

Private Placement Memorandum, Strictly Confidential
December 2015

Element ONE Ltd.

Mandar House, Johnson's Ghut, 3257, Road Town,
Tortola, British Virgin Islands

elements.vi



Element ONE Ltd. (BVI Company number: 1882943) is a British Virgin Islands Business Company Recognized as a PRIVATE FUND. Investment manager of the Fund is Threesixty Elements S.A.

Threesixty Elements S.A. (BVI Company number: 1882001) is authorized and licensed by the Financial Services Commission ("FSC") under the Securities and Investment Business Act, 2010 ("SIBA") and Investment Business (Approved Managers) Regulations, 2012 in the British Virgin Islands ("BVI"), Certificate No. IBR/AIM/15/0110.

This is not an offer to sell or a solicitation of an offer to buy the shares described herein in any jurisdiction to any person to whom it is unlawful to make such an offer or sale.

If you have any questions about the contents of this memorandum, please contact us at + 44 20 3034 0055 or front@elements.vi.

Directory

INVESTMENT MANAGER

Threesixty Elements S.A.
Coverdale Trust Services Limited, 30 de
Castro Street, P.O. Box 4519, Road Town,
Tortola,
British Virgin Islands
+ 44 20 3034 0055

REGISTERED OFFICE

G.S.L. Law & Consulting (BVI) Limited,
First Floor, Mandar House, Johnson's
Ghut, P. O. Box 3257, Road Town,
Tortola,
British Virgin Islands
+1 (284) 495-4755

BROKERS AND CUSTODIANS

Interactive Brokers LLC
One Pickwick Plaza, Greenwich,
CT 06830 USA

Otkritie Capital International Limited
12th Floor, 88 Wood Street,
London, EC2V 7RS, UK
+44 207 8268200

BVI LEGAL COUNSEL

G.S.L. Law & Consulting (BVI) Limited,
First Floor, Mandar House, Johnson's
Ghut, P. O. Box 3257, Road Town,
Tortola,
British Virgin Islands
+1 (284) 495-4755

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Notice

THIS CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM (THE “MEMORANDUM”) HAS BEEN PREPARED IN CONNECTION WITH THE PRIVATE OFFERING AND SALE OF SHARES OF ELEMENT ONE LTD. (THE “FUND”), TO A LIMITED NUMBER OF PERSONS AND MAY NOT BE REPRODUCED.

NO PERSON IS AUTHORIZED TO ISSUE ANY ADVERTISEMENT, GIVE ANY INFORMATION OR MAKE ANY REPRESENTATION NOT CONTAINED IN THIS DOCUMENT IN CONNECTION WITH THE OFFERING, SUBSCRIPTION OR SALE OF SHARES AND ANY ADVERTISEMENT SO ISSUED OR INFORMATION OR REPRESENTATION SO MADE MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY OR ON BEHALF OF THE FUND. THE DELIVERY OF THIS MEMORANDUM AT ANY TIME AND THE ALLOCATION OF SHARES DO NOT IMPLY THAT THE INFORMATION CONTAINED HEREIN IS CORRECT AS AT ANY TIME SUBSEQUENT TO ITS DATE.

THE DISTRIBUTION OF THIS DOCUMENT AND THE OFFERING OF THE SHARES IN CERTAIN JURISDICTIONS MAY BE RESTRICTED BY LAW. PERSONS INTO WHOSE POSSESSION THIS DOCUMENT COMES ARE REQUIRED BY THE FUND TO INFORM THEMSELVES ABOUT AND TO OBSERVE ANY SUCH RESTRICTIONS.

NO REGISTRATION STATEMENT HAS BEEN FILED WITH THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION WITH RESPECT TO THIS OFFERING. THE SHARES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933 (THE “SECURITIES ACT”) AND MAY ONLY BE OFFERED, SOLD OR OTHERWISE TRANSFERRED DIRECTLY OR INDIRECTLY TO A UNITED STATES CITIZEN OR RESIDENT OR TO A CORPORATION, FUND, TRUST OR OTHER ENTITY CHARTERED OR ORGANIZED UNDER THE LAWS OF ANY JURISDICTION IN THE UNITED STATES OF AMERICA, ITS TERRITORIES OR POSSESSIONS, IN PRIVATE PLACEMENTS EXEMPT FROM REGISTRATION PURSUANT TO REGULATION D OF THE SECURITIES ACT.

THIS MEMORANDUM DOES NOT CONSTITUTE AN OFFER OR SOLICITATION BY ANYONE IN ANY JURISDICTION IN WHICH SUCH OFFER OR SOLICITATION IS NOT AUTHORIZED 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 JURISDICTION APPLICABLE TO THE PURCHASE OF SHARES AND TO ANY TAXATION OR EXCHANGE CONTROL LEGISLATION APPLICABLE TO THEM.

NO OFFERING LITERATURE OR ADVERTISING IN ANY FORM WILL BE EMPLOYED IN THE OFFERING OF SHARES EXCEPT FOR THIS MEMORANDUM, THE OTHER DOCUMENTS REFERRED TO HEREIN AND THE DOCUMENTS SPECIFICALLY APPROVED IN WRITING BY THE INVESTMENT MANAGER. THE TERMS OF THIS MEMORANDUM ARE SUBJECT TO THE ARTICLES OF ASSOCIATION OF THE FUND, THE TERMS OF WHICH WILL CONTROL IN THE EVENT OF ANY INCONSISTENCY WITH THIS MEMORANDUM. NO PERSON OTHER THAN THE INVESTMENT MANAGER, WHICH HAS PREPARED THIS MEMORANDUM, HAS BEEN AUTHORIZED TO MAKE REPRESENTATIONS, OR GIVE ANY INFORMATION, WITH RESPECT TO THE FUND OR THE INTERESTS, EXCEPT THE INFORMATION CONTAINED HEREIN, AND ANY INFORMATION OR REPRESENTATION NOT EXPRESSLY CONTAINED HEREIN (EVEN IF OTHERWISE SUPPLIED BY THE INVESTMENT MANAGER) MUST NOT BE RELIED UPON. PROSPECTIVE INVESTORS MUST SUBSCRIBE THE INTERESTS BASED SOLELY ON THE INFORMATION INCLUDED IN THIS MEMORANDUM AND THE EXHIBITS TO THIS MEMORANDUM.

EXCEPT AS OTHERWISE INDICATED, THIS MEMORANDUM SPEAKS AS OF THE DATE SET FORTH ON THE COVER PAGE AND NEITHER THE DELIVERY HEREOF NOR ANY SALE MADE HEREUNDER WILL, UNDER ANY CIRCUMSTANCES, CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE SINCE SUCH DATE IN THE CONDITION OF THE PARTNERSHIP OR IN THE OTHER MATTERS DESCRIBED HEREIN.

THE FUND HAS BEEN ESTABLISHED AS A BVI BUSINESS COMPANY UNDER THE BVI BUSINESS COMPANIES ACT, 2004 (AS AMENDED) AND IS RECOGNISED AS A "PRIVATE FUND" UNDER THE SECURITIES AND INVESTMENT BUSINESS ACT, 2010 (AS AMENDED) OF THE BRITISH VIRGIN ISLANDS ("SIBA").

THE FUND IS SUITABLE FOR INVESTMENT BY ALL INVESTORS WITHIN PRIVATE OFFERING BUT PREFERABLE BY PROFESSIONAL INVESTORS.

FOR THE PURPOSES OF SIBA, A PROFESSIONAL INVESTOR IS DEFINED AS A PERSON: WHOSE ORDINARY BUSINESS INVOLVES, WHETHER FOR THAT PERSON'S OWN ACCOUNT OR THE ACCOUNT OF OTHERS, THE ACQUISITION OR DISPOSAL OF PROPERTY OF THE SAME KIND AS THE PROPERTY, OR A SUBSTANTIAL PART OF THE PROPERTY, OF THE FUND; OR WHO HAS SIGNED A DECLARATION THAT HE, WHETHER INDIVIDUALLY OR JOINTLY WITH HIS SPOUSE, HAS NET WORTH IN EXCESS OF SUCH SUM AS SHALL BE SPECIFIED IN THE MUTUAL FUND REGULATIONS, 2010 (AS AMENDED) (THE "REGULATIONS") OR ITS EQUIVALENT IN ANY OTHER CURRENCY AND THAT HE CONSENTS TO BEING TREATED AS A PROFESSIONAL INVESTOR. THE CURRENT SUM SPECIFIED FOR THESE PURPOSES OF US\$ 1,000,000.

THE MINIMUM INITIAL INVESTMENT BY EACH INVESTOR (SAVE FOR EXEMPTED INVESTORS AS DEFINED IN THE REGULATIONS) IS US\$100,000 OR ITS EQUIVALENT IN ANOTHER CURRENCY.

THE FUND IS NOT SUBJECT TO SUPERVISION BY THE FINANCIAL SERVICES COMMISSION OF THE BRITISH VIRGIN ISLANDS (THE "COMMISSION") OR BY A REGULATOR OUTSIDE THE BRITISH VIRGIN ISLANDS. HOWEVER, THE COMMISSION MAY REQUIRE THE FUND TO PROVIDE INFORMATION OR DOCUMENTATION SPECIFIED BY THEM IF THEY DETERMINE THAT SUCH DISCLOSURE IS REASONABLY REQUIRED FOR THE PURPOSES OF DISCHARGING THEIR FUNCTION OR ENSURING COMPLIANCE WITH ANY FINANCIAL SERVICES LEGISLATION AND MAY CONDUCT ON-SITE INSPECTIONS OF THE FUND INSIDE OR OUTSIDE THE BRITISH VIRGIN ISLANDS. THE COMMISSION MAY IMPOSE CONDITIONS ON THE FUND'S CERTIFICATE OF RECOGNITION, WHETHER ON GRANT OR SUBSEQUENTLY. THE COMMISSION MAY ALSO COMMENCE ENFORCEMENT ACTION AGAINST THE FUND, THE OUTCOME OF WHICH MAY RESULT IN REVOCATION OR SUSPENSION OF A FUND'S CERTIFICATE OF RECOGNITION.

THE REQUIREMENTS CONSIDERED NECESSARY FOR THE PROTECTION OF INVESTORS THAT APPLY TO PUBLIC FUNDS UNDER SIBA DO NOT APPLY TO THE FUND.

AN INVESTOR IN THE FUND IS SOLELY RESPONSIBLE FOR DETERMINING WHETHER THE FUND IS SUITABLE FOR HIS INVESTMENT NEEDS.

INVESTMENT IN THE FUND MAY PRESENT A GREATER RISK TO AN INVESTOR THAN INVESTMENT IN A PUBLIC FUND REGISTERED UNDER SIBA.

THE FUND IS REQUIRED UNDER THE REGULATIONS TO PREPARE FINANCIAL STATEMENTS FOR EACH FINANCIAL YEAR THAT COMPLY WITH ACCOUNTING STANDARDS SPECIFIED IN THE REGULATIONS. THE FUND IS REQUIRED TO APPOINT AND AT ALL TIMES HAVE AN AUDITOR FOR THE PURPOSES OF AUDITING ITS FINANCIAL STATEMENTS (ALTHOUGH THE COMMISSION MAY EXEMPT THE FUND FROM SUCH REQUIREMENT UPON WRITTEN APPLICATION TO THE COMMISSION). A COPY OF THE AUDITED FINANCIAL STATEMENTS OF THE FUND (TO THE EXTENT REQUIRED) SHALL BE PROVIDED TO THE COMMISSION WITHIN SIX MONTHS AFTER THE FINANCIAL YEAR END FOR THE FINANCIAL STATEMENTS, OR SUCH EXTENDED PERIOD GENERALLY NOT EXCEEDING FIFTEEN MONTHS AS THE COMMISSION MAY APPROVE IN WRITING.

THIS MEMORANDUM IS INTENDED SOLELY FOR THE USE OF THE PERSON TO WHOM IT HAS BEEN DELIVERED BY THE FUND, FOR THE PURPOSE OF EVALUATING A POSSIBLE INVESTMENT BY THE RECIPIENT IN THE SHARES DESCRIBED HEREIN, AND IT IS NOT TO BE REPRODUCED OR DISTRIBUTED TO ANY OTHER PERSON (OTHER THAN PROFESSIONAL ADVISORS OF THE PROSPECTIVE INVESTOR RECEIVING THIS DOCUMENT FROM THE FUND).

TRANSFERABILITY OF SHARES IN THE FUND IS SUBJECT TO THE PRIOR APPROVAL OF THE BOARD OF DIRECTORS AND THERE WILL BE NO PUBLIC MARKET FOR THE SHARES. SHARES WILL BE REDEEMABLE BY THE SHAREHOLDERS ON EACH REDEMPTION DATE (AS DEFINED HEREIN). THE BOARD OF DIRECTORS OF THE FUND MAY REQUIRE A MANDATORY REDEMPTION IN CERTAIN CIRCUMSTANCES. SHARES OFFERED HAVE NOT BEEN TRADED PRIOR TO THIS OFFERING.

THE VALUE OF INVESTMENTS MAY FALL AS WELL AS RISE AND THERE IS NO CERTAINTY OF RECOUPING THE AMOUNT OF MONEY ORIGINALLY INVESTED. THERE CAN BE NO ASSURANCE THAT THE INVESTMENT OBJECTIVES OF THE FUND WILL BE ATTAINED AND THAT LOSSES WILL NOT BE REALIZED. CONSEQUENTLY, THE VALUE OF SHARES MAY GO UP OR DOWN.

ALL MONETARY AMOUNTS SET FORTH HEREIN ARE EXPRESSED IN UNITED STATES DOLLARS, UNLESS INDICATED TO THE CONTRARY.

IMPORTANT - IF YOU ARE IN ANY DOUBT ABOUT THE CONTENTS OF THIS OFFERING DOCUMENT, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, COUNSEL AND ATTORNEY, ACCOUNTANT OR OTHER FINANCIAL ADVISER. PROSPECTIVE INVESTORS SHOULD NOT CONSTRUE THE CONTENTS OF THIS DOCUMENT AS LEGAL, TAX OR FINANCIAL ADVICE. EACH PROSPECTIVE INVESTOR SHOULD CONSULT HIS OWN PROFESSIONAL ADVISORS AS TO (A) THE LEGAL REQUIREMENTS WITHIN THE COUNTRY OF HIS RESIDENCE FOR THE PURCHASE, HOLDING OR DISPOSAL OF SHARES (B) ANY FOREIGN EXCHANGE RESTRICTIONS WHICH MAY BE RELEVANT AND THE INCOME AND OTHER TAX CONSEQUENCES WHICH MAY BE RELEVANT TO THE PURCHASE, HOLDING OR DISPOSAL OF SHARES.

Overview

Structure of the Fund

Element ONE Ltd. (“Private Fund”) is a British Virgin Islands business company limited by shares, incorporated on 15 July 2015. Threesixty Elements S.A. is a British Virgin Islands business company limited by shares, incorporated on 8 July 2015 (“Investment Manager”) is the investment manager of the Fund. The Investment Manager has discretionary authority to invest the assets of the Fund, subject to the policies and control of the board of directors of the Fund (“Directors,” “Board of Directors” or “Board”).

To achieve investment and operational efficiencies, the Investment Manager may enter into a subadvisory relationship whereby the Investment Manager delegates certain of its investment and operational duties to a subadviser, subject to the investment program and objectives described herein.

Capital Structure

The Fund is authorized to issue 50,000 shares, divided into two classes (“Classes”), Class A and Class B Shares, with Class A comprising 10,000 ordinary Class A Shares with no par value and Class B comprising 40,000 Class B Shares with a par value USD 1,000 each. The Board of Directors may issue shares in different classes, The Company may issue fractional Shares. Each Ordinary Class A Share in the Company confers upon the Shareholder the right to vote at a meeting of the Shareholders of the Company or in relation to any Resolution of Shareholders. The Shareholders holding Class A Shares shall not be entitled to dividend distributed by the Company or to surplus assets distributed on the liquidation of the Company. Each Class B Share in the Company confers upon the Shareholder the right to an equal share in dividend paid by the Company and the right to an equal share in the surplus assets distributed on the liquidation of the Company. The Shareholders holding Class B Shares shall not be entitled to vote at a meeting of the Shareholders of the Company or in relation to any Resolution of Shareholders. All Class A Shares are currently held by the Investment Manager. Additional Classes of Shares may be established to accommodate different rights, privileges and terms associated with one or more Shareholders (including, but not limited to, voting rights, redemption rights and fees).

Investment Objective and Strategy

The Fund was formed to pool investment funds of its shareholders (“Shareholders”) for the purpose of generating long-term capital appreciation through consistent and superior risk-adjusted absolute returns in all market environments.

The Fund’s trading strategy is in accordance with the Investment Manager’s assessment of the capital market situation as well as the general prospects of the investment instruments. The Fund’s assets are invested worldwide according to the principle of distribution of risks but primarily in public U.S. securities, ETFs and options.

As part of the strategy the Fund divides its assets into several separate portfolios. One of these segregated portfolios is used for intraday speculative trading, realized by the Investment Manager’s own traders. These traders may operate any instruments on different markets basing their investment decisions primarily by carrying out methods of technical analysis.

No assurance can be given that the Fund will achieve its objective, and investment results may vary substantially over time and from period to period.

Fees and Expenses

In consideration of its services under the Investment Management Agreement, the Investment Manager shall be entitled to receive remuneration as follows below.

Management Fees

The Management fee is 2% per annum of the NAV annual average. The payment of the management fee shall be made no more than once per quarter.

Incentive Fees

25% of the amount of NAV growth for the calendar year, free and clear of the “minimum risk-free rate”, which shall be determined according to the agreement between the Investment Manager and the Fund no less than once per year. Payment of the Incentive Fees shall be made once a year within the term additionally agreed upon by the Parties.

The Investment Manager may, in its sole and absolute discretion, waive or reduce the Management Fee charged to any Class or Series of Shares.

The Fund will pay for its organizational and initial offering expenses, as well as its operating expenses, including, but not limited to, all accounting, auditing, legal, administration, research and trading costs. The Investment Manager will pay for its own administrative and overhead expenses incurred in connection with providing services to the Fund.

The Offering

This Confidential Private Placement Memorandum (“Memorandum”) has been prepared in connection with the offering of the Fund’s Shares (“Offering”) to persons and entities (i) that are not US Persons (as defined herein), and (ii) who meet other eligibility requirements (collectively, “Offerees”). The minimum initial subscription amount for Shares is US\$100,000. The Board of Directors, in its sole discretion, may accept lesser amounts for subsequent subscriptions; provided that each Shareholder must subscribe for an initial minimum investment of US\$100,000. Shares may generally be purchased on a monthly basis.

Transfers and Redemptions

There will be no public market for the Shares and the Shares are not transferable except under certain limited exceptions. Generally, Shares may be redeemed on a quarterly basis, with any redemption made upon at least 30 days prior written notice.

Risk Factors, Conflicts of Interest and Other Considerations

No representations or warranties of any kind are intended or should be inferred with respect to the economic return from, or the tax consequences of, an investment in the Fund. No assurance can be given that existing laws will not be changed or interpreted adversely. Before purchasing Shares, you should carefully consider various risk factors and conflicts of interest, as well as eligibility requirements, restrictions on transfer and redemption of Shares and various legal, tax and other considerations, all of which are discussed elsewhere in this Memorandum. Some of these considerations are set forth in the sections entitled “IMPORTANT GENERAL CONSIDERATIONS” and “RISK FACTORS.”

An investment in the Shares offered by the Fund should be viewed as a nonliquid investment and involves a high degree of risk. You should consider a subscription to purchase Shares only if you have carefully read this Memorandum and the Memorandum and Articles of Association of the Fund.

The Investment Manager is registered as an investment adviser with the U.S. Securities and Exchange Commission (“SEC”). It is not registered with any other regulatory agency, or a commodity pool operator under the U.S. Commodity Exchange Act, as amended (“CEA”).

Important General Considerations

The Investment Manager is registered as an investment adviser with the U.S. Securities and Exchange Commission (“SEC”). It is not registered with any other regulatory. You should not construe the contents of this Memorandum as legal, tax or investment advice and, if you acquire Shares, you will be required to make a representation to that effect. You should review the proposed investment and the legal, tax and other consequences thereof with your own professional advisers. In particular, you should inform yourself as to the legal requirements and tax consequences within the country of your citizenship, residence, domicile and place of business with respect to the acquisition, holding and disposal of Shares, and any non-U.S. exchange or other restrictions that may be relevant thereto. The purchase of shares involves certain risks and conflicts of interest between the Investment Manager and the Fund. See “RISK FACTORS.” The Fund is generally not an appropriate vehicle for investment by a U.S. taxable investor (i.e., a “U.S. person” under the U.S. Internal Revenue Code of 1986, as amended) subject to U.S. federal income taxation, or a person otherwise subject to U.S. federal income taxation on a net basis with respect to income derived from the Fund.

The Board of Directors reserves the right to refuse any subscription for any reason, including the failure of any offeree to meet the eligibility criteria described herein. This Memorandum is not, and under no circumstances is to be construed as an offer to subscribe for the shares, an advertisement or a public offering of the securities referred to herein

In making an investment decision, you must rely on your own examination of the Fund and the terms of the offering of Shares, including the merits and risks involved. You and your representative(s), if any, are invited to ask questions and obtain additional written information from the Administrator (as hereinafter defined) concerning the terms and conditions of the offering, the Fund and any other relevant matters to the extent the Fund possesses such information or can acquire it without unreasonable effort or expense.

Neither the SEC nor any other governmental authority has passed upon the merits of participating in the offering, nor has the SEC or any such other authority passed upon the adequacy or accuracy of this Memorandum. Any representation to the contrary is a criminal offense. The Fund anticipates that: (i) the offer and sale of the Shares will be exempt from registration under the U.S. Securities Act of 1933, as amended (“Securities Act”); (ii) the Fund will not be registered as an investment company under the U.S. Investment Company Act of 1940, as amended; (iii) the Investment Manager is not registered as an investment adviser with the SEC or any other regulatory authority; and (iv) the Investment Manager is not registered as a commodity pool operator under the CEA, based upon an exemption available under Rule 4.13(a)(4) thereunder. Consequently, you will not be entitled to certain protections afforded by those statutes. Unlike a registered commodity pool, the Fund is not required to deliver to you a Disclosure Document (as such term is defined in the CEA), or certified annual report.

The distribution of this Memorandum and the offer and sale of the Shares in certain jurisdictions may be restricted by law. This Memorandum does not constitute an offer to sell or a solicitation of an offer to buy Shares in any jurisdiction to any Offeree to whom it is unlawful to make such offer or solicitation in such jurisdiction. No action has been or will be taken to permit an offering in any jurisdiction where action would be required for that purpose. Accordingly, Shares may not be offered or sold, directly or indirectly, and this Memorandum may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Shares that are acquired by Offerees not entitled to hold them will be compulsorily redeemed.

The information contained in this Memorandum has been prepared solely for the benefit of certain persons and entities that are eligible to purchase Shares. This Memorandum may not be reproduced or re-distributed (including electronically), either in whole or in part, without the prior express written consent of the Board of Directors. By accepting delivery of this Memorandum, you agree not to reproduce, re-distribute or divulge its contents and, if you do not purchase any Shares, to return this Memorandum to the Board of Directors.

Although this Memorandum contains summaries of certain terms of certain documents, you should refer to the actual documents (copies of which are available from the Administrator or the Fund directly) for complete information concerning the rights and obligations of the parties thereto. All such summaries are qualified in their entirety by the terms of the actual documents. No person has been authorized to make any representations or furnish any information with respect to the Fund or the Shares, other than the representations and information set forth in this Memorandum or other documents or information furnished by the Administrator or the Fund upon request, as described above.

The information contained herein is current only as of the date hereof and you should not, under any circumstances, assume that there has not been any change in the matters discussed herein since the date hereof.

The Shares are suitable only for sophisticated Offerees who (i) are Professional Investors within the meaning of the Securities and Investment Business Act, 2010 (as amended) ("SIBA"), (ii) are not US Persons, and (iii) do not require immediate liquidity for their investment, for whom an investment in the Fund does not constitute a complete investment program and who fully understand and are willing to assume the risks involved in the Fund's investment program.

This Memorandum may be translated into other languages, but in the event of any inconsistency or ambiguity in relation to the meaning of any word or phrase in any translation, the English text will prevail and all disputes as to the terms will be governed by and construed in accordance with the laws of the British Virgin Islands.

Notwithstanding anything to the contrary herein, each prospective investor (and each employee, representative or other agent of such prospective investor) may disclose to any and all persons, without limitation of any kind, the tax treatment and tax structure of (i) the Fund and (ii) any of its transactions, and all materials of any kind (including opinions or other tax analyses) that are provided to the prospective investor relating to such tax treatment and tax structure.

British Virgin Islands Mutual Funds Law Disclosure

The Fund has been established as a BVI Business Company under the BVI Business Companies Act, 2004 (as amended).

The Fund is not subject to supervision by the Financial Services Commission of the British Virgin Islands (the "Commission") or by a regulator outside the British Virgin Islands. However, the Commission may require the Fund to provide information or documentation specified by them if they determine that such disclosure is reasonably required for the purposes of discharging their function or ensuring compliance with any financial services legislation and may conduct on-site inspections of the Fund inside or outside the British Virgin Islands. The Commission may impose conditions on the Fund's certificate of recognition, whether on grant or subsequently. The Commission may also commence enforcement action against the Fund, the outcome of which may result in revocation or suspension of a Fund's certificate of recognition.

The requirements considered necessary for the protection of investors that apply to public funds under SIBA do not apply to the Fund.

An investor in the Fund is solely responsible for determining whether the Fund is suitable for his investment needs.

Investment in the Fund may present a greater risk to an investor than investment in a public fund registered under SIBA.

There is no financial obligation or compensation requirement imposed on or by the Government of the British Virgin Islands in favor of, or available to, the investors in the Fund.

The Fund will not be subject to the supervision of the Commission. The Commission may direct the Fund to furnish information or provide access to any records, books or other documents which it deems necessary to ascertain compliance with SIBA or any regulations made under SIBA. SIBA provides that any information, material or document furnished to or filed with the Commission is privileged from disclosure, except by order of a court of competent jurisdiction in criminal proceedings and in certain other cases.

Common Definitions

“Beneficial Owners”

include, but are not limited to, (i) shareholders of a corporation, (ii) partners of a fund, (iii) the grantor of a revocable or grantor trust, (iv) the beneficiaries of an irrevocable trust, (v) the individual who established an IRA, (vi) the participant in a self-directed pension plan, or (vii) the sponsor of any other pension plan.

“Business Day”

means any day on which the Federal Reserve Bank of New York, Central Bank of Russia and central banks of other countries, are open for business or such other day classified as a Business Day according to such criteria as the Board of Directors may adopt from time to time.

"Gross Negligence"

a standard of misconduct beyond negligence whereby a person acts with reckless disregard for the consequences of his act or omission.

“Offshore transaction”

means an offer or sale of securities not made to a person in the United States where, at the time the buy order is originated, the buyer is outside the United States, or the seller and any person acting on its behalf reasonably believes that the buyer is outside of the United States. Notwithstanding the above, offers and sales of securities specifically targeted at identifiable groups of U.S. citizens abroad shall not be deemed to be made in “offshore transactions.” Offers and sales of securities to persons excluded from the definition of “U.S. Person” (as defined herein) or persons holding accounts excluded from the definition “U.S. person” solely in their capacities as holders of such accounts shall be deemed to be made in “offshore transactions.”

“U.S. Person”

as defined in the Articles of Association, means (i) any natural person who is a resident or citizen of the United States; (ii) any partnership or corporation organized or incorporated under the laws of the United States or a state of the United States; (iii) any estate of which any executor or administrator is a U.S. person as defined in subparagraphs (i) and (ii) herein; (iv) any trust of which any trustee is a U.S. person as defined in sub-paragraphs (i) and (ii) herein; (v) any agency or branch of a non-U.S. entity located in the U.S.; (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 U.S. person; (vii) any discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary organized, incorporated, or if an individual resident in the United States; or (viii) any partnership or corporation if (1) organized or incorporated under the laws of any non-U.S. jurisdiction and (2) formed by a U.S. person principally for the purpose of investing in securities not registered under the U.S. Securities Act of 1933, as amended (the “Act”), unless it is organized or incorporated, and owned, by accredited investors (as defined in Rule 501 (a) under the Act) who are not natural persons, estates or trusts (whenever such term is used in this document it will have the meaning given in Regulation S). For purposes of this section, “United States” means the United States of America, its territories and possessions, and state of the United States, and the District of Columbia.

Summary of the Offering

The following summary is qualified in its entirety by other information contained elsewhere in this Confidential Private Placement Memorandum, as amended and/or restated from time to time (“Memorandum”) and in the Memorandum and Articles of Association of the Fund, as amended and/or restated from time to time (“Articles of Association”) (as defined herein). You should read this entire Memorandum and the Articles of Association carefully before making any investment decision regarding the Fund, and pay particular attention to the information under the heading “RISK FACTORS.” In addition, you should consult your own advisers in order to understand fully the consequences of an investment in the Fund.

The Fund

Element ONE Ltd. is a British Virgin Islands company that was incorporated on 15 July 2015. The Fund was formed to pool investment funds of its Shareholders as more fully described under “INVESTMENT PROGRAM”.

Management

The Investment Manager of the Fund is Threesixty Elements S.A. is a British Virgin Islands business company limited by shares, incorporated on 8 July 2015. The Investment Manager was appointed as the investment manager of the Fund pursuant to an investment management agreement with the Fund (“Investment Management Agreement”). The Investment Manager has discretionary authority to invest the Fund’s assets, subject to the policies and control of the Board of Directors. See “MANAGEMENT” for additional information regarding the Investment Manager.

Capital Structure of the Fund

The Fund is authorized to issue 50,000 shares, divided into two classes (“Classes”), Class A and Class B Shares, with Class A comprising 10,000 ordinary Class A Shares with no par value and Class B comprising 40,000 Class B Shares with a par value USD 1,000 each. Each Ordinary Class A Share in the Company confers upon the Shareholder the right to vote at a meeting of the Shareholders of the Company. Each Class B Share in the Company confers upon the Shareholder the right to an equal share in dividend paid by the Company and the right to an equal share in the surplus assets distributed on the liquidation of the Company and no voting at a meeting of the Shareholders of the Company. Additional Classes of Shares may be established to accommodate different rights, privileges and terms associated with one or more Shareholders (including, but not limited to, voting rights, redemption rights and fees). See “CAPITAL STRUCTURE OF THE FUND” for additional information.

The Offering

The Fund is offering (“Offering”) Shares to persons and entities (i) that are not US Persons, and (ii) who meet other eligibility requirements. The minimum initial subscription amount for Shares is US\$100,000. The Board of Directors, in its sole discretion, may accept lesser amounts for subsequent subscriptions. Shares may generally be purchased on a monthly basis.

Shares may generally be purchased on the first Business Day of each month or at such other times as the Board of Directors, in its sole discretion, may allow (each such date, a “Subscription Date”). See “THE OFFERING” for additional information, including information on how to subscribe for Shares.

For the avoidance of doubt this offering constitutes an invitation to treat. Persons wishing to subscribe for shares must make an offer to the Company by completing the subscription form, which may be accepted or rejected by the Company

Management Fee

Under the Investment Management Agreement, the Fund will pay the Investment Manager a Management Fee. The Management fee is 2% per annum of the NAV annual average. The payment of the management fee shall be made no more than once per quarter. The Investment Manager may, in its sole and absolute discretion, waive or reduce the Management Fee charged to any Class or Series of Shares.

Performance Fee

Under the Investment Management Agreement, the Investment Manager will also receive a performance fee (“Performance Fee”), calculated as of the end of each year. The Performance Fee will equal 25% of the amount of NAV growth for the calendar year, free and clear of the Hurdle Rate - “minimum risk-free rate”, which shall be determined according to the agreement between the Investment Manager and the Fund no less than once per year. For purposes of calculating any increase in the aggregate net asset value of the Shares, beginning net assets will be adjusted to reflect subscriptions received and ending net assets will be net of Management Fees and will be adjusted to ensure that redemptions payable at the end of the month are included. The Investment Manager may, in its sole and absolute discretion, waive or reduce the Performance Fee with respect to any Class or Series of Shares.

Investment Manager’s Right to Defer Fees

Under certain documentation governing the Fund and/or the Investment Manager, prior to the commencement of each fiscal quarter, all or a portion of the Management Fee and/or Performance Fee may be deferred for a period of time. In the event that any such fees will be deferred, any such deferred amounts payable to the Investment Manager will be treated as liabilities of the Fund in an unfunded book entry account, and the amounts eventually payable at the end of such deferral periods will be determined (i.e., increased or decreased) as if such deferred amounts had been invested in Shares for the deferral period. The deferred Management and/or Performance Fee, as adjusted to reflect the gains, losses and expenses of the Fund (other than Management Fees or Performance Fees), will be paid promptly in cash upon the end of the applicable deferral period.

Redemptions by General

A Shareholder may redeem all or any portion of its Shares by Shareholders providing at least 30 days prior written notice to the Fund (or such shorter notice period as decided by the Board of Directors), on the last Business Day of each quarter and at such other times, with the consent of, and upon such terms of payment as may be approved by, the Board of Directors in its sole discretion (each such date a “Redemption Date”).

If the Fund in its discretion permits a Shareholder to redeem Shares other than on the last day of a quarter, the Fund may impose an additional administrative fee at the discretion of the Directors to cover the legal, accounting, administrative, brokerage, and any other costs and expenses associated with such redemption, which will be paid to the Fund. Notwithstanding the foregoing, no partial redemption of a Shareholder’s Shares will be permitted if the value of the Shareholder’s outstanding Shares after such redemption is implemented will be less than US\$100,000 (subject to the discretion of the Directors to waive such requirement).

Redemption Price

Shares will be redeemed at the Redemption Price as of the close of business on the applicable Redemption Date. The “Redemption Price” will equal the net asset value of the Shares of the relevant Series being redeemed as of the Redemption Date less deductions for Fund expenses, including applicable Management Fees and accrued Performance Fees, and amounts withheld for reserves, as described below under “Reserves.”

Payment

The Fund may redeem Shares in cash or, in the sole discretion of the Board of Directors, through in-kind distribution of portfolio securities, the fair market value of which would satisfy the redemption request. The Fund anticipates that, in general, redemption proceeds will be paid out within 10 Business Days of the applicable Redemption Date. No escrow account will be used in processing redemptions.

Redemption Requests

Redemption requests may be made on the Fund’s Form of Request for Redemption of Shares included in the Fund’s subscription documents (“Subscription Documents”), in accordance with the instructions set forth therein.

Reserves

The Fund may establish such reserves as it deems reasonably necessary for Fund expenses and any other contingent Fund liabilities, which could reduce the amount of a distribution upon redemption.

Compulsory Redemption

In its sole and absolute discretion, the Board of Directors may at any time redeem or require the redemption of all or any part of a Shareholder's Shares for any reason or no reason.

Compulsory redemptions will be made at the Redemption Price of the Shares at the Valuation Date (as defined herein) next following the issuance of a notice of redemption to the Shareholder. See "RISK FACTORS AND CONFLICTS OF INTEREST - Fund Risks - Compulsory Redemption".

Suspension of Redemptions

The Fund may suspend the calculation of the net asset value of the Shares and/or the right to require the Fund to issue the Shares and /or the right to repurchase any Shares and or the payment of redemption proceeds on the happening of any of the following events:

- when any securities exchange or organized inter-dealer market on which a significant portion of the Fund's assets is regularly quoted or traded is closed (other than for holidays) or trading thereon has been restricted or suspended;
- when as a result of political, economic, military or monetary events or any circumstances outside the control, responsibility and power of the Fund, disposal of the assets of the Fund is not reasonable or normally practicable without being seriously detrimental to Shareholders' interests;
- if it is not reasonably practicable to determine the net asset value of the Shares on an accurate and timely basis;
- if, as a result of exchange restrictions or other restrictions affecting the transfer of funds, transactions on behalf of the Fund are rendered impracticable or if purchases and sales of the Fund's assets cannot be effected at normal rates of exchange; or
- upon the decision to liquidate and dissolve the Fund.

Following any suspension, the redemption of Shares pursuant to a Shareholder request made prior to such suspension shall be effected as of the first Redemption Date following the recommencement of redemptions.

Valuation

The Fund's net asset value is calculated by the Administrator or by the Fund itself, subject to the discretion of the Board of Directors. Net asset value calculations are made in accordance with International Financial Reporting Standards ("IFRS"). A more complete description of the asset valuation methodologies used in calculating net asset value is set forth under "DETERMINATION OF NET ASSET VALUE." In the event that the Directors or a third party at the direction thereof determines that a specified methodology produces an asset valuation that does not fairly represent market value, the Investment Manager may value such asset as it reasonably determines. Assets for which no market prices are available, and assets of the Fund for which a valuation methodology is not specified, will be valued as the Investment Manager may reasonably determine. See "DETERMINATION OF NET ASSET VALUE."

Fund Organizational Expenses

Costs and expenses associated with the organization of the Fund, including government incorporation charges and professional fees and expenses in connection with the preparation of the Fund's information documents and the preparation of its basic corporate documents and contracts will be paid by the Fund out of the proceeds of the initial subscriptions received into the Fund. Such organizational costs and expenses will be amortized by the Fund over a period of 36 months.

Fund Operating Expenses.

The Fund will pay or reimburse the Investment Manager and/or its affiliates for (i) all expenses incurred in connection with the ongoing Offering of Shares, including but not limited to the printing of this Memorandum and exhibits, documentation of performance and the issue of Shares, (ii) all operating expenses of the Fund such as tax preparation fees, governmental fees, duties and taxes, (including, but not limited to, transfer and withholding

taxes), administrator fees, director fees and expenses, communications with Shareholders, and ongoing legal, accounting, auditing, bookkeeping, consulting and other professional fees and expenses, (iii) all Fund research and trading costs and expenses (e.g., brokerage commissions and charges and interest on debit balances), and (iv) all costs incurred in connection with maintaining the Fund's registered office in the British Virgin Islands.

Investment Manager's and Administrator's Expenses

The Investment Manager and the Administrator will pay their own general operating and overhead type expenses associated with providing the investment management and administrative services required under the Investment Management Agreement and the Administration Agreement (as defined herein), respectively. These expenses include all expenses incurred by the Investment Manager and the Administrator in providing for their normal operating overhead, including, but not limited to, the cost of providing relevant support and administrative services (e.g., employee compensation and benefits, rent, office equipment, computer systems, insurance, utilities, telephone, secretarial and bookkeeping services, etc.), but not including any Fund operating expenses described above. However, the Investment Manager may use "soft dollar" commissions by brokerage firms of commissions generated by the Fund's securities transactions executed through those firms, as further described under "BROKERAGE PRACTICES—Soft Dollar Arrangements."

Transfer Restrictions

Any sale, assignment, transfer, conveyance or other disposition of Shares (collectively, "Transfer") can only take effect upon (i) approval by the Board of Directors (in its sole discretion), and (ii) registration of the transferee as holder of the Shares in the Share register.

Prospective transferees will have to complete and execute a Subscription Agreement and furnish the same information that would be required in connection with a direct subscription in order for a transfer application to be considered by the Fund. Violation of applicable ownership and transfer restrictions may result in compulsory redemption and financial penalties.

There is no independent market for the purchase or Transfer of Shares and none is expected to develop. Offerees desiring to purchase Shares must represent that they are purchasing the Shares for investment purposes only, solely for their own account and not with a view to or present intention to Transfer the Shares. The Shares are not being, and will not be, offered to U.S. Persons. No Transfer of the Shares may be made to or held for the benefit of U.S. Persons. The Fund will have the right, compulsorily and immediately, to redeem any Shares Transferred to a U.S. Person or any other person who does not meet the eligibility requirements described in this Memorandum.

The Transfer of Shares may also be restricted under applicable securities laws. Investors should consult their own counsel if they propose to Transfer Shares.

Brokerage Practices

Portfolio transactions for the Fund will be allocated to brokers on the basis of best execution and in consideration of certain other factors, including such brokers' ability to effect transactions, the brokers' facilities, reliability and financial responsibility and the provision or payment by such brokers of the costs of research and other services or property. For more detailed information on these factors, see "BROKERAGE PRACTICES" and "RISK FACTORS."

Other Activities of the Investment Manager, the Principal

None of the Investment Manager, the Principal, or any other subadviser to the Investment Manager, or any of their respective affiliates is required to manage the Fund as its sole and exclusive function. Any of such persons may also engage in other business activities, including competing ventures and/or unrelated employment. See "MANAGEMENT—Other Activities of the Investment Manager, the Principal, and Other Subadvisers, and their Affiliates."

Exculpation and Indemnification of the Investment Manager and Subadvisers

Pursuant to the terms of the Investment Management Agreement neither the Investment Manager nor any subadviser to the Fund will be liable to the Fund for any action or inaction in connection with the business of the Fund unless such action or inaction is found by a court of competent jurisdiction upon entry of final judgment to

(i) constitute Gross Negligence or willful malfeasance and (ii) have not been done by the Investment Manager or any subadviser in good faith or in the reasonable belief that such act, omission, conduct or activity was in the best interests of the Fund. The Fund will indemnify and hold harmless the Investment Manager and any subadvisers, and their respective directors, officers, employees, or agents (each, an “Indemnified Person”) from and against any loss or expense suffered or sustained by the Indemnified Person resulting from the performance or non-performance of the Investment Manager and any subadviser, of its duties, including without limitation any judgment, settlement, reasonable attorneys’ fees and other costs or expenses incurred in connection with the defense of any actual or threatened action or proceeding, provided that such performance or non-performance was done by such Indemnified Person in good faith or in the reasonable belief that it was in the best interests of the Fund; provided further that such indemnity will not extend to conduct that constitutes Gross Negligence or willful malfeasance as finally determined by a court of competent jurisdiction.

Shareholder Reports

At the end of each fiscal year, the Fund will furnish annual reports to its Shareholders containing financial statements. These statements may be examined by the auditor. Net asset value quotations as of the close of the most recent calendar month will be distributed each month.

This Memorandum is not intended to provide a complete description of the Articles of Association, the Investment Management Agreement or the Administration Agreement. Copies of all such documents are available for inspection by Shareholders during normal business hours on request.

Voting Rights and Amendments

Shareholders of Class B Shares have no right to participate in the management of the Fund and the Shares carry no right to receive notice of attend and vote at general meetings of the Company however, the Shares generally carry the right for the holder to receive notice of and to vote at Shareholders’ class meetings. The rights attached to any Class of Shares may generally be varied only with the approval of the holders of a majority of 75% of the issued Shares of the Shares of such Class. See “CAPITAL STRUCTURE OF THE FUND”.

Fiscal Year

The fiscal year end of the Fund is December 31, subject to the discretion of the Board of Directors.

Tax

The Fund is not an appropriate vehicle for investment by U.S. taxable investors. The Fund will not be subject to taxation in the British Virgin Islands, as per the BVI Business Companies Act, 2004.

Each Offeree is urged to consult with its own tax adviser as to the tax consequences of an investment in the Fund. See “TAXATION”.

Broker and Custodian

All the brokers and custodians of the Fund are represented on the page “DIRECTORY”.

Management

The assets of the Fund are managed by Threesixty Elements S.A., a British Virgin Islands business company limited by shares, incorporated on 8 July 2015. Threesixty Elements is a subsidiary of Yinwa Group Limited (HK). We are a privately held company with offices in different countries: UK: 60 Cannon Street, London. Russia: 12B9 Bolshoy Savvinskiy pereulok, Moscow. Threesixty Elements S.A. was appointed as the investment manager of the Fund pursuant to the Investment Management Agreement entered into between it and the Fund. Pursuant to such Agreement, the Investment Manager has agreed to provide all investment advisory and management services which may be required for the Fund's operations, and has discretionary authority to invest the Fund's assets. The Investment Manager is responsible for all investment decisions made on behalf of the Fund, subject to the control and policies of the Board of Directors, and has been issued all the voting, non-participating Shares in the Fund. It is solely responsible for the development and implementation of the investment objective of the Fund. The Investment Management Agreement authorizes the Investment Manager to delegate its responsibilities to other investment advisers and managers, subject to retaining certain responsibilities for evaluating and coordinating the services provided by such persons.

Shareholders do not have any right to participate in the management of the Fund.

Additional Personnel

The Investment Manager may employ additional personnel in the future.

Other Activities of the Investment Manager, the Principal and Other Subadvisers, and their Affiliates

Neither the Investment Manager nor any future subadviser, nor any of their respective managers, partners and affiliates, is required to manage the Fund as its sole and exclusive function. The Investment Manager, and any future subadviser, and their respective managers, partners, officers, employees, agents and affiliates, may engage in other business activities, and are only required to devote such time to the Fund as they deem necessary to accomplish the purposes of the Fund. Similarly, although the Principal expects to devote a significant amount of his time to the business of the Investment Manager and the Fund, he is only required to devote so much of his time to these entities as he determines in his sole discretion.

In addition to managing the Fund's investments, the Principal, the Investment Manager and any future subadviser and their respective affiliates may provide investment management and other services to other parties and may manage other accounts and/or establish other private investment funds in the future (both U.S. and non-U.S.), including those which may employ an investment strategy similar to that of the Fund.

Investments by the Investment Manager and Affiliates

Other than the Investment Manager's holding of the Management Shares, investments in the Fund by the Investment Manager, the Principal and their respective affiliates will generally be on the same basis as those made by investors, except that, in the discretion of the Investment Manager, no Management Fee or Performance Fee will be assessed against such persons (or such fees may be subject to rebates, as the case may be). The Investment Management Agreement does not require the Investment Manager, the Principal or such affiliates to maintain any minimum holding of Shares.

Investment Program

Introduction

The following is a general description of the principal types of securities in which the Fund may invest, certain trading techniques that it may employ, the investment criteria that it plans to apply, and the guidelines that it has established with respect to the composition of its investment portfolio. The following description is merely a summary and you should not assume that any descriptions of the specific activities in which the Fund may engage are intended in any way to limit the types of investment activities which the Fund may undertake or the allocation of Fund capital among such investments. The Board of Directors reserves the right to alter any Fund investment policy or strategy as deemed appropriate from time to time in its discretion without obtaining Shareholder approval.

Investment Objective and Strategy

The investment objective of the Fund is to generate long-term capital appreciation through consistent and superior risk-adjusted absolute returns in all market environments. The Fund's trading strategy is in accordance with the Investment Manager's assessment of the capital market situation as well as the general prospects of the investment instruments. The assets are invested worldwide according to the principle of distribution of risks but primarily in public U.S. securities, ETFs and options.

As part of the strategy the Fund divides its assets into several separate portfolios. One of these segregated portfolios is used for intraday speculative trading, realized by the Investment Manager's own traders. These traders may operate any instruments on different markets basing their investment decisions primarily by carrying out methods of technical analysis.

The Investment Manager will employ the following strategies:

- a disciplined bottom-up approach in selecting a portfolio of long and short securities using fundamental business and financial analysis;
- a top-down approach supported by a thorough understanding of the macroeconomic environment;
- employing multiple strategies including directional positions, long/short, tactical trading and event-driven situations; and
- utilising select asset classes given the prevailing investment climate (equities, fixed income, derivatives and FX).

The Fund intends to trade in a broad range of markets with no restrictions placed on the number of markets traded. These markets include:

I. Global Derivatives (Exchange Traded Futures & Options)

The Fund portfolio will trade in the following major futures and options markets across the major global derivatives (futures) market complexes:

A. Global Equity Indices

1. Dow Jones,
2. S & P 500
3. NASDAQ-100
4. Russell 2000
5. MidCap
6. S&P 60 (Canada)
7. FTSE
8. DAX
9. CAC-40
10. Euro Stoxx 50
11. SMI
12. MIB30
13. IBEX
14. AEX

15. Nikkei 225
16. WIG 20
17. HKEX
18. RTS
19. BOVESPA
20. Volatility indices.

B. Major & Minor World Currencies

1. Euro
2. Japanese Yen
3. Swiss Franc
4. British Pound
5. Australian Dollar
6. Canadian Dollar

C. Global Interest Rates

1. US 30Y
2. US 10Y
3. US 5Y
4. US 2Y
5. Eurex Bunds
6. Long Gilt
7. JGB

D. Metals

1. Gold
2. Silver
3. Copper

II. Global Listed Equities (stocks, exchange-traded funds/depository shares, options)

Any stock listed on global stock exchange with an emphasis on highly liquid, large-cap U.S. equities or option on such stock.

III. Global FOREX (Spot, Futures, Options, Forwards, EFPs)

A. Majors: Euro, Japanese Yen, Swiss Franc and British Pound.

B. Minors: Australian Dollar, Canadian Dollar and Russian Ruble.

The Fund reserves the right however to without prior notice expand or contract the number of markets traded.

The Fund may also trade and invest in commodities, warrants, debt securities, over-the-counter (OTC) derivative instruments, other derivatives instruments, and swap contracts traded in U.S. and non- U.S. markets.

The Fund will also hold cash positions and invest in forward contracts. All these contracts being hereinafter referred to collectively as "Securities contracts" or "Securities".

The Fund is not subject to any material concentration or diversification restrictions, and may hold a limited number of investment positions.

The present description of the Fund's investment strategy is exhaustive. The Fund is not allowed to invest in unlisted equities.

There can be no assurance that the Fund's investment objective will be achieved. The preceding information should be read in conjunction with the description of certain risks incident to the Fund's strategy and investment techniques.

Development and Risks of the Fund's Investment Strategy

The development of an investment strategy is a continuous process and the Fund's investment strategy and methods may therefore be modified from time to time. The Fund's investment methods are confidential and the descriptions of them in this Memorandum are not exhaustive. The Fund's investment strategies may differ from those used by the Investment Manager and its affiliates and any future subadviser, with respect to other accounts they manage. Investment decisions require the exercise of judgment by the Investment Manager and any future subadviser to the Investment Manager. The Investment Manager and any future subadviser may, at times, decide not to make certain investments, thereby foregoing participation in price movements that would have yielded profits or avoided losses. Shareholders cannot be assured that the strategies or methods utilized by the Investment Manager and any future subadviser will result in profitable investing for the Fund.

The Fund's investment program entails substantial risks and there can be no assurance that its investment objectives will be achieved. The use of leverage, options trading and other investment techniques employed by the Fund can, in certain circumstances, maximize the adverse impact to which the Fund's investment portfolio may be subject.

Brokerage Practices

Brokerage Arrangements

The Investment Manager is responsible for the placement of the portfolio transactions of the Fund and the negotiation of any commissions paid on such transactions. Any future subadviser, however, may assist the Investment Manager with the placement of portfolio transactions and the negotiation of any commissions. Portfolio securities normally are purchased through brokers on securities' exchanges or directly from the issuer or from an underwriter or market maker for the securities. Purchases of portfolio instruments through brokers involve a commission to the broker. Purchases of portfolio securities from dealers serving as market makers include the spread between the bid and the asked price. The Investment Manager will not commit to provide any level of brokerage business to any broker. The Investment Manager may utilize the services of one or more introducing brokers who will execute the Fund's brokerage transactions through the broker and custodian who will clear the Fund's transactions.

Securities transactions for the Fund will be executed through brokers selected by the Investment Manager in its sole discretion and without the consent of the Shareholders. In placing portfolio transactions, the Investment Manager will seek to obtain the best execution for the Fund, taking into account the following factors:

- the ability to effect prompt and reliable executions at favorable prices (including the applicable dealer spread or commission, if any);
- the operational efficiency with which transactions are effected and the efficiency of error resolution;
- taking into account the size of order and difficulty of execution;
- the financial strength, integrity and stability of the broker;
- special execution capabilities; clearance;
- settlement;
- reputation;
- online pricing;
- block trading and block positioning capabilities;
- willingness to execute related or unrelated difficult transactions in the future;
- order of call;
- on-line access to computerized data regarding clients' accounts;
- performance measurement data;
- 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.

The Investment Manager is not required to weigh any of these factors equally. Since commission rates in the U.S. are negotiable, the Investment Manager's selection of brokers on the basis of considerations which are not limited to applicable commission rates may at times result in the Fund being charged higher transaction costs than it could otherwise obtain.

Allocation of Investment Opportunities

The Investment Manager may at times determine that certain investments will be suitable for acquisition by the Fund and by other accounts managed by the Investment Manager, the Investment Manager's own accounts or accounts of an affiliate. If that occurs, and the Investment Manager is not able to acquire the desired aggregate amount of such investments on terms and conditions which the Investment Manager deems advisable, the Investment Manager will endeavor to allocate in good faith the limited amount of such investments acquired among the various accounts the Investment Manager considers suitable for such investment. The Investment Manager may make such allocations among the accounts in any manner which it considers to be fair under the circumstances, including, but not limited to, allocations based on relative account sizes, the degree of risk involved in the investments acquired, and the extent to which a position in such investment is consistent with the investment policies and strategies of the various accounts involved.

Aggregation of Orders

The Investment Manager may aggregate, or may direct any future subadviser to aggregate, purchase and sale

orders of investments held by the Fund with similar orders being made simultaneously for other accounts or entities if, in the Investment Manager's reasonable judgment, such aggregation is reasonably likely to result in an overall economic benefit to the Fund based on an evaluation that the Fund will be benefited by relatively better purchase or sale prices, lower commission expenses or beneficial timing of transactions, or a combination of these and other factors. In many instances, the purchase or sale of investments for the Fund will be affected simultaneously with the purchase or sale of like investments for other accounts or entities. Such transactions may be made at slightly different prices, due to the volume of investments purchased or sold. In such event, the average price of all investments purchased or sold in such transactions may be determined, at the Investment Manager's sole discretion, and the Fund may be charged or credited, as the case may be, with the average transaction price.

Soft Dollar Arrangements

The use of brokerage commissions to obtain research services creates a conflict of interest between the Investment Manager and the Fund. This may result in the Fund paying higher brokerage commissions than might be paid if transactions were effected through brokers that do not provide such services. To the extent that the Investment Manager is able to acquire these products and services without expending its own resources or at reduced prices, the Investment Manager's use of "soft dollars" would tend to increase their profitability. In addition, the availability of these non-monetary benefits may influence the Investment Manager to select one broker rather than another to perform services for the Fund.

Research or investment management related services and equipment provided by brokers through which portfolio transactions for the Fund are executed, settled and cleared may include research reports on particular industries and companies, economic surveys and analyses, recommendations as to specific securities, on-line quotations, news and research services, and other services (e.g., computer and telecommunications equipment) providing lawful and appropriate assistance to the Investment Manager in the performance of its investment decision making responsibilities on behalf of the Fund (collectively, "soft dollar items").

Soft dollar items may be provided directly by brokers, by third parties at the direction of brokers or purchased by the Fund with credits or rebates provided by brokers. Soft dollar items may arise from over-the-counter principal or agency transactions, as well as exchange traded agency transactions. Brokers sometimes suggest a level of business that they would like to receive in return for the various services that they provide. Actual brokerage business received by any broker may be less than the suggested allocations, but can (and often does) exceed the suggestions because total brokerage is allocated on the basis of all the considerations described above. A broker will not be excluded from executing transactions for the Fund because it has not been identified as providing soft dollar items.

Soft dollar items, whether provided directly or indirectly, may be utilised for the benefit of the Investment Manager's and its affiliates' other accounts. The Investment Manager expects to use soft dollars to acquire soft dollar items that the Investment Manager or its affiliates would otherwise be obligated to provide to, or acquire at their own expense for, the Fund. Nonetheless, the Investment Manager believes that such soft dollar items may provide the Fund with benefits by supplementing the research and services otherwise available to the Fund.

The Investment Manager does not currently intend to use soft dollars but may do so in the future.

Determination of Net Asset Value

Net asset valuations will be determined by Fund itself or at the direction of the Administrator on the last Business Day of each calendar month (each such date, a “Valuation Date”), subject to the discretion of the Directors. The Directors may determine any other date as being a Valuation Date. Net asset value calculations are determined by or at the direction of the Administrator in the following manner:

1. **Aggregate Net Asset Value.** The aggregate net asset value of each participating Class of shares is equal to the total value of the assets of that Class, and of that series, where applicable, minus all accrued debts, liabilities and obligations (including management, performance and professional fees) and any contingencies for which the investment Manager determines that reserves or accruals should be made.
2. **Net Asset Value.** The net asset value per Share on any Valuation Date is equal to the aggregate net asset value of that Class of shares, and series, where applicable, divided by the total number of shares of that Class, or Series, where applicable, outstanding on Valuation Date, calculated prior to the recording of sales and redemption of shares of that Class effective as of that date.
3. **Valuation.** Net asset value determinations are made by the Administrator in accordance with IFRS, including provisions for proper accruals and reserves, subject to the discretion of the Directors. The value of assets will be determined by the Board of Directors as follows:
 - the value of any cash on hand or on deposit bills and demand notes and accounts receivable, prepaid expenses, cash dividends and interest declared or accrued as aforesaid and not yet received will be deemed to be the full amount thereof, unless the same is unlikely to be paid in which case the value thereof will be arrived at after making such discount as the Fund may consider appropriate to reflect the true value thereof;
 - the value of securities which are listed on a securities exchange (which term will include any interdealer quotation system which provides for reporting of last sale price) will be valued at their last sales price on the Valuation Date on the largest securities exchange on which such securities will have traded on such date, or, if trading in such securities on such exchange was reported on consolidated tape, the last sales price on the consolidated tape (or, in the event that the Valuation Date is not a date upon which a securities exchange on which such securities are listed was open for trading, on the last prior date on which such a securities exchange was so open). If no sales of such securities occurred on either of such dates, such securities will be valued at the reported last “bid” price (in the case of a security held long) and the last reported “asked” price (in the case of a security sold short) on the largest securities exchange on which such securities are traded, on the Valuation Date. Securities which are not listed will be valued at their last “bid” prices on the Valuation Date if held “long” by the Fund and their last “asked” prices on the Valuation Date if held “short” by the Fund, as determined from representative dealer’s quotations. Securities for which no “bid” and “asked” prices are available will be valued at such value as the Fund may determine. Securities which are commodities or commodity contracts will be valued at their last prior sales prices on the principal board of trade or other contracts market in which dealings are made or by quotations from the contraparty bank in the case of a forward contract. All other securities and other assets of the Fund (other than goodwill, which will not be taken into account) will be assigned such value as the Fund may determine. If the Fund determines that the valuation of any security pursuant to the foregoing does not fairly represent its market value, the Fund will value such security as it determines and will set forth the basis of such valuation in writing in the Fund’s records;
 - the value of any shares of stock held by the Fund in an investment company will be valued in accordance with the manner in which such shares are valued by such investment company; provided, however, that the Fund may make such adjustments in such valuation as the Fund may from time to time consider appropriate;
 - the value of any investment or security as aforesaid or other property for which no price quotations are available as above provided will be determined in such manner, consistent with generally accepted accounting procedures, as the Fund may from time to time consider appropriate. In the case of securities or other assets which are not readily marketable or in the absence of quoted values, such assets are recorded at fair value as determined by or at the direction of the Investment Manager. Illiquid securities are generally valued at the lesser of cost or market price, and may be subject to an additional discount at the recommendation of the Investment Manager.

- notwithstanding the foregoing, where on the Valuation Date any cash or other asset of the Fund has been realized or contracted to be realized there will be included in the assets of the Fund, in place of such cash or other asset, the assets receivable by the Fund in respect thereof, provided that if the value of such assets is not then known exactly then its value will be as estimated by the Fund;
- In addition to special valuation determinations relating to illiquid securities, other special situations affecting the measurement of net asset values may arise from time to time. Offerees should understand that these and other special situations involving uncertainties as to the valuation of portfolio positions could have a significant adverse impact on the Fund's net assets if the Investment Manager's judgment regarding the appropriate valuation should prove to be incorrect.
- the Fund's accounts are maintained in U.S. dollars. Assets and liabilities denominated in other currencies are translated at the rate of exchange in effect at the relevant Valuation Date, as determined by the Fund's prime broker, and translation adjustments are reflected in the results of operations. Portfolio transactions and income and expenses are translated at the rates of exchange in effect at the time of each transaction.

The Directors may delegate to the Administrator the determination of the net asset value of the Fund and the net asset value per Share of each Class and, if applicable, Series, subject to the overall supervision and direction of the Directors. In determining the net asset value of the Fund and the net asset value per Share of each Class and Series, the Administrator will follow the valuation policies and procedures adopted by the Fund as set out above. For the purpose of calculating the net asset value of the Fund, the Administrator will, and will be entitled to, rely on, and will not be responsible for the accuracy of, financial data furnished to it by the Fund's brokers, market makers and/or independent third party pricing services. The Administrator may also use and rely on industry standard financial models in pricing any of the Fund's securities or other assets. If and to the extent that the Directors or the Investment Manager are responsible for or otherwise involved in the pricing of any of the Fund's portfolio securities or other assets, the Administrator may accept, use and rely on such prices in determining the net asset value of the Fund and will not be liable to the Fund, any investor in the Fund, the Directors, the Investment Manager or any other person in so doing. Furthermore, in no event and under no circumstances will the Board of Directors, the Investment Manager, the Administrator, the Broker or such other persons or entities incur any individual liability or responsibility for any determination made or other action taken or omitted by them in good faith.

Risk Factors

An investment in the Fund involves significant risks not associated with other investment vehicles and is suitable only for persons of adequate financial means who have no need for liquidity in this investment. There can be no assurances or guarantees that: (i) the Fund's investment strategy will prove successful or (ii) investors will not lose all or a portion of their investment in the Fund.

Offerees should consider the Fund as a supplement to an overall investment program and should only invest if the offerees are willing to undertake the risks involved. You should therefore bear in mind the following risk factors and conflicts of interest before purchasing Shares.

Fund Risks

Dependence Upon the Investment Manager and Sub advisers

The Fund's success will depend on the management of the Investment Manager and primarily on the skills of current team managing portfolio for the Fund. If this team should cease to participate in the Fund's business, the Fund's ability to select attractive investments and manage its portfolio could be severely impaired.

In addition, the success of the Fund will depend on the Investment Manager's ability to choose subadvisers to the Fund, if any, with the ability to enhance the Fund's performance. Shareholders should be aware that they will have no right to participate in the management of the Fund, and no opportunity to select or evaluate any of the Fund's investments or strategies. Accordingly, a Shareholder should not invest in the Fund unless it is willing to entrust all aspects of the management of the Fund and its investments to the discretion of the investment Manager and any future subadviser, each subject to the direction of the Directors.

Limited Liquidity of Shares

An investment in the Fund involves substantial restrictions on liquidity and its Shares are not freely transferable. There is no market for the Shares in the Fund, and no market is expected to develop. Consequently, Shareholders will be unable to redeem or liquidate their Shares except by redeeming from the Fund in accordance with the Articles of Association. Shareholders may be unable to liquidate their investment promptly in the event of an emergency or for any other reason. Although a Shareholder may attempt to increase its liquidity by borrowing from a bank or other institution, Shares may not readily be accepted as collateral for a loan. In addition, transfer of a Share as collateral or otherwise to achieve liquidity may result in adverse tax consequences to the transferor.

The Investment Manager's investment program contemplates that a portion of the Fund's assets may be invested in illiquid investments, including obligations and other instruments and assets for which no market exists and/or which are restricted as to their transferability under federal or state securities laws. Because of the absence of any trading market for these investments, the Fund may take longer to liquidate these positions than would be the case for publicly traded investments. Although these investments may be resold in privately negotiated transactions, the prices realized on these sales could be less than those originally paid by the Fund. Further, issuers of obligations that are not publicly traded may not be subject to public disclosure and other investor protection requirements applicable to publicly traded securities.

Lack of Registration

The Shares have not been registered under the laws of any non-U.S. jurisdiction and may be subject to restrictions on issuance and transfer under the laws of such jurisdiction. In connection with an investor's purchase of Shares, the investor must represent that it is purchasing the Shares for investment purposes only and not with a view toward resale or distribution. Neither the Fund nor the Investment Manager has any plans nor has assumed any obligation to register these Shares in the U.S. Accordingly, the Shares may not be transferred without an opinion of counsel to the Fund that the transfer will not involve a violation of the registration requirements of the Securities Act or require registration by the Fund under the Investment Company Act. These restrictions on transfer are in addition to those found in the Articles of Association. Ordinarily, this means that transfers will be restricted to instances of death, gift, or passage by operation of law.

Redemption

A Shareholder's ability to redeem Shares is restricted. Redemption Period is quarterly.

Shareholders must generally provide at least 30 days' prior written notice to the Fund or the Administrator. Redemptions may be reduced in the event the Board of Directors establishes reserves for Fund liabilities, including reserves for estimated accrued expenses, liabilities and contingencies.

Substantial redemptions by Shareholders within a short period of time could require the Fund to liquidate securities positions more rapidly than would otherwise be desirable, possibly reducing the value of the Fund's assets and/or disrupting the Fund's investment strategy. Reduction in the size of the Fund could make it more difficult to generate a positive return or to recoup losses due to, among other things, reductions in the Fund's ability to take advantage of particular investment opportunities or decreases in the ratio of its income to its expenses.

The Fund may, in its sole discretion at any time, require a Shareholder to redeem some or all of the Shares held by such Shareholder. Such mandatory redemption could result in adverse tax and/or economic consequences to such Shareholder. See also "SUMMARY OF THE OFFERING - Redemption of Shareholders - Compulsory Redemption".

Compulsory Redemptions

The Fund will have the right to require the compulsory redemption of all Shares held by a Shareholder if the Board determines that (i) the Shares are held for the benefit of any U.S. Person and, in the opinion of the Board, such ownership could result in adverse tax or regulatory consequences to the Fund or any of the Shareholders; (ii) the Shareholder of Shares of the Fund used funds to purchase the Shares which were acquired from, or any part of the Shares is pledged with assets from, any U.S. Person; (iii) the Shareholder of Shares in the Fund is offering, or will offer, any Shares owned by him to any U.S. person; (iv) the ownership of the Shares by the Shareholder is unlawful or may be harmful or injurious to the business or reputation of the Fund, the Administrator, the Broker, or the Investment Manager; (v) the net asset value of any Shareholders holding subsequent to any redemption is less than US\$100,000; or (vi) for any other reason, or for no reason, whatsoever.

Compulsory redemptions will be made at the Redemption Price of the Shares at the Valuation Date next following the issuance of a notice of redemption to the Shareholder.

Concentration of Investments

The Investment Manager's investment program contemplates a focused investment portfolio which, in light of investment considerations, market risks and other factors, it believes will provide the best opportunity for attractive risk-adjusted returns in the value of the Fund's assets. The Articles of Association do not limit the amount of the Fund's assets that may be invested in a single company, security, country, industry, sector or asset Class. High concentrations within the Fund's portfolio would subject the Fund to a greater degree of risk with respect to the failure of one or a few investments, or with respect to economic downturns in relation to an individual industry or sector.

Operating Deficits

The expenses of operating the Fund (including the Management Fee) may exceed its income, thereby requiring that the difference be paid out of the Fund's capital, reducing the Fund's investments and potential for profitability.

No Distributions

The Fund does not intend to make distributions to the Shareholders, but intends instead to reinvest substantially all Fund income and gain, if any. Cash that might otherwise be available for distribution will also be reduced by payment of Fund obligations, payment of Fund expenses (including fees payable and expense reimbursements to the Investment Manager) and establishment of appropriate reserves.

Investment Expenses

The investment expenses (e.g., expenses related to the investment and custody of the Fund's assets, such as

brokerage commissions, custodial fees and other trading and investment charges and fees) as well as other Fund fees may, in the aggregate, constitute a high percentage relative to other investment entities. The Fund will bear these costs regardless of its profitability.

Performance Fee

The Performance Fee in respect of Class B Shares payable to the Investment Manager creates an incentive for the Investment Manager to effect transactions in securities that are riskier or more speculative than would be the case in the absence of such an allocation. Since the Performance Fee is calculated on a basis that includes unrealized appreciation of the Fund's assets, the allocation of the Fund's capital to such riskier or more speculative securities may be greater than if it were based solely on realized gains. In addition, since the Performance Fee is accrued monthly and payable on a quarterly basis, there may be circumstances in which the Investment Manager receives a Performance Fee during a fiscal year in which the Fund suffered an annual net loss in the aggregate.

Supervision of Trading Operations

The Investment Manager, with assistance from its brokerage and clearing firms, intends to supervise and monitor trading activity in the Fund account to ensure compliance with the Fund's objectives. However, despite the Investment Manager's efforts and the policies and the control of the Board of Directors, there is a risk that unauthorized or otherwise inappropriate trading activity may occur in the Fund account.

Broad Discretionary Power to Choose Investments and Strategies

The Investment Management Agreement gives the Investment Manager broad discretionary power to decide what investments the Fund will make and what strategies it will use. While the Investment Manager currently intends to use the strategies described in "INVESTMENT PROGRAM", it is not obligated to do so, and it may choose any other investments and strategies that it believes are advisable, subject to the policies and the control of the Board of Directors.

No Participation in Management

The management of the operations of the Fund has been delegated by the Board of Directors to the Investment Manager and the Administrator, and the Shareholders have no right to take part in the conduct or control of the business of the Fund. In connection with the management of the Fund's portfolio, each of the Investment Manager and the Principal will devote only such time to Fund matters as it, in its sole discretion, deems appropriate.

Limitation of Liability and Indemnification of the Investment Manager and Subadvisers

Pursuant to the Investment Management Agreement, the Investment Manager will not be liable to the Fund for any action or inaction in connection with the business of the Fund unless such action or inaction is found by a court of competent jurisdiction upon entry of final judgment to (i) constitute Gross Negligence or willful malfeasance and (ii) have not been done by the Investment Manager in good faith or in the reasonable belief that such act, omission, conduct or activity was in the best interests of the Fund. This agreement also provides that the Fund will indemnify and hold harmless Investment Manager and its directors, officers, employees, or agents from and against any loss or expense suffered or sustained by the Indemnified Person resulting from the performance or non-performance of the Investment Manager of its duties under the Investment Management Agreement, including without limitation any judgment, settlement, reasonable attorneys' fees and other costs or expenses incurred in connection with the defense of any actual or threatened action or proceeding, provided that such indemnity will not extend to conduct that constituted Gross Negligence or willful malfeasance. Terms similar to the above will also apply to subadvisers of the Investment Manager.

No Minimum Capitalization

At low asset levels, the Fund may be unable to make its investments as fully as would otherwise be desirable or to take advantage of potential economies of scale, including the ability to obtain the most timely and valuable research and trading information from securities brokers. It is possible that even if the Fund operates for a period with substantial capital, investors' redemptions could diminish the Fund's assets to a level that does not permit the most efficient and effective implementation of the Fund's investment program. As a result of losses or redemptions, the Fund may not have sufficient capital to diversify its investments to the extent desired or currently contemplated by the Investment Manager.

Differing Accounting Standards and Currency Risk for Non-U.S. Investors

The financial statements of the Fund are prepared in accordance with IFRS, which may differ from accounting principles in the jurisdiction where non-U.S. investors are located. The Fund's investments will be denominated in U.S. dollars. Therefore, the value of the Shares to non-U.S. investors may be affected by fluctuations in the rate of exchange between the U.S. dollar and other currencies.

Enforcement of Legal Rights

The Fund is incorporated under the laws of the British Virgin Islands. As a result, it may not be possible for Shareholders to effect service of process within their jurisdiction upon the Fund, the Administrator or certain of the other persons named herein. All or a substantial portion of the assets of the foregoing persons may be located outside of the jurisdiction of the Shareholder and, as a result, it may not be possible to satisfy a judgment against any of such persons in the Shareholder's jurisdiction or to enforce a judgment obtained in the Shareholder's jurisdiction against such persons.

Withholding Taxes

Dividends and other payments on certain securities may have taxes withheld that may not be recovered by investors. See "TAXATION".

Lack of Insurance

The assets of the Fund are not insured by any government or private insurer except to the extent portions may be deposited in bank accounts insured the U.S. Federal Deposit Insurance Corporation (or bank account in other jurisdictions insured other agencies) or with brokers insured by the U.S. Securities Investor Protection Corporation or other agencies and such deposits and securities are subject to such insurance coverage (which, in any event, is limited in amount). Therefore, in the event of the insolvency of a depository or custodian, the Fund may be unable to recover all of its funds or the value of its securities so deposited.

Market Risks

Investments in Securities and Other Assets Believed to Be Undervalued

The Investment Manager's investment program contemplates that a portion of the Fund's portfolio will be invested in securities and other assets that the Investment Manager believes to be undervalued. The identification of such investment opportunities is a difficult task, and there are no assurances that such opportunities will be successfully recognized or acquired. While such investments offer the opportunities for above-average capital appreciation, they also involve a high degree of financial risk and can result in substantial losses. Returns generated from the Fund's investments may not adequately compensate for the business and financial risks assumed. Such investments can sometimes include bonds and other fixed income securities, including, without limitation, commercial paper and "higher yielding" (and, therefore, higher risk) debt securities. It is likely that a major economic recession could disrupt severely the market for such investments and severely impact on their value. In addition, it is likely that any such economic downturn could adversely affect the ability of the issuers of such obligations to repay principal and pay interest thereon and increase the incidence of default for such securities. Additionally, there can be no assurance that other investors will ever come to realize the value of some of these investments, and that they will ever increase in price. Furthermore, the Fund may be forced to hold such investments for a substantial period of time before realizing their anticipated value. During this period, a portion of the Fund's funds would be committed to the investments made, thus possibly preventing the Fund from investing in other opportunities.

Investments in Small Capitalization and Unseasoned Companies

The Investment Manager's investment program contemplates that a portion of the Fund's portfolio may be invested in companies that have small market capitalization and/or unseasoned companies (such as spin-offs of large companies). Such companies generally have potential for rapid growth, but they often involve higher risks because they may lack the management experience, financial resources, product diversification and/or competitive strength of larger and/or more established companies. In addition, in many instances, the frequency and volume of their trading may be substantially less than is typical of larger companies. As a result, the securities of smaller companies may be subject to wider price fluctuations. When making large sales, the Fund may have to sell portfolio holdings of such companies at discounts from quoted prices or may have to make a Series of small sales over an extended period of time due to the lower trading volume of smaller company securities.

Competition

The securities industry and the varied strategies and techniques to be engaged in by the Investment Manager are extremely competitive and each involves a degree of risk. The Fund will compete with firms, including many of the larger securities and investment banking firms, which have substantially greater financial resources and research staffs.

Market Volatility

The profitability of the Fund substantially depends upon the Investment Manager correctly assessing the future price movements of stocks, bonds, options on stocks, and other securities and the movements of interest rates. The Investment Manager cannot guarantee that it will be successful in accurately predicting price and interest rate movements.

Fund's Investment Activities

The Fund's investment activities involve a significant degree of risk. The performance of any investment is subject to numerous factors which are neither within the control of nor predictable by the Investment Manager. Such factors include a wide range of economic, political, competitive and other conditions (including acts of terrorism and war) that may affect investments in general or specific industries or companies. The securities markets are volatile, which may adversely affect the ability of the Fund to realize profits. As a result of the nature of the Fund's investing activities, it is possible that the Fund's financial performance may fluctuate substantially from period to period.

Accuracy of Public Information

The Investment Manager selects investments for the Fund, in part, on the basis of information and data filed by issuers with various government regulators or made directly available to the Investment Manager by the issuers or through sources other than the issuers. Although the Investment Manager evaluates all such information and data and sometimes seeks independent corroboration when the Investment Manager considers it is appropriate and when it is reasonably available, the Investment Manager is not in a position to confirm the completeness, genuineness or accuracy of such information and data, and in some cases, complete and accurate information is not available. Investments may not perform as expected if information is inaccurate.

Volatility of Currency Prices

The profitability of the Fund's portfolio depends, in part, upon the Investment Manager correctly assessing the future price movements of currencies. However, price movements of currencies are difficult to predict accurately because they are influenced by, among other things, changing supply and demand relationships; governmental, trade, fiscal, monetary and exchange control programs and policies; national and international political and economic events; and changes in interest rates. Governments from time to time intervene in certain markets in order to influence prices directly. The Fund cannot guarantee that the Investment Manager will be successful in accurately predicting currency price and interest rate movements.

Leverage

When deemed appropriate by the Investment Manager and subject to applicable regulations, the Fund may use leverage in its investment program, including the use of borrowed funds and investments in certain types of options, such as puts, calls and warrants, which may be purchased for a fraction of the price of the underlying securities while giving the purchaser the full benefit of movement in the market of those underlying securities. While such strategies and techniques increase the opportunity to achieve higher returns on the amounts invested, they also increase the risk of loss. To the extent the Fund purchases securities with borrowed funds, its net assets will tend to increase or decrease at a greater rate than if borrowed funds are not used. The level of interest rates generally, and the rates at which such funds may be borrowed in particular, could affect the operating results of the Fund. If the interest expense on borrowings were to exceed the net return on the investments made with borrowed funds, the Fund's use of leverage would result in a lower rate of return than if the Fund were not leveraged.

If the amount of borrowings which the Fund may have outstanding at any one time is large in relation to its capital, fluctuations in the market value of the Fund's portfolios will have disproportionately large effects in relation to the Fund's capital and the possibilities for profit and the risk of loss will therefore be increased. Any investment

gains made with the additional monies borrowed will generally cause the net asset value of the Fund to rise more rapidly than would otherwise be the case. Conversely, if the investment performance of the additional monies borrowed fails to cover their cost to the Fund, the net asset value of the Fund will generally decline faster than would otherwise be the case.

Certain of the Fund's trading and investment activities may be subject to the Federal Reserve Board's margin requirements, which are computed each day. At present, the Federal Reserve Board's Regulation T permits a broker to lend no more than 50% of the purchase price of "margin stock" bought by a customer. When the market value of a particular open position changes to a point where the margin on deposit does not satisfy maintenance margin requirements, a "margin call" on the customer is made. If the customer does not deposit additional funds with the broker to meet the margin call within a reasonable time, the customer's position may be closed out. In the event of a precipitous drop in the value of the assets managed by the Fund, the Fund might not be able to liquidate assets quickly enough to pay off the margin debt and might suffer mandatory liquidation of positions in a declining market at relatively low prices, incurring substantial losses. With respect to the Fund's trading activities, the Fund, and not the Shareholders personally, will be subject to margin calls.

Overall, the use of leverage, while providing the opportunity for a higher return on investments, also increases the volatility of such investments and the risk of loss. Investors should be aware that an investment program utilizing leverage is inherently more speculative, with a greater potential for losses, than a program that does not utilize leverage.

Options and Other Derivative Instruments

The Investment Manager intends to write options on some of the securities, currencies and other assets held by the Fund. Further, the Fund also intends to invest in derivative instruments. The prices of many derivative instruments, including many options and swaps, are highly volatile. Price movements of options contracts and payments pursuant to swap agreements are influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, and national and international political and economic events and policies. The value of options and swap agreements also depends upon the price of the securities, currencies or other assets underlying them. The Fund is also subject to the risk of the failure of any of the exchanges on which its positions trade or of their clearinghouses or of counterparties. The cost of options is related, in part, to the degree of volatility of the underlying securities, currencies or other assets. Accordingly, options on highly volatile securities, currencies or other assets may be more expensive than options on other securities, currencies or other assets.

Put options and call options typically have similar structural characteristics and operational mechanics regardless of the underlying instrument on which they are purchased or sold. A put option gives the purchaser of the option, upon payment of a premium, the right to sell, and the writer the obligation to buy, the underlying security, commodity, index, currency or other asset at the exercise price. A call option, upon payment of a premium, gives the purchaser of the option the right to buy, and the seller the obligation to sell, the underlying instrument at the exercise price.

If a put or call option purchased by the Fund were permitted to expire without being sold or exercised, the Fund would lose the entire premium it paid for the option. The risk involved in writing a put option is that there could be a decrease in the market value of the underlying security, currency or other asset caused by rising interest rates or other factors. If this occurred, the option could be exercised and the underlying security, currency or other asset would then be sold to the Fund at a higher price than its current market value. The risk involved in writing a call option is that there could be an increase in the market value of the underlying security, currency or other asset caused by declining interest rates or other factors. If this occurred, the option could be exercised and the underlying security, currency or other asset would then be sold by the Fund at a lower price than its current market value.

Purchasing and writing put and call options and, in particular, writing "uncovered" options are highly specialized activities and entail greater than ordinary investment risks. In particular, the writer of an uncovered call option assumes the risk of a theoretically unlimited increase in the market price of the underlying security, currency or other asset above the exercise price of the option. This risk is enhanced if the security, currency or other asset being sold short is highly volatile and there is a significant outstanding short interest. These conditions exist in the stocks of many companies. The securities, currencies or other assets necessary to satisfy the exercise of the call option may be unavailable for purchase except at much higher prices. Purchasing securities, currencies or

other assets to satisfy the exercise of the call option can itself cause the price of the securities, currencies or other assets to rise further, sometimes by a significant amount, thereby exacerbating the loss. Accordingly, the sale of an uncovered call option could result in a loss by the Fund of all or a substantial portion of its assets.

Swaps and certain options and other custom instruments are subject to the risk of non-performance by the counterparty, including risks relating to the financial soundness and creditworthiness of the counterparty.

Hedging Transactions

Hedging strategies in general are usually intended to limit or reduce investment risk, but can also be expected to limit or reduce the potential for profit. No assurance can be given that any particular hedging strategy will be successful. The Fund may utilize financial instruments such as forward contracts, options and interest rate swaps, caps and floors to seek to hedge against fluctuations in the relative values of its portfolio positions as a result of changes in currency exchange rates, certain changes in the equity markets and changes in interest rates. Hedging against a decline in the value of portfolio positions does not eliminate fluctuations in the values of portfolio positions or prevent losses if the values of such positions decline, but establishes other positions designed to gain from those same developments, thus moderating the decline in the portfolio positions' value. Such hedging transactions also limit the opportunity for gain if the value of the portfolio positions should increase. Moreover, it may not be possible for the Fund to hedge against a fluctuation at a price sufficient to protect the Fund's assets from the decline in value of the portfolio positions anticipated as a result of such fluctuations. For example, the cost of options is related, in part, to the degree of volatility of the underlying securities. Accordingly options on highly volatile securities may be more expensive than options on other securities and of limited utility in hedging against fluctuations in those securities.

The Investment Manager is not obligated to establish hedges for portfolio positions and may not do so. To the extent that hedging transactions are effected, their success is dependent on the Investment Manager's ability to correctly predict movements in the direction of currency and interest rates and the equity markets or sectors thereof.

Investments in Non-U.S. Investments

The Fund may invest and trade a portion of its assets in non-U.S. securities and other assets (through ADRs and otherwise), which will give rise to risks relating to political, social and economic developments abroad, as well as risks resulting from the differences between the regulations to which U.S. and non-U.S. issuers and markets are subject. Such risks may include:

- political or social instability, the seizure by non-U.S. governments of company assets, acts of war or terrorism, withholding taxes on dividends and interest, high or confiscatory tax levels, and limitations on the use or transfer of portfolio assets;
- enforcing legal rights in some non-U.S. countries is difficult, costly and slow, and there are sometimes special problems enforcing claims against non-U.S. governments;
- non-U.S. securities and other assets often trade in currencies other than the U.S. dollar, and the Fund may directly hold non-U.S. currencies and purchase and sell non-U.S. currencies through forward exchange contracts. Changes in currency exchange rates will affect the Fund's net asset value, the value of dividends and interest earned, and gains and losses realized on the sale of investments. An increase in the strength of the U.S. dollar relative to these other currencies may cause the value of the Fund's investments to decline. Some non-U.S. currencies are particularly volatile. Non-U.S. governments may intervene in the currency markets, causing a decline in value or liquidity of the Fund's non-U.S. currency holdings. If the Fund enters into forward non-U.S. currency exchange contracts for hedging purposes, it may lose the benefits of advantageous changes in exchange rates. On the other hand, if the Fund enters forward contracts for the purpose of increasing return, it may sustain losses; or
- non-U.S. securities, commodities and other markets may be less liquid, more volatile and less closely supervised by the government than in the United States. Non-U.S. countries often lack uniform accounting, auditing and financial reporting standards, and there may be less public information about the operations of issuers in such markets.

Risk of Default or Bankruptcy of Third Parties.

The Fund may engage in transactions in securities and financial instruments that involve counterparties. Under certain conditions, the Fund could suffer losses if a counterparty to a transaction were to default or if the market for certain securities and/or financial instruments were to become illiquid. In addition, the Fund could suffer losses if there were a default or bankruptcy by certain other third parties, including brokerage firms and banks with which the Fund does business, or to which such securities have been entrusted for custodial purposes. For example, if the Fund's broker and custodian were to become insolvent or file for bankruptcy, the Fund could suffer significant losses with respect to any securities held by such firm.

Regulatory Risks

Strategy Restrictions

Certain institutions may be restricted from directly utilizing investment strategies of the type in which the Fund may engage. Such institutions should consult their own advisers, counsel and accountants to determine what restrictions may apply and whether an investment in the Fund is appropriate.

Trading Limitations

For all securities listed on a securities exchange, including options listed on a public exchange, the exchange generally has the right to suspend or limit trading under certain circumstances. Such suspensions or limits could render certain strategies difficult to complete or continue and subject the Fund to loss. Also, such a suspension could render it impossible for the Investment Manager to liquidate positions and thereby expose the Fund to potential losses relating thereto.

Conflicts of Interest

No Obligation of Full-Time Service

Neither the Investment Manager nor the Principal has any obligation to devote its full time to the business of the Fund. They are only required to devote such time and attention to the affairs of the Fund as they decide is appropriate, and they may engage in other activities or ventures, including competing ventures and/or unrelated employment, which result in various conflicts of interest between such persons and the Fund.

Advisory Services to Others

In addition to managing the Fund's investments, the Investment Manager, the Principal and any future subadviser, and their respective affiliates may provide investment management services to other persons, including other private investment funds, including those which may employ an investment program and strategy substantially similar to that used by the Fund ("Affiliated Funds"). The trades made by Affiliated Funds or other client accounts that may be managed by the Investment Manager and any future subadviser, or their respective principals or affiliates may compete with trades for the Fund's account, and the Investment Manager and any future subadviser, or their respective principals or affiliates may decide to invest the funds of these accounts or clients rather than the assets of the Fund in a particular security or strategy. In addition, the Investment Manager and/or such other persons will determine the allocation of funds from the Fund and such other accounts and clients to investment strategies and techniques on whatever basis they decide is appropriate. The records of these accounts and clients will not be made available to Shareholders. Nonetheless, in the event that certain securities are suitable for acquisition by the Fund and by other accounts managed by the Investment Manager and any future subadviser, or their respective affiliates, and the Investment Manager and any future subadviser, or their respective affiliates are not able to acquire the desired aggregate amount of such securities on terms and conditions which they deem advisable, the Investment Manager and any future subadviser, and their respective affiliates will endeavor in good faith to allocate the limited amount of such securities acquired among the various accounts for which they consider such investment to be suitable.

In addition, the Investment Manager and such other persons will determine the allocation of funds from the Fund and such other accounts or clients to investment strategies and techniques on whatever basis they consider appropriate or desirable in their sole and absolute discretion.

Diverse Shareholders

The Shareholders are expected to include taxable and tax-exempt entities and persons or entities resident of or

organized in various jurisdictions. As a result, conflicts of interest may arise in connection with decisions made by the Investment Manager that may be more beneficial for one type of Shareholder rather than another. In making such decisions, the Investment Manager intends to consider the investment objectives of the Fund as a whole, not the investment objectives of any Shareholder individually.

Use of Third Party Marketers

The Investment Manager may enter into fee sharing arrangements with third party marketers or solicitors who refer investors to the Fund. Such third party marketers may have a conflict of interest in advising prospective investors whether to purchase or redeem Shares.

Personal Trading by the Investment Manager, Subadvisers and Affiliates

The Investment Manager and any future Subadviser, and their principals and affiliates may make trades and investments for their own accounts. In these accounts, any such person may use trading and investment methods that are similar to, or substantially different from, the methods used by them to direct the Fund's account.

Lack of Separate Representation

None of the Articles of Association, the Investment Management Agreement or any other agreements, contracts and arrangements between the Fund, on the one hand, and the Investment Manager on the other hand, was or will be the result of arm's-length negotiations. Additionally, subadvisory agreements entered into between the Investment Manager and subadvisers to the Investment Manager will not be the product of arm's-length negotiations. The attorneys, accountants and others who have performed services for the Fund in connection with this offering, and who will perform services for the Fund in the future, have been and will be selected by the Investment Manager. No independent counsel has been retained to represent the interests of Shareholders, and none of the Articles of Association, the Investment Management Agreement or any of the subscription documents of the Fund ("Subscription Documents") has been reviewed by any attorney on their behalf. Investors are therefore urged to consult with their own counsel as to the terms and provisions of the Articles of Association, the Investment Management Agreement and all subscription and other related documents.

Directed Brokerage

Brokers may solicit or refer investors to invest in the Fund. The availability of these benefits may influence the Investment Manager to select one broker rather than another to perform services for the Fund. The Investment Manager intends to use reasonable efforts to assure either that the fees and costs for services provided to the Fund by such brokers are reasonable in relation to the fees and costs charged by other equally capable brokers not offering such services or that the Fund also will benefit from the services.

Valuation of Assets

The Investment Manager (subject to the discretion of the Board of Directors) will value the investments held by the Fund in accordance with IFRS, this Memorandum and the Articles of Association. Any securities, commodities, options and other instruments or assets held by the Fund for which there is no clear valuation (e.g. no quoted prices) are assigned a value as reasonably determined by the Investment Manager (or the Administrator, if so instructed by the Investment Manager) (subject to the discretion of the Board of Directors), in consultation with such industry professionals and other third parties as the Investment Manager deems appropriate. The Investment Manager has a conflict of interest in that it will receive higher Management Fees and Performance Fees if the Fund's portfolio is given a favorable valuation.

Conflicting Duties

The Board of Directors and the service providers may have conflicts of interest in relation to their duties to the Fund. However, each will, at all times, pay regard to its obligation to act in the best interest of the Fund and the Directors will attempt to ensure that all such potential conflicts of interest are resolved fairly and in the interests of Shareholders.

The foregoing list of risk factors does not purport to be a complete enumeration or explanation of the risks involved in an investment in the Fund. Offerees should read this entire Memorandum and the Articles of Association and consult with their own advisers before purchasing Shares.

Capital Structure of the Fund

Share Capital

The Fund has 50,000 authorised shares divided into two Classes of Shares as follows:

- 10,000 Class A Shares with no par value which have voting rights but do not participate in any profit or distribution of the Fund. The Investment Manager holds all Class A Shares issued; and
- 40,000 Class B Shares each with a par value USD 1,000 each which have no voting rights but will participate equally on a pro rata basis in the equity of the Fund.

Additional Classes of Shares may be established to accommodate different rights, privileges and terms associated with one or more Shareholders (including, but not limited to, voting rights, redemption rights, and different Management Fees and performance Fees (or different combinations of the factors associations with the various Classes set forth above)).

All Shares of the Fund are, when issued, fully paid and non-assessable, and shareholders have no personal liability for the debts of the Fund. The Shares have no preemptive, conversion, exchange or other rights or privileges.

The Fund does not anticipate paying any dividends on the Shares. However, in the event that a dividend is declared, such dividend will be paid in accordance with the Articles of Association and any applicable British Virgin Islands law or regulation.

Variation of Rights

Pursuant to the Articles of Association and the BVI Business Companies Act, 2004 (as amended), the Directors may amend the Articles of Association without Shareholder approval. This may include increasing or reducing the number of authorized shares, authorizing issuance of different Classes of Shares including preferred Shares, or reducing the par value of its Shares (although the Directors will notify Shareholders of any reduction in par value and will issue new Share certificates to Shareholders reflecting the par value, if applicable). The Directors may also increase the capital of Fund by capitalizing net earnings or reduce the capital by transferring funds from the capital to the surplus account of the Fund. However, any amendment which has the effect of varying the rights of existing Shareholders will require the written consent of Shareholders aggregating to a majority of 75% of the issued Shares of that Class or Series of Shares prior to such amendment.

The rights attaching to the Shares will be deemed not to be varied by the creation, allotment or issue of further Shares ranking *pari passu* with the Shares or ranking behind the Shares, the redemption or repurchase of any Shares, the passing of a Directors' resolution to change or vary the investment objective, investment technique and strategy and/or investment policy, or any modification of the fees payable to any service provider to the Fund.

Notwithstanding the foregoing, the Directors, with the consent of the Investment Manager, will have the absolute discretion to agree with a Shareholder to waive or modify the business terms applicable with respect to such Shareholder's application for Shares (including those relating to the Management Fee, the Performance Fee and redemptions) without obtaining the consent of any other Shareholder; provided that such waiver or modification does not amount to a variation of the Class rights of any other Shareholder. In such event, the Fund may issue an additional Class of Shares with such terms different than those of the Shares offered and described in this Memorandum.

Other Rights and Liabilities

All Shareholders are entitled to the benefit of, are bound by and are deemed to have notice of, the provisions of the Articles of Association. The Articles of Association have been drafted in broad and flexible terms to allow the Directors:

- To issue additional Classes of Shares with terms (including the offering of Shares in a different currency) different than those of the Shares offered and described in this Memorandum; and
- The authority, in their discretion, to determine a number of issues including the period of notice to be

given for redemptions and whether or not to charge subscription or redemption fees, generally or in any particular case. In approving this Memorandum, the Directors have exercised a number of these discretions granted in the Articles of Association.

In the event that the Fund is wound up following a resolution passed by the Shareholders, the Fund's assets will be distributed to the Shareholders as soon as is practicable after completion of a final audit of the Fund's books.

Under the terms of the Articles of Association, the liability of the Shareholders is limited to any amount unpaid on their Shares. As the Shares can only be issued if they are fully paid, the Shareholders will not be liable for any debt, obligation or default of the Fund.

The Offering

How to Subscribe

Shares are initially offered for subscription during the period from 1 January 2016 to 31 March 2016 (the "Initial Offering Period") at the price of US\$1,000 per Share on each Subscription Date.

To subscribe for Shares in the Offering, an Offeree must complete the Subscription Documents and send them to the Fund by facsimile, with the original by mail. A properly completed set of Subscription Documents must be received by at least 3 Business Days prior to the applicable Subscription Date, unless waived by the Fund. Existing Shareholders seeking to subscribe for additional Shares must complete the Additional Subscription Form for Shares included with the Subscription Documents and send it to the Fund by facsimile, with the original by mail, at the facsimile number and address set forth in the Directory. A properly completed Additional Subscription Form must be received at least 2 Business Days prior to the applicable Subscription Date, unless waived by the Fund.

Payments for subscriptions must be by wire transfer to the account designated in the Subscription Documents. Acceptance of any subscription is subject to the right of the Fund, in its sole discretion, to modify or cancel the offering of the Shares at any time without notice, and to accept or reject any subscription in whole or in part. Payment for Shares subscribed for on any Subscription Date must be received not later than 5:00 p.m., MSK., on such Subscription Date if payment has not been received by the relevant deadline in connection with a subscription that the Fund has accepted, the Fund may, in its sole discretion cancel the purchase order and subscription or consider the purchase order as being a purchase order for the next Subscription Date after the receipt of payment.

No interest is payable on subscription monies received. An Offeree acceptable to the Fund will be sold that number of Shares (including fractional Shares) that the Offeree's subscription will purchase (to the extent accepted).

In general the Shares will be issued in three Business days after the Subscription date for paid Shares only and issued in book-entry, registered form only and no Share certificates representing the Shares subscribed for will be issued. But Directors on its sole discretion may issue Share certificates and Excerpts from the Register for the investors which are kept in office for 10 Business day after the issuance.

In the event that the Board of Directors accepts subscriptions for Shares in currencies other than U.S. dollars, such subscriptions will be converted into its U.S. dollar equivalent at prevailing exchange rates at the time of issuance of the Shares, which valuation in U.S. dollars will be the basis for such Share issuance.

The Board of Directors may refuse to issue, register or permit the transfer of Shares if it reasonably determines that such issuance, registration or transfer is not in the best interests of the Fund. No Shares may be transferred to any U.S. Person.

If the Fund should find reasonable cause to believe that any statement by an investor in the Subscription Documents or the Additional Subscription Form for Shares included therein is not true or continued ownership of such Shares will cause a violation of any law by which the Fund is governed, including, but not limited to, the laws of the U.S. and all applicable anti-money laundering regulations, it may either (i) refuse to issue Shares; or (ii) redeem any Shares held by the investor at the net asset value per Share as of the date of redemption as specified in the notice advising the investor of the compulsory redemption.

The Administrator will, on behalf of the Fund, or the Fund itself acknowledge all subscriptions by way of trade confirmation upon approval of a subscription by the Fund. Should a prospective investor not receive a trade confirmation, it is the prospective investor's responsibility to contact the Administrator to ascertain the status of its subscription as it cannot assume its successful subscription until it receives a trade confirmation. If the subscription is not accepted, payment will be returned without deduction or interest.

The Fund has the right, in its sole discretion, to accept or reject, for any or no reason, any subscription in whole or in part for a period of 30 days after receipt of the subscription. A subscriber will not be admitted as a Shareholder unless and until its subscription is accepted by the Fund. Any subscription which is not accepted within 30 days of receipt will be deemed rejected, and funds for such subscription will be returned within 10 days of such rejection without deduction of any fees or expenses and without any accrued interest.

Eligibility

The Directors have determined that Shares may generally be purchased only by investors who are not U.S. Persons for the purpose of the Market Act.

Prior to acceptance of any subscription for Shares, each Offeree, by completing and signing the Subscription Documents, will make certain representations to the Fund, to induce it to accept the Offeree's subscription request, which may include the following:

- (i) the proposed record owner (and, if applicable, the Beneficial Owner) is a Professional Investor (preferably);
- (ii) the Shares are being acquired in an offshore transaction by a non-"U.S. person", and the Offeree is a "qualified purchaser", each as defined under the U.S. securities laws and other relevant laws, and has such knowledge and experience in financial and business matters that the Offeree is capable of evaluating the merits and risks of the proposed investment;
- (iii) the Offeree (i) understands that the Investment Manager and its affiliates, and any subadvisers to the Fund, will receive substantial compensation in connection with the management of the Fund, and (ii) can bear the economic risk of its investment in the Fund for an indefinite period of time and can afford a complete loss of its investment in the Fund;
- (iv) the Offeree is acquiring the Shares for investment purposes only and solely for its own account and not with a view of reselling or distributing such Shares;
- (v) during the course of the Offering and prior to the sale of Shares, the Fund has afforded the Offeree the opportunity to ask questions and receive answers concerning the terms and conditions of the Offering and to obtain any additional information necessary to evaluate the merits and risks of an investment in the Fund;
- (vi) the Offeree will indemnify the Fund, the Investment Manager, the Administrator and their affiliates against any liability, costs or expenses resulting from any misrepresentation or breach of warranty made by the Offeree in connection with the offer or sale of Shares;
- (vii) the Offeree is aware that substantial restrictions exist on the transferability of Shares;
- (viii) the Offeree has consulted with its own legal, tax, accounting and/or investment advisers to determine the suitability of an investment in the Shares in light of its particular tax and financial situation; or
- (ix) the Offeree has not dealt with a broker in connection with the purchase of the Shares, other than as is specifically disclosed in the Subscription Documents.

Service Providers

Broker and Custodian

The Fund will have a brokerage and custodial arrangement with Interactive Brokers and Otkritie Capital International Limited or with such other broker as directed from time to time by the Board of Directors. The Broker will clear the Fund's securities and other transactions which are effected through other brokerage firms and, from time to time, execute such transactions for the Fund. Accordingly, the Broker may receive substantial brokerage commissions (in its capacity as an executing broker) and/or margin interest (in its capacity as broker) related to such transactions of the Fund. The Fund is not committed to continue its brokerage and custodial relationship with the Broker for any minimum period, and may enter into brokerage and custodial relationships with other brokers.

The Broker is a service provider to the Fund and is not responsible for the preparation of this Memorandum or the activities of the Fund and therefore accepts no responsibility for any information contained herein. The Broker will not participate in the Fund's investment decision-making process.

In its capacity as such, the Broker will provide, among other things, the following clearing, custodial and record keeping services: (i) settlement of transactions; (ii) the transfer of record ownership of securities; (iii) the receipt and delivery of securities and other financial instruments purchased, sold, borrowed and loaned; (iv) financing of transactions through margin loans and compliance with margin and maintenance requirements; (v) custody of securities, other financial instruments and funds; (vi) tendering securities and other financial instruments in connection with tender offers, mergers or other corporate reorganizations; and (vii) maintenance of accounts and records for each transaction.

The Broker will obtain, safe-keep and maintain custody of all of the Fund's fully paid assets held by it in a customer account identified on the books of the Broker as belonging to the Fund and segregated from the proprietary positions of the Broker.

BVI Legal Counsels

Coverdale Trust Services Limited, 30 de Castro Street, P.O. Box 4519, Road Town, Tortola, British Virgin Islands and G.S.L. Law & Consulting (BVI) Limited, First Floor, Mandar House, Johnson's Ghut, P. O. Box 3257, Road Town, Tortola, British Virgin Islands ("Councils") are engaged to serve as British Virgin Islands counsels to the Fund in connection with matters for which it is retained to do so by the Investment Manager or the board of directors of the Fund. No separate counsel has been or will be engaged to independently represent the shareholders in connection with these matters. Other counsel or advisors may also be retained where the Investment Manager or board of directors determines that to be appropriate (including with respect to certain tax matters).

Change of Service Providers

The Board of Directors may change any of the Fund's service providers without the consent of the Shareholders.

Taxation

The taxation of the Fund and its Shareholders under the tax laws of British Virgin Islands and other laws as summarized below. The summary is based on the assumption that the Fund is owned, managed and operated as contemplated including that the Fund's sole activities in the U.S. are effecting transactions in stocks or securities and, that the Fund is not a dealer. The summary considers laws existing as applied at the date of this Memorandum, but no representation is made or intended by the Fund (i) that changes in such laws or their application or interpretation will not be made in the future or (ii) that different Tax Service will agree with the interpretation described below as applied to the method of operation of the Fund. The summary does not discuss taxation of any country other than British Virgin Islands, and does not discuss state and/or local taxation. Persons interested in subscribing for the Fund's Shares should consult with their own tax advisers with respect to the tax consequences, including the income tax consequences, if any, to them of the purchase, holding, redemption, sale or transfer of the Shares.

British Virgin Islands

The Fund and all dividends, interest, rents, royalties, compensations and other amounts paid by the Fund are exempt from the provisions of the Income Tax Act in the British Virgin Islands and any capital gains realized with respect to any Shares, debt obligations, or other securities of the Fund are exempt from all forms of taxation in the British Virgin Islands. As of January 1, 2005, the Payroll Taxes Act, 2004 came into force. It does not apply to the Fund except to the extent that the Fund has employees (and deemed employees) rendering services to the Fund wholly or mainly in the British Virgin Islands. The Fund at present has no employees in the British Virgin Islands and no intention of having any employees in the British Virgin Islands.

No estate, inheritance, succession or gift tax, rate, duty, levy or other charge is payable by persons who are not persons resident in the British Virgin Islands with respect to any Shares, debt obligation or other securities of the Fund.

All instruments relating to transfers of property, other than real property situate in the Virgin Islands, to or by the Fund and all instruments relating to transactions in respect of the Shares, debt obligations or other securities of the Fund and all instruments relating to other transactions relating to the business of the Fund are exempt from the payment of stamp duties in the British Virgin Islands.

There are currently no withholding taxes or exchange control regulations in the British Virgin Islands applicable to the Fund or its Shareholders.

Other Taxes

The Fund may invest in securities sourced in countries other than British Virgin Islands, and the Fund may be subject to income, withholding or other taxation in such other countries. The Shareholders in the Fund may be resident for tax purposes in many different countries and, accordingly, no attempt is made in this Memorandum to summarize the tax consequences for every investor who might become a Shareholder in the Fund. Prospective investors should therefore consult their professional advisers on the possible tax consequences of subscribing for, acquiring, holding, transferring or redeeming Shares under the laws of their country of citizenship, residence, domicile or incorporation.

Regulatory Considerations

Anti-Money Laundering Controls

Under the British Virgin Islands Anti-money Laundering Regulations, 2008, as amended (the “AML Regulations”) and the Anti-money Laundering and Terrorist Financing Code of Practice, 2008 as amended by the Anti-money Laundering and Terrorist Financing (Amendment) Code of Practice, 2009 (as amended) (together with the AML Regulations, the “BVI AML Laws”), all BVI funds (*i.e.* funds operating as “mutual funds” under SIBA) are required to (i) appoint a Money Laundering Reporting Officer (the “Reporting Officer”); (ii) implement and maintain certain antimoney laundering compliance procedures, primarily being the identification and verification of investors in the Fund and related record keeping (the “Compliance Procedures”); and (iii) implement and maintain an independent compliance audit to ensure that the BVI fund is complying with its obligations under the BVI AML Laws.

Money Laundering Reporting Officer

In accordance with the Fund’s obligations pursuant to the BVI AML Laws, the Fund may appoint a person as the Reporting Officer.

Outsourcing of AML Functions

In accordance with the Fund’s obligations pursuant to the BVI AML Laws, the Compliance Procedures will be carried out by the Administrator or other person of a recognized jurisdiction for the purposes of the BVI AML Laws.

Identification and Verification of Investors

The Fund and the Administrator and/or their affiliates may require a detailed verification of a prospective investor’s identity, any beneficial owner thereof, and the source of the capital contributed to the Fund, to the extent required under the BVI AML Laws, the applicable laws of the United States and the Fund’s and/or the Administrator’s internal know your customer identification policy. The Fund reserves the right to request such information as is necessary to verify the identity of a prospective investor in the Fund and any beneficial owner thereof. In the event of delay or failure by a prospective investor or shareholder to produce any information required for verification purposes, the Fund may, in its absolute discretion, refuse to accept a subscription, refuse to allot the Interests applied for in which event application monies will be returned without interest to the account from which such moneys were originally debited, or may cause such shareholder to be redeemed from the Fund. The Fund, by written notice to any shareholder, may suspend the right of a shareholder to receive distributions from the Fund or refuse to make any redemption payment to a shareholder if the Directors or the Administrator reasonably deem it necessary to do so to comply with anti-money laundering regulations applicable to the Fund or any shareholder or affiliate thereof or if the Directors or the Administrator suspect or are advised that the payment of redemption proceeds to such shareholder might result in a breach of applicable anti-money laundering or other laws or regulations by any person in any relevant jurisdiction. Each prospective investor and shareholder is required to make such representations to the Fund as it requires in connection with such anti-money laundering programs. The Fund, the Manager and the Administrator will be held harmless and will be fully indemnified by a potential subscriber against any loss arising as a result of a failure to process a subscription or redemption request if such information as has been requested by any of them has not been satisfactorily provided by the applicant.

Privacy Policy

This privacy policy explains the manner in which the Fund and the Investment Manager (collectively, “Fund Entities”), collect, utilize and maintain nonpublic personal information about the Fund’s investors, as required under recently enacted U.S. federal legislation. This privacy policy only applies to nonpublic information of investors who are individuals (not entities).

Collection of Investor Information

The Fund Entities collect personal information about its investors mainly through the following sources:

- subscription forms, investor questionnaires and other information provided by the investor in writing, in person, by telephone, electronically or by any other means. This information includes name, address, nationality, tax identification number, and financial and investment qualifications; and
- transactions within the Fund Entities, including account balances, investments and redemptions.

Disclosure of Nonpublic Personal Information

The Fund Entities do not sell or rent investor information. The Fund Entities do not disclose nonpublic personal information about investors to nonaffiliated third parties or to affiliated entities, except as permitted by law. For example, the Fund Entities may share nonpublic personal information in the following situations:

- to service providers in connection with the administration and servicing of the Fund, which may include attorneys, accountants, auditors and other professionals. The Fund Entities may also share information in connection with the servicing or processing of Fund Entities transactions;
- to affiliated companies in order to provide you with ongoing personal advice and assistance with respect to the products and services you have purchased through the Fund and to introduce you to other products and services that may be of value to you;
- to respond to a subpoena or court order, judicial process or regulatory authorities;
- to protect against fraud, unauthorized transactions (such as money laundering), claims or other liabilities; and
- upon consent of an investor to release such information, including authorization to disclose such information to persons acting in a fiduciary or representative capacity on behalf of the investor.

Protection of Investor Information

The Fund Entities’ policy is to require that all employees, financial professionals and companies providing services on their behalf keep client information confidential.

The Fund Entities restrict access to the personal and account information of investors to those employees who need to know that information in the course of their job responsibilities. Third parties with whom the Fund Entities share investor information must agree to follow appropriate standards of security and confidentiality.

The Fund Entities’ privacy policy applies to both current and former investors. The Fund Entities may disclose nonpublic personal information about a former investor to the same extent as for a current investor.

Changes to Privacy Policy

The Fund Entities may make changes to their privacy policy in the future.

Anti-Money Laundering Regulations

British Virgin Islands Procedures

As part of the Fund's responsibility for the prevention of money laundering, the Fund and the Administrator or any of their respective subsidiaries, affiliates, directors, officers, shareholders, employees, agents, and permitted delegates will require a detailed verification of the applicant's identity and the source of the payment from any person delivering a completed subscription application to the Fund.

In order to comply with regulations aimed at the prevention of money laundering in the British Virgin islands, verification of identity from all prospective investors to the extent required under applicable law in the British Virgin islands.

The British Virgin islands anti-money laundering regulations hereinafter referred to as the "Regulations". Depending on the circumstances of each subscription, it may not be necessary to obtain full documentary evidence of identity where:

- the prospective investor makes the payment for his investment from an account held in the prospective investor's name at a recognized financial institution;
- the prospective investor is regulated by a recognized regulatory authority and is based or incorporated in, or formed under the law of, a recognized jurisdiction; or
- the subscription is made by an intermediary acting on behalf of the prospective investor and such intermediary is regulated by a recognized regulatory authority and is based or incorporated in, or formed under the law of, a recognized jurisdiction.

These exceptions will only apply if the financial institution or intermediary referred to above is within a country recognized as having sufficient anti money laundering regulations. These exceptions may not apply due to the requirements of jurisdictions other than the British Virgin islands.

Subscriptions for Shares will be received by the Fund and Administrator. The Fund and Administrator will notify applicants if additional proof of identity is required. By way of example, an individual may be required to produce a copy of a passport or identification card duly certified as a true copy by a notary public, law firm or bank, together with evidence of their address such as a utility bill or bank statement. in the case of corporate applicants this may require production of a copy of the certificate of incorporation (and any change of name), certificate of incorporation and by-laws (or equivalent) duly certified as a true copy by a notary public law firm or bank and the names, occupations, dates of birth and residential and business addresses of all directors or other governing members or representatives of entity investors in line with the foregoing individual identification requirements.

The details given above are by way of example only. The Fund and the Administrator or its respective subsidiaries, affiliates, directors, officers, shareholders, employees, agents, and permitted delegates reserve the right to request such documentation as any of them deems necessary to verify the identity of the applicant and to verify the source of the relevant money. Applicants who are existing customers and believe they have supplied documentation verifying their identity to the Fund or an affiliate in the past may contact the Administrator to determine whether any additional information is necessary. Failure to provide the necessary evidence may result in applications being rejected or in delays in redemptions or in the dispatch of documents and the issuance of Shares.

Pending the provision of satisfactory evidence as to identity, the evidence of title in respect of Shares may be retained at the absolute discretion of the Administrator. If within a reasonable period of time following a request for verification of identity, the Administrator has not received evidence satisfactory to it as aforesaid, they may, in their absolute discretion, refuse to allot the Shares applied for in which event application moneys will be returned without interest to the account from which such moneys were originally debited.

The Fund and the Administrator and its respective subsidiaries, affiliates, directors, officers, shareholders, employees, agents, and permitted delegates will be held harmless and will be fully indemnified by a potential subscriber against any loss arising as a result of a failure to process a subscription or redemption request if such information as has been requested by any of them has not been satisfactorily provided by the applicant.

If any person who is resident in the British Virgin Islands has a suspicion that a payment to the Fund (by way of subscription or otherwise) contains the proceeds of criminal conduct that person is required to report such suspicion pursuant to applicable law in the British Virgin Islands and such report will not be treated as a breach of any restriction upon the disclosure of information imposed by law or otherwise. Reporting requirements of other jurisdictions may also apply

The British Virgin Islands Financial Institution Reporting Regime and FATCA

The BVI has signed two inter-governmental agreements to improve international tax compliance and the exchange of information - one with the United States and one with the United Kingdom. A Model 1(b) (non-reciprocal) inter-governmental agreement was signed with the United States (the "US iGA") which gives effect to the automatic tax information exchange requirements of the US Foreign Account Tax Compliance Act ("US FATCA") and a similar intergovernmental agreement was signed with the United Kingdom (the "UK iGA") (together with the US IGA, the "IGAs"), with respect to the automatic exchange of tax information relating to UK tax resident persons and entities.

Amendments have been made to the Mutual Legal Assistance (Tax Matters) Act 2003 and orders have been made pursuant to this act to give effect to the terms of the US IGA and the UK IGA under BVI law (the "BVI legislation"). Draft guidance notes were published by the government of the British Virgin Islands in July 2014 to provide practical assistance to entities and others affected by the US IGA and/or UK IGA and the BVI legislation (the "Guidance Notes").

The US IGA provides that BVI financial institutions ("FIs") which comply with the US IGA and the BVI legislation will be treated as satisfying the due diligence and reporting requirements of US FATCA and accordingly will be "deemed compliant" with the requirements of US FATCA, will not be subject to withholding tax, and will not be required to close recalcitrant accounts.

The US IGA categorizes FIs as either "Reporting FIs" or "Non-Reporting FIs". By default, all BVI FIs will be Reporting FIs, unless they qualify as Non-Reporting FIs. The categories of Non-Reporting FIs are specified in Annex II to the relevant IGA. In relation to US FATCA a Reporting FI is, amongst other things, (i) not required to enter an "FFI agreement" with the US Internal Revenue Service ("IRS"), (ii) required to register with the IRS to obtain a Global Intermediary Identification Number, (iii) required to conduct due diligence on its investors to identify whether accounts are held directly or indirectly by "Specified US Persons", and (iv) required to report information on such Specified US Persons to the BVI International Tax Authority (the "BVI ITA"). The BVI ITA will exchange the information reported to it with the IRS annually on an automatic basis. A Non-Reporting FI will not be subject to these requirements. Both Reporting and Non-Reporting FIs may need to provide self-certification, on US tax forms, as to their US FATCA status, to withholding agents to avoid the imposition of the FATCA withholding tax (currently at the rate of 30%).

Under the terms of the US IGA US FATCA withholding tax will not be imposed on payments made to the Fund, unless it is deemed to be a Nonparticipating Financial Institution (as defined in the US IGA) as a result of "significant noncompliance". The US IGA does not require the Fund to withhold tax on payments made by the Fund to an account holder on account of US FATCA or otherwise.

The UK IGA imposes similar requirements to the US IGA, so that the Fund will be required to identify accounts held directly or indirectly by "Specified United Kingdom Persons" and report information on such Specified United Kingdom Persons to the BVI ITA, which will exchange such information annually with HM Revenue & Customs ("HMRC"), the United Kingdom tax authority. There is no withholding tax regime associated with the UK IGA nor is there any requirement for Reporting FIs to register with HMRC.

It is anticipated that further inter-governmental agreements ("future IGAs") similar to the US IGA and the UK IGA may be entered into with other third countries by the BVI Government to introduce similar regimes for reporting to such third countries fiscal authorities ("foreign fiscal authorities").

By investing (or continuing to invest) in the Fund, investors shall be deemed to acknowledge that:

- the Fund (or its agent) may be required to disclose to the BVI ITA certain confidential information in relation to the investor, including but not limited to the investor's name, address, tax identification number (if any), social security number (if any) and certain information relating to the investor's investment;

- the BVI ITA may be required to automatically exchange information as outlined above with the IRS, HMRC and other foreign fiscal authorities;
- the Fund (or its agent) may be required to disclose to the IRS, HMRC and other foreign fiscal authorities certain confidential information when registering with such authorities and if such authorities contact the Fund (or its agent directly) with further enquiries;
- the Fund may require the investor to provide additional information and/or documentation which the Fund may be required to disclose to the BVI ITA;
- in the event an investor does not provide the requested information and/or documentation, whether or not that actually leads to compliance failures by the Fund, or a risk of the Fund or its investors being subject to withholding tax under the relevant legislative or intergovernmental regime, the Fund reserves the right to take any action and/or pursue all remedies at its disposal including, without limitation, compulsory redemption or withdrawal of the investor concerned; and
- no investor affected by any such action or remedy shall have any claim against the Fund (or its agent) for any form of damages or liability as a result of actions taken or remedies pursued by or on behalf of the Fund in order to comply with any of the US IGA, the UK IGA or any future IGAs, or any of the relevant underlying legislation.

Notices to Investors

IT IS THE RESPONSIBILITY OF ANY PERSONS WISHING TO SUBSCRIBE FOR THE SHARES TO INFORM THEMSELVES OF AND TO OBSERVE ALL APPLICABLE LAWS AND REGULATIONS OF ANY RELEVANT JURISDICTIONS. PROSPECTIVE INVESTORS SHOULD INFORM THEMSELVES AS TO THE LEGAL REQUIREMENTS AND TAX CONSEQUENCES WITHIN THE COUNTRIES OF THEIR CITIZENSHIP, RESIDENCE, DOMICILE AND PLACE OF BUSINESS WITH RESPECT TO THE ACQUISITION, HOLDING OR DISPOSAL OF THESE SHARES, AND ANY FOREIGN EXCHANGE RESTRICTIONS THAT MAY BE RELEVANT THERETO.

Appendix

APPLICATIONS MUST BE MADE BY A WRITTEN APPLICATION USING THE RELEVANT SUBSCRIPTION APPLICATION FORM AND AGREEMENT WHICH IS ATTACHED (THE "SUBSCRIPTION APPLICATION FORM"). ALL APPLICATIONS SHOULD BE DIRECTED TO THE ADMINISTRATOR AT THE ADDRESS SHOWN ON THE SUBSCRIPTION APPLICATION FORM. THE DIRECTORS RESERVE THE RIGHT TO REJECT APPLICATIONS FOR SUBSCRIPTIONS IN WHOLE OR IN PART WITHOUT GIVING ANY REASON, IN WHICH EVENT SUBSCRIPTION MONIES RECEIVED WILL BE RETURNED WITHOUT INTEREST.

THE FUND AND ITS AGENTS RESERVE THE RIGHT TO REQUEST SUCH INFORMATION AS IS NECESSARY TO VERIFY THE IDENTITY OF AN APPLICANT. IN THE EVENT OF DELAY OR FAILURE BY THE APPLICANT TO PRODUCE ANY INFORMATION REQUIRED FOR VERIFICATION PURPOSES, THE FUND OR ITS AGENTS MAY REFUSE TO ACCEPT THE SUBSCRIPTION APPLICATION AND THE SUBSCRIPTION MONEY RELATING THERETO WILL BE RETURNED WITHOUT INTEREST.