offering Supplement/s and notified to the Administrator.
<b>"Closing Date"</b>	The date on which the Initial Offering Period for a particular Sub-Fund ends, which may be varied at the discretion of the Directors. The Closing Date for each Sub-Fund will be detailed in the related Offering Supplement for such Sub-Fund.

<b>"Company"</b>	MANSARD CAPITAL SICAV p.l.c.
<b>"Companies Act"</b>	The Companies Act, 1995 (Cap. 386, Laws of Malta).
<b>"Contingent Deferred Sales Charge"</b>	Any contingent deferred sales charge which may be payable up to five percent as detailed in this Offering Memorandum and the relevant Offering Supplement.
<b>"Custodian"</b>	Any custodian/s that may be appointed with respect to a Sub-Fund of the Company, as detailed in the relevant Offering Supplement/s and notified to the Administrator.
<b>"Cut-Off Date"</b>	The day and time specified in the relevant Offering Supplement for receipt of applications and funds for subscription for Shares, or, as the case may be, for the redemption of Shares, provided that this will always be before the relevant Valuation Point.
<b>"Data Protection Legislation"</b>	The Data Protection Act (Chapter 440 of the laws of Malta) and all regulations published thereunder, as same may be amended from time to time
<b>"Dealing Day"</b>	The Business Day and/or Business Days, as the Directors determine and as specified in the relevant Offering Supplement, on which Share in a Sub-Fund will be subscribed, transferred or, as the case may be, redeemed.
<b>"Directors"</b>	The directors for the time being of the Company, each a <b>"Director"</b> .
<b>"EEA Member State"</b>	A member state of the EEA.
<b>"Eligible Investor"</b>	Those persons who are eligible to hold Shares within any Sub-Fund, in accordance with the laws and regulations of such person's jurisdiction, and as determined from time to time by the Directors, and who are not non-Eligible Investors.
<b>"EU"</b>	The European Union.
<b>"Euro", "€" and "cent"</b>	The single currency of the European Economic and Monetary Union.
<b>"Exchange of Shares Application Form"</b>	An exchange of shares form, prescribed by the Directors in consultation with the Administrator and available from the Administrator, used to make an exchange of Shares from one or more Sub-Funds to one or more Sub-Funds.
<b>"FCA"</b>	Financial Conduct Authority of the UK.

Any foreign exchange broker that may be appointed with respect to

<b>"Forex Broker"</b>	a Sub-Fund of the Company, as detailed in the relevant Offering Supplement/s and notified to the Administrator
<b>"Founder Shares"</b>	Any class of shares, being voting shares, in the Company designated as Founder Shares and subscribed to by the Investment Manager and Leon Edward Diamond.
<b>"Hedged Class(es)"</b>	Any Sub-Class which is denominated in a currency other than the Base Currency of the relevant Sub-Fund, as more particularly described in the relevant Offering Supplement.
<b>"Index or Indices"</b>	Such Index or Indices as may be specified in the Offering Supplement for the relevant Sub-Fund.
<b>"Index Sponsor"</b>	The sponsor of an Index as specified in the Offering Supplement for the relevant Sub-Fund.
<b>"Initial Offer Period"</b>	The fixed period, if any, (as may be shortened or extended by the Directors at their discretion) within which Shares in a Sub-Fund may be offered at the Initial Offer Price as set out in the relevant Offering Supplement.
<b>"Initial Offer Price"</b>	The price per Share at which Shares are offered during any Initial Offer Period relating to such Sub-Fund as specified in the relevant Offering Supplement.
<b>"Investment Manager"</b>	Mansard Capital Management Ltd.
<b>"Investment Management Fee"</b>	The investment management fee which may be payable to the Investment Manager.
<b>"Investor Share"</b>	A non-voting Share in any Sub-Class of Shares comprised in a Sub-Fund of the Company.
<b>"ISA"</b>	The Investment Services Act, 1994 (Chapter 370 of the laws of Malta).
<b>"Malta"</b>	The Republic of Malta.
<b>"MFSA"</b>	The Malta Financial Services Authority or any other successor regulator of the financial services industry in Malta.
<b>"MFSA Guidelines"</b>	Any guidelines, guides, or rules, issued by the MFSA, and any amendments thereto from time to time in force, which may be applicable to the Company and the Sub-Funds.
<b>"Memorandum"</b>	The Memorandum of Association of the Company.
<b>"Minimum Initial"</b>	Such minimum value as specified in the relevant Offering Supplement in relation to an initial subscription for Shares in the

<b>Subscription"</b>	relevant Sub-Fund, or such other amounts as may be determined by the Directors at their discretion, and any such amendments will be notified to Shareholders in advance.
<b>"Minimum Holding"</b>	Shares having the minimum aggregate Net Asset Value specified in the relevant Offering Supplement in relation to a holding in any Sub-Fund, or such other amounts as may be determined by the Directors at their discretion, and any such amendments will be notified to Shareholders in advance.
<b>"Minimum Investment"</b>	€75,000 or other currency equivalent, being the minimum amount of total subscriptions in the Company's Sub-Funds taken as a whole, or such other amounts as may be determined by the Directors at their discretion, and any such amendments will be notified to Shareholders in advance.
<b>"Net Asset Value" or "NAV"</b>	The Net Asset Value of a Sub-Fund calculated by the Administrator in accordance with the Articles and the Offering Supplement for that particular Sub-Fund.
<b>"Net Asset Value per Share"</b>	The Net Asset Value of any Sub-Fund or per Share, as the context requires, calculated by the Administrator in accordance with the Articles.
<b>"non-Eligible Investors"</b>	Those persons indicated in Appendix III of this Offering Memorandum.
<b>"Notices"</b>	Any notices, guidelines or rules adopted by the MFSA that are applicable to the Company pursuant to its licence.
<b>"OECD Member State"</b>	A member state of the Organisation for Economic Co-operation and Development.
<b>"Offering Memorandum"</b>	All constituent parts of this Offering Memorandum, including all relevant appendices, amendments, supplements and exhibits thereto, the latest audited annual report, if any, as the same may from time to time be consolidated, together with any Offering Supplement with respect to a particular Sub-Fund of the Company, which may be issued from time to time.
<b>"Offering Supplement" or "Supplement"</b>	An offering document in relation only to Shares in a particular Sub-Fund of the Company, including all relevant appendices, amendments and exhibits thereto, if any, as the same may from time to time be consolidated. In the event of any incompatibility between the terms of the Offering Supplement and this Offering Memorandum, the terms of the Offering Supplement shall, to the extent of such incompatibility, prevail with respect to the related Sub-Fund or Sub-Class.
<b>"Officers"</b>	In relation to the Company includes a director, manager or company secretary of the Company but does not include an auditor.

<b>"Performance Fee"</b>	Such fee (if any) as may be charged by the Investment Manager based on a percentage of the net profit over a defined period in respect of the net assets attributable to any Sub-Class of Shares as may be specified in the Offering Supplement for the relevant Sub-Fund.
<b>"Polish Zloty"</b>	The lawful currency of the Republic of Poland.
<b>"Qualifying Investors"</b>	<p>Investors who satisfy and assert that they satisfy the definition, either by confirming that he is:</p> <ol style="list-style-type: none"> <li>1. a body corporate which has net assets in excess of €750,000 or which is part of a group which has net assets in excess of €750,000; or</li> <li>2. an unincorporated body of persons or association which has net assets in excess of €750,000; or</li> <li>3. a trust where the net value of the trust's assets is in excess of €750,000; or</li> <li>4. an individual, or in the case of a body corporate, the majority of its board of directors or in the case of a partnership its general partner, who has reasonable experience in the acquisition and/or disposal of: (a) funds of a similar nature or risk profile; (b) property of the same kind as the property, or a substantial part of the property, to which the Sub-Fund relates; or</li> <li>5. an individual whose net worth or joint net worth with that person's spouse exceeds €750,000; or</li> <li>6. a senior employee or director of the service providers to the Scheme with respect to the Sub-Fund; or</li> <li>7. a relation or close friend of the promoters of the Scheme limited to a total of 10 persons with respect to the Sub-Fund; or</li> <li>8. an entity with (or which are part of a group with) €3.75 million or more under discretionary management, investing on its own account; or</li> <li>9. the investor qualifies as a Professional Investor Fund targeting Qualifying or Extraordinary Investors; or</li> <li>10. an entity (body corporate or partnership) wholly owned by persons or entities satisfying any of the criteria listed above which is used as an investment vehicle by such persons or entities.</li> </ol>
<b>"Redemption Price"</b>	In relation to a particular Sub-Fund, the price, calculated in accordance with the Offering Memorandum and, in relation to that particular Sub-Fund, the related Offering Supplement, at which Shares accepted for redemption will be redeemed.
<b>"Redemption Request Form"</b>	A redemption request form, prescribed by the Directors in consultation with the Administrator and available from the Administrator, used to make a redemption of Shares in a Sub-Fund.
<b>"Remitting Bank / Financial"</b>	The bank or financial institution from which a subscriber's

<b>"Institution"</b>	subscription monies are sent to the Company in respect of a subscription for Shares in the relevant Sub-Class of Shares of a Sub-Fund.
<b>"Settlement Date"</b>	In respect of receipt of monies for payment of subscription monies or dispatch of monies for redemptions, the dates specified in the relevant Offering Supplement.
<b>"Share"</b>	A share in the Company available in one or more Sub-Classes representing an interest in a Sub-Fund and having the rights provided for under the Articles.
<b>"Shareholders"</b>	The holders of Shares, including the holders of the Founder Shares, who are registered on the register of members of the Company, and each a <b>"Shareholder"</b> .
<b>"Sub-Class"</b>	A class of Shares designated by reference to a Sub-Fund.
<b>"Sub-Fund"</b>	Any Sub-Fund that may be established by the Company from time to time, comprising one or more Sub-Classes of Shares and constituting a distinct Sub-Fund of the Company, having a separate patrimony of assets and liabilities to which are allocated assets and liabilities distinct from other assets and liabilities allocated to other Sub-Funds of the Company, which Sub-Fund shall pursue the investment objective and follow the investment policies set out in the relevant Offering Supplement.
<b>"Subscription Agreement"</b>	An agreement, including the Qualifying Investor Form, prescribed by the Directors in consultation with the Administrator and attached at Appendix II to the relevant Offering Supplement, used to make a subscription for Shares in a Sub-Fund.
<b>"Subscription Fee"</b>	The subscription charge (if any) payable by applicants for new Shares in a Sub-Fund, as specified in the relevant Offering Supplement.
<b>"Subscription Price"</b>	The price, calculated in the manner described under <b>'Subscription and Redemption of Shares'</b> , at which Shares in a Sub-Fund will be issued following the Initial Offer Period.
<b>"Subscription Settlement Date"</b>	Following the close of the Initial Offer Period, the latest date and time specified in the relevant Offering Supplement for receipt of subscription monies for Shares in a Sub-Fund.
<b>"Suspension"</b>	A determination by the Directors to suspend the calculation of the Net Asset Value of Shares and/or the issue or redemption of Shares

in accordance with the terms set out in the Articles.

<b>"UK"</b>	The United Kingdom of Great Britain and Northern Ireland.
<b>"UK£", "Pounds", "Sterling" "GBP" and "Pence"</b>	The lawful currency of the United Kingdom of Great Britain and Northern Ireland.
<b>"United States" and "US" or "USA"</b>	The United States of America, its territories, possessions and all areas subject to its jurisdiction including the Commonwealth of Puerto Rico.
<b>"US\$" or "US Dollar"</b>	The lawful currency of the United States.
<b>"US Investment Company Act"</b>	The United States Investment Company Act of 1940, as amended.
<b>"US Person"</b>	<p>Unless otherwise determined by the Directors:</p> <ul style="list-style-type: none"><li>(i) any natural person who is a resident of the US;</li><li>(ii) any partnership or corporation organised or incorporated under the laws of the US;</li><li>(iii) any estate of which any executor or administrator is a US person as defined in sub-paragraphs (i) and (ii) herein;</li><li>(iv) any trust of which any trustee is a US person as defined in sub-paragraphs (i) and (ii) herein;</li><li>(v) any agency or branch of a foreign entity located in the US;</li><li>(vi) 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 US person;</li><li>(vii) 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 US; or</li><li>(viii) any other person falling within the definition of a <b>"US Person"</b> under Rule 902(k) under Regulation S promulgated under the US Securities Act of 1933 (as same may be amended from time to time)</li></ul>
<b>"US Securities Act"</b>	The United States Securities Act of 1933, as amended.
<b>"Valuation Day"</b>	The Business Day or Business Days, determined from time to time by the Directors and specified in the relevant Offering Supplement, to be the day or days upon which the Net Asset Value per Share in a

Sub-Fund is calculated.

**"Valuation Point"**

In relation to Shares of any Sub-Class in a Sub-Fund with respect to any Valuation Day, the time or times on such Valuation Day that the Directors determine to calculate the Net Asset Value as specified in the relevant Offering Supplement.



### **3. Principal Features**

The following section should be read in conjunction with the full text of this Offering Memorandum, and any relevant Sub-Fund Offering Supplement, and is qualified in its entirety by and subject to the detailed information contained elsewhere in this document.

#### **Company Structure**

MANSARD CAPITAL SICAV p.l.c. (the “Company”) is a collective investment scheme established as a multi-fund investment company with variable share capital (SICAV) incorporated with limited liability under the laws of Malta and licensed by the MFSA under the ISA as a Professional Investor Fund targeting Qualifying Investors.

The Company may constitute one or more Sub-Funds, each of which may be composed of one or more Sub-Classes of Shares which shall together constitute a separate patrimony of assets and liabilities to which are allocated assets and liabilities distinct from other assets and liabilities allocated to other Sub-Funds of the Company, which Sub-Fund shall pursue the investment objective and follow the investment policies set out in the relevant Offering Supplement.

The Company initially constituted one Sub-Fund, with Sub-Classes of Shares of such Sub-Fund available for investment, called Global Diversified Alpha Fund (the “First Sub-Fund”). This Sub-Fund has the investment objectives and strategies outlined in its Offering Supplement. In future, any Sub-Funds may be closed and new Sub-Funds may be established for the Company with the prior approval of the MFSA and in accordance with the requirements of the MFSA.

The Shares of each Sub-Class allocated to a Sub-Fund will rank ‘*pari passu*’ with the other Sub-Classes of Shares allocated to that Sub-Fund except as specifically provided in the relevant Offering Supplement.

The relevant Offering Supplement will detail any additional differences between Sub-Classes, which may include currency of denomination, fees and expenses charged, and Minimum Initial Subscription and redemption amounts.

The Company may issue up to a maximum of 10,000,000,000 (ten billion) fully-paid up shares without assigning any nominal value thereto in one or more classes of shares

having such rights as may be set out in the terms of issue of such shares. The Company has issued by way of subscription 1,400 Founder Shares as a separate class of voting shares in the Company. The Founder Shares, which have been subscribed to by the Investment Manager and Mr. Leon Edward Diamond, do not constitute a Sub-Fund of the Company; the holders of the Founder Shares shall have the right to appoint the board of Directors of the Company.

Unless otherwise provided in the terms of issue, Shares in a Sub-Fund shall not have any voting rights.

### **Segregated Assets**

The assets and liabilities of each Sub-Fund currently constituted, or constituted in the future, shall be treated for all intents and purposes of law as a patrimony separate from the assets and liabilities of each other Sub-Fund. Accordingly, the liabilities incurred in respect of each Sub-Fund shall be paid out of the assets forming part of the patrimony of such Sub-Fund. In the event that the liabilities of a particular Sub-Fund exceed its assets, then the proportion of liabilities in excess of the assets shall not be allocated to the other Sub-Funds. The creditors of that Sub-Fund whose liabilities exceed its assets shall have no claim or right of action against the assets of the other Sub-Funds and of the Company.

In terms of Maltese law, the legal status of each Sub-Fund as a patrimony separate from the assets and liabilities of each other Sub-Fund shall be respected in any proceedings which may be instituted in terms of the Companies Act when such proceedings either relate to the dissolution and consequential winding-up of the Company or its reconstruction. While the position in relation to each Sub-Fund is clear under Maltese law, there can be no guarantee that any overseas jurisdiction will follow the Maltese position in relation to Sub-Funds constituting distinct legal entities.

Any such proceedings in relation to any one Sub-Fund shall not have any effect on the assets of any other Sub-Fund or of the Company. The Directors shall hold or shall cause to be held such separate accounts, records, statements and other documents as may be necessary to evidence the liabilities and assets of each Sub-Fund as distinct and separate from the assets and liabilities of all the other Sub-Funds.

### **Future Issues**

The Company may issue new Sub-Classes of Shares which may be constituted as segregated Sub-Funds thereof, and which may be designated in various currencies. The assets of the said Sub-Funds may be managed utilising different strategies or methodologies, investing in different markets or having different investment advisors. Details of the specific investment objective and policies for each Sub-Fund will be determined by the Directors at the time of the creation of the Sub-Fund and will be stated in the related Offering Supplement for the new Sub-Fund.

This Offering Memorandum is accompanied by an Offering Supplement for one or more Sub-Funds which are the subjects of the Offering. Both documents should be read together in determining whether to pursue an investment within a particular Sub-Fund.

Offerings in other Sub-Funds may be made again in the future. Information about Sub-Funds may be obtained from the offices of the Company, the Investment Manager or the Administrator.

### **Investment Objective and Strategy**

The objective of the Company and its Sub-Funds is to efficiently deploy capital within the Sub-Funds to the individual investment strategies of each Sub-Fund so as to enjoy the benefits of each distinct investment strategy.

The investment objective and strategy of a particular Sub-Fund is explained in its related Offering Supplement.

**THE INVESTMENT PORTFOLIO OF EACH SUB-FUND WILL BE SUBJECT TO MARKET CONDITIONS AND NO GUARANTEE CAN BE GIVEN THAT THE INVESTMENT OBJECTIVES OF ANY SUB-FUND WILL BE ACHIEVED.**

### **Side Pockets**

In the event that, in the best interests of the Shareholders in a Sub-Fund, the Directors of the Company shall, pursuant to their powers under Article 16 of the Articles, decide to temporarily suspend the determination of the Net Asset Value of any Sub-Class of Shares on account of the fact that certain assets within a Sub-Fund's portfolio have become illiquid or comparatively hard to value, the Directors may elect, but shall not be obliged, to create a side pocket (the "Side Pocket") as a new Sub-Class of Shares in the Sub-Fund affected by the suspension.

Where an asset is illiquid, this may affect the ability of a Sub-Fund to realise the asset (or realise the asset at a reasonable price) in order to meet redemption obligations from Shareholders. Where an asset cannot be valued accurately, prices for any subscriptions and redemptions in respect of the relevant portfolio of the Sub-Fund are likely not to accurately reflect the fair value of the relevant asset with the resulting concentrative and dilutive effects for Shareholders. If the Directors elect to create a Side Pocket as aforesaid, any such illiquid or comparatively hard to value assets within the portfolio of a Sub-Fund as may be designated by the Directors shall be transferred on a Valuation Day into the Side Pocket created as a new Sub-Class of Shares within that Sub-Fund and new Shares in the Side Pocket will be created and issued representing the illiquid or comparatively hard to value assets which shall be allocated pro rata to the Shares held by Shareholders within the relevant Sub-Fund. Side Pocket Shares shall be issued to each of the Shareholders, who are Shareholders at the time of classification of the Side Pocket Assets, in compulsory exchange for such number of the Shareholder's existing Shares in the Sub-Fund ("Existing Shares") as are in amount equal to the aggregate NAV of such Shareholder's Existing Shares, divided by the aggregate NAV of all of the issued and outstanding Existing Shares, multiplied by the aggregate NAV of the Side Pocket Assets attributable to such new Side Pocket Shares. The NAV of the Side Pocket Assets on transfer of same to a Side Pocket shall be the lower of fair value (if such a valuation has been obtained) and the amount expended out of the Sub-Fund in the acquisition thereof (including the amount of stamp duties, commissions and other expenses incurred in the acquisition thereof and the vesting thereof in the Fund). The Existing Shares exchanged for Side Pocket Shares will be cancelled as of the date the Directors classify the relevant investments as Side Pocket Assets.

By means of such side-pocketing of assets, illiquid or comparatively hard to value assets are separated from the main pool of more liquid investments retained within the portfolio of the Sub-Fund, allowing continued issue and redemption of Shares in the liquid pool. On the transfer of illiquid or comparatively hard to value assets to the Side Pocket as aforesaid, the other Sub-Classes of Shares within the relevant Sub-Fund shall accordingly cease to have an interest in the illiquid assets (the "Side Pocket Assets") transferred to the Side Pocket and this will result in a decrease in the Net Asset Value of such other Sub-Classes of Shares within that Sub-Fund. There is no limit on the size of a Side Pocket or the percentage of assets within a Sub-Fund which may be transferred to a Side Pocket in the aggregate or otherwise.

Following the transfer of the Side Pocket Assets to a Side Pocket, the NAV of the Shares in the Side Pocket (the “Side Pocket Shares”) shall be the lower of fair value (if such a valuation has been obtained) and the amount expended out of the Sub-Fund in the acquisition thereof (including the amount of stamp duties, commissions and other expenses incurred in the acquisition thereof and the vesting thereof in the Fund). Unless otherwise determined by the Directors, the Side Pocket Shares shall bear their proportionate share of fees and other operating expenses attributable to the relevant Sub-Fund and Originating Class as the case may be. Expenses which are quantifiable and directly related to a Side Pocket Asset will be accrued in the price of the relevant Side Pocket Shares. Payment of fees and other expenses relating to the Side Pocket Asset may be paid out of the Side Pocket Asset. Valuations of Side Pocket Assets provided by third party specialists must be sent directly to the Administrator.

The Side Pocket Shares issued pursuant to the side-pocketing shall not be eligible for subscription or redemption in terms of the Articles and may only be transferred with the prior approval of the Directors, but shall: (i) be proportionately distributed to the existing Shareholders of the Sub-Class or Sub-Classes of Shares from which the Side Pocket Assets are being conveyed (the “Originating Class”), in the manner described above; and (ii) on the Valuation Day when the Directors deem that the value or liquidity of all or part of the Side Pocket Assets can be accurately ascertained (the “Liquidity Event”), be proportionately converted back into Shares of the Originating Class.

Investors in a Sub-Fund at the time of the creation of a Side Pocket within that Sub-Fund shall be notified prior to the creation of the Side Pocket. Shareholders as at such date shall participate in any new Side Pocket in the same fashion as above described in relation to the Side Pocket Shares, that is, they shall be entitled to a pro rata share in the respective Sub-Class of Shares constituting the Side Pocket, which Share class shall be a separate Sub-Class of Shares to the Side Pocket Shares. The sum of the Net Asset Values of the Shares in a Sub-Fund, being the Side Pocket Shares and the Shares in the other Sub-Classes within the same Sub-Fund as at the date of creation of the Side Pocket, will be equal to the total Net Asset Value of the Sub-Fund immediately prior to the creation of the Side Pocket.

The Investment Manager will receive a Management Fee and Performance Fee in respect of each Side Pocket Share in the same manner as described in Section 9. *Fees, Compensation and Expenses*, save that:

- (a) Investment Management Fees shall be based on the NAV of the Side Pocket Shares being the lower of fair value (if such a valuation has been obtained) and

the amount expended out of the Sub-Fund in the acquisition and retention thereof; and

- (b) Performance Fees, if any, shall accrue during the term of the Side Pocket Assets and become payable on conversion of the Side Pocket Shares into Shares of the Originating Class upon a Liquidity Event.

The Investment Manager may waive or reduce the amount of any accrued fees payable with respect to a Side Pocket Asset in its sole discretion.

#### Risk Control

All trades entered into by the Investment Manager will be monitored by the Administrator and by the Investment Manager in order to generate the NAV, and in relation to the latter to quantify and manage risk within the Company. This dual monitoring offers transparency of portfolio composition and independent oversight over assets since all accounts at clearing brokers, future clearers, counterparties and bank accounts are opened by the Company on behalf of each Sub-Fund.

#### **Selection of Clearing Brokers and Forex Brokers**

In selecting a Clearing Broker / a Forex Broker, if any, the Company will only consider clearing brokers / foreign exchange brokers that understand the business of the Company and the investment objectives of the Sub-Fund for which they will act and are well capitalised with a strong financial base.

As the Company has the ability to retain the services of different Clearing Brokers / Forex Brokers for each Sub-Fund, only clearing brokers / foreign exchange brokers that have the capacity to provide services for the daily activities of a particular Sub-Fund, on a continuous basis without material failures even where transactions become more complex and require strong technological capabilities, shall be considered by the Company. A strong and experienced operations department is essential. The Company will seek to ensure that the particular Clearing Broker / Forex Broker will be able to handle difficult situations and problems should they arise. The broader the range of activities, the more businesses and the more hedge funds that a clearing broker's / foreign exchange broker's back office supports, the more likely are they to be engaged by the Company.

Some of the Company's Sub-Funds may use leverage and only clearing brokers that offer a variety of leverage solutions will be considered, if any; in particular consideration will be paid to the clearing broker's global securities lending presence.

The Company will ensure that any Clearing Broker / Forex Broker selected for a specific Sub-Fund understands the risk of the Sub-Fund's specific strategy and has demonstrated, to the satisfaction of the Company, the ability to effectively manage its own exposure.

The Clearing Brokers / Forex Brokers appointed in respect of any Sub-Fund will be approved in advance by the MFSA.

### **Selection of Futures Commission Merchants**

In selecting a Futures Commission Merchant ("FCM"), if any, the Investment Manager will only consider FCMs that understand the business of the Company and the investment objectives of the Sub-Fund for which they will act and are well capitalised with a strong financial base.

As the Company has the ability to retain the services of different FCMs for each Sub-Fund, only FCMs that have the capacity to provide services for the daily activities of a particular Sub-Fund, on a continuous basis without material failures even where transactions become more complex and require strong technological capabilities, shall be considered by the Company. A strong and experienced operations department is essential. The Investment Manager will seek to ensure that the FCMs will be able to handle difficult situations and problems should they arise. The broader the range of activities, the more businesses and the more hedge funds that a clearing broker's back office supports, the more likely are they to be engaged by the Company.

Some of the Company's Sub-Funds may use leverage, and only FCMs that offer a variety of leverage solutions will be considered, if any; in particular consideration will be paid to the FCM's global securities lending presence.

The Company will ensure that the FCMs selected for a specific Sub-Fund, if any, understand the risk of the Sub-Fund's specific strategy and has demonstrated, to the satisfaction of the Investment Manager, the ability to effectively manage its own exposure.

## **Arrangement for the Safekeeping of Assets of the Sub-Funds**

The Company is responsible for the establishment of proper arrangements for the safekeeping of its assets. In this regard, the Company may entrust its assets to a Clearing Broker (the choice of which will be in line with the criteria set out in the section above “Selection of Clearing Brokers”) for safekeeping and/or make other proper arrangements for the safekeeping of its assets. Such arrangements shall be described in the Offering Supplement with respect to the relevant Sub-Fund and shall be subject to MFSA approval.

## **Company Policies**

Potential investors should consider the following policies of the Company.

(a) Dividends - Except where otherwise stated in the Offering Supplement of any particular Sub-Fund, it is not envisaged that any income or gains will be distributed by the Company to its Shareholders. The Company will accumulate all income received from its investments, which will be reflected in the NAV of the Shares.

(b) Side-letters - The Company may from time to time issue side-letters to one or more investors in its Sub-Funds, varying the standard terms of offer contained in the relevant Offering Supplement.

(c) Soft Dollars - Brokerage – The Investment Manager seeks best execution and maximum liquidity when selecting brokers to execute transactions on behalf of the Sub-Fund, in addition to a variety of other factors, including the quality, comprehensiveness and frequency of available research and related services considered to be of value; and the competitiveness of commission rates in comparison with other brokers satisfying the Investment Manager’s other selection criteria.

Research and related services furnished by brokers may include: written information and analyses concerning specific securities, companies or sectors; market, financial and economic studies and forecasts; statistics and pricing services; discussions with research personnel; and software, databases and other news, technical and certain other services utilized in the investment management process. The Investment Manager may pay a broker a commission in excess of that which another broker might have charged for effecting the same transaction in recognition of the value of the brokerage, research and related services provided by the broker.



Generally, where a product or service obtained with commission dollars provides both research and non-research assistance to the Investment Manager, it will make a reasonable allocation of the cost, which may be paid for with Sub-Fund commission.

### **Borrowing Powers**

The Company, and/or any Sub-Funds, may borrow funds to pursue a particular Sub-Fund's investment objectives and engage in leverage in line with the Offering Supplement of that relevant Sub-Fund.

The Company may also borrow money to efficiently manage liquidity and meet requests for the redemption of Shares.

### **The Offering**

Subject only to the maximum number of Shares specified in the relevant Offering Supplement at the relevant time available for issue not being exceeded, the Company may, at its sole discretion, accept Subscription Agreements for Shares at any time.

Shares in the Sub-Funds will be offered as detailed in the relevant Offering Supplements at the relevant Initial Offering Price during the Initial Offer Period, and thereafter on each Dealing Day at the prevailing NAV price. An application for subscription of Shares is an irrevocable and legally binding contract and any subscription amounts received by the Company may be immediately invested by the Sub-Fund in pursuit of its investment objective even though new Shares may not yet have been created and issued on the relevant Dealing Day.

Subscription monies and a fully completed Subscription Agreement and accompanying forms have to reach the Administrator no later than the time provided for in the Offering Supplement for the related Sub-Fund. The Directors may waive such notice period at its discretion, with the consent of or on instructions received from the Investment Manager.

The Company is entitled to close the Offering for Shares in a Sub-Fund or of a Sub-Class of Shares therein at its sole discretion.

### **Pricing**

The calculation of the NAV of each Sub-Fund shall be effected by the Administrator at such intervals and on such Valuation Day and in such manner as is stated in this Offering Memorandum and the Offering Supplement relating to the particular Sub-Fund.

Information regarding the NAV per Share, as determined on each Valuation Day, will ordinarily be made available at the office of the Administrator, subject to the NAV having been approved by the Investment Manager, at the time specified in the relevant Offering Supplement.

### **Minimum Investment in the Company**

The Minimum Investment in the Company's Sub-Funds shall, at any time, be not less than seventy-five thousand Euros (€75,000) or the equivalent in another currency. Please refer to the relevant Offering Supplement for a Sub-Fund for detailed investment limits.

This Minimum Investment requirement applies at all times to all Shareholders. However no obligations shall arise upon a Shareholder should the NAV of a holding reduce to less than the Minimum Investment as a result of fluctuation of the underlying assets of the Sub-Funds.

### **Minimum Holding in Sub-Funds**

Subject to the Minimum Investment in the Company, and unless otherwise stated in relation to a particular Sub-Fund in the related Offering Supplement, there is no Minimum Holding requirement in relation to any Sub-Fund.

### **Subscription Agreements**

Subscription Agreements for Shares may be submitted to the Administrator, whether directly or through intermediaries, using the Subscription Agreement contained within the relevant Sub-Fund's Offering Supplement.

Subscription Agreements can only be accepted if the Company has received cleared funds as required by this Offering Memorandum and/or the relevant Offering Supplement.

## **Redemption**

Subject to such cut-off days, notice periods, lock-in periods and suspended redemption periods and deferral of redemptions as may be applicable and set out in the relevant Offering Supplement, Shares may be redeemed on any Dealing Day as is described in this Offering Memorandum and/or the relevant Offering Supplement. See “Redemption of Shares” below.

## **Exchange of Shares**

The exchange of Shares is available between all the Sub-Funds of the Company. Shareholders may exchange Shares in one Sub-Fund (the “Original Shares”) with Shares in another Sub-Fund (the “New Shares”) and are entitled to do so on any Dealing Day, subject to the Minimum Investment for the Company being maintained at all times. See “Exchange of Shares between Sub-Funds of the Company” below.

## **Accounting Currency**

For the purposes of the compilation of the annual financial statements of the Company, the reporting currency for the Company shall be US Dollars.

## **Investment Risks**

Shareholders should be aware that the Sub-Funds in the Company are designed to achieve particular economic targets related to the strategies stated for the particular Sub-Fund and implemented by that Sub-Fund. Such strategies carry with them particular risks that are not typical of standard equity or bond schemes.

**Prospective Shareholders are urged to review carefully the risk factors stated for the Sub-Funds in the relevant part of this Offering Memorandum, and any additional risk factors relative to any particular Sub-Fund which may be stated in the Offering Supplement for such Sub-Fund, prior to making any investment decisions.**

## **4. Investment Objectives, Investments, Policies & Restrictions**

### **Investment Objective**

The objective of the Company is to achieve efficient deployment of its capital among a diversified number of strategies. In each Sub-Fund a distinct strategy will be adopted, with different levels of expected risk and return, in respect of one or more markets or investment instruments, or of one or more groups of markets or investment instruments.

The investment objective of each Sub-Fund will be formulated upon the establishment of each Sub-Fund and detailed in the relevant Offering Supplement. Each Sub-Fund will have a flexible and distinct investment strategy, designed to its investment objectives in accordance with applicable regulations,

A Sub-Fund may also, without limitation, hold cash or invest in cash equivalents for short-term investments, which include, but are not limited to:

- debt obligations with a maximum maturity of 12 months issued by any member state (including its agencies or instrumentalities) of the OECD and the EU;
- commercial paper and repurchase agreements;
- money market collective investment schemes;
- certificates of deposit and banker's acceptances.

As long as they act within the investment objective, policies and restrictions of the Sub-Fund concerned, as well as any other conditions that may have been specifically communicated to them, the Investment Manager will have full discretion in the manner, method and timing of investments and transactions with respect to the assets for which they are given responsibility.

Except where such assets are held with a Clearing Broker, in line with any applicable Clearing Brokerage agreement as detailed in the relevant Offering Supplement of the relevant Sub-Fund, the Investment Manager shall ensure that all cash payments in respect of the acquisition, liquidation or income received from such short term investments are settled through the accounts held with the Banker, and the Administrator is the only party able to make such transactions and payments.

For information on a particular Sub-Fund, reference should be made to the relevant Offering Supplement for that Sub-Fund, available from the Administrator.

## **Cross Investments**

In pursuing its investment objective, a Sub-Fund may invest in units issued by one or more other Sub-Funds subject to the following and any additional requirements that may be imposed in terms of the relevant Offering Supplement:

- (i) The Sub-Fund may invest up to 50% of its assets into one or more other Sub-Funds;
- (ii) The target Sub-Fund or Sub-Funds may not themselves invest in the Sub-Fund or Sub-Funds investing in the target Sub-Fund or Sub-Funds;
- (iii) In order to avoid duplication of fees, where the Manager of an investing Sub-Fund and the Manager of a target Sub-Fund are the same or, in the case of different Managers, where one Manager is an affiliate of the other, only one set of management (excluding performance fees), subscription and/or redemption fees shall apply between the investing Sub-Fund and the target Sub-Fund, provided that this restriction shall apply only in respect of, and to the extent (up to the portion of), the investment of the investing Sub-Fund in the target Sub-Fund;
- (iv) For the purposes of ensuring compliance with any applicable capital requirements, cross-investments will be counted once;
- (v) Any voting rights acquired by the investing Sub-Fund from the acquisition of units in the target Sub-Fund shall be disappplied as appropriate.

## **Investment Policies**

A Sub-Fund may seek to achieve its Investment Objective with reference to certain investment policies. Please refer to the relevant Sub-Fund's Offering Supplement for specific details concerning the investment policies, if any, applicable to each Sub-Fund.

## **Investment Restrictions**

A Sub-Fund may be subject to certain investment restrictions. Please refer to the relevant Sub-Fund's Offering Supplement for specific details concerning the investment restrictions, if any, applicable to each Sub-Fund.

## **Modifications to the Investment Objectives**

The Directors may, at their sole discretion, modify the investment objective of a Sub-Fund of the Company as detailed in the relevant Offering Supplement, provided that any modifications to the investment objective of a Sub-Fund of the Company shall be notified to the Shareholders holding Shares in the particular Sub-Fund within a period of at least thirty (30) Business Days prior to when the modifications are to come into force, so as to give Shareholders who object to the change the opportunity to redeem their Shares in terms hereof. Such modifications shall only come into effect after all redemptions notified to the Company during the aforesaid notice period have been satisfied. In such cases, charges applicable to such redemptions, are hereby waived.

#### **Modifications to the Investment Policies and Restrictions**

The Directors may, at their sole discretion, modify the investment policies and restrictions as may be applicable to a Sub-Fund of the Company, provided that any modifications to the investment policies and restrictions as may apply to a particular Sub-Fund of the Company shall be notified to the Shareholders holding Shares in the particular Sub-Fund in advance of the change in question and shall come into effect immediately upon notice.

**THE COMPANY'S INVESTMENT PROGRAMMES ARE SPECULATIVE AND ENTAIL SUBSTANTIAL RISKS. MARKET RISKS ARE INHERENT IN ALL SECURITIES TO VARYING DEGREES. THE PRACTICES OF ENGAGING IN FUTURES AND OPTIONS TRANSACTIONS WHICH THE COMPANY, AND ANY OF ITS SUB-FUNDS, MAY EMPLOY FROM TIME TO TIME CAN, IN CERTAIN CIRCUMSTANCES, INCREASE THE ADVERSE IMPACT TO WHICH THE COMPANY'S INVESTMENT PORTFOLIOS MAY BE SUBJECT. NO ASSURANCE CAN BE GIVEN THAT THE INVESTMENT OBJECTIVE OF ANY SUB-FUND OF THE COMPANY WILL BE REALISED. AN INVESTOR MAY LOSE SOME OR ALL OF HIS INVESTMENT.**

## **5. Description of the Company**

### **Organisation of the Company**

The Company, whose registered office is located at Central North Business Centre, Level 1, Sqaq il-Fawwara, Sliema SLM1670, Malta, was registered in Malta on the 14<sup>th</sup> July 2010 with registration number SV139.

The Company was incorporated as an open-end multi-fund investment company in order to provide investors with the opportunity to invest in specialised portfolios organised as Sub-Funds of the Company with distinct investment strategies. Shares within the Sub-Funds will be offered by means of an Offering Supplement to this Offering Memorandum.

### **Duration of the Company**

The duration of the Company is indefinite but Sub-Funds may be issued for a fixed duration after which, unless alternative arrangements are applicable as may be described in the related Offering Supplement, they shall be wound up and all assets distributed to the Shareholders of the Sub-Fund concerned. Generally, however, a Sub-Fund will have a continuous Offering Period that shall remain open until the Directors determine otherwise. In relation to any particular Sub-Fund, please refer to the relevant Offering Supplement for details.

### **Founder Shares**

The Company has issued 1,400 ordinary Shares in the Company designated as “Founder Shares”, 1,399 of which have been issued to the Investment Manager (all issued shares in which are owned by Mansard Corporation Ltd., which is in turn wholly owned by Leon Edward Diamond), with the remaining 1 Founder Share having been issued directly to Leon Edward Diamond. In terms of the Articles, the holders of the Founder Shares in the Company shall be entitled to appoint all Directors of the Company. Unless otherwise provided in the terms of issue no other Shares in the Company shall carry any voting rights.

### **Closure of a Sub-Fund**

Apart from cases where the assets of a Sub-Fund are not sufficient to meet the liabilities in respect of such Sub-Fund, in which case the rules on insolvency will apply to the Sub-Fund in question, Sub-Funds of the Company may be closed from time to time and their licence surrendered to the MFSA.

In cases where there are no outstanding Shares in a Sub-Fund, as a result of redemptions or exchanges of Shares with Shares in another Sub-Fund, the Directors may resolve to close the Sub-Fund in question and surrender its licence to the MFSA. Where there are outstanding Shares in a Sub-Fund, then the consent in writing of 75% of the Shareholders in that Sub-Fund will be required in line with the Articles.

### **Liquidation**

The Company, and the Sub-Funds except where otherwise provided in the related Offering Supplement, have been incorporated for an indefinite period and unless closed or liquidated as described hereunder will exist in perpetuity.

### **Liquidation of a Sub-Fund**

Apart from the rules applicable to the closure of a Sub-Fund, which are outlined in the Articles and in this Offering Memorandum (see “Closure of a Sub-Fund”), and any conditions stated in the related Offering Supplement, a Sub-Fund may be wound up and dissolved either voluntarily or under supervision or by the Court. Upon the winding up or dissolution (whether the liquidation is voluntary or under supervision or by the Court) of any Sub-Fund, the assets of such Sub-Fund available for distribution (after satisfaction of creditors’ claims) amongst the Shareholders of such Sub-Fund shall be distributed to the Shareholders of such Sub-Fund pro rata to their respective shareholding. Amounts which have not been claimed by Shareholders at the close of the liquidation of any Sub-Fund will be deposited in an account in the Shareholders’ name with a trustee selected by the liquidator. Any such amount not claimed within a period of seven years will be donated to charity, at the trustee’s discretion.

### **Liquidation of the Company**

Subject to all Sub-Funds in the Company being closed, the Company may be dissolved and wound up either voluntarily or under supervision or by a competent Court. The Company may be placed in voluntary liquidation at any time by an extraordinary resolution of the Company in general meeting in the same manner as that required for



amending the Articles. Any voluntary liquidation of the Company shall be carried out pursuant to applicable Maltese law and the Articles. Amounts which have not been claimed by Shareholders at the close of the liquidation will be deposited in an account in the Shareholders' name with a trustee selected by the liquidator. Any such amount not claimed within a period of seven years will be donated to charity, at the trustee's discretion.

Any Maltese proceedings in relation to the Company shall respect the legal status of each Sub-Fund as a patrimony of assets and liabilities separate from the assets and liabilities of each other Sub-Fund and proceedings under the Companies Act shall apply mutatis mutandis to each Sub-Fund as though it were a distinct legal entity and with such modifications as are necessary to accommodate the fact that a Sub-Fund is not a company. Any Maltese proceedings in relation to any one Sub-Fund shall not have any effect on the assets of any other Sub-Fund or of the Company itself. The term 'proceedings' as used herein refers to any proceedings in terms of Title II of Part V and of Part VI of the Companies Act. While the position in relation to each Sub-Fund is clear under Maltese law, there can be no guarantee that any overseas jurisdiction will follow the Maltese position in relation to Sub-Funds constituting distinct legal entities.

### **Indebtedness**

As at the date of this Offering Memorandum the Company has no loan capital (including term loans), outstanding or created but unissued, and no outstanding mortgages, charges or other borrowings or indebtedness in the nature of borrowing, including bank overdrafts and liabilities under acceptances or acceptance credits, hire purchase or finance lease commitments, guarantees or other material contingent liabilities. Notwithstanding the foregoing, the Company may assume gearing and borrowings in various forms in respect of a Sub-Fund's investment activity. For details, reference should be made to the relative Offering Supplement, and to the section titled "Risk Factors" of this Offering Memorandum.

### **Directors**

The Company shall be managed and its affairs supervised by the Directors whose details are set out below and whose address for the purposes of this Offering Memorandum is at the registered office of the Company.

The Company has delegated the day to day investment management of the assets of the Company's Sub-Funds and management of the Company, in accordance with policies

approved by and subject to the supervision of the Directors, to the Investment Manager. In addition, the Company has delegated the day-to-day administration of the Sub-Funds to the Administrator. Where applicable, the day-to-day custody functions shall be performed on behalf of the Company by the Clearing Broker. Consequently, all Directors of the Company are non-executive.

**The Directors of the Company are described below:**

**Leon Diamond**

Leon is the CEO and the lead Portfolio Manager of Mansard Capital Management Ltd. He is also Head of Investments for AJ Bell Investments LLP. Previously, Leon held the position of Head of Trading, Portfolio Manager at Castlestone Management Ltd. where he also sat on their investment committee and was principal trader for Porcupine Global Macro Fund. During this time Porcupine was nominated for two awards, HFMWeek US Performance Awards “Best Performing Global Macro Fund”: Finalist November 2007 and Hedge Funds Review European Performance Awards 2009 “Best Global Macro Hedge Fund”: Highly Commended May 2009. Additionally, whilst at Castlestone Management Ltd., Leon held the position of director for a number of British Virgin Island funds and helped grow the business from a three man operation to a 45 person firm.

Prior to Castlestone Management Ltd., Leon worked for Folkes Asset Management (now known as Headstart Advisors), a London based multi-strategy hedge fund advisor. While at Folkes Asset Management, Leon implemented a trading and risk system improving the efficiency, monitoring and profitability of the fund. In January 2000, Leon joined E.L. & C. Baillieu Stockbroking Ltd., in Australia, where he traded equities and equity derivatives for institutional clients. Leon was born in Brisbane, Australia. He received a Bachelor of Business with a double major in Finance from Queensland University of Technology as well as completing post graduate studies through the Australian Securities Institute.

**Joseph Grioli**

Joseph was appointed Managing Director of Pharmamed Limited, pharmaceutical manufacturers, in 1977 after having held senior financial management positions in electronic, hotel and other manufacturing industries. He served as President of the Malta Federation of Industry in 1988 and 1989 and was also a Director of the Malta Development Corporation, Malta External Trade Corporation and the Malta Council for

Economic Development. In 1991 he was appointed founder Chairman of the Malta Maritime Authority, a position held till 1997. In 1989 he was appointed Managing Director of Vodafone Group, the group's first company outside the UK. He retired from Vodafone in 2006 and currently holds non executive directorships in a number of companies in the financial sector.

### **Raymond Busuttil**

Mr. Busuttil has over 37 years' experience in financial services. He is the managing director of IIG Bank and for the past 5 years has also served as a director, investment committee member and money laundering reporting officer of fund structures, licensed asset management companies and a fiduciary services company. Until 2007, Mr. Busuttil was Executive Head of Business Development & Financial Institutions at FIMBank plc, a specialist trade finance institution. He also formed part of the Bank's Risk Management & Credit Committee and the Asset & Liability Committee, dealing primarily with assessment of sovereign, institutional counterparty risk and also managed commodity trading clients. Mr. Busuttil's previous experiences include 19 years working with the Bank of Valletta Group in corporate lending and private banking services targeting an international high net worth customer base. Mr. Busuttil is an Associate of the Chartered Institute of Bankers (London), holds an International Banking Diploma and is qualified in Trust Administration

No Director has:

- (a) any unspent convictions in relation to indictable offences; or
- (b) been bankrupt or the subject of any individual voluntary agreement, or has had a receiver appointed to any asset of such Director; or
- (c) 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, administration or partnership voluntary arrangement, or had a receiver appointed to any partnership asset; or
- (d) been a partner of any partnership, which while he was a partner or within 12 months after he ceased to be a partner, went into compulsory liquidation, administration or partnership voluntary arrangement, or had a receiver appointed to any partnership asset; or
- (e) had any public criticism by statutory or regulatory authorities (including recognised professional bodies); or

- (f) been disqualified by a court from acting as a director or from acting in the management or conduct of the affairs of any company.

For the purposes of this Offering Memorandum, the address of all the Directors is the registered office of the Company.

The Directors have appointed Apex Corporate & Advisory Services Ltd., having company number C 50004, and its registered office at Central North Business Centre, Level 1, Sqaq il-Fawwara, Sliema SLM1670, Malta, as company secretary to the Company (the “Company Secretary”).

The Company Secretary’s duties will include maintaining the Company’s statutory books and records, minutes of meetings and complying with other requirements of the Companies Act.

### **Indemnities**

The Company has agreed that with respect to any actions in which any of its Officers, employees and agents is a party, the Company shall indemnify and hold harmless such person against any loss, claim, damage, charge, liability or expense (including reasonable attorneys' and accountants' fees), judgements and amounts paid in settlement, provided such actions did not involve negligence, default, fraud, breach of duty or otherwise of which the Officer concerned may be guilty in relation to the Company. Expenses may be paid by the Company in advance of the final disposition of such action if the indemnified person agrees to reimburse the Company in the event indemnification is not permitted.

The Company may purchase and maintain insurance cover in relation to the Directors against any liabilities asserted against them as permitted by applicable law.

The Company will indemnify (on behalf of the Sub-Funds) the Investment Manager and its principals against all expenses, including legal fees, and against all judgments, fines and amounts paid in settlement and reasonably incurred in connection with legal, administrative or investigative proceedings they become involved in with respect to their responsibilities to a particular Sub-Fund, except that the Investment Manager will not be indemnified against any liability to which it would otherwise be subject by reason of wilful misconduct, bad faith, gross negligence or material breach of their obligations and duties under the Investment Management Agreement.

In addition, the Company will reimburse, indemnify and hold the Clearing Broker, if any, and any third party provider of electronic services to the Clearing Broker or its affiliates harmless for any and all expenses, losses, damages, liabilities, demands, charges, actions and claims, and any expenses relating to investigating or defending such demands, charges or claims, arising out of any act or omission on the part of the Company. The Company shall also reimburse, indemnify and hold the Clearing Broker harmless against any costs, loss, liability, or expense whatsoever that may be suffered or incurred by the Clearing Broker and its affiliates in the proper performance of the Clearing Broker's obligations under its Agreement with the Company except to the extent that the cost, loss, liability or expense is due to the gross negligence, fraud or wilful default of the Clearing Broker.

Furthermore, the Company has granted indemnities to the Administrator and each of its directors, officers, employees and agents in respect of actions brought against them in their respective capacities as counterparties of the Company provided that such actions do not involve bad faith, fraud and negligence for the Administrator or material breach of its obligations and duties under the relative agreements.

## **6. Investment Manager, Administrator, Compliance Officer, Clearing Broker and Forex Broker**

### **The Investment Manager**

Pursuant to an Investment Management Agreement between the Company and Mansard Capital Management Ltd. (the "Investment Manager"), the Company has appointed the Investment Manager as the investment manager to the Company and the Sub-Funds.

The Investment Manager was incorporated in Malta and is engaged in the business of managing investment funds. The Investment Manager is regulated by the MFSA and is licensed to carry on investment management in accordance with the Investment Services Act, 1994 and is constituted under the Companies Act, 1995.

The Investment Manager has claimed an exemption with respect to the Company under the Commodity Futures Trading Commission ("CFTC") Rule 4.13(a) (4) from registration with the CFTC as a commodity pool operator and, accordingly, is not subject to certain regulatory requirements with respect to the Company (which are intended to provide certain regulatory safeguards to investors) that would otherwise be applicable in the absence of such an exemption.

The Investment Manager has appointed an investment committee with respect to each of the Sub-Funds it manages, details of which are to be found in the relevant Offering Supplement. The investment committee is responsible for the investment management decisions of the Company with respect to its various Sub-Funds in line with this Offering Memorandum and the relevant Offering Supplement and in particular shall:

- a) monitor and review investment policies of the Sub-Funds;
- b) establish and review guidelines for investments; and
- c) take, on behalf of the Board of the Investment Manager, investment decisions in connection with Sub-Funds managed by the Company according to such parameters which may be set out for this purpose from time to time by the Board of Directors and in accordance with the applicable prospecti, offering or incorporation documents and laws generally as applicable.

### **Additional Provisions**

The Investment Management Agreement provides that it shall remain in force until the close of business on December 31, 2030, except that either party may terminate the Investment Management Agreement, in certain limited circumstances, by giving the other party not less than 60 days' written notice. The Company may not terminate the Investment Management Agreement other than with the approval of the holders of all of the issued Founder Shares.

The Investment Manager and/or its principals and affiliates may serve as investment manager / investment advisor respectively to various other entities and managed accounts. Accordingly, the Investment Management Agreement specifically recognises that the Investment Manager and/or its principals and affiliates may be or become associated with other investment entities and engage in investment management activities for others. The Investment Manager and/or its principals and affiliates are not limited to or restricted from engaging in or devoting time and attention to the management of any other business, whether of a similar or dissimilar nature, or from rendering services of any kind to any other corporation, firm, individual or association.

Under the Investment Management Agreement, the Company will indemnify (on behalf of the Sub-Funds) the Investment Manager and its principals against all expenses, including legal fees, and against all judgments, fines and amounts paid in settlement and reasonably incurred in connection with legal, administrative or investigative proceedings they become involved in with respect to their responsibilities to a particular Sub-Fund, except that the Investment Manager will not be indemnified against any liability to which it would otherwise be subject by reason of wilful misconduct, bad faith, gross negligence or material breach of their obligations and duties under the relative agreements.

### **Administrator**

The Company has appointed Apex Fund Services (Malta) Limited ("Apex") as Administrator (the "Administrator") of the Company's Sub-Funds as from Tuesday 1<sup>st</sup> October 2013 (replacing Custom House Global Fund Services Limited). The Administrator provides services as an administrator, registrar and transfer agent and corporate secretary to investment companies and other collective investment undertakings. In addition, the Administrator shall also determine the Net Asset Value for each Sub-Fund in accordance with the section "Net Asset Value" and the applicable Offering Supplement for the particular Sub-Fund. The Administrator, which is a Maltese limited liability company, is both an administrator and custodian of 'Funds of Funds', respectively recognised and authorised by the MFSA. Apex is one of the world's largest

independent fund administration companies with over \$23 billion of assets under administration, 30 offices and over 300 employees across the globe.

Although the Administrator is responsible for the administration of the Company, it should be noted that, in providing services as an administrator, the Administrator does not act as a guarantor of the Shares herein described. Moreover, the Administrator is not responsible for any trading or investment decisions of the Company (all of which will be made by the Investment Manager), or the effect of such trading decisions on the performance of the Company nor is the Administrator responsible for the safekeeping or the custody of the assets of the Company.

The Company has also appointed the Administrator as Registrar and Transfer Agent (the “Registrar”) and Corporate Secretary for the Company. The services provided by the Administrator, in the context of acting as Registrar, include the maintenance of a copy of the register of members representing the Company’s records relating to ownership of the Founder Shares and Share ownership and the redemption of Shares; receipt of requests for redemption; authorisation of redemption payments; authorisation of disbursements of management and advisory fees, commissions and other charges; and other services as agreed on by the parties.

In relation to the Company, Apex may outsource some of its administration and related services to other Apex offices which, in this respect, will liaise directly with the Investment Manager and investors.

In addition, the **Money Laundering Reporting Officer** function of the Company is being outsourced to Mr. Omar Schembri, the Money Laundering Reporting Officer of the Administrator, in terms of Chapter 9 of Part I of the Implementing Procedures issued by the Financial Intelligence Analysis Unit.

### **Compliance Officer**

The Company has appointed Claire Camilleri Gauci as Compliance Officer as from 11 April 2018. Claire Camilleri Gauci is a leading Compliance Specialist in the financial sector. She serves as Compliance Officer and Director for various licensed financial entities in Malta and provides compliance consultancy to major financial entities on the implementation of European Union Directives such as MIFID and AIFMD. Her career started within the Banking Regulation and Compliance Section at the Central Bank of Malta. Following the change to a single regulatory body, Claire moved to the Malta Financial Services Authority and was involved in the on-site supervision for banks, in the drafting of banking and financial services legislation and in the due diligence process of prospective bank applications. Consecutively she worked with major financial entities in Malta namely Global Capital plc, FXDD Malta and Active Services (Malta) Limited.



Besides her MBA from the Grenoble Graduate School of Business and the Diploma in Operations and Compliance from the London School of Economics, Claire completed the Diploma of the UK Chartered Institute of Insurance and is currently finalising her Advanced Applied Insurance Studies Diploma.

### **Clearing Broker**

The Company may appoint a Clearing Broker with respect to each of its Sub-Funds (please refer to the section 'Selection of Clearing Brokers and Forex Brokers' under 'Description of the Company' for more information in this regard). Please refer to the relevant Sub-Fund's Offering Supplement for information concerning each Sub-Fund's particular Clearing Broker, if any.

### **Forex Broker**

The Company may appoint a Forex Broker with respect to each of its Sub-Funds (please refer to the section 'Selection of Clearing Brokers and Forex Brokers' under 'Description of the Company' for more information in this regard). Please refer to the relevant Sub-Fund's Offering Supplement for information concerning each Sub-Fund's particular FX Broker, if any.

### **General**

The appointment or replacement of any Service Provider of the Company with respect to any of its Sub-Funds shall be subject to the prior approval of the MFSA.

## **7. Subscription, Redemption and Exchange of Shares**

**Until such time as the relevant suspension is lifted, the buying, selling and switching of Shares in any Side Pocket is not permissible.**

### **Purchase of Shares**

The Shares of a Sub-Fund can only be acquired, and at all times held, by persons (other than a natural person) who are Eligible Investors, being at the same time Qualifying Investors who satisfy the conditions set out in this Offering Memorandum.

### **Subscription Procedures**

Issues of Shares will be made with effect from a Dealing Day in accordance with the subscription and settlement details and procedures below, unless otherwise specified in a relevant Offering Supplement and, subject to compliance with the Minimum Initial Subscription requirements applicable to the particular Sub-Fund and to any Subscription Fee and other fee that may be provided for in the relevant Offering Supplement.

Unless the Offering Supplement for the particular Sub-Fund provides otherwise, Shares in a Sub-Fund may be purchased, by submission to the Administrator and the Banker of a properly executed Subscription Agreement and the relevant subscription funds, generally on every Dealing Day and said Shares will be issued (if the subscription is accepted) the following Business Day based on the NAV of the relevant Sub-Fund on the preceding Valuation Day. An application for subscription of Shares is an irrevocable and legally binding contract and any subscription amounts received by the Company may be immediately invested by the Sub-Fund in pursuit of its investment objective even though new Shares may not yet have been created and issued on the relevant Dealing Day.

Subscription funds and a completed Subscription Agreement must be received respectively by the Banker and by the Administrator by the Cut-Off Date specified in the relevant Sub-Fund's Offering Supplement. Subscriptions for Shares may not be revoked by an investor after the Cut-Off Date.

No issue of Shares shall take place during any period when the calculation of the NAV for the relevant Sub-Fund is suspended.

### **Subscribers' Undertakings and Warranties**

By completing and executing the Subscription Agreement and Qualifying Investor Declaration Form contained in an Appendix to the relevant Offering Supplement,

Subscribers enter into a number of undertakings and give a number of warranties as specifically set out in those agreements and forms.

### **Redemption of Shares**

Subject to such cut-off days, notice periods, lock-in periods, suspended redemption periods and deferral of redemptions as may be applicable and set out in the relevant Offering Supplement, any holder of Shares has the right, in accordance with and subject to the applicable provisions of this Offering Memorandum, the Articles and the laws of Malta, to have all or a portion of his Shares redeemed in accordance with the Redemption procedure of each Sub-Fund as detailed in the relevant Offering Supplement.

Redemptions of Shares will be made in accordance with the procedures set out below, unless otherwise specified in a relevant Offering Supplement and subject to any Redemption Fee and other fee that may be provided for in the relevant Supplement.

Redemption requests, using the prescribed Redemption Request Form, and/or exchange requests, using the prescribed Exchange of Shares Application Form, for Shares in a Sub-Fund must be received by the Administrator by the Cut-Off Date specified in the relevant Sub-Fund's Offering Supplement. Notwithstanding the foregoing, the relevant Sub-Fund, in its sole discretion and without notice to, or the consent of, the other Shareholders in the Sub-Fund, may waive or modify any terms related to redemptions for a Shareholder, pursuant to written agreement with the Shareholder. Redemption requests and/or exchange requests are irrevocable after the Cut-Off Date.

The Redemption Price of the Shares being redeemed is the NAV of such Shares on the preceding Valuation Day computed after deduction of all fees payable to the Investment Manager and attributable to such Shares and any applicable Redemption Fees, Contingent Sales Charges or similar, as detailed in the relevant Supplement. In addition, the Redemption Price shall be reduced by any applicable Dilution Levy and such Shares' pro rata share of all unamortized or unreimbursed Establishment Costs. Where appropriate the amount of such reduction shall be paid to the Investment Manager as reimbursement for Establishment Costs incurred by it.

Redemptions shall be subject to provision by the relevant Sub-Fund for all the Sub-Fund's liabilities, reserves for contingencies and a charge to defray the transactional costs and expenses deemed likely to be incurred in liquidating investments. Redemption requests may be made by mail, by email or by facsimile (with original to follow promptly by mail). However, if the Shareholder has elected to have share certificates sent to him, the Redemption Request must be accompanied by delivery to the relevant Sub-Fund of the certificates for the Shares to be redeemed, duly endorsed for transfer or accompanied by a proper instrument of transfer. Redemption requests sent by the Shareholder to the Administrator will not be deemed to have been received by the Administrator unless receipt is acknowledged in writing by the Administrator.

Exceptions are made where the delivery of the communication has been acknowledged by a signed receipt.

The Shareholder's request should be made by the appropriate Redemption Request Form addressed to the relevant Sub-Fund at the address of the Administrator.

Unless otherwise provided in the relevant Offering Supplement, payment of the Redemption Price, net of any Dilution Levy and the redeemed Shares' pro rata share of all unamortized or unreimbursed Establishment Costs, will be made in the currency of the relevant Share Sub-Class, if any, of the Sub-Fund from which the redemption is being made and will be effected as soon as practicable and, except in cases where share certificates and share transfers are not delivered or as otherwise specified herein, the Shareholder, on request, and at the Directors' discretion, will receive a minimum of 90% of the Redemption Price, net of any deductibles, no later than 10 Business Days following the date of redemption, subject to the provisions described in the relevant Sub-Fund's Offering Supplement. This is in view of the fact that whilst the Shareholder will normally receive 100% of the Redemption Price, net of any deductibles, within the above specified timescale, there may be unforeseen delays relating to the calculation of the Redemption Price that will not permit a full payment of the Redemption Price within said timescale, so that therefore any balance of the Redemption Price remaining unpaid after the 10 Business Day period in question shall be remitted to the Shareholder immediately following the confirmation of the Redemption Price.

All payment in respect of redemptions will be made by wire transfer only to the account of the registered Shareholder at the Remitting Bank/Financial Institution from which the original subscription was made.

If all of the relevant information requested under the Client Verification Requirements section of the Subscription Agreement has not been provided to the Administrator, the redemption will be acted upon but no monies will be paid to the Shareholder. Instead, the monies will be held in the Shareholder's name at the relevant Sub-Fund's account and the Shareholder will bear all associated risks.

Upon any redemption of all Shares by a Shareholder, the Shareholder shall cease to have any Shareholder's rights with respect thereto commencing on the date of redemption (except the right to receive the net proceeds of such redemption) and the Shareholder's name shall be removed from the register of members of that Sub-Fund and the Shares shall be available for re-issue and until re-issue shall form part of the authorized and unissued Share capital of the relevant Sub-Fund. To the extent that the proceeds of redemption are unpaid or not otherwise satisfied, a former Shareholder shall, beginning on the first day after the date of redemption, be owed a debt by the relevant Sub-Fund in respect of such redemption proceeds.

### **Compulsory Redemptions**

Subject to the provisions of the Articles and any additional provisions in this regard that may be made in the Offering Supplement for the particular Sub-Fund, if the Directors determine:

- that any of the representations given by any holder of Shares in a Sub-Fund as set forth in the "Subscription Agreement" were not true at the time, or have ceased to be true;
- that any Shares in a Sub-Fund are held by an investor who is a non-Eligible Investor or have been transferred in a manner inconsistent with this Offering Memorandum and/or the relevant Sub-Fund's Offering Supplement;
- that ownership of the Shares in a Sub-Fund by the member is unlawful or may be harmful or injurious to the business or reputation of the Company, a Sub-Fund, the Investment Manager or the Administrator, as determined in the sole-discretion of the Directors; or,
- that the Shares in a Sub-Fund are held for the benefit of any non-Eligible Investor and, in the opinion of the Directors, such ownership could result in adverse tax or regulatory consequences to the Company, or the relevant Sub Fund, or any of its Shareholders,
- that the person concerned has not supplied any of the information or declarations required of him within seven (7) days of a request to do so being sent by the Directors,

then the relevant Sub-Fund may require the redemption of all or any part of that Shareholder's Shares in that Sub-Fund, at a date specified in the notice of such redemption by the Sub-Fund to such Shareholder, by resolution of the Directors upon thirty (30) days' notice to the Shareholder whose Shares are being redeemed.

In addition, a Sub-Fund may also compulsorily redeem Shares at any time, with or without cause, by resolution of the Directors upon thirty (30) days' notice to the Shareholder whose Shares are being redeemed.

### **Suspension or Delay in Payment of Redemptions**

The Directors may defer and/or suspend (in whole or in part) the right of the Shareholders to require a Sub-Fund to redeem Shares, in terms of the Articles, this Offering Memorandum and the relevant Offering Supplement (i) during any period when the calculation of the NAV or the NAV of any Sub-Class of Shares within that Sub-Fund is suspended, and (ii) during any suspended redemption period, which in respect of each Investor shall not be longer than a maximum period of 5 years from the date such Investor shall have requested the Company to repurchase all or any part of his Shares, which may be declared by the Directors on account of insufficient or not immediately available cash reserves by the Sub-Fund concerned and where such repurchase would in the opinion of the Directors materially and adversely affect or

prejudice the interest of other Investors in the Sub-Fund. Notice of any suspension or suspended redemption period will be given to any Investor tendering his Shares for redemption.

Moreover, the Directors reserve the right to withhold payment to persons whose Shares in a relevant Sub-Fund have been redeemed, or to persons who have made a redemption request, 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 a payment during the period of suspension would materially and adversely affect and prejudice the interests of Shareholders within a Sub-Fund who have not redeemed or given notice to redeem.

Any such suspension shall be published by the relevant Sub-Fund in such manner as the Directors deem appropriate to the persons likely to be affected thereby, and Shareholders requesting the redemption of their Shares by that Sub-Fund shall be so notified at the time of the request.

### **Deferral of Redemption of Shares**

Unless otherwise established by the Directors and provided in the relevant Offering Supplement of a Sub-Fund, if the Company has requests for the repurchase of Shares in respect of 5% or more of the outstanding Shares in any Sub-Fund on any Dealing Day, the Directors may elect to restrict the total number of Shares repurchased to 5% of the outstanding Shares in such Sub-Fund, as appropriate, in which case all the relevant requests will be scaled down pro rata to the number of Shares requested to be repurchased. Any part of a repurchase request to which effect is not given by reason of the exercise of this power by the Directors will be treated as if the request had been made in respect of the next Dealing Day and all following Dealing Days (in relation to which the Directors have the same powers as provided herein) until the original request has been satisfied in full.

### **Exchange of Shares between Sub-Funds of the Company**

The exchange of Shares is available between all the Sub-Funds of the Company. Shareholders may exchange Shares in one Sub-Fund (the “Original Shares”) with Shares in another Sub-Fund (the “New Shares”) and are entitled to do so on any Dealing Day, subject to the Minimum Investment for the Company being maintained at all times. A valid exchange request, using the prescribed Exchange of Shares Application Form, available from the Administrator of the Sub-Funds, made by a Shareholder shall be construed as being a request for the redemption of the stated number of Original Shares (save that the repurchase monies shall not be released to the Shareholder) and a simultaneous request for the proceeds from such redemption to be applied in the

purchase of New Shares indicated by the Shareholder. An exchange request should specify the number of Shares to be switched. Such request may not be revoked by an investor after the Cut-Off Date.

A valid exchange request with respect to Original Shares in all Sub-Funds, received by the Administrator no later than the Cut-Off Date (as detailed in the Offering Supplement of the Sub-Fund in which the Original Shares are held), or by 12:00 noon (GMT) on the previous Business Day, in the case of a UK or Malta public holiday on the relevant Cut-Off Date, will, if accepted by the Administrator, be dealt at the NAV per Share for the Sub-Fund in which the Original Shares are held calculated on the Valuation Day immediately preceding the relevant Dealing Day, computed after deduction of all fees payable to the Administrator and attributable to such Shares and any applicable Redemption Fees as detailed in the Offering Supplement of the Sub-Fund concerned (the "Redemption Price"). In addition, the Redemption Price shall be reduced by such Shares' pro rata share of all unamortized or unreimbursed Establishment Costs. Where appropriate the amount of such reduction shall be paid to the Investment Manager as reimbursement for Establishment Costs incurred by it.

The exchange of the Original Shares comprised in a valid exchange request shall be effected by the redemption of such Original Shares (save that the redemption monies shall not be released to the Shareholder) and the issue of New Shares, such redemption and issue of Shares to be effected on the appropriate Dealing Day.

The number of New Shares to be issued on exchange shall be determined by the Administrator in accordance (or as nearly as may be in accordance) with the following formula:-

$$NS = \frac{[A \times B \times C]}{D}$$

where:

- NS = the number of New Shares which will be issued
- A = the number of Original Shares to be exchanged
- B = the Redemption Price of such Original Shares on the relevant Valuation Day, as defined herein
- C = the rate of exchange determined by the Administrator for converting the Base Currency of the Original Shares into the Base Currency of the New Shares, if applicable; and

D = the issue price of the New Shares on the relevant Dealing Day, including any commissions payable.

Upon an exchange of Shares, the Administrator shall cause assets or cash representing the value of NS as defined above to be allocated to the Sub-Class of Shares comprising the New Shares.

### **Suspension of Dealing**

The Directors have the power to suspend calculations of Net Asset Value in the circumstances set out in Appendix II of this Offering Memorandum. No issue or redemption of Shares will take place during any period when the calculation of the Net Asset Value is so suspended.

### **Cancellation Rights**

Potential investors should be aware that the cancellation right protections prescribed by the MFSA do not apply to professional investors.

### **Contract notes, registrations and share certificates**

Contract notes will be issued as soon as possible following the Dealing Day on which the order is effected and normally will be dispatched within five (5) Business Days. Contract notes will contain full details of the transaction.

All Shares will be registered and an entry in the register of members will be conclusive evidence of ownership. No Share certificates will be issued unless requested. Where Share certificates are requested a charge of €200 (plus disbursements) per Share certificate issued (excluding legal fees) will be payable by the Shareholder. The uncertificated form allows the Administrator to effect redemption instructions without delay. Annual statements will be dispatched with the Company's annual reports.

Any change to the Shareholder's personal details must be notified to the Administrator immediately in writing. The Administrator reserves the right to request indemnity or verification before accepting such notification. Copies of the Offering Memorandum and Offering Supplements and updates thereof will be available from the Administrator.

### **Transfer of shares**

All transfers of Shares shall be effected by a transfer in writing in any usual or common form or in such other form as the Directors may from time to time determine and every form of transfer shall state the full name and address of the transferor and transferee.



The instrument of transfer of a Share shall be signed by or on behalf of both the transferor and by the transferee. The transferor shall be deemed to remain the holder of the Share until the name of the transferee is entered in the register of members of the Company in respect thereof.

Unless the Directors otherwise determine, a transfer of Shares may not be registered if in consequence of such transfer the transferor or the transferee would hold a number of Shares less than the Minimum Investment.

The Directors may decline to register any transfer of Shares unless the instrument of transfer is deposited at the registered office of the Company or at such other place as the Directors may reasonably require, with such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer.

If the Directors decline to register a transfer of any Share they shall, within one month after the date on which the transfer was lodged with the Company, send to the transferee notice of the refusal.

The registration of transfers may be suspended at such times and for such periods as the Directors may from time to time determine, provided that such registration of transfers shall not be suspended for more than thirty (30) days in any one calendar year.

All instruments of transfer which shall be registered shall be retained by the Company, while any instrument of transfer which the Directors may decline to register shall (except in the case of fraud) be returned to the person depositing the same.

Any person entitled by operation of law or otherwise to a Share in consequence of the death, insolvency or bankruptcy of an investor shall, upon producing such evidence of his title together with such other declarations or documentation as the Directors may require and after the Directors shall have sought and obtained a legal opinion satisfactory to them confirming such entitlement, have the right either to register himself or his nominee as the holder of the Share or to make such transfer thereof as the deceased, insolvent or bankrupt Shareholder could have made, but the Directors shall, in any case, have the same right to refuse or suspend registration as they would have had in the case of a transfer of the Share by the deceased, insolvent or bankrupt investor before the death, insolvency or bankruptcy of the investor.

A person becoming so entitled to a Share in consequence of the death, insolvency or bankruptcy of an investor shall have the right to receive and may give a discharge for all monies payable or other advantages due on or in respect of the Share, but he shall not be entitled to any of the rights and privileges of a Shareholder unless and until such time as he shall be registered as the holder of that Share, provided always that the Directors may at any time give notice requiring any such person to elect either to be registered himself or to transfer the Share and, if the notice is not complied with within ninety (90)

days, the Directors may thereafter withhold all monies payable or other advantages due in respect of the Share until the requirements of the notice have been complied with.

In the event that a person becoming entitled to a Share in consequence of the death, insolvency or bankruptcy of an investor would hold less than the Minimum Investment, the Directors may if they think fit procure that the Company shall repurchase the whole of such person's holding and shall be entitled to appoint any person to execute such documents on behalf of such person as may be required for the purposes of the repurchase.

Without prejudice to the aforesaid, in the case of the death of a Shareholder, the lawful heirs, legatees, survivors or survivor, where the deceased was a joint holder, and the executors or administrators of the deceased where he was a sole or surviving holder, shall be the only person recognised by the Company as having title to his interest in the Shares, but nothing herein shall release the estate of the deceased holder, whether sole or joint, from any liability in respect of any Share solely or jointly held by him.

Notwithstanding any of the foregoing, the Directors may in their sole discretion decline to give effect to the proposed transfer of any Share and may withhold approval, if the manner, form or evidence of transfer or assignment is in their opinion unacceptable, if the transfer would violate the Minimum Investment requirements of the Company, if any, if the transfer might violate applicable laws, where all required documentation is not submitted, or when such transfer is deemed by the Directors in their absolute discretion to be contrary to the best interests of the Company by virtue of resulting in legal, pecuniary, regulatory, fiscal or material administrative disadvantage to the Company. The Directors may also, in their sole and absolute discretion and for whatever reason, decline to register the transfer of a Share. Any prospective transferee must also comply with all the obligations imposed on members of the Company for entitlement to Shares and make such declarations and provide such other information that is requested of them in terms of the Articles, in terms of this Offering Memorandum or in terms of applicable law.

In the event that any Shares are listed on a regulated market, transfers and transmissions of Shares shall also comply with any mandatory rules of any such regulated market.

### **Pledge of Shares**

Each investor is allowed by the Articles to pledge his Shares in favour of a third party.

## **8. Net Asset Value**

The Net Asset Value per Share in each Sub-Fund will be calculated on each Dealing Day in accordance with the Articles, an extract of which appears in Appendix I of this Offering Memorandum, as amended or supplemented by, and subject to the provisions of, the Offering Supplement for the particular Sub-Fund. The Directors have the power to suspend calculations of Net Asset Value in the circumstances set out in Appendix II.

## **9. Fees, Compensation and Expenses**

### **Investment Management Fee**

Under the terms of the Investment Management Agreement, each Sub-Fund is bound to pay an investment management fee as specified in the related Offering Supplements of each Sub-Fund.

The Investment Manager will be entitled to be repaid, out of the net assets of the relevant Sub-Fund, reasonable out-of-pocket expenses (plus VAT thereon, if any) incurred by the Investment Manager in the exercise of its duties in relation to each Sub-Fund in proportion to the relative Net Asset Value of the Sub-Funds.

The Company may apply different fees to different Sub-Funds and to different Sub-Classes of Shares in any Sub-Fund of the Company. Details of the Investment Management Fee applicable to a Sub-Fund are contained in the Offering Supplement of the relevant Sub-Fund.

The Investment Manager may also receive an Administration Fee for non-investment management services provided by the Investment Manager. Details of such a fee, where applicable, will be detailed in the relevant Offering Supplement.

### **Performance Fees**

There may be performance fees due to the Investment Manager in relation to one or more Sub-Funds and in relation to one or more Sub-Classes of a Sub-Fund and these are disclosed in full in the Offering Supplement for the particular Sub-Fund.

### **Subscription Fee, Redemption Fee and Contingent Deferred Sales Charge**

The Investment Manager is permitted to charge a Subscription Fee, a Redemption Fee or a Contingent Deferred Sales Charge to investors of a relevant Sub-Fund, as detailed within the relevant Offering Supplement.

A Subscription Fee and/or Redemption Fee of up to two percent of the Net Asset Value of the relevant Sub-Fund may be charged by the relevant Sub-Fund. Details of any such Fees will be set out in the relevant Offering Supplement where it is intended to charge such Fee.

A Contingent Deferred Sales charge of up to five percent may be charged to investors of the relevant Sub-Fund. Such Contingent Deferred Sales Charge shall be applied to either (i) the NAV per Share on the Dealing Day at the time of subscription for the relevant Sub-Classes of Shares or (ii) the NAV per Share on the Dealing Day at the time of redemption for the relevant Sub-Classes of Shares. Details of any such charge will be set out in the Offering Supplement of the relevant Sub-Fund.

### **Clearing Broker's Fees**

The Clearing Broker is entitled to an annual fee out of the net assets of the relevant Sub-Fund charged at commercial rates as may be agreed from time to time by the Company, subject to a maximum fee. Details of such Fees and the method of calculation shall be detailed within the Offering Supplement of the relevant Sub-Fund.

The Clearing Broker shall also be entitled to be reimbursed for all agreed transaction fees and out of pocket expenses properly incurred by it in the performance of its duties, including third party transaction fees and sub-custodian fees and charges at normal commercial rates out of the assets of the relevant Sub-Fund (plus VAT thereon, if any).

### **Forex Broker's Fees**

The Forex Broker does not charge any trading commissions or transaction fees.

### **Administrator's Fees**

The Administrator will be entitled to receive a Fee as set out in the Administration Agreement in respect of each Sub-Fund. The Administrator is also entitled to be repaid all of its reasonable expenses agreed upon transaction and other charges (which will be at normal commercial rates) and other out-of-pocket expenses out of the assets of the relevant Sub-Fund (plus VAT thereon, if any).

### **Directors' Remuneration**

The Directors may be paid annual fees for acting as Directors of the Company up to €25,000 per Director. Mr Diamond will be waiving his entitlement to a fee for acting as Director in view of his post with the Investment Manager. The Sub-Funds will meet all travel, accommodation and other reasonable expenses incurred by the Directors in holding board meetings and in relation to the business of the Company and when the

Directors personally pay for any costs they will also be reimbursed for out-of-pocket expenses, on an equal basis across each Sub-Fund in existence on each Valuation Day.

Any Director who, by request, goes or resides abroad for any purposes of the Company or who performs services which, in the opinion of the Directors, go beyond the ordinary duties of a Director may be paid such extra remuneration (whether by way of salary, commission, participation in profits or otherwise) as the Directors may determine. The maximum sum which can be paid to the Directors shall not exceed €100,000.

### **Brokerage Fees and Expenses**

The Company uses several well-established brokerage firms and banks to serve as the Sub-Fund's Clearing Brokers and Futures Commission Merchants (FCMs). The Company may compensate the Clearing Brokers and FCMs for record keeping, custodial and related services through brokerage compensation and may use such compensation to pay brokers for computer equipment, software and other such services.

The Company will review from time to time the Clearing Brokers and FCMs to be used and the commission rates at which transactions will be effected, with the objective of attaining the most favourable price and market execution for each transaction. The Company may employ various Clearing Brokers and FCMs to undertake the activities incident to the receipt and delivery of securities purchased, sold, sold short or covered, making and receiving payments, custody of securities, compliance with margin and maintenance requirements, custody of all cash and other rights accruing to the Sub-Fund's account and other services. These Clearing Brokers and FCMs will be selected by the Company in its sole discretion.

The Company's Sub-Funds may purchase securities from a primary market maker acting as principal on a net basis with no brokerage commission. In selecting a Clearing Broker or FCM for any transaction or series of transactions, the Company may consider a number of factors, including, for example, net price, reputation, financial strength and stability, efficiency of execution and error resolution, block trading and block positioning capabilities, willingness to execute related or unrelated difficult transactions in the future, order of call, the availability of securities to borrow for short trades and other matters involved in the receipt of brokerage services generally.

### **Possible Use of Commissions for Referrals**

The Company does not now have, but may implement, a program of broker compensation that consists of directing a certain amount of brokerage to either a

Clearing Broker or FCM in return for the Clearing Broker's or FCM's referral of prospective clients. The direction of brokerage to a Clearing Broker or FCM in exchange for investor referrals creates a conflict of interest in that the Company will have an incentive to refer the Sub-Funds' brokerage business to Clearing Brokers or FCMs to which it might not otherwise direct its brokerage transactions. The Company understands and will scrupulously comply with its fiduciary obligations to the Sub-Funds; however, prospective investors should note that the commissions charged by such Clearing Brokers or FCMs may not be the lowest commissions otherwise obtainable.

The Company will regularly review the commission rates paid by its Sub-Funds to determine whether they are competitive with commissions paid by investment advisers that provide services similar to the Company.

### **Independent Auditors**

The Investment Manager has designated RSM Malta of Mdina Road, Zebbug ZBG9015, Malta, as the independent auditor for the Company and the Sub-Funds. Each Sub-Fund will pay its own audit fees.

### **Compliance Officer**

Claire Camilleri Gauci of Crystal Towers, Flat 13, Triq ir-Roza, Marsaskala, Malta, act as Compliance Officer to the Company and its Sub-Funds. The Sub-Funds will pay any compliance and professional fees incurred for such services performed by Claire Camilleri Gauci and any other advisors that the Company may engage.

### **Legal Counsel**

Fenech and Fenech Advocates of 198, Old Bakery Street, Valletta, Malta, act as Malta legal counsel to the Investment Manager, the Company and its Sub-Funds in connection with the offering of Shares and other matters. The Investment Manager, the Company and its Sub-Funds have incurred expenses for legal services performed by Fenech and Fenech. The Sub-Funds will pay any legal and professional fees incurred for such services performed by Fenech and Fenech and any other advisors that the Company may engage. In connection with the offering of Shares in the Sub-Funds or ongoing advice to Company, the Sub-Funds and the Investment Manager, Fenech and Fenech will not represent Shareholders other than the Investment Manager.

### **Direct Expenses**

The Investment Manager makes all determinations regarding direct expenses. The Sub-Funds will bear the costs of their own direct operating expenses, including the following costs and expenses associated with the operation, dissolution or liquidation of the Sub-Fund concerned:

(i) commissions, financing charges, brokerage fees, access fees, exchange fees and clearing fees, and other costs relating to investment activities (which may or may not be bundled with research and other services); (ii) transfer, capital and other taxes, duties and costs incurred in acquiring, holding, selling or otherwise disposing of a Sub-Fund assets, (iii) insurance costs and/or premiums obtained on behalf of the Directors, the Investment Manager or any of its affiliates, indemnifications, costs of litigation and other extraordinary expenses, (iv) costs of financial statements and other reports to Shareholders, as well as costs of all governmental returns, reports and other filings, (v) any taxes and duties payable in any jurisdiction in connection with the Sub-Fund's operations; tax reporting and preparation fees and expenses; (vi) costs of meetings of the Shareholders (including, without limitation, the reasonable travel and other out-of-pocket costs incurred by the Investment Manager, and or its officers, in attending such meetings), (vii) costs and expenses relating to regulatory compliance, including costs of compliance programs, examinations, investor compensation schemes, regulatory inquiries, regulatory fees and regulatory filings; administrative, custodial, legal, compliance, accounting, auditing and other professional fees and expenses, (viii) interest expenses and fees (including margin expenses and fees), (ix) custodial, consulting, research and other professional fees, including all costs associated with the Sub-Fund's liquidation, (x) leasing of computing systems and software, telecommunications equipment and data transmission lines; compensation and operating costs related to computer software and hardware development, purchasing, programming and ongoing support and operations; expenses related to third-party software and related systems, trade execution systems, order management systems, analytics and anti-money laundering compliance systems; fees and expenses related to technology support; and (xi) any other expenses not listed in the preceding clauses (i) through (x) that are not normal operating expenses of the Investment Manager including extraordinary or non-recurring expenses. Any costs incurred in connection with special services requested by a Shareholder will be required to be paid by that Shareholder.

The above expenses will be charged to the Sub-Fund in respect of which they were incurred or, where an expense is not considered by the Directors to be attributable to any one Sub-Fund, the expense will be allocated by the Administrator, with the approval



of the Directors, in such manner and on such basis as the Directors in their discretion deem fair and equitable. In the case of any fees and expenses of a regular or recurring nature, such as audit fees, the Directors may calculate such fees and expenses on an estimated figure for yearly or other periods in advance and accrue the same in equal proportions over any period.

### **Establishment Costs**

The cost of establishing the Company and its First Sub-Fund, marketing costs and the fees of all professionals relating thereto (the “Establishment Costs”) were approximately EUR125,000 and will be borne by the Company. Establishment costs of the Company will initially be charged to the First Sub-Fund (and subsequently any future Sub-Funds) and amortised over the first five years of the Company’s operations or such other period as may be agreed between the Company and the Investment Manager. All Sub-Fund specific Establishment Costs will be borne by the particular Sub-Fund. Future Sub-Funds will detail their specific Establishment Costs and other particular costs relating to the particular Sub-Fund in the relevant Offering Supplement.

The Company is amortizing its Establishment Costs because it believes such treatment is more equitable than expensing the entire amount of the Establishment Costs to a Sub-Fund’s first year of operation, as is required by International Finance Reporting Standards (I.F.R.S.). This may result in the Company’s audited financial statements being qualified in this regard. A pro-rata portion of any unamortized or unreimbursed costs may be charged with respect to Shares redeemed prior to the close of the amortization period.

## **10. Risk Factors**

An investment in the Company or in the Shares relating to any Sub-Fund is subject to risk. There can be no assurance that any strategy designed to minimise potential losses will be successful. It is possible that a Shareholder may lose a substantial proportion or all of its investment in the Company or in a Sub-Fund and, as a result, each potential investor should carefully consider whether it can afford to bear the risks of investing in the Company or in a Sub-Fund.

The investments of a Sub-Fund in securities and derivatives are subject to normal market fluctuations and other risks inherent in investing in securities and derivatives. The value of investments of the Company or of a Sub-Fund and income from them, and therefore the value of, and income from Shares can go down as well as up and an investor may not recoup the amount invested.

The risk factors and investment considerations set out below do not purport to be exhaustive and potential investors should review this Offering Memorandum and any relevant Offering Supplement carefully and in their entirety and consult with their professional advisers before making an application for Shares. Different investment considerations may apply to each Sub-Fund and to each Sub-Class of Shares therein.

Each Sub-Fund is a segregated portfolio of assets and liabilities and accordingly each Sub-Fund shall bear its own liabilities and will be solely liable to third parties for all of the liabilities of that Sub-Fund.

The risks of investing in the Company include, but are not necessarily limited to, the following:

### **Risks of Multi-Fund Structure**

While the provisions of the Companies Act, 1995 provide for segregated liability between Sub-Funds, these provisions have yet to be tested in foreign courts, in particular, in satisfying local creditors' claims. Accordingly, it is not free from doubt that the assets of any Sub-Fund of the Company may not be exposed to the liabilities of other Sub-Funds of the Company. If the assets attributable to a Sub-Fund in respect of which the claim is made are insufficient to cover such claim, then the creditor may nonetheless be allowed by non Maltese courts to have recourse to the assets attributable to other Sub-Funds if such non-Maltese courts refuse to apply the protection afforded to Shareholders under Maltese law.

As at the date of this Offering Memorandum, the Directors are not aware of any existing or contingent liability of any Sub-Fund of the Company.

### **Erosion of Capital**

When an investor redeems part of his holding, he should be aware that these redemptions will be made from the sale of Shares and may result in the erosion of capital.

### **No Assurance or Guarantee**

The value of Shares may fall as well as rise. There can be no assurance or guarantee that a Sub-Fund will achieve its investment objective or that a Shareholder will recover the full amount invested in a Sub-Fund. The capital return and income of a Sub-Fund are based on the capital appreciation and income on the investments it holds, less expenses incurred. Therefore, each Sub-Fund's return may be expected to fluctuate in response to changes in such capital appreciation or income.

### **Illiquidity of Shares**

There is currently no secondary market for the Shares and, consequently, Shareholders can dispose of their Shares only by means of redemption as detailed within this Offering Memorandum. As a result there is no assurance that the Company will be able to liquidate the portfolio securities attributable to the Shares without losses. Such losses may have an adverse effect on the NAV of the Company and on the redemption proceeds due to a redeeming investor.

In the event of unsettled market conditions, or if for any reason the Company is unable to liquidate its investments or if it is obliged to suspend dealings in its Shares, an investor may be unable to redeem their Shares.

### **Substantial Redemptions**

Substantial redemptions of Shares could require the liquidation of positions more rapidly than would otherwise be carried out, which could adversely affect the value of the Shares at the time of Redemption. In such circumstances, unless otherwise stated in the related Offering Supplement, the relevant Sub-Fund may defer redemptions.

Illiquidity in certain markets could also make it difficult for any Sub-Fund of the Company to liquidate positions on favourable terms, thereby resulting in a decrease in the value of the assets. In these circumstances, except where otherwise stated in respect of a particular Sub-Fund in the related Offering Supplement, the non-redeeming Shareholders will bear a disproportionate risk of any decline in the value of a Sub-Fund's assets as a result of the redemptions.

### **Compulsory Redemptions**

The Company reserves the right to require a Shareholder to redeem its total shareholding in any or all of its Sub-Funds, within thirty (30) days of a notice of intent to do so, in the event that the holding of Shares by the Shareholder concerned may result in regulatory, pecuniary, legal, taxation or material administrative disadvantage for the Sub-Fund/s concerned or the Shareholders as a whole.

Such compulsory redemptions will take place at the prevailing Redemption Price on the day that such redemption takes place.

### **Restriction or Suspension of Redemption Rights**

Although investors may request the Company to repurchase their Shares in a Sub-Fund on any Dealing Day at the Net Asset Value per Share or may wish to transfer all or any of their Shares, certain restrictions on redemptions and transfers apply in certain circumstances. Investors should read carefully the disclosures included under the heading 'Subscription, Redemption and Exchange of Shares'.

### **Lock-in periods and suspension of redemptions**

The redemption of Shares in a Sub-Fund may be subject to lock-in periods. The redemption of Shares in a Sub-Fund may also be subject to be deferred and / or suspended by the Directors, in whole or in part, in terms of the Articles, this Offering Memorandum and the Offering Supplements thereto (i) during any time when the determination of the Net Asset Value in terms of Article 16 of the Articles is suspended, and (ii) during any suspended redemption period, which in respect of each Investor shall not be longer than a maximum period of five (5) years from the date such Investor requested the Company to repurchase all or any part of his Shares, which may be declared by the Directors when on account of insufficient or not immediately available cash reserves by the Sub-Fund concerned and such repurchase would in the opinion of the Directors materially and adversely affect or prejudice the interest of other Investors in the Sub-Fund. Notice of any suspension or suspended redemption period will be given to any investor tendering his Shares for redemption.

### **Side Pockets**

The Directors may create a new Sub-Class of Shares within a Sub-Fund (the "Side Pocket") and transfer to such Side Pocket designated illiquid or comparatively hard to value assets of the Sub-Fund (the "Side Pocket Assets"). The Shares in the Side Pocket (the "Side Pocket Shares") issued pursuant to the side-pocketing shall not be eligible for subscription or redemption in terms of the Articles, but shall: (i) proportionately distributed to the existing Shareholders of the Sub-Class or Sub-Classes of Shares from

which the Side Pocket Assets are being conveyed (the “Originating Class”); and (ii) on the Valuation Day when the Directors deem that the value or liquidity of all or part of the Side Pocket Assets can be accurately ascertained (the “Liquidity Event”), proportionately converted back into Shares of the Originating Class.

The sale and repurchase as well as the determination of the Net Asset Value of the Side Pocket Shares shall be suspended until the Liquidity Event, and it is likely that until then the Company may not be in a position to liquidate the Sub-Fund’s holdings in any of the Side Pocket Assets and/or may not be in a position to establish a reliable value thereof.

The value of the Side Pocket Assets may be based on the latest available information to the Company and on the concept of prudence at the point of valuation and, therefore, may not be equal to the ultimate realisable value of the Side Pocket Asset/s upon the occurrence of the Liquidity Event.

There is no limit on the size of a Side Pocket or the percentage of assets within a Sub-Fund which may be transferred to a Side Pocket in the aggregate or otherwise.

Each Sub-Fund of the Company is established as a separate patrimony of assets and liabilities in terms of Legal Notice 241 of 2006 (as amended). Side Pocket Shares do not constitute separate Sub-Funds but are merely a Sub-Class of Shares within the Sub-Fund which includes the relevant Side Pocket and, accordingly, the creditors of a Sub-Class of Shares in that Sub-Fund shall be able to use the Side Pocket Assets to settle their claims and vice versa.

### **Significant Investor/Shareholder**

It is expected that at any time investors in the Sub-Funds of the Company may include individual investors (“Significant Investors”) with significant holdings in the outstanding Shares in a particular class.

The presence of a large investor helps to mitigate the burden of the fixed costs of a Sub-Fund, by effectively spreading the impact of such costs over a larger NAV. However, any large redemptions by a Significant Investor may also raise the impact of such fixed costs on remaining investors.

### **Foreign and Local Equity Investments**

The Sub-Funds may invest in foreign and local equity securities. Investment in equities is subject to certain risks, inherent in the market, that are attributable to general market conditions. Furthermore, equity investment is also subject to firm or issuer specific risk that reflects the risk peculiar to an individual firm or issuer. Investors should therefore be aware that should the Fund invest part of its portfolio directly in equities, it will be subject to both market and firm/issuer specific risk.

### **Investment in Equity Securities**

As a result of a Sub-Fund's Investments in equity securities, a Sub-Fund will be exposed to the risks typically associated with equity investments to include the general risk of broad market declines and risks associated to issuers of securities. A Sub-Fund is not subject to the limits and investing or borrowing restrictions and other conditions imposed on retail schemes and consequently, the Net Asset Value per Share in a Sub-Fund may be subject to greater volatility.

### **Debt Securities**

Debt securities are subject to the risk that the issuer may default on the payment of principal and/or interest. The prices of debt securities are inversely related to changes in interest rates and thus are subject to the risk of market price fluctuations. A portion of a Sub-Fund's portfolio may consist of instruments that have a credit quality rated below investment grade by internationally recognised credit rating organisations or may be unrated. Although these securities may provide for higher gain and income, they entail greater risk than investment grade securities. These securities involve significant risk exposure as there is uncertainty regarding the issuer's capacity to pay interest and repay principal in accordance with the terms of the obligations. Changes in the credit ratings of a debt security or in the perceived ability of the issuer to make payments of principal and interest may also affect the security's market value. Low-rated and unrated debt instruments generally offer a higher current yield than that available from higher-grade issuers, but typically involve greater risk.

### **Investments in Smaller Companies**

During periods of investor uncertainty, investor sentiment may favour large, well-known companies over small, less-known companies. There may be less trading in a smaller company's securities, which means that buy and sell transactions in that stock could have a larger impact on the stock's price than is the case with larger company stocks.

Investments in the securities of smaller companies can involve greater risk than is customarily associated with investment in larger, more established companies. In particular, smaller companies often have limited product lines, markets or financial resources, and may be dependent for their management on one or two key individuals.

### **Specific risks in respect of Sub-Funds investing in Emerging Markets**

A Sub-Fund may invest in securities of issuers in emerging markets. Investments in emerging markets can be subject to risks not normally associated with more developed markets. These risks mainly relate to the instability of the economies of the countries concerned, political uncertainties and, in some cases, illiquidity of the market

concerned. Such investments may also be adversely affected by higher counter-party risks, greater currency risks, higher price volatility and the effect of exchange control regulations or other governmental laws or restrictions. The supervision by governmental authorities and the legal environment of these economies may be less than adequate and some of these markets may not be subject to accounting, auditing and financial reporting standards comparable to those existing in more developed countries, thereby exposing the Funds to a greater degree of risk, including the risk of fraudulent securities. Furthermore, settlement and custody systems in emerging markets are not as well developed as those in more developed markets.

Investors should be aware that any downturn in the economies of emerging markets might adversely affect the servicing and ultimate repayment of the Investments of the Funds. Additionally, market practices in relation to the settlement of securities transactions and the custody of assets in emerging markets can provide increased risk of loss to the Sub-Funds.

#### **Potential Lack of Diversification**

A Sub-Fund does not have fixed guidelines for diversification and it is not subject to any specific limits in securities of issuers in any one country, region or industry. Therefore, a Sub-Fund may be less diversified and more volatile. A significant percentage of the Investments may, at any time, be limited to a particular market sector, region or industry and accordingly may be subject to more rapid change in value than would be the case if there were a requirement to maintain a wide diversification among companies, industries, regions, types of securities and other asset classes. Although a Sub-Fund's portfolio will generally be diversified, this may not be the case at all times.

#### **Portfolio Turnover**

A Sub-Fund's portfolio may have a high portfolio turnover. A high rate of portfolio turnover involves correspondingly greater expenses than a lower portfolio turnover due to greater brokerage fees and other transaction costs.

#### **Stop Loss Limits**

The use of stop loss management practices cannot provide assurance with respect to the degree of loss that may be realised upon liquidation of an Investment. Investments may still be liquidated at a substantially large loss.

#### **Derivative Risk**

Derivatives (such as swaps) are highly specialised instruments that require investment techniques and risk analyses different from those associated with equities and debt securities. The use of a derivative requires an understanding not only of the underlying

instrument but also of the derivative itself. In particular, the use and complexity of derivatives require the maintenance of adequate controls to monitor the transactions entered into and the ability to assess the risk that a derivative transaction adds to a portfolio. There can be no guarantee or assurance that the use of derivatives will meet the investment objective of a Sub-Fund.

Where the Sub-Funds enter into swap arrangements and derivative techniques, they will be exposed to the risk that the counterparty may default on its obligations to perform under the relevant contract. In the event of a bankruptcy or insolvency of a counterparty, the Sub-Funds could experience delays in liquidating the position and may incur significant losses. There is also a possibility that ongoing derivative transactions will be terminated unexpectedly as a result of events outside the control of the Investment Manager, for instance, bankruptcy, illegality or a change in the tax or accounting laws relative to those transactions at the time the agreement was originated.

The swap market has grown substantially in recent years with a large number of banks and investment banking firms acting both as principals and as agents utilising standardised documentation. As a result, the swap market has become liquid but there can be no assurance that a liquid secondary market will exist at any specified time for any particular swap. Derivatives do not always perfectly or even highly correlate or track the value of the securities, rates or indices they are designed to track. Consequently, the Investment Manager's use of derivative techniques may not always be an effective means of, and sometimes could be counter-productive to, the relevant Sub-Fund's investment objective.

### **Futures and Related Options**

The futures market is highly volatile and influenced by factors such as changing supply and demand relationships, governmental programs and policies, national and international political and economic events and changes in interest rates, which may result in them being illiquid. As a result, a relatively small price movement in commodity index futures contract may result in substantial losses to the trader. Certain exchanges do not permit trading in particular index futures contracts at prices that represent a fluctuation in price during a single day's trading beyond certain set limits. If prices fluctuate during a single day's trading beyond those limits, which conditions have in the past sometimes lasted for several days in certain contracts, a Sub-Fund could be prevented from promptly liquidating unfavourable positions and thus be subject to substantial losses. To the extent that a Sub-Fund uses index future contracts, the Sub-Fund may incur a loss if the value of a specified index declines/rises between the time the Sub-Fund purchases/sells an index future and takes a position in an index future and



the future date specified in the contract and may realise a gain in the value of the specified index rises/declines. The ability to establish and close out positions will be dependent on the liquidity of the relevant futures exchange or secondary market. There is no guarantee that a liquid market will exist for any particular contract at any particular time.

### **Particular Risks of Over-The-Counter Contracts**

#### **(a) Absence of Regulation; Counterparty Default**

In general, there is less government regulation and supervision of transactions in the OTC markets than of transactions entered into on organised exchanges. In addition, many of the protections afforded to participants on some organised exchanges, such as the performance guarantee of an exchange clearing house, are generally not available in connection with OTC transactions. OTC options are non-exchange traded option agreements which are not regulated and which are tailored to the needs of a specific investor. These options enable the user to structure precisely the date, market level and amount of a given position. The counterparty for these agreements will be the specific firm involved in the transaction rather than a recognised exchange and accordingly the bankruptcy or default of a counterparty with which the relevant Sub-Fund trades OTC options could result in substantial losses to that Sub-Fund. Moreover, monies deposited as margin with a counterparty may not be segregated from other monies held by the counterparty and there can be no guarantee that in the event of insolvency or bankruptcy of the counterparty, such monies will be returned in whole or in part to the Sub-Fund concerned as they may be made available to third party creditors of the counterparty. The relevant Sub-Fund will endeavour to limit this risk by entering into transactions only with counterparties, which it believes to be creditworthy. Regardless of the measures the Company may implement to reduce counterparty credit risk, there can be no assurance that a counterparty will not default or that the relevant Sub-Fund will not sustain losses on the transactions as a result.

#### **(b) Illiquidity**

From time to time, the counterparties with which a Sub-Fund effects transactions might cease making markets or quoting prices in certain of the instruments. In such instances, the Company might be unable to enter into a desired transaction in relation to a Sub-Fund in currencies, commodities, equities or fixed income instruments, or to enter into any offsetting transaction with respect to an open position, which might adversely affect its performance.

#### **(c) Necessity for Counterparty Trading Relationships**

As noted above, participants in the OTC markets typically enter into transactions only with those counterparties, which they believe to be sufficiently creditworthy, unless the counterparty provides margin, collateral, letters of credit or other credit enhancements. While the Investment Manager believes that a Sub-Fund will be able to establish the necessary counterparty business relationships to permit the Sub-Fund to effect transactions in the OTC markets and other counterparty markets, there can be no assurance that it will be able to do so. Moreover, the counterparties with which such relationships may be effected will not be obliged to maintain the credit lines extended, and such counterparties could also decide to reduce or terminate such credit lines at their discretion.

### **Counterparty and Settlement Risk**

The Company may enter into over-the-counter (i.e. off-exchange) derivative contracts in relation to each Sub-Fund, and accordingly will be exposed to the risk that the counterparties to such contracts may, in an insolvency or similar event, be unable to meet their contractual obligations under the contracts. If a counterparty was unable to meet its contractual obligations under a derivative, the Sub-Fund in relation to which the Company had entered into that derivative could incur a loss and this would have an adverse effect on the value of the Sub-Fund. The fact that the derivatives will be entered into over-the-counter rather than on a regulated market may increase the potential for loss by each Sub-Fund.

### **Unquoted Securities Risk**

A Sub-Fund may invest in unquoted securities, which will be valued at their probable realisation value in the manner described above. Estimates of the fair value of such securities are inherently difficult to establish and are the subject of substantial uncertainty. The Investment Manager may be consulted with respect to the valuation of assets, such as derivative contracts, and will be approved for the purpose by the Administrator. There is an inherent conflict of interest between the involvement of the Investment Manager in verifying the value of investment assets provided by the counterparty and the Investment Manager's other responsibilities.

### **Fixed Interest Securities**

Fixed interest securities are particularly affected by trends in interest rates and inflation. If interest rates increase, capital values may fall and vice versa. Inflation will erode the real value of capital. In addition, companies may not be able to honour repayment on bonds they issue.

**Currency Risk**

Prospective investors whose assets and liabilities are predominantly in currencies, other than the Base Currency of the relevant Sub-Fund, should take into account the potential risk of loss arising from fluctuations in value between the currency of investment and such other currencies.

**Currency Hedging Strategy**

To the extent that a Sub-Fund employs a strategy of hedging the return of a particular Sub-Class of Shares to an exchange rate other than the relevant Sub-Fund's Base Currency, this may substantially limit the Shareholders of that class from benefiting if the currency to which it is hedged falls against the Base Currency of the Sub-Fund.

**Contamination Risk**

The Sub-Funds are segregated as a matter of Maltese law and as such, in Malta, the assets of one Sub-Fund will not be available to satisfy the liabilities of another Sub-Fund. However, it should be noted that the Company is a single legal entity, which may operate or have assets held on its behalf or be subject to claims in other jurisdictions which may not necessarily recognise such segregation. There can be no guarantee that the courts of any jurisdiction outside Malta will respect the limitations on liability as set out above.

**Investment Strategies**

The success of any investment strategy depends upon the ability to understand and evaluate the potential risks and benefits of investments. Any factor which renders it difficult to perform such analysis may be detrimental to the safety of capital and returns. As investment strategies may be modified and altered from time to time, it is possible that investment strategies used in the future may be different from those presently in use or proposed to be used. No assurance can be given that any investment strategies used or to be used will be successful under all or any market conditions.

**Counterparty and Settlement Considerations**

The Sub-Funds will be exposed to credit risk on the counterparties with which it trades in relation to options, futures contracts and other derivative financial instruments that are not traded on a recognised exchange. Such instruments are not afforded the same protections as may apply to participants trading futures or options on organised exchanges, such as the performance guarantee of an exchange clearing house. The Sub-Funds will be subject to the possibility of the insolvency, bankruptcy or default of a

counterparty with which a particular Sub-Fund trades such instruments, which could result in substantial losses.

A Sub-Fund will also be exposed to a credit risk on parties with whom it trades securities, and may also bear the risk of settlement default, in particular in relation to debt securities such as bonds, notes and similar debt obligations or instruments. Shareholders should also note that relevant settlement mechanisms in emerging markets are generally less developed and less reliable than those in more developed countries, and that this therefore increases the risk of settlement default, which could result in losses for the relevant Sub-Fund in respect of those investments in emerging markets. Shareholders should also note that the securities of small capitalisation companies as well as the securities of companies domiciled in emerging markets are less liquid and more volatile than in more developed stock markets and that this may result in fluctuations in the price of the Shares of the relevant Sub-Fund.

### **Liquidity and Settlement Risks**

A Sub-Fund will be exposed to a credit risk in respect of parties with whom it trades or transacts and will also bear the risk of settlement default. Market practices in relation to the settlement of certain securities transactions and the custody of assets could serve to increase those risks.

To the extent that a Sub-Fund invests in swaps, derivative or synthetic instruments, repurchase agreements or other over-the-counter transactions, the Sub-Fund may take a credit risk with regard to parties with whom it trades and may also bear the risk of settlement default. These risks may differ materially from those involved in exchange-traded transactions which generally are backed by clearing organisation guarantees, daily marking-to-market, settlement, segregation and minimum capital requirements applicable to intermediaries. Transactions entered directly between two counterparties generally do not benefit from such protections and expose the parties to the risk of counterparty default.

### **Exchange Rate Fluctuations**

The Investment Manager may select investments in currencies denominated in currencies other than a Sub-Fund's Base Currency. Therefore, a Sub-Fund of the Company will bear the risk of exchange rate fluctuations between (i) the Base Currency and (ii) the other currencies in which investments may be denominated should these investments be left unhedged. The Investment Manager may enter into forward foreign exchange contracts (or other derivative contracts) on behalf of the relevant Sub-Fund in order to manage such currency exposure. Where the Investment Manager enters into

such foreign exchange or derivative contracts, there is no guarantee that such instruments will be successful in hedging out all or any foreign currency risks.

### **Leverage**

Sub-Funds of the Company may invest and operate with a degree of leverage, in line with the MFSA's requirements, if any, applicable to the particular Sub-Fund and as further detailed in the Offering Supplement relating to said Sub-Fund. The position maintained by such Sub-Funds may in aggregate value be in excess of the Net Asset Value of the relevant Sub-Fund. This leverage presents the potential for a rate of total return but also increases the volatility of the relevant Sub-Fund, including the risk of a total loss of the amount invested in such Sub-Fund.

Investors should be aware that any investment programme utilising leverage is inherently more speculative, with a greater potential for losses, than a programme which does not utilise leverage. The premium normally required in options trading and the low margin deposits normally required in futures trading result in an extremely high degree of leverage. Therefore, a relatively small price movement in an unfavourable direction in a commodity futures contract or in the interest underlying an option contract could result in immediate and substantial losses in a Sub-Fund's investments.

### **Political and/or Regulatory Considerations**

The value of the assets of the Company and/or the Sub-Funds may be affected by uncertainties such as international political developments, changes in government policies, taxation, exchange control regulations, expropriation, withholding of dividends at source, restrictions on foreign investment, currency repatriation, currency fluctuations and other developments in applicable laws and regulations.

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

Legal, tax and regulatory changes may occur during the life of the Sub-Funds which may adversely affect the ability of the Sub-Funds to pursue their investment objectives.

The tax consequences to a Sub-Fund and in the Investors of a Sub-Fund, the ability of a Sub-Fund as a foreign investor to invest in the markets and to repatriate its assets including any income and profit earned on those assets and other operations of a Sub-Fund are based on existing regulations and are subject to change through legislative, judicial or administrative action in the various jurisdictions in which a Sub-Fund or its service providers operate.

There can be no guarantee that income tax legislation and laws or regulations governing a Sub-Fund's operations and investments will not be challenged in a manner that may adversely affect a Sub-Fund or the Investors.

### **Portfolio Construction**

The ability of a Sub-Fund to meet its investment objectives is dependant, amongst others, upon the ability of the Board of Directors and/or the Investment Committee to set guidelines and/or asset allocation criteria and the ability of the Investment Committee and/ or the Portfolio Managers to select securities and to add value through their flexible investment management. Although investment decisions will be based on carefully structured investment strategies, there is no assurance that investment objectives will be met.

### **Availability of Investment Opportunities**

The success of the Sub-Funds' investment activities will depend on the Sub-Fund's ability to identify investment opportunities, as well as to assess the import of news and events that may affect the financial markets. No assurance can be given that the Sub-Fund will be able to locate suitable investment opportunities in which to deploy all of the Sub-Funds' assets.

### **Market Crisis and Governmental Intervention**

The global financial markets are currently undergoing pervasive and fundamental disruptions which have led to extensive and unprecedented governmental intervention. Such intervention has in certain cases been implemented on an "emergency" basis without much or any notice with the consequence that some market participants' ability to continue to implement certain strategies or manage the risk of their outstanding positions has been suddenly and/or substantially eliminated. Given the complexities of the global financial markets and the limited time frame within which governments have been able to take action, these interventions have sometimes been unclear in scope and application, resulting in confusion and uncertainty which in itself has been materially detrimental to the efficient functioning of such markets as well as previously successful investment strategies.

### **Economic Conditions**

The success of any investment activity is affected by general economic conditions. Unexpected volatility and severe economic downturns could affect a Sub-Fund's activities.

**Issuer risk (creditworthiness risk)**

A deterioration in an issuer's ability to pay or, in the worst case, an issuer's bankruptcy will lead to at least partial losses for a Sub-Fund's assets.

**Counterparty risk**

The risk arises when the performance of transactions, which have been concluded for the account of a Sub-Fund, are endangered due to the liquidity difficulties or bankruptcy of the corresponding counterparty.

**Monetary value risk**

Inflation can reduce the value of a Sub-Fund's Investments. The purchasing power of the investment capital shrinks if the inflation rate is higher than the return provided by the Investments.

**Business cycle risk**

This represents the risk of security prices losses due to the fact that economic developments have not, or have not been sufficiently, taken into consideration in investment decisions, and therefore investment in securities are made at the wrong time point, or securities are held at an unfavourable phase in the business cycle.

**Country risk**

Investments in countries having unstable political conditions are subject to particular risks. These can quickly lead to significant price fluctuations. The risks include foreign exchange restrictions, transfer risks, moratoriums or embargos.

**Liquidity risk**

The danger exists that at a certain phase the market, investments, particularly in small company stocks (secondary stocks), may be illiquid. This could mean that the securities cannot be traded at the desired time and / or at the hoped-for-price.

**Market price (price risk)**

This is a general risk, associated with all investments, that a value of a certain investment could change to the possible detriment of a Sub-Fund.

**Psychological market risk**

Moods, opinions and rumours can prompt a significant price fall in a security, even though the earnings situation and the future prospects of the company in which the investment is made have not necessarily changed substantially. Psychological market risk has a particular strong impact on equities.

### **Settlement risk**

A Sub-Fund may be exposed to a possible loss due to the fact that a transaction may not be settled as expected because a counterparty does not pay or deliver, or because losses owing to personal mistakes in the settlement of a transaction occur.

### **Tax risk**

The purchase, holding or sale of Shares may be subject to tax regulations (e.g. withholding tax deductions) outside the Sub-Fund's country of domicile. Investors should seek tax advice as necessary.

### **Company risk**

Investments in equities represent a direct participation in a company's business success or lack of it. In the worst case, i.e., bankruptcy, this can lead to a complete loss in the value of the investments concerned.

### **Absence of Regulation by the CFTC**

The Investment Manager is not registered with the U.S. Commodities Futures Trading Commission (the "CFTC") as a commodity pool operator ("CPO") or commodity trading advisor ("CTA"). The Investment Manager has chosen to avail itself of an exemption which requires that each shareholder be a "sophisticated person" or a non-U.S. person as set forth in CFTC Rule 4.13(a)(8). Among other things, this exemption requires the Investment Manager to file a notice of exemption from registration with the National Futures Association. Unlike registered CPOs and CTAs, the Investment Manager is not required to deliver a disclosure document or a certified annual report to Shareholders of each Sub-Fund. The CFTC has not reviewed or approved any offering of Shares in any Sub-Fund in the Company or any offering memorandum for this Company. The Securities and Exchange Commission has not approved or disapproved of the Shares in any Sub-Fund of the Company or authorised this Offering Memorandum. Any representation to the contrary is a criminal offence.



## **Taxation Risk**

Please refer to the “Taxation” section where the potential tax implications for the Company, the Sub-Funds and their Shareholders are set out. The information in relation to Taxation in this Offering Memorandum is of a general nature and does not purport to deal with all of the tax consequences applicable as a result of an investment in any Sub-Fund.

Potential and existing investors should consult their professional advisers concerning possible taxation or other consequences of purchasing, holding, selling, converting or otherwise disposing of the Shares under the laws of their country of incorporation, establishment, citizenship, residence or domicile, and in the light of their particular circumstances.

## **Reliance on the Investment Manager**

The Company will rely on the Investment Manager in formulating its investment strategies. The bankruptcy or liquidation of the Investment Manager or the discontinuance of the Investment Manager's association with any of the parties or otherwise with the operations of the Company may have an adverse impact on the Net Asset Value. Investors must rely on the judgement of the Investment Manager. The Investment Manager or its principals and affiliates are not required to devote substantially all their business time to the Company's business or management of the Sub-Funds' investments.

The Investment Manager intends to manage additional funds and customer accounts in the future. Investment orders for such fund accounts may occur contemporaneously with orders for the Company's Sub-Funds. There is no specific limit as to the number of accounts which may be managed or advised by the Investment Manager. The Investment Manager will act in the best interests of a particular Sub-Fund so far as practical when undertaking any investments for that Sub-Fund.

## **Conflicts of Interest**

Potential investors should be aware that there may be situations in which each and any of the Directors, the Investment Manager and/or its affiliates (together the “Interested Parties”) could encounter a conflict of interest in connection with the Company and its Sub-Funds. Should such a conflict of interest actually arise, the Interested Parties will endeavour to ensure that it is resolved fairly.

The Investment Manager may make investments for other clients without making the same available to a Sub-Fund where the Investment Manager considers that it is acting

in the best interests of the Sub-Fund concerned, so far as reasonably practicable having regard to its obligations under the relevant agreements.

Interested Parties may carry out such functions for other investment companies engaging in the same activities as the Company. As a result of the foregoing, Interested Parties may have conflicts of interest in allocating their time and activity between the Sub-Funds and other funds and accounts, and in allocating investments among the Sub-Funds and other funds and accounts, including ones in which such Interested Parties may have a greater financial interest.

The Company may enter into transactions with companies or other entities forming part of the same group of companies as the Investment Manager or which are associated, directly or indirectly, with any Interested Parties. The Company may enter into such dealings provided that they are on an arm's length basis and on terms no less favourable to those the Company could reasonably have been obtained had the dealing been effected with an independent third party. Should a conflict of interest arise, the Directors and the Investment Manager will endeavour to ensure that it is resolved fairly and that the Company is not disadvantaged.

One of the Directors, Leon Diamond is also a director of the Investment Manager engaged in relation to particular Sub-Funds. His fiduciary duty to a Sub-Fund may compete with or be different from the interests of the Investment Manager. As a result of the affiliations mentioned above, it could be said that the Investment Management Agreement in respect of the Sub-Funds was not negotiated on arm's length terms. However, the Directors have fiduciary duties to the Company and consequently have exercised and will continue to exercise good faith and integrity in handling all the Company's, and its Sub-Funds', affairs.

### **Indemnities**

The Company's Directors and Officers, the Investment Manager, the Administrator and each of their directors, officers, employees and agents are entitled to be indemnified in certain circumstances, under the terms of the relevant agreements and applicable law. As a result, there is a risk that the Company's assets will be used to indemnify such persons, companies or their employees or satisfy their liabilities as a result of their activities in relation to the Company.

### **Performance Fee**

Where Performance Fees are payable by a Sub-Fund, these will be based on net realised and unrealised gains as of the end of any Performance Fee period, which may be a period less than a year. As a result, Performance Fees may be paid on unrealised gains

which may subsequently never be realised as investments may be closed out at a loss in a later period with a consequent reduction in the Net Asset Value on a later Dealing Day. Investors who subscribe for Shares, and/or redeem Shares, at different times may bear different proportionate Shares of Performance Fees (if any) payable by the relevant Sub-Fund to the Investment Manager. Further, the presence of Performance Fees may create an incentive to the Investment Manager to select riskier or more speculative investments than would be the case in the absence of such a fee arrangement. These risks are equally applicable to any other fund into which a Sub-Fund may invest where such fund charges performance fees.

### **Fund Expenses**

The expenses of a Sub-Fund may be a higher percentage of net assets than would be found in other investment entities. Strategies utilized by a particular Sub-Fund may require frequent trading and, as a result, portfolio turnover and brokerage commission expenses may significantly exceed those of other investment entities of comparable size.

As a Sub-Fund is responsible for a broad array of expenses, as described in the “Fees, Compensation and Expenses” section, this may: (i) cause the expenses of the relevant Sub-Fund to be higher than the expenses of similar funds; and (ii) to the extent such expenses are expenses which in similar funds are typically borne by the Investment Manager, the Sub-Fund’s payment of such expenses should be viewed as additional compensation to the Investment Manager.

### **Redemption Rights**

An investment in the Sub-Funds is suitable only for Qualifying Investors. Shares may only be redeemed or exchanged on Dealing Days with due notice. Shares may not be redeemed or exchanged when the calculation of the Net Asset Value is suspended.

### **Voting Rights**

The Founder Shares are issued with voting rights, including the right to appoint the Directors of the Company. Shares in the Sub-Funds do not entitle the holders thereof to any voting rights.

### **Share Currency Designation Risk**

A Sub-Class of Shares may be designated in a currency other than the Base Currency of the relevant Sub-Fund. In such circumstances, adverse exchange rate fluctuations between the Base Currency of the Sub-Fund and the currency in which a Share Sub-Class

is denominated may result in a decrease in return and/or a loss of capital for Shareholders of that Sub-Class specified in the relevant Offering Supplement. The Investment Manager may try to mitigate this risk by using forward currency exchange contracts, currency options or other derivative contracts to hedge the foreign currency exposure of such Sub-Classes against the Base Currency of such Sub-Fund; however, there can be no assurance that this will be successful.

Due to factors outside the control of the Company, it may not be possible or practical to perfectly hedge the foreign currency exposure of the Shares exactly to the currency or currencies in which all the assets of the relevant Sub-Fund are denominated. Accordingly, in devising and implementing any hedging strategy, the Investment Manager may hedge the foreign currency exposure of Shares to the major currencies in which the assets of the relevant Sub-Fund are, or are expected to be, denominated. In determining the major currencies against which the foreign currency exposure of the relevant Sub-Class should be hedged, the Investment Manager may have regard to any index which is expected to closely correspond to the assets of the relevant Sub-Fund and, furthermore, may round amounts.

Where there is more than one currency Hedged Class in a Sub-Fund denominated in the same currency as another currency Hedged Class (and these are denominated in a currency other than the Base Currency of the relevant Sub-Fund) and it is intended to hedge the foreign currency exposure of such Sub-Classes into the Base Currency of the relevant Sub-Fund or into the currency or currencies in which the assets of the relevant Sub-Fund are denominated, the Investment Manager may aggregate the foreign exchange transactions entered into on behalf of such Hedged Classes and direct the Administrator to apportion the gains/loss on and the costs of the relevant financial instruments pro rata to each such Hedged Classes in the relevant Sub-Fund.

Investors should be aware that any currency hedging strategy adopted may substantially limit Shareholders of the relevant Hedged Class from benefiting in the event that the Sub-Class currency declines in value relative to the Sub-Fund's Base Currency and/or the currency/currencies in which the assets of the relevant Sub-Fund are denominated. In addition, hedging costs may also adversely affect the investment performance of such Share Sub-Classes.

For every Share Sub-Class designated in a currency other than the Base Currency of the relevant Sub-Fund, subscriptions, redemptions, exchanges and distributions may give rise to a currency conversion that will be executed at the prevailing rate of exchange available to the Company and any cost of such currency conversion will be borne by the relevant Sub-Class on a Share per Share basis.

Although currency hedging strategies may not necessarily be used in relation to every Share Sub-Class, the financial instruments used to implement such strategies are assets/liabilities of the Sub-Fund as a whole. The Directors shall take steps to ensure that any counterparty to currency hedge transactions will limit recourse in respect of any currency contracts to the assets of the Sub-Fund concerned. Gains/losses on and the costs of any financial instruments used for hedging will accrue solely to or for the relevant Hedged Class.

A Sub-Fund's ability to use financial derivative instruments may be limited by market conditions, legal and regulatory limits and tax considerations. Use of financial derivative instruments involves certain special risks, including: (a) dependence on the Investment Manager's ability to predict movements in the price of assets or Sub-Classes of assets and movements in interest rates; (b) imperfect correlation between movements in the index, securities or currency on which a futures or options contract is based and movements in the securities, currencies or other investments in the relevant Sub-Fund; and (c) the absence of a liquid market or of accurate pricing information for any particular instrument at any particular time.

#### **Variation of Terms**

The Company may offer offering investment terms which are not generally available to all investors. Such variations may include, without limitation, variations to fees, minimum investments (in line with MFSA regulations), and access to more frequent and/or more detailed information regarding a Sub-Fund's positions, performance and finances, with the possible effect that not all investors in the Sub-Fund will invest on the same terms and some investors may be expected to enjoy more favourable terms than other investors.

#### **Handling of Correspondence**

Correspondence addressed to the Company or a Sub-Fund and received at its registered office will be forwarded unopened to the Investment Manager and/or Administrator to be dealt with. None of the Sub-Funds nor the Company, its Directors, Officers or service providers will bear any responsibility for any delay howsoever caused in correspondence reaching the Investment Manager or Administrator.

**The investment risks set out in this Offering Memorandum do not purport to be an exhaustive or complete explanation of all the risks and investors should, in addition, carefully consider the risks set out in the Offering Supplement with respect to the**

**particular Sub-Fund. Investors should seek professional advice before investing in any of the Company's Sub-Funds.**

**Persons interested in purchasing Shares in any of the Company's Sub-Funds should inform themselves as to (a) the legal requirements within their own countries for the purchase of Shares (b) any foreign exchange restrictions which may be applicable, and (c) the income and other tax consequences of purchase and repurchase of Shares.**

## **11. Anti-Money Laundering Requirements**

### **Maltese Requirements**

The Company, acting through the Administrator, is required to ensure full compliance with all applicable Maltese and international anti-money laundering (“AML”) and anti-funding of terrorism (CFT) legislation.

The principal legislation is laid down in the Prevention of Money Laundering Act, 1994 (Chapter 373 of the Laws of Malta) and the Criminal Code (Chapter 9 of the Laws of Malta), as amended, and the consequent requirements for subject persons are laid down in the Prevention of Money Laundering and Funding of Terrorism Regulations, issued in 2008 (Legal Notice 180 of 2008). Further, and if appropriate, the Company may also be required to comply with certain provisions of the USA PATRIOT Act and other relevant international legislation.

The specific requirements include, inter alia, the fundamental requirement to conduct suitable Customer Due Diligence, including the requirement to Know Your Client (and to verify the identity thereof), which extends, for any ‘non-individual’ investor, to the ultimate beneficial owner(s) of the monies invested. This requirement is principally (though not exclusively) satisfied through documentary evidence, as listed in the Client Verification Requirements (“CVR”), which are part of the Subscription Agreement appearing in Appendix II to the relevant Offering Supplement. It should be noted that the Administrator may request further information in order to satisfy its regulatory obligations. The Company is also obliged to obtain information on the purpose and intended nature of the business relationship, in order to be in a position to establish the business and risk profile of the investor. The Company is also obliged at law to carry out ongoing monitoring in the case of an existing business relationship, which includes the scrutiny of transactions undertaken throughout the course of the relationship in order to ensure that the transactions being undertaken are consistent with the Company’s knowledge of the investor and of his business and risk profile, including, where necessary, the source of funds as well as ensuring that the documents, data or information held by the Company are kept up-to-date.

**The completion of the Subscription Agreement serves as confirmation that the investor understands and agrees to furnish the requested documents and other information. It also represents the first request for the documents noted on the CVR. If the documents requested are not received within a reasonable time following the investment, the Administrator will send a second request to the Shareholder, which**

**will act as a reminder. If, within a reasonable time after this reminder, the Administrator still has not received the documents requested, further requests will be sent to the Shareholder. For these further requests there will be a charge imposed on the shareholder of €100, which will be charged directly against the Shareholder's interest in the relevant Sub-Fund.**

**It must also be noted that redemption monies cannot be remitted to the Shareholder until all documents requested have been received. Further, please note that it is a regulatory requirement to report suspicious transactions to the competent authorities, and any relevant data in this regard may need to be transferred to the relevant regulators.**

There is also a requirement to know the source of the funds, such requirement normally limited to knowing the bank and account from which the monies were remitted. A further requirement is that such monies invested may only be redeemed to the account of remittance, except in exceptional circumstances.

Finally, as the aforementioned legislation is subject to change, any additional requirements imposed on the Company will be reflected in its requirements of the applicant.

### **Other Anti-Money Laundering Requirements**

As part of the Company's responsibility to comply with regulations aimed at the prevention of money laundering and terrorist financing, the Company or the Administrator may require a detailed verification of the subscriber's and/or Shareholder's identity, any beneficial owner of the investor, and the source of the investor's subscription payment.

The Company or the Administrator reserves the right to request such information as is necessary to verify the identity of a prospective investor and any underlying beneficial owner of the investor.

The Company or the Administrator also reserves the right to request such identification evidence in respect of a transferee of Shares. In the event of delay or failure by the prospective investor or transferee to produce any information required for verification purposes, the Company or the Administrator may refuse to accept or delay the acceptance of the application, or (as the case may be) to register the relevant transfer of Shares, and (in the case of a subscription of Shares) any funds received will be returned without interest to the account from which the monies were originally debited.



The Company or the Administrator also reserves the right to refuse to make any redemption payment or distribution to a Shareholder if any of the Directors of the Company or the Administrator suspects or is advised that the payment of any redemption or distribution moneys to such Shareholder might result in a breach or violation of any applicable anti-money laundering laws or the laws, regulations, and Executive Orders administered by the U.S. Department of Treasury's Office of Foreign Assets Control ("OFAC"), or other laws or regulations by any person in any relevant jurisdiction (collectively, "AML/OFAC obligations").

Each subscriber and Shareholder will be required to make such representations to the Company as the Company, the Investment Manager or the Administrator will require in connection with applicable AML/OFAC obligations including, without limitation, representations to the Company that such subscriber or Shareholder is not (i) an individual or entity named on any available lists of known or suspected terrorists, terrorist organisations or of other sanctioned persons issued by the Maltese government and the government(s) of any jurisdiction(s) in which the Company is doing business, including the "List of Specially Designated Nationals" and "Blocked Persons" administered by OFAC as such list may be amended from time to time; (ii) an individual or entity otherwise prohibited by the OFAC sanctions programs; or (iii) a current or former senior foreign political figure or politically exposed person, or an immediate family member or close associate of such an individual. Further, such subscriber or shareholder must represent to the Fund that it is not a prohibited foreign shell bank.

Such subscriber or Shareholder will also be required to represent to the Company that amounts contributed by it to the Company were not directly or indirectly derived from activities that may contravene U.S. federal, state or international laws and regulations, including, without limitation, of such subscriber or Shareholder, either by prohibiting additional investments from the subscriber or Shareholder, declining any Redemption Requests from the subscriber or Shareholder, suspending the payment of Redemption proceeds payable to the subscriber or Shareholder, and/or segregating the assets in the account in compliance with governmental regulations. The Company may also be required to report such action and to disclose the subscriber or Shareholder's identity to OFAC or other applicable governmental and regulatory authorities.

## **General**

The Directors of the Company, and the Administrator, shall ensure that the Company applies the most current regulations as may be applicable in Malta, as Member State of the European Union, as well as those rules, regulations and procedures which may be mandatory in any other country which may be relevant and in which the business activities of the Company take place.

## **Data Protection**

As part of the application process all subscribers are required to submit various documents to the Administrator. These are required to enable completion of the application process and to comply with all relevant legislation. Any information received will be kept by the Administrator in accordance with the relevant Data Protection legislation and, in the normal course of business, will not be made available to anyone other than the Administrator.

However, it may become necessary to transfer data at any time to comply with legislation in force either now or at any time in the future (see under “Anti Money Laundering Requirements” for further details). Further, should the administrative functions, in whole or in part, be transferred or delegated to another entity, data will be transferred to the extent necessary for such new entity to carry out its functions effectively. This may include entities and other countries which are deemed to have equivalent data protection legislation in place, and also to countries that are not deemed to have equivalent data protection legislation in place.

By subscribing to the Company, all subscribers should note the above and also note that, by completion of the Subscription Agreement, they are agreeing to any transfer of data carried out for any of the reasons given above, or for any reason that the Administrator deems necessary to comply with legislation in force at the time.

Further, the Company and its service providers consent that any and all data required by the Administrator (in its capacity as such or in its capacity as Registrar or Company Secretary) in exercise of its duties on behalf of the Company may be transferred to and/or from the Administrator (in its capacity as such or in its capacity as Registrar or Company Secretary) in accordance with relevant data protection legislation.

## **12. Taxation**

The following is of a general nature and does not purport to represent the law as currently in force nor to deal with all of the tax consequences applicable to the Company, its Sub-Funds or to Shareholders, some of whom may be subject to special rules.

Shareholders and potential investors should consult their professional advisers concerning possible taxation or other consequences of purchasing, holding, selling, converting or otherwise disposing of the Shares under the laws of their country of incorporation, establishment, citizenship, residence or domicile, and in the light of their particular circumstances.

### **Malta**

In terms of current Maltese fiscal legislation, collective investment schemes, and in the case of a collective investment scheme divided into sub-funds, the sub-funds of that scheme are classified as “prescribed” or “non-prescribed” funds. A scheme (or sub-fund thereof) which declares that the value of its assets situated in Malta is less than eighty five per cent of the value of its total assets is treated as a non-prescribed fund. On this basis, the Company’s Sub-Funds qualify as non-prescribed funds for Maltese tax purposes. Accordingly, no tax will be charged in Malta on any profits or gains of a Sub-Fund, with the exception of any income derived from immovable property situated in Malta.

Capital gains accruing to Shareholders not resident in Malta upon a redemption or transfer of Shares or upon a distribution on a winding-up of a Sub-Fund are not subject to tax in Malta; however, this exemption applies only to the extent that the Shareholders, not resident in Malta, are not owned and controlled by, directly or indirectly, nor act on behalf of an individual or individuals who are ordinarily resident and domiciled in Malta. Dividends (if any) distributed by a Sub-Fund will be payable to Shareholders who are not resident and not domiciled in Malta and who are not owned and controlled, directly or indirectly, nor act on behalf of an individual or individuals who are ordinarily resident and domiciled in Malta without deduction of tax. No capital or stamp duty is payable in Malta on the issue, transfer, or redemption of any Shares to or by a Shareholder.

### **European Union Savings Directive**

The Company is licensed as a Professional Investor Fund and is not a UCITS so that any capital gains arising from the investment in the company fall outside the scope of the EU Savings Directive.

## **US Taxation of US Tax-Exempt Shareholders**

Shareholders which are United States tax-exempt entities, including but not limited to US charities, foundations, pension trusts, Keogh Plans and Individual Retirement Accounts (IRAs), are generally subject to United States federal income tax on unrelated business taxable income ("UBTI"). (US persons that are not US tax-exempt entities are not permitted to own Shares). The Company should be classified as a corporation for US federal income tax purposes and has not and will not file an election to be classified as a partnership. Under current United States tax law, in general and absent other circumstances such as the investment in the Company itself being considered a leveraged investment, dividends to US tax-exempt Shareholders of the Company and capital gains on disposition of the Shares of the Company by such Shareholders should not be considered UBTI even if the Company itself uses leverage. United States tax-exempt Shareholders may in certain circumstances have some US reporting requirements with respect to their investment in Shares (for example Form 926 and Form 5471) even though the income thereon is not subject to US federal income tax. Although the Company may be a passive foreign investment company ("PFIC") under US Internal Revenue Code Section 1297(a), as long as income from the Shares does not produce UBTI, distributions from the Company to such US tax-exempt Shareholders should not be taxed under the PFIC rules.

## **Other Taxes**

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

**TAX CONSEQUENCES MAY VARY DEPENDING UPON THE PARTICULAR STATUS OF AN INVESTOR. THE TAX AND OTHER MATTERS DESCRIBED IN THIS OFFERING MEMORANDUM DO NOT CONSTITUTE, AND SHOULD NOT BE CONSIDERED AS, LEGAL OR TAX ADVICE TO PROSPECTIVE SHAREHOLDERS.**

Potential investors should consult their own professional advisor on the possible tax implications of buying, holding, selling, converting or otherwise disposing of any of the Shares under the laws of their countries of incorporation, establishment, citizenship, residence and domicile.

No warranty is given or implied regarding the applicability or interpretation of the tax laws in any jurisdiction.

## **Appendix I (Extract from the Memorandum & Articles of Association of the Company)**

### **15. Determination of Net Asset Value**

- 15.0 The Company on each Dealing Day shall determine the Net Asset Value and the Net Asset Value per Investor Share of each class of Investor Shares in the Company, which shall be the value of the assets less the liabilities of the Company attributable to such class divided by the number of Investor Shares in issue in that class. The Net Asset Value shall be expressed in the Base Currency (or in such other currency as the Directors shall determine) as a per share figure for each class of Investor Shares in issue (rounding down to the nearest fourth decimal figure of the relevant Base Currency) and shall be determined for each Dealing Day in accordance with this Article and as may otherwise be provided in the Offering Memorandum.
- 15.1 Subject to the provisions of Article 15.2 hereof and unless otherwise stated in the Offering Memorandum, the value of the assets comprised in a Sub-Fund shall be ascertained on the following basis:-

#### **A. Exchange-Traded Securities**

- (i) The main pricing source used by the Company for valuing exchange-traded securities is Bloomberg although, in the event that Bloomberg fails, the Company may use ValuLink or Thomson Reuters ("Reuters") as alternative secondary sources. In the event that all these fail, the Company may use other data providers.

Prices or values (collectively the "Prices", each a "Price") may also be obtained directly from specific Regulated Markets if for any reason they are not available on Bloomberg, Valulink, Reuters or other data providers (collectively the "Data Providers").

Exchange traded securities will include, inter alia, equities (common and preferred stock); warrants; convertible, restricted securities; options and futures on stocks; commodities and futures options; financial futures, including currencies; Forex contracts; corporate and government bonds; fixed income futures; and other specialised futures (weather, carbon).

If a security's Price changes by more than a predetermined percentage from one valuation to the next, then further price verification will be carried out.

The methods used to value the above on the Valuation Day, as defined in the Offering Supplement for the particular Sub-Fund, will be one of the following:

- a. The settle price as at the relevant market close;
  - b. The last traded price at close of business on the relevant Regulated Market;
  - c. The last bid or offer price, or at the specific mid-point between these two prices; and
  - d. The long position bid price and short position offer price.
- (ii) The Prices that shall be used by the Company shall generally be those available at close of business on the Regulated Market that the securities are traded on. However, if deemed appropriate (for example, when hedging is involved), the Company may decide to select alternative times to take the relevant Prices from the Regulated Market(s) concerned.

**B. Non-Exchange Traded Securities**

**Non-Exchange Traded Securities Priced by Data Providers**

Certain securities that are not exchange traded (and are described as over the counter or “OTC” transactions) may be valued by one or more of the Data Providers. Such Prices published by the Data Providers will be applied using the same methods as with exchange traded securities.

This is subject to the fact that Prices for OTC’s, swaps and complex derivatives which are not sourced from a Data Provider can be taken from other sources, as described below.

**Prime Broker or Custodian**

In some cases, where it is not possible, or, even if it is possible, it is deemed by the Company not appropriate, to get Prices from a Data Provider, the Company may be authorised and indeed, instructed, to take Prices from the relevant Sub-Fund’s broker, whether that be a clearing broker, or a Prime Broker, or from the Sub-Fund’s Custodian, if the Sub-Fund utilises a Custodian.

If the Price used by the Custodian or broker appears to be substantially different from the previous Price quoted or differs substantially from that anticipated by the Company, then the Company shall take a decision on the matter and, in so doing, may discuss this with the Manager and the Prime Broker / Custodian, if any. If a Price is available from an Regulated Market, this may also be taken into account.

**Independent Brokers**

If the security is relatively hard to value or for some other reason, Prices are not available from the sources described herein above, then the Company may obtain the Price from an independent broker ("Broker(s)") which deal(s) in the securities. When a number of Brokers trade the security, and can therefore each give a Price, the Company may obtain Prices from up to three Brokers.

It is likely that the Prices provided by the Brokers will differ, reflecting either the different models or methodologies used by each for pricing the security or, indeed, the position that it may have in the market, if it is a principal dealer in such securities. Usually, such Prices will not differ by a material margin (say 5%) and, if that is the case, then the Company shall decide upon the method of Pricing the security (and may in so doing discuss the matter with the Manager, if any,) which method would however usually require the taking of an average of the Prices quoted by the Brokers. Once agreed, the method used shall be consistently applied by the particular Sub-Fund on each Valuation Day.

#### Specialist Price Vendors

For securities that cannot be priced, either through a Data Provider, or by the relevant Sub-Fund's Clearing Broker and/or Custodian, then the Company may use the services of a 'Price Vendor', such as, inter alia, Markit, Prime Source or SunGard Reech.

In the event that a Price Vendor is selected or, indeed, in some cases, two or more Price Vendors are selected because of their perceived different expertises, then it is likely that the Prices published by the Price Vendors for the same security may differ, because of differing models used by the Price Vendors. In such cases, the Company shall (through the Administrator and the Investment Manager, where appointed) consider the differences and decide what action to take, depending upon whether the differences are material, between the prices established by the Price Vendors and the Company's expectations. If the prices established by the Price Vendors' are not considered materially different, then the Company may accept them and use them for the calculation of the NAV. If the prices are different, then the decision will be made as to which Price Vendor's Price should be used or whether the average of the Prices should be used.

#### Price Sources of Last Resort – Counterparty or Manager

Where there is no independent source available with reference to particular securities or should the independent source concerned be considered to be by the Company too expensive and/or unreliable, then the Company may agree with the Counterparty or the Manager, if any, for either of them to set the Price for the securities concerned.

### **C. Other Asset Classes**

The Company on behalf of the relevant Sub-Fund may invest in certain illiquid and hard to value securities (such as inter alia real estate, venture capital, private equity, life policies and IPO's). The pricing policy to be adopted by the Company in relation to the pricing of such securities shall be detailed in the Offering Supplement for the particular Sub-Fund.

**D. Private Equity and Venture Capital Funds**

The Company shall generally rely upon the Prices provided by recognised formulae or methods used to value private equity and venture capital funds, primarily the British Venture Capital Association ('BVCA') or European Venture Capital Association ('EVCA') suggested formulae for valuing assets in such funds. In relying upon these Prices, the Company shall however also take into account any special knowledge that it (including through the Manager, if any) may have with regard to the value of the securities, transactions in the pipeline, recent transactions in the securities concerned, and so forth.

**E. Real Estate Funds**

Real estate investments shall be valued at regular intervals by a recognised real estate agent (the 'Agent') with expertise in the region in which the real estate is situated. The Company shall typically engage such Agents to value the real estate upon purchase of same by the Company, and then subsequently to provide the Company with approximated valuations, on a periodic basis, which approximated valuations would normally be based upon an appropriate index, subject to a detailed annual valuation of each such asset of the particular Sub-Fund being provided by the Agent to the Company.

**F. Life Policies or Annuities**

The Company may invest in life policies or annuities, which are investment-linked life insurance policies. The pricing of the underlying life policies will be subject to actuarial considerations and, therefore, the particular Sub-Fund shall appoint an actuary, or similar "expert", to value the life policies, taking into account not only the underlying assets of the life policies, but also the life expectancy of the insured.

**G. POs and Pre-IPOs**

The Company may invest in initial public offerings ('IPOs', also known as 'New Issues'), which will be priced as an exchange traded equity in accordance with this Article 15.

The Company may also invest in pre-IPO securities, which would be priced or valued on a combination of the anticipated future issue price, together with a discounted cash flow factor. The formula for valuing these securities would be agreed between the Manager and the Administrator, if any, unless there is an



active “grey market” (OTC trading) in the securities concerned which will establish a “last traded price” for the securities.

**H. Funds of Funds**

The Company may invest in funds of funds (the ‘Underlying Funds’). The Prices of the Underlying Funds shall be those obtained from the administrators of such Underlying Funds: provided that should any such administrator not provide the Price for any such Underlying Fund in a timely manner, the Company may accept ‘estimated prices’, subject to such additional terms, including but not limited to the percentage of estimates that shall be allowed, as may be agreed to between the Company (acting through its Manager, if any) and the administrator of the Underlying Fund concerned.

**I. Valuation of Securities that have become Illiquid**

Where any securities that the Company may invest shall become highly illiquid, the Company may be unable to value such securities.

**J. Cash, Near Cash and Cash Equivalent Investments and Cash Management**

Should the Company hold cash equivalent or near cash securities having an interest factor, these shall be valued as if they were bonds or notes.

**K. Fund Inventory Methodology**

All the above is subject to the fact that the Company opt to value the portfolio pertaining to a particular Sub-Fund on a FIFO ("First In First Out), AVCO ("Average Cost") or SPEC ("Specified Matching") basis. In such as a case, the Company shall adopt the same methodology for all securities in that portfolio except futures which may be accounted for on a separate basis.

**L. Deductions**

- (i) There shall be deducted from the Investments the total amount (whether actual or estimated by the Directors) of any other liabilities properly payable including tax (if any) as in the estimate of the Directors is chargeable in respect of the current or previous Accounting Period, outstanding borrowings, and accrued interest on borrowings (if any), but excluding liabilities taken into account in terms of paragraph (ii) herein.
- (ii) Where, in consequence of any notice or repurchase request duly given, a reduction of the Sub-Fund by the cancellation of Investor Shares has been or is to be effected but payment in respect of such reduction has not been completed, the Investor Shares in question shall be deemed not to be in issue

and any amount payable in cash or Investments out of the capital of the Sub-Fund in pursuance of such reduction shall be deducted.

- (iii) There shall be deducted from the value of any Investment in respect of which a call option has been written the value of such option calculated by reference to the latest available dealing price on a Regulated Market or (if bid and offer quotations are made) the middle quotation on such Regulated Market or if no such price is available the value thereof shall be determined by such competent professional person as may be appointed for such person by the Directors.
- 15.2 Every Investor Share allotted by the Company shall be deemed to be in issue and the relevant Sub-Fund shall be deemed to include the net amount of any cash or other property to be received in respect of each such Investor Share.
- 15.3 Notwithstanding anything contained in Article 15.1 hereof, the Directors may adjust the value of any asset or permit some other method of valuation to be used if they consider that in the circumstances (including without limitation a material volume of subscriptions or requests for repurchase of Investor Shares in the Sub-Fund, or the marketability of the assets, or such other circumstances as the Directors may deem appropriate) such adjustment or other method of valuation should be adopted to reflect more fairly the value of such asset. Without prejudice to the generality of the foregoing the Directors may value the shares of any Sub-Fund using the amortised cost method of valuation, whereby the Investments are valued at their cost of acquisition, adjusted for amortisation of premium or accretion of discount on the Investments, rather than at the current market value of the Investments.
- 15.4 The Directors shall not be under any liability by reason of the fact that a value reasonably believed by them to be the correct value of any asset, whether calculated by reference to the middle market price, the latest available dealing price or otherwise, may subsequently be found not to be such.
- 15.5 Without prejudice to their general powers to delegate their functions herein contained, the Directors may delegate any of their functions in relation to the calculation of Net Asset Value to any Manager or any Administrator, appointed for the time being, to a committee of the Directors or to any other duly authorised person. In the absence of wilful misconduct or manifest error, every decision taken by the Directors or any committee of the Directors or by any Manager or any Administrator, appointed for the time being, or any duly authorised person on behalf of the Company in calculating the Net Asset Value shall be final and binding on the Company and on present, past and future Members. In circumstances which may be identified in the Offering Memorandum, the Directors or any Manager or Administrator, appointed for the time being, or any other duly authorised person shall be authorised to rely fully on any

valuations made by third parties if no reasonable or appropriate means exist in order for them to calculate the Net Asset Value themselves.

- 15.6 The Company, any Manager and any Administrator, appointed for the time being, shall not be responsible for any error in calculating the value of assets if the Company, any Manager or any Administrator, appointed for the time being (as the case may be) has acted in good faith when making such calculations and no adjustments shall be made to the values of any assets unless the valuation error exceeds 0.5% (half a percentage point) of the Net Asset Value.

## **Appendix II ((Extract from the Memorandum & Articles of Association of the Company)**

### **16. Suspension of the Determination of Net Asset Value**

16.0 The Directors at any time may, but shall not be obliged to, temporarily suspend the (a) determination of the Net Asset Value of any class of Investor Shares and/or (b) the sale and repurchase (as the case may be) of such Investor Shares or the repurchase of only part of the Investor Shares for which repurchase requests have been received, in any of the following instances or as otherwise may be stated in the Offering Memorandum: -

- (i) during any period (other than holiday or customary weekend closings) when any market is closed being the main market for a significant part of the Investments comprised in the Sub-Fund to which such class of Investor shares relates, or in which market trading thereon is restricted or suspended; or
- (ii) during any period when an emergency exists as a result of which disposal by the Company of Investments which constitute a substantial portion of the assets of the Sub-Fund to which such class of Investor Shares relates is not practically feasible; or
- (iii) during any period when for any reason the market value of Investments of the Sub-Fund to which such class of Investor Shares relates cannot be reasonably, promptly or accurately ascertained by the Company; or
- (iv) during any period when remittance of monies which will, or may, be involved in the realisation of, or in the payment for, Investments comprised in the Sub-Fund to which such class of Investor Shares relates cannot in the opinion of the Directors be carried out for any reason whatsoever; or
- (v) during any period when the proceeds of sale or repurchase of such Investor Shares in the Company cannot be transmitted to or from the Company's account; or
- (vi) during any period when in the opinion of the Directors the realisation of assets of the Sub-Fund to which such class of Investor Shares relates could, if realised at that particular moment in time, adversely affect and/or prejudice the Members' interest in the Company.

- 16.1 The Company may elect to treat the first Dealing Day on which the conditions giving rise to the suspension have ceased as a substitute Dealing Day in which case the Net Asset Value calculations and all sales and repurchases of shares shall be effected on the substitute Dealing Day.
- 16.2 Notice of any such suspension shall be appropriately published by the Company in a local newspaper or appearing on the web-site of any Manager or Administrator, if any appointed for the time being. The Company shall furthermore notify such suspension to all persons who in the opinion of the Company are likely to be affected thereby in such manner as it may deem appropriate. Any such suspension shall be notified immediately to the Custodian, if any, the MFSA and, if applicable, to the MSE or other Recognised Investment Exchange.
- 16.3 The dealing in shares shall also be suspended upon the lawful order of the MFSA, the MSE, other Recognised Investment Exchange or other competent authority in terms of the Regulations.

### **Appendix III – non-Eligible Investors**

1. US Persons
2. Residents and citizens of Malta