

This document (the "**Scheme Particulars**") constitutes scheme particulars given in compliance with the Collective Investment Schemes (Class B) Rules 1990 (the "**Rules**") for the purpose of giving information with regard to The Global Mutual Fund PCC Limited, a protected cell company incorporated in Guernsey on 27 March 2006 (the "**Fund**"). The information furnished in the Scheme Particulars is for use only by a prospective investor for the purposes of evaluating a possible investment in the participating redeemable preference shares (the "**Participating Shares**") in cells of the Fund (each a "**Cell**"), the particulars of which are contained in supplemental scheme particulars ("**Supplemental Scheme Particulars**"). These Scheme Particulars should be read in conjunction with the relevant Supplemental Scheme Particulars. If you are in any doubt about the contents of these Scheme Particulars or the relevant Supplemental Scheme Particulars you should consult your stockbroker, bank manager, solicitor, accountant or other independent financial advisor.

The directors of the Fund whose names appear in these Scheme Particulars (the "**Directors**") accept responsibility for the accuracy of the information contained in these Scheme Particulars. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the facts stated in these Scheme Particulars are true and accurate in all material respects and there are no other facts the omission of which would make misleading any statement in these Scheme Particulars, whether of facts or opinion. The Directors accept responsibility accordingly.

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**THE GLOBAL MUTUAL FUND PCC LIMITED**  
(a protected cell company limited by shares registered in Guernsey  
under registration number 44586)

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Dated 17 June 2013

## IMPORTANT INFORMATION

No broker, dealer or other person has been authorised by the Fund or by any of its agents to issue any advertisement or to give any information or to make any representations in connection with the offering or sale of Participating Shares other than those contained in these Scheme Particulars and the relevant Supplemental Scheme Particulars and, if issued, given or made, such advertisement, information or representations must not be relied upon as having been authorised by the Fund or any of its agents. Statements made in these Scheme Particulars and the relevant Supplemental Scheme Particulars are based on the law and practice in force at the date of the relevant document and are subject to changes therein. Neither the delivery of these Scheme Particulars or Supplemental Scheme Particulars nor the issue of Participating Shares shall, under any circumstances, imply that there has been no change in the circumstances affecting any of the matters contained in these Scheme Particulars or the relevant Supplemental Scheme Particulars since the date of the relevant document.

These Scheme Particulars and the relevant Supplemental Scheme Particulars do not constitute, and may not be used for the purposes of, an offer or solicitation to anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation. The distribution of these Scheme Particulars and the relevant Supplemental Scheme Particulars and the offering of Participating Shares in certain jurisdictions may be restricted and accordingly persons into whose possession such documents come are required to inform themselves about and to observe such restrictions.

None of the Participating Shares has been or will be registered under the United States of America Securities Act of 1933 (as amended), and, except as described herein, none of the Participating Shares may be offered or sold, directly or indirectly, in the United States of America, its territories or possessions or any area subject to its jurisdiction including the Commonwealth of Puerto Rico (the "**United States**") or to any resident thereof (including any corporation, partnership or other entity created or organised in or under the laws of the United States or any political subdivision thereof) or any estate or trust that is subject to United States federal income taxation regardless of the source of its income. In addition, the Fund has not been and will not be registered under the United States Investment Company Act of 1940 (as amended) and the Manager has not been registered under the United States Investment Advisors Act of 1940 (as amended).

The Guernsey Financial Services Commission ("**GFSC**") has authorised the Fund as a Class B Collective Investment Scheme under the Protection of Investors (Bailiwick of Guernsey) Law, 1987, as amended (the "**POI Law**"). It must be distinctly understood that in giving this authorisation the GFSC does not vouch for the financial soundness or the correctness of any of the statements made or opinions expressed with regard to the Fund. Investors in the Fund are not eligible for the payment of any compensation under the Collective Investment Schemes (Compensation of Investors) Rules 1988 made under the POI Law. Investors in any Cell of the Fund must be over the age of 18.

An investment in any Cell should be regarded as a long-term investment. The value of Participating Shares may fall as well as rise. There can be no guarantee that the Manager's objective for each of the Cells of the Fund will be achieved and investors may not get back the amount originally invested. Investors are referred to the section headed "**RISK FACTORS**" on page 14 below.

Distribution of these Scheme Particulars and relevant Supplemental Scheme Particulars is not authorised in any jurisdiction after the date of publication of the Fund's first report and financial statements unless such documents are accompanied by the Fund's most recent annual report and financial statements or, if more recent, its interim report and financial statements.

Prospective investors should not treat the contents of these Scheme Particulars or any Supplemental Scheme Particulars as advice relating to legal, taxation, investment, exchange control or any other matters and are recommended to consult their own professional advisors concerning the consequences of their acquiring, holding or disposing of Participating Shares.

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## DEFINITIONS

The following words shall have the meanings opposite them unless the context in which they appear requires otherwise:

<b>1940 Act</b>	United States of America Investment Companies Act of 1940, (as amended).
<b>1933 Act</b>	United States of America Securities Act of 1933 (as amended).
<b>Administrator</b>	The designated manager of the Fund, being Fund Corporation of the Channel Islands Limited.
<b>Articles</b>	The articles of association/ incorporation of the Fund for the time being.
<b>Base Currency</b>	The currency in which different classes of Participating Shares may be denominated by the Directors.
<b>Business Day</b>	Any day on which banks in Guernsey are open for normal banking business (excluding Saturdays, Sundays and bank holidays).
<b>Cell</b>	A Cell created by the Fund for the purposes of segregating and protecting cellular and core assets of the Fund.
<b>Collective Investment Vehicle</b>	An arrangement that enables a number of investors to "pool" their assets and to share the associated costs and have these professionally managed by an independent manager including, for the avoidance of doubt, Exchange Traded Funds, investment trusts and participatory interests and other forms of participation in all such arrangements or vehicles whether or not other Cells.
<b>Companies Law</b>	The Companies (Guernsey) Law 2008, as amended.
<b>Custodian</b>	Deutsche Bank International Limited, Guernsey Branch.
<b>Dealing Day</b>	An Investment Dealing Day or a Redemption Dealing Day (as more fully described in the relevant Supplemental Scheme Particulars).  The Directors shall have the power at any time to determine special Investment Dealing Days or Redemption Dealing Days, other than the dates specified in the relevant Supplemental Scheme Particulars in respect of a subscription, redemption or conversion request submitted to the Manager. It is expected that such special Dealing Days shall only be used in specific circumstances or for specific purposes where it is believed that the implementation of the special Dealing Day is necessary in the best interests of the Shareholders of the relevant Cell.
<b>Directors</b>	The directors for the time being of the Fund.
<b>Eligible Investor</b>	Any person other than a Prohibited Person.
<b>Exchange Traded Funds</b>	Exchange traded funds.
<b>Extraordinary Resolution</b>	A resolution of a general meeting of the Fund passed by a majority of

not less than three quarters of the votes recorded including, where there is a poll, any votes cast by proxy.

<b>Fund</b>	The Global Mutual Fund PCC Limited.
<b>Guernsey</b>	The Island of Guernsey.
<b>Investment Advisor</b>	Such person or persons that may be appointed by the Manager to advise on a specific Cell or Cells and as set out in the relevant Supplemental Scheme Particulars.
<b>Investment Dealing Day</b>	For each Cell, any Business Day on which Participating Shares of that Cell may be issued, as specified in the relevant Supplemental Scheme Particulars.
<b>Investments</b>	The assets and rights from time to time of each Cell or SPV held by the Custodian pursuant to the Custodian Agreement.
<b>Launch Date</b>	The date on which Participating Shares are first issued for each Cell.
<b>Manager</b>	The principal manager of the Fund, being Lancelot Management Limited.
<b>Management Fee</b>	The periodic fee payable to the Manager by the Fund.
<b>Net Asset Value or NAV</b>	The value of the assets of a Cell less the liabilities attributable to that Cell determined in accordance with the Articles and described in these Scheme Particulars.
<b>Ordinary Resolution</b>	A resolution of a general meeting of the Fund, passed by an absolute majority of the votes recorded including, where there is a poll, any votes cast by proxy.
<b>OTC</b>	Over the counter trading, which is trading financial instruments such as stocks, bonds, commodities or derivatives directly between two parties.
<b>Participating Shares</b>	In relation to a Cell, participating redeemable preference shares in the capital of that Cell.
<b>POI Law</b>	Protection of Investors (Bailiwick of Guernsey) Law, 1987, as amended.
<b>Prime Broker</b>	Such broker which the Company may from time to time approve in respect of a Cell to provide prime brokerage services.
<b>Prime Brokerage Agreement</b>	Such prime brokerage customer documents entered into between the Company on behalf of a Cell and the Prime Broker setting out the terms of the prime brokerage arrangement.
<b>Prohibited Person</b>	Any person, as determined by the Directors, to whom a sale or transfer of Participating Shares would be in breach of the laws or requirements of any jurisdiction or governmental authority or in circumstances (whether taken alone or in conjunction with other persons or any other circumstances appearing to the Directors to be relevant) which, in the opinion of the Directors might result in the Fund and/or its Shareholders as a whole incurring any liability to taxation or suffering

any other regulatory, pecuniary, legal or material administrative disadvantage that the Fund might not otherwise have suffered or incurred, and for this purpose US Persons, unless the Directors in any particular case otherwise agree, are Prohibited Persons.

<b>Redemption Dealing Day</b>	For each cell, any Business Day on which Shareholders in that Cell are entitled to have their Participating Shares redeemed, as specified in the relevant Supplemental Scheme Particulars.
<b>Redemption Notice Period</b>	For each Cell, the notice required to be given by a Shareholder of its intention to redeem Participating Shares, as specified in the Supplemental Scheme Particulars.
<b>Redemption Price</b>	The price per Participating Share at which Participating Shares will be redeemed, calculated in accordance with the Articles and as set out in these Scheme Particulars.
<b>Registrar</b>	Fund Corporation of the Channel Islands Limited.
<b>Rules</b>	The Collective Investment Schemes (Class B) Rules 1990.
<b>Scheme Particulars</b>	This document.
<b>Shareholder</b>	A registered holder of a Participating Share.
<b>SPV</b>	Any company established as a subsidiary of the Company for the purpose of facilitating investments by one Cell into other Cells.
<b>Subscription Price</b>	The price per Participating Share at which Participating Shares will be issued, calculated in accordance with the Articles and as set out in these Scheme Particulars.
<b>Subscription Notice Period</b>	For each Cell, the notice required to be given to the Fund by prospective investors of their wish to acquire Participating Shares, as specified in the relevant Supplemental Scheme Particulars.
<b>Supplemental Scheme Particulars</b>	The supplemental scheme particulars setting out the strategies, terms and conditions and specific details that are applicable to a particular Cell or Cells.
<b>US Person</b>	Shall have the meaning set out on page 23.
<b>Valuation Point</b>	The point in time at which the portfolio of each Cell is valued for the purpose of calculating the Net Asset Value, Subscription Prices and the Redemption Prices of the Participating Shares or for the purpose of calculating the fees payable to the Manager or Custodian (as more fully described in the relevant Supplemental Scheme Particulars).
<b>World Federation of Exchanges</b>	The World Federation of Exchanges.

- References in this document to "\$", "US\$", "US Dollars", "Dollars" and "Cents" are references to the lawful currency of the United States of America, references to "£" and "Sterling" are to Pounds Sterling of the United Kingdom and references to "€" and "Euro" are references to the Euro, the lawful currency of certain European member states.

- Any reference in this document to a law, ordinance, statute, statutory provision or subordinate legislation ("**legislation**") shall, except where the context otherwise requires, be construed as referring to such legislation as amended and in force from time to time and to any legislation which re-enacts or consolidates (with or without modification) any such legislation.

## DIRECTORY

### **Directors**

David Cosgrove  
Daryn Hutchinson  
Paul Everitt

### **Manager**

Lancelot Management Limited  
PO Box 550  
Sarnia House  
Le Truchot  
St Peter Port  
Guernsey

### **Custodian and banker**

Deutsche Bank International Limited, Guernsey  
Branch  
Lefebvre Court  
Lefebvre Street  
St Peter Port  
Guernsey  
GY1 3WT

### **Legal Advisors in Guernsey**

Collas Crill  
Glategny Court  
PO Box 140  
Glategny Esplanade  
St Peter Port  
Guernsey  
GY1 4EW

### **Registered office**

Roseneath  
The Grange  
St Peter Port  
Guernsey  
GY1 3SJ

### **Auditors**

PKF(Guernsey) Limited  
PO Box 296  
Sarnia House  
Le Truchot  
St Peter Port  
Guernsey  
GY1 4NA

### **Administrator, secretary and registrar**

Fund Corporation of the Channel Islands  
Limited  
Roseneath  
The Grange  
St Peter Port  
Guernsey  
GY1 3SJ

### **Investment advisor(s)**

Please refer to the relevant Supplemental  
Scheme Particulars



## THE FUND

### Introduction

The Fund is an open-ended protected cell company, limited by shares, which was registered in Guernsey on 27 March 2006. The Fund is an umbrella fund. The provisions of the Companies Law enable a protected cell company to which it applies to create one or more cells for the purpose of segregating and protecting the assets within those cells so that, on the footing that the company complies with the conditions laid down by the Companies Law, liabilities of the company attributable to one cell can only be satisfied out of the assets of that cell and even if those assets are insufficient, recourse cannot be had to the assets of any other cell or the core, save in accordance with the provisions of the Companies Law.

Initially, five Cells designed to permit investors to participate in a diversified portfolio of investments were created. Since then the Fund's portfolio has diversified further with the creation of additional Cells as set out in the relevant Supplemental Scheme Particulars. Additional Cells may be created from time to time with different investment objectives and on different terms to existing Cells.

In addition, certain Cells may invest in other Cells and other Collective Investment Vehicles as part of their investment strategy or may act as feeder cells ("**Feeder Cells**"), to provide investors with the opportunity to invest in the investment strategy of other Cells of the Fund (each a "**Master Fund**") denominated in a particular currency which is hedged back into another currency to eliminate as far as possible exposure to fluctuations in the Base Currency of the Master Cells.

Any Cell may use a wholly owned subsidiary SPV for the holding of investments. Should the Investment Advisor decide that a Master Fund will invest in other cells in Fund, Investors will receive a notice advising them of this as soon as practicable after the relevant decision by the Investment Advisor has been taken and the directors of the Fund will procure that Investors are advised of any additional charges or conflict of interests which may arise.

Where Cells invest in other Cells or other Collective Investment Vehicles ("**CIV**") managed or operated by the Administrator/Manager (or by a person in the same group as the Administrator/Manager or of whom the Administrator/Manager is a controller) the Administrator/Manager will procure that any preliminary charge payable on investment in such investee cells or CIV or any redemption charge payable are not suffered directly or indirectly by the investing cell or any investors in that investing cell. Subject to that, where cells invest in other cells, there may be annual charges borne by the investing Cell and where cells invest in CIV other than those mentioned above, there may be preliminary/initial redemption and/or annual charges to the investing cell, in each case such charges to be disclosed in the relevant supplemental Scheme Particulars of the investee cell or Scheme Particulars (if any) of the relevant CIV or to be available on request from the Administrator. Details of such charges are disclosed in the relevant Supplemental Scheme Particulars of the Cell or scheme particulars of the Collective Investment Vehicle.

## OVERVIEW

The Fund is offering, through these Scheme Particulars and the relevant Supplemental Scheme Particulars, Participating Shares in its Cells, and prospective investors are referred to the relevant Supplemental Scheme Particulars for details of the strategies, terms and conditions and specific details that are applicable to the Cells. The details contained in the relevant Supplemental Scheme Particulars take precedence over any other terms or conditions contained in these Scheme Particulars.

Participating Shares in each Cell can be subscribed on the relevant Investment Dealing Days at a price equal to the Net Asset Value per Share after deducting an initial charge of up to 5.25% (*as applicable*) of the transaction amount.

## INVESTMENT POLICIES AND INVESTMENT RESTRICTIONS

### *Investment objectives and policies*

The purpose of the Fund is to facilitate a structure of separate authorised Cells, with each Cell having its own distinct investment objectives, restrictions and risk profile. Certain investment restrictions are dictated by recent amendments to South African legislation promulgated by the South African Financial Services Board.

The investment objective of each Cell is set out in the relevant Supplemental Scheme Particulars.

Subject always to the provisions of the Rules, the Directors will have the power from time to time to change the investment objectives and policies of any Cell.

### *Investment strategy*

The Fund will invest in a way which allows Shareholders access to the skills of a range of investment advisors and/or managers which employ different investment techniques and risk profiles and which are active in different countries, geographic markets or economic sectors throughout the world and utilise different investment products and instruments. The Fund will also adopt "non traditional" or "hedge-style" investment strategies ("**Alternative Strategies**").

### *Equity and fixed income strategies*

The strategies employed by each Cell, may include but are not limited to:

1. **Global investing.** Taking a world-view on investing, diversifying and switching amongst different markets, currencies and economic environments, using common stocks, bonds, financial instruments and currency.
2. **Long-term stock investing.** Selecting common stocks or stock options based primarily upon fundamental market analysis, location of pockets of market inefficiency and an assessment of overall market trends. This strategy may also include purchasing preferred stocks, debt securities and short-term money market instruments.
3. **Short selling.** Identifying and selling short (a strategy based on the sale of securities which an equity or fixed income manager believes to be mispriced by the market) common stocks that are overvalued, frequently in companies with accounting or management difficulties, or that face a severe down-turn in their business, resulting in questions as to their viability as going concerns or their market valuations.
4. **Undervalued assets stock investing.** Investing in securities whose prices in the public market represent a *significant* discount from the private market value of the issuer's assets. The private market value is the value informed industry investors or participants are willing to pay to purchase assets with similar characteristics
5. **Emerging growth stock investing.** Investing in stocks of small to medium-sized enterprises with *exceptional* growth characteristics.
6. **Sector investing.** Investing in securities in a specific geographical region or industry sector.
7. **Emerging markets investing.** Investing in securities in emerging markets throughout the world (Central and South America, the Caribbean, Asia, Eastern Europe and the territory of the former USSR). This strategy may include purchasing equities and debt, buying and selling options on specific securities and on stock market indices, forward contracts and foreign currencies and engaging in short sales of securities.

8. **Mutual funds.** Investing in and trading the shares of mutual funds or units of unit trusts, including closed-ended funds.
9. **Fixed-income investing and hedging.** Buying and selling debt instruments issued by public and private borrowers. Strategies may incorporate short selling, leverage (moneys borrowed, usually against the investment assets of a fund to increase invested assets) and the use of derivatives (such as options, futures, currency exchange futures and swaps and interest swaps).
10. **Currency and market hedging.** Engaging in currency transactions in the spot and forward markets.
11. **Credit linked zero coupon bonds:** A security, typically issued from a collateralised special purpose vehicle ("SPV") with redemption and / or coupon payments linked to the occurrence of a credit event. (A credit event is an event that triggers settlement, determined by negotiation between parties at the outset of the agreement). A credit linked note / bond is a debt security that contains embedded credit derivatives. A zero coupon bond is a type of bond that offers no interest payments. In effect, the interest is included in the redemption value of the bond.

### *Alternative strategies*

The strategies employed by funds following Alternative Strategies in which Cells may invest may include, but are not limited to:

1. **Arbitrage:** Arbitrage is the process of taking advantage of perceived market mispricing between two related or highly correlated instruments.
2. **Hedge equities (long/short equities):** The traditional hedge fund approach involves taking simultaneous long and short equity positions, in an attempt to globally neutralise overall market moves.
3. **Global macro:** The global macro manager typically invests worldwide without any limitations either in his country allocations or in the types of assets or instruments traded. It is an opportunistic approach that takes advantage of shifts in macro economic trends.
4. **Event driven/distress:** The manager focuses on securities of companies in reorganisation and bankruptcy, ranging from senior secured debt (low-risk) to the common stock of the company (high risk). Distressed companies typically are sound businesses that have balance sheet problems or companies with valuable assets that have suffered a serious cyclical downturn in cash flow. Those companies with a strong core business are almost always restructured by creating a new capital structure supported by current cash flow.
5. **Commodity trading advisor ("CTAs"):** CTAs are managers active exclusively in the derivatives market. These are managers that implement their strategies (discretionary or systematic) mainly in futures long and short. The basic principle of this type of fund is investing part of its capital (between 10% and 30%) in derivatives, and keeping the rest of the capital in liquid assets.
6. **Credit linked zero coupon bonds:** A security, typically issued from a collateralised SPV with redemption and / or coupon payments linked to the occurrence of a credit event. (A credit event is an event that triggers settlement, determined by negotiation between parties at the outset of the agreement). A credit linked note / bond is a debt security that contains embedded credit derivatives. A zero coupon bond is a type of bond that offers no interest payments. In effect, the interest is included in the redemption value of the bond.
7. **Distressed securities:** Securities strategies invest in, and may sell short, the securities of companies where the securities price has been or is expected to be, affected by a distressed situation. This may involve reorganisations, bankruptcies, distressed sales and other corporate restructuring. Depending

on the manager's style, investments may be made in bank debt, corporate debt, trade claims, common stock, preferred stock and warrants. Strategies may be sub-categorised as "high yield" or "orphan equities". Leverage may be used by some managers. Fund managers may run a market hedge using Standard and Poors ("**S&P**") put options or put option spreads.

8. **Equity hedge:** Equity Hedge investing consists of a core holding of long equities hedged at all times with short sales of stocks and/or stock index options. Some managers maintain a substantial portion of assets within a hedged structure and employ leverage. Where short sales are used, hedged assets may be comprised of an equal dollar value of long and short stock positions. Other variations use short sales unrelated to long holdings and/or puts on the S&P index and put spreads. Conservative funds might take market risk by maintaining market exposure from zero to 100 percent. Aggressive funds may magnify market risk by exceeding 100 percent exposure and, in some instances, maintain a short exposure. In addition to equities, some funds may have limited assets invested in other types of securities.
9. **Fixed income arbitrage:** Fixed income arbitrage is a market neutral hedging strategy that seeks to profit by exploiting pricing inefficiencies between related fixed income securities while neutralising exposure to interest rate risk. Fixed income arbitrage is a generic description of a variety of strategies involving investment in fixed income instruments, and weighted in an attempt to eliminate or reduce exposure to changes in the yield curve. Managers attempt to exploit relative mispricing between related sets of fixed income securities. The generic types of fixed income hedging trades include: yield-curve arbitrage, corporate versus treasury yield spreads, municipal bonds versus treasury yield spreads and cash versus futures. Managers differ in the degree to which they hedge interest rate risk, foreign exchange risk, inter-market spread risk, and credit risk. Leverage depends on the types of the positions in the portfolio. Simple, stable positions, such as basis trades, are leveraged much more highly than higher risk trades that have yield curve exposure.
10. **Fixed income high-yield:** fixed income high-yield managers invest in non-investment grade debt. Objectives may range from current income to acquisition of undervalued instruments. Emphasis is placed on assessing the credit risk of the issuer. Some of the available high-yield instruments include extendible/reset securities, increasing-rate notes, pay-in-kind securities, split coupon securities and usable bonds.
11. **Fixed income mortgage-backed funds:** fixed income mortgage-backed funds invest in mortgage-backed securities ("**MBS**"); many funds invest solely in AAA-rated bonds. Instruments include: government agency, government-sponsored enterprise, private label fixed-or adjustable rate collateralised mortgage obligations ("**CMOs**"), real estate mortgage securities and stripped mortgage investment conduits ("**REMICs**") and stripped mortgage backed securities ("**SMBSs**"). Funds may look to capitalise on security-specific mispricings. Hedging of prepayment risk and interest rate risk is common. Leverage may be used as well as futures, short sales and options. Arbitrageurs seek to benefit from pricing inefficiencies in the U.S. mortgage-backed securities market, one of the worlds largest fixed income markets. Trades include inter-market arbitrage (for example long MBS, short treasuries) and intra-market arbitrage (for example, buying mortgage pass throughs and selling collateralised mortgage obligations).
12. **Relative value arbitrage:** relative value arbitrage attempts to take advantage of relative pricing discrepancies between instruments, including equities, debt, options and futures. Managers may use mathematical, fundamental or technical analysis to determine wrong valuations. Securities may be incorrectly priced relative to the underlying security, related securities, groups of securities, or the overall market. Many funds use leverage and seek opportunities globally. Arbitrage strategies include dividend arbitrage, options arbitrage and yield curve trading.
13. **Market neutral:** Market neutral managers seek to reduce market risks by balancing long and short exposures to systematic risks. Mathematical/statistical techniques and models are often used to identify relative value.

14. **Derivatives arbitrage:** This strategy is designed to capture perceived wrong pricing in the derivatives markets. These wrong pricings often arise as a result of temporary market dominance by either hedgers or speculators. For example, in a bear market the prices of puts could be driven too high relative to calls on the same security. The arbitrageur captures these differences with a short put, long call trade and hedges out the markets risk to the synthetic long position thus created with a short position in the underlying stock. The spread risks are monitored and managed using a “value-at-risk” methodology. Leverage varies substantially between managers, depending on the reliability of the long and short pricing relationship and the return and risk objective of the manager.
15. **Contracts for differences:** A contract for difference (“CFD”) is an OTC agreement between two parties to exchange, at the close of the contract, the difference between an opening price and the closing price of the contract, with reference to the underlying share, multiplied by the number of shares specified within the contract. CFDs are increasing in popularity because of their low dealing costs.
16. **Currency arbitrage:** This strategy involves arbitraging the price differences that may arise between a basket currency, such as the ECU, and its component currencies.
17. **Closed-end fund arbitrage:** Closed-end fund arbitrage involves capturing the discount to the underlying net asset values at which many closed-end funds trade.
18. **Equity index arbitrage:** Equity Index Arbitrage involves capturing the pricing differences that may arise between an index and its component stocks.
19. **Capital structure arbitrage:** This strategy involves identifying and exploiting discrepancies in the prices of securities of the same issuer. A number of managers hedge relatively undervalued high yield bonds with the same issuers underlying equity.

### *Investment Restrictions*

The Investment restrictions applicable to each Cell, if any, are set out in the relevant Supplemental Scheme Particulars.

The Manager will undertake to monitor the underlying investments to ensure that, in aggregate, restrictions applicable to a Cell are not breached. Where any such restrictions are breached, the Manager will ensure that immediate corrective action is taken except where such breach is due to appreciations or depreciations, changes in exchange rates, or by reason of the receipt of rights, bonuses, benefits in the nature of capital or by reason of any other action affecting every holder of that investment, in which case corrective action will be taken within 6 months of the breach.

## **THE MULTI AND SINGLE MANAGER CONCEPTS**

Dependent upon market conditions, strategy and geographical focus of the investments in respect of a particular Cell or a number of Cells, the Manager may appoint investment management firms or investment advisors adopting either a diversified multi manager style or a specific single manager focused style. Whilst it is hoped that multi management diversification will yield above average long-term investment performance through reduced volatility over time, a focused strategy may be preferable in certain market situations and for certain asset types in relation to certain Cells.

## **CURRENCY HEDGING**

A Cell may enter into hedging transactions where it has acquired investments not denominated in its base currency. Currency risk may be hedged, at the discretion of the Manager. The margins and premiums payable for such transactions shall not exceed the Net Asset Value of the relevant Cell.

## **BORROWINGS**

Each Cell may incur short-term borrowings for the purpose of providing funds to satisfy requests by Shareholders for the redemption of their Participating Shares. Such borrowings must not exceed 10 per cent of the relevant Cell's Net Asset Value nor be outstanding for more than 30 days, unless otherwise specified in the relevant Supplemental Scheme Particulars. Hedging transactions shall not constitute borrowings for this purpose.

As at the date of these Scheme Particulars, the Fund has no loan capital (including term loans) outstanding or created but unissued, and no outstanding mortgages, charges or other borrowings or indebtedness in the nature of borrowings, including bank overdrafts and liabilities under acceptances or acceptance credits, hire purchase or finance lease commitments, guarantees or other contingent liabilities.

## **DIVIDEND POLICY**

For individual Cells, the Directors may declare and pay dividends although it is anticipated that in the majority of the Cells, income will be accumulated. To the extent that a dividend may be declared, it will be paid in compliance with any applicable laws.

## **RISK FACTORS**

Investors should be aware of the risks inherent in investing in the Fund and should have sufficient financial awareness to evaluate such risks, particularly those associated with Funds adopting Alternative Strategies. Persons not able to assess the various advantages and risks associated with an investment in the Fund should not consider such an investment. Potential investors who are in any doubt as to the risks involved in investment in the Fund are recommended to obtain independent financial advice before making an investment.

### ***Recognition of protected cell company structure***

Potential investors should be aware that the segregation of assets and liabilities permitted under Guernsey law might not necessarily be recognised in jurisdictions where the Fund's assets are located. The Manager will seek to reduce this risk where appropriate by requiring that where an actual or potential liability is incurred, the Investment Advisor agrees that recourse may only be made against the Cell in respect of which the relevant liability is incurred.

### ***General risk factors***

The value of Participating Shares (and the income from them) may fall as well as rise and investors may not get back, on redemption or otherwise, the amount originally invested. Accordingly, an investment in any Cell should only be made by persons who are able to bear the risk of loss of capital invested.

No assurance can be given that the Cells will succeed in meeting their respective investment objectives or that the Manager's assessments of the short-term or long-term prospects, volatility and correlation of the types of investments referred to in these Scheme Particulars will prove accurate.

A Cell may invest in assets that are denominated in currencies that are different from its Base Currency. The ability of a Cell to hedge currency risks may be affected by limited forward markets for the hedging of the Base Currency against the currency of investment.

Where applicable, Cells may invest in Funds which may trade on a leveraged basis in a highly volatile market. Investment in Alternative Strategies is speculative, and should be considered only by financially sophisticated investors who are able, independently of any information in these Scheme Particulars and the relevant Supplemental Scheme Particulars, to evaluate the risks and merits of this investment. No assurance can be given that the Fund's investment objective of maximising return on a certain risk level will be achieved.

In the normal course of business of investment vehicles following Alternative Strategies, managers trade various financial instruments and enter into various investment activities with differing risk profiles. With respect to the investment strategy utilised by a hedge fund manager, there is always some and occasionally a significant degree of market risk.

The markets and certain hedge funds in which Cells may invest primarily may prove to be highly volatile from time to time as a result of, for example, sudden changes in government policies on taxation and currency repatriation or changes in legislation relating to the level of foreign ownership in companies and this may affect the price at which a Cell may liquidate positions.

The value of a Cell's assets may be affected by uncertainties such as international political developments, changes in government policies, taxation, restrictions on foreign investment and currency fluctuations and other developments in the laws and regulations of the countries in which the Cell's assets are invested.

Providers of alternative investment products show varying degrees of opacity in their activities. This lack of transparency is designed to protect the investments of the hedge fund. However, there is a risk that this lack of transparency may mask changes in strategy, along with the nature, extent and development of the related risks.

If there are substantial redemption requests within a limited period of time, it may be difficult for the Manager to provide sufficient funds to meet such redemption's without liquidating positions prematurely at an inappropriate time or on unfavourable terms and thereafter it may be more difficult for the Fund to generate returns since it will be operating on a smaller asset base.

Each Cell will take a credit risk on parties with whom it trades and will also bear the risk of settlement default for currency overlay only.

The two primary risks for any fixed interest instruments are the risks that the underlying parties to a portfolio either default on their debt i.e. credit risk, or are not liquid enough to fulfil their obligations in a timely fashion i.e. liquidity risk.

Since some of the Cells do not intend to pay dividends, an investment in these Cells may not be suitable for investors seeking income returns for financial or tax-planning purposes.

Whilst it may be possible for the Manager to hedge some of the risks outlined above, it will not be obliged to do so and, if such hedging is carried out, there can be no assurance that it will be successful and it may negate certain profits which the Fund may otherwise have earned or even incur a loss. In particular, certain Cells may enter into forward foreign exchange contracts to hedge against the possibility that their base currency may suffer a decline against the currencies in which underlying investments may be denominated. Forward foreign exchange contracts are not uniform as to the quantity or time at which a currency is to be delivered and are not traded on exchanges. Rather, they are individually negotiated transactions. Transactions in forward foreign exchange contracts are not regulated by any regulatory authority nor are they guaranteed by an exchange or clearing house. The Fund will bear the cost of all hedging. Furthermore, it may not always be possible to hedge certain risks in many of the less developed markets in which the Fund may invest, as exchange-traded futures and options are not available in certain markets.

Investments on international markets may fluctuate in price under the influence of a variety of issues such as currency rates and interest rates, exchange controls, taxes and other economic and political developments. Other factors such as the availability of information on, and the size and liquidity of, international markets may limit the intended diversification of the Fund's resources.

The Fund has no obligation to redeem Participating Shares at the subscription price originally paid and redeeming investors may not receive the amount originally invested.

#### ***Interest rate risk***

The price of securities tends to be sensitive to interest rate fluctuations and unexpected fluctuations in interest rates could cause the corresponding prices of a position to move in directions that were not initially anticipated.

#### ***Speciality risks of Alternative Strategies***

In contrast to traditional investments, where the focus is on the purchase and sale of securities based on proprietary research (for long positions only), the Alternative Strategies employed by the investment vehicles in which the Fund may invest can also involve short selling (short positions) and the application of leverage by borrowing and the use of derivative financial instruments.

The Cells may contract with managers who utilise derivative financial instruments (e.g. options, futures, forward transactions and swaps) and pursue investment strategies that may entail special risks.

Since the Cell investments are not confined to conventional forms of investment (long equities and bonds only), but also include investments in derivatives (futures, options, swaps, etc.) the Cells may display lower correlation to general capital market trends than traditional equity funds do.

#### ***Liquidity risks***

It is important for investors to be aware that many Alternative Strategy instruments do not trade on liquid and or regulated markets. If there are substantial redemption requests within a limited period of time, it may be difficult for the Manager to provide sufficient funds to meet such redemptions without liquidating positions prematurely at an inappropriate time or on unfavourable terms that may also result in sustained adverse price changes of the Cell investments. Therefore, investors either redeeming or retaining their Participating Shares in a Cell may suffer significant losses in periods during which a substantial number of Participating Shares in the same Cell are redeemed.

#### ***Prime brokers***

Some Cells may use the services of prime brokers for trading and custody of assets. Some prime brokers are not obliged to segregate client assets from proprietary assets and in the event of the insolvent liquidation of such prime brokers, any assets which may not clearly be identified as client assets may be



available to the liquidator, leaving the relevant Cell with only an unsecured claim in the insolvency ranking no more than *pari passu* with the claims of other unsecured creditors.

**The foregoing factors are not exhaustive and do not purport to be a complete explanation of all the risks and considerations involved in investing in the Fund. In particular, the Fund's performance may be affected by changes in market or economic conditions, and legal, regulatory and tax requirements. The Fund will be responsible for paying the fees, charges and expenses referred to in the Scheme Particulars and Supplemental Scheme Particulars regardless of the level of profitability.**

## **SUBSCRIPTION, REDEMPTION AND CONVERSION OF SHARES**

### ***Subscriptions***

Participating Shares of each Cell will be available for subscription by Eligible Investors on each Investment Dealing Day at a price (the "**Subscription Price**") calculated as follows:

The Manager will determine the Net Asset Value of each Cell as at the Valuation Point for the Investment Dealing Day concerned and divide the resulting amount by the number of Participating Shares in issue or deemed to be in issue. The value per Share thus produced is truncated to the nearest four decimal places to arrive at the Subscription Price. The benefit of any truncation will be retained by the Fund for the account of the relevant Cell. The quoted Subscription Price of the Participating Shares will be exclusive of any initial charge. Under the terms of the Articles, the Manager is permitted, when calculating the Subscription Price, to add an allowance for the duties and charges which would be incurred on the assumption that the investments held for the relevant Cell had been acquired at the relevant Valuation Point. Fractions of Participating Shares will be allotted if excess subscriptions are received.

The Subscription Procedure for each Cell is subject to the specific terms and conditions in the relevant Supplemental Scheme Particulars relating to such Cell.

### ***Initial charge***

The Articles permit the Directors to require an initial charge to be paid to the Manager or to the Company on behalf of the Manager in respect of each Participating Share to be allotted, of such amount as may be agreed between the Directors and the Manager but not exceeding 5.25% (*where applicable*) of the Subscription Price of the Participating Shares concerned. The Articles further permit the Directors to differentiate between applicants as to the amount of the initial charge to be paid to the Manager and as to the amount to be levied in respect of each Cell.

### ***Application procedure***

Investors can subscribe for Participating Shares in a Cell on any Investment Dealing Day for the Cell. Applications may be made subject to the Subscription Price for Participating Shares on the relevant Investment Dealing Day, being a certain value or a certain number of Participating Shares. Applications must be made on the form approved for such purpose by the Fund and attached to these Scheme Particulars.

Applications may be sent by post, fax or email, although the Administrator reserves the right to require original documentation be received prior to accepting any subscription or processing a redemption..

The application procedure for each Cell is subject to the specific terms and conditions in the relevant Supplemental Scheme Particulars relating to such Cell.

### ***Regulatory considerations***

The Manager and the Fund comply with applicable anti-money laundering and counter terrorist financing laws. In particular, they must meet the criteria set by the GFSC from time to time in accordance with the Criminal Justice (Proceeds of Crime) (Financial Services Business) (Bailiwick of Guernsey) Regulations 2007, as amended. Neither the Manager nor the Fund accepts cash, or money derived from or intended for use in any illegal activity. To comply with its anti-money laundering and counter terrorist financing obligations, the Manager will seek - and investors will be required to provide - information and documentation to ensure anti-money laundering and counter terrorist financing compliance.

By investing in the Fund, investors agree to provide truthful information and documentation, upon request, regarding their identity, residential address, background, source of investment income, and any other matters that the Manager deems necessary to comply with applicable anti-money laundering and counter terrorist financing laws. Applicants who are investing on behalf of a third party are required to acknowledge that they have obtained sufficient information about that third party to determine that the party (a) is not involved in illegal activities, and (b) is investing funds from a legitimate source.

### ***Payment***

Applications should be accompanied by a cheque or banker's draft in the base currency of the relevant Cell made payable to Fund Corporation of the Channel Islands Limited – Client Account for the amount to be invested, or include confirmation that application monies have been remitted by telegraphic transfer to the appropriate bank account appearing in the Application Form (attached hereto). U.S. Dollar, Sterling, Euro and Australian Dollar drafts will be cleared by negotiation at the cost of the applicant. It should be noted that there may be a delay in clearing such cheques or drafts.

All cheques and banker's drafts will be presented for payment on receipt. The Administrator reserves the right to retain Application Forms and any surplus application monies pending clearance of applicants' cheques. The right is reserved to reject an application or to accept any application in part only or to treat as valid any applications which do not fully comply with the terms and conditions of application. If any application is not accepted, the amount paid on application will be returned, without interest, by post to the first address given in the application at the applicant's risk. The Administrator also will require verification of the identity of applicants and the source of funds. If satisfactory evidence is not produced, subscriptions may be cancelled. If a subscription is cancelled, any funds received by the Administrator shall be returned without interest, less any charges to the remitting bank, to the account of the remitter quoting the applicant's name. Funds remitted by bank draft will be returned by post at the applicant's risk by bank draft to the paying bank without interest, less any charges for the account of the drawer, quoting the applicant's name.

### ***Contract notes and certificates***

A contract note will normally be sent by post to the applicant on acceptance of the application within seven Business Days after the relevant Investment Dealing Day, unless otherwise specified in relation to a particular Cell in the relevant Supplemental Scheme Particulars, providing details of the transaction and a Shareholder number, which should be quoted in any correspondence by the Shareholder with the Manager.

All Participating Shares will be issued in registered form and the Register will be conclusive evidence of ownership. Certificates will not be issued.

Any changes to a Shareholder's personal details must be notified immediately to the Manager in writing. The Manager reserves the right to require an indemnity or verification countersigned by a bank, stockbroker or other party acceptable to it before the Administrator can accept instructions to alter the Register.

### ***Redemption procedure***

Subject to any Redemption Notice Period specified in the relevant Supplemental Scheme Particulars, Participating Shares may normally be redeemed at the ruling price on any Redemption Dealing Day for the relevant Cell. Notice of redemption of Participating Shares may be given by facsimile or in writing to the Manager and must specify the relevant Cell, the number or value of Participating Shares to be redeemed and should quote the relevant Shareholder number. The Manager will be deemed to be authorised to make such redemption if instructed to do so by any person purporting to be the Shareholder and reciting the relevant Shareholder number.

Redemption of part of a holding of Participating Shares of any Cell may be refused if, as a result of such redemption, a Shareholder would then hold Participating Shares in the Cell concerned with a value of less than US\$15,000 or its equivalent in the Base Currency of the relevant Cell.

Redemption will take place on the applicable Redemption Dealing Day provided that all the above requirements have been satisfied. If instructions are given or the notice is received by the Manager later than the notice period, specified in the relevant Supplemental Scheme Particulars, the redemption will normally take place on the next following Redemption Dealing Day for the Cell.

Provided that the redemption request is in order, payment of the redemption proceeds will be made as soon as practical after the relevant Redemption Dealing Day and normally within 7 business days, or other period as specified in the Supplemental Scheme Particulars, of the relevant Redemption Dealing Day. Payment will be made in the base currency of the respective Cell in accordance with the instructions given by the redeeming Shareholder to the Administrator and at the Shareholders risk and cost.

In addition, it should be noted that payments will only be made to the Shareholder named on the register, and not to any third party whatsoever.

### ***Redemption Price***

Participating Shares will be redeemed at the Redemption Price which is determined by reference to the Net Asset Value per Share calculated as at the Valuation Point for the relevant Redemption Dealing Day for the Cell, as defined in the relevant Supplemental Scheme Particulars. The Redemption Price for any Share is arrived at by dividing the Net Asset Value of the relevant Cell by the number of Participating Shares of that Cell in issue or deemed to be in issue, and truncating the resulting amount to the nearest four decimal places. The benefit of any truncation will be retained by the Fund for the account of the relevant Cell.

Under the terms of the Articles, the Directors are permitted, when calculating the Redemption Price, to deduct an allowance for duties and charges that would be incurred if the investments held for the relevant Cell were to be sold at the relevant Valuation Point.

### ***Deferral of conversions and redemptions***

The Directors may limit the total number of Participating Shares in a Cell, which may be redeemed or converted on any Redemption Dealing Day to 10 per cent. (or such higher percentage as the Directors may determine) of the total number of Participating Shares in issue in that Cell. The limitation will be applied *pro rata* to all Shareholders who have requested redemptions or conversions to be effected on or as at such Redemption Dealing Day so that the proportion of each holding redeemed or converted is the same for all such Shareholders. Any Participating Shares which, by virtue of this limitation, are not realised or converted on any particular Redemption Dealing Day shall be carried forward for redemption or conversion on the next following Redemption Dealing Day at the Redemption Price ruling on that next Redemption Dealing Day. In respect of any Redemption Dealing Day to which redemption or conversion requests ("**Deferred Requests**") are deferred, such requests will be dealt with in priority to other requests for redemption or conversion of Participating Shares on that day ("**Other Requests**") until the Deferred

Requests have been satisfied in full. The deferral powers described in this paragraph shall apply mutatis mutandis to any Other Requests which, as a result of the above limit, have not been satisfied in full on any Redemption Dealing Day.

### ***Compulsory redemption***

The Directors of the Fund have power under the Articles in their absolute discretion compulsorily to redeem at any time the Participating Shares of any investor (i) which, as a result of a redemption of any part of the investor's holding, have a value of less than US\$15,000 or the equivalent thereof in the Base Currency of the Cell concerned or (ii) who holds Participating Shares directly or beneficially in breach of any law or requirement of any country governmental or regulatory authority or (iii) whose existence as a Shareholder in the Fund causes or threatens to cause the Fund or any Cell to incur any liability to taxation or to suffer any pecuniary or other disadvantage in any jurisdiction which it would otherwise not have expected to incur or suffer or (iv) whose existence as a Shareholder may cause the Fund to be classified as an "investment company" under the 1940 Act.

If, following the period of six months after the creation of a Cell, the Net Asset Value of that Cell is less than US\$5 million (or the equivalent thereof) on each Redemption Dealing Day falling within a period of 12 consecutive weeks the Directors may compulsorily redeem all the shares of that Cell in existence on 90 days' clear notice.

### ***Special Dealing Days***

The Directors shall have the power at any time to determine special Investment Dealing Days or Redemption Dealing Days, other than the dates specified in the relevant Supplemental Scheme Particulars in respect of a subscription, redemption or conversion request submitted to the Manager. It is expected that such special Dealing Days shall only be used in specific circumstances or for specific purposes where it is believed that the implementation of the special Dealing Day is necessary in the best interests of the Shareholders of the relevant Cell.

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

The Net Asset Value will be calculated by the Manager for each Cell at each relevant Valuation Point respectively. Under the Articles, the Net Asset Value of each Cell is determined by deducting the value of the total liabilities of the Cell concerned from the value of the total assets of that Cell. Total assets include all cash, accounts receivable, accrued interest and the current market values of all investments. Total liabilities include any fees payable to the Manager, the Custodian, the Administrator and any Prime Broker, all borrowings, provision for taxes (if any), allowances for contingent liabilities and any other costs and expenses reasonably and properly incurred by the Manager in effecting the acquisition or disposal of securities.

### ***Publication of prices***

The Subscription Price (exclusive of any initial charge) and the Redemption Price in respect of the immediately preceding Investment Dealing Day or Redemption Dealing Day, respectively, will be available on request from the Manager and the Administrator. Indicative Subscription Prices and Redemption Prices may be calculated on each Business Day and if calculated as such, will be available from the Manager. These indicative prices should be used for information purposes only. Investors should not act on indicative prices, and are advised to confirm prices with the Manager on each applicable Dealing Day, as defined in the relevant Supplemental Scheme Particulars hereto.

### ***Conversion procedure***

Subject to the relevant Cell having sufficient share capital available for issue, Shareholders will be entitled to exchange Participating Shares in one Cell (the "**original Cell**") for Participating Shares in any other Cell

then in existence or agreed to be brought into existence (the "**new Cell**"), subject to the terms and conditions in the relevant Supplemental Scheme Particulars.

Instructions for the conversion of Participating Shares may be given by facsimile or in writing to the Manager at its address stated in the Directory and such instructions must specify the number or value and the class of Participating Shares to be converted, the class of Participating Shares into which they are to be converted and should quote the relevant Shareholder number. The Manager will be deemed to be authorised to make such conversion if instructed to do so by any person purporting to be the Shareholder and reciting the relevant Shareholder number. The Conversion Notice Period for each Cell is specified in the relevant Supplemental Scheme Particulars. Any conversion request received after 12 noon (or such other time as the Directors may determine either generally or in relation to a Cell or in any specific case) on any Business Day may be deemed to have been received on the next following Business Day. At the option of the Manager, conversions may be processed as redemption on one Investment Dealing Day funding a subsequent investment on a following Investment Dealing Day only once the redemption proceeds have been made available to fund the subscription.

The conversion will be effected at the Subscription and Redemption Prices of Participating Shares in the relevant Cells in accordance (or nearly as may be in accordance) with the formula:

$$NS = \{OS \times (RP \times CF)\} \div SP$$

where:

*NS* is the number of Participating Shares of the new Cell to be allotted;

*OS* is the aggregate number of Participating Shares of the original Cell to be converted comprised in the conversion notice;

*RP* is the Redemption Price per share of the original Cell ruling on the relevant Redemption Dealing Day;

*CF* is the currency conversion factor determined by the Manager on the relevant Redemption Dealing Day as representing the effective rate of exchange applicable between the base currencies of the relevant Cells; and

*SP* is the Subscription Price per share for the new Cell ruling on the relevant Investment Dealing Day plus any initial charge payable thereon.

Contract notes confirming the conversion between the Cells will be issued.

### ***Conversion charges***

A conversion charge of up to £50 may be levied and Shareholders will bear any costs incurred in translating the redemption proceeds of the holding of the original Cell into the appropriate currency for the payment of the Subscription Price for the holding in the new Cell, where the original and new Cells have different base currencies.

### ***Suspension of calculation of Net Asset Value and dealing***

The Manager, with the prior agreement of the Custodian, may suspend the calculation of the Net Asset Value and the issue, redemption and conversion of Participating Shares of a Cell during:

- (a) the existence of any state of affairs which, in the opinion of the Manager, constitutes an emergency as a result of which disposal of investments comprised in the Cell would not be reasonably practicable or might seriously prejudice the interests of the Shareholders as a whole;

- (b) any breakdown in the means of communication normally employed in determining the price of any of the investments comprised in the Cell or when for any reason the prices of any investments cannot be promptly and accurately ascertained; or
- (c) any period when currency conversions which will or may be involved in the realisation of the investments comprised in the Cell or in the payment for investments cannot, in the opinion of the Manager, be carried out at normal rates of exchange.

Following a suspension, the calculation of the Subscription and Redemption Prices will commence at the Valuation Point for the next Investment Dealing Day after the last day of the suspension period. The fees of the Custodian, the Manager, the Administrator and the Prime Broker will continue to accrue during the period of suspension and will be calculated by reference to the last valuation prior to the suspension coming into effect.

Where possible, all reasonable steps will be taken to bring any period of suspension to an end as soon as possible.

### ***Side Pockets***

In circumstances where an underlying asset of a Cell has become illiquid or difficult to value, the Directors may, with the consent of the holders of the shares in that Cell and in accordance with the Articles, create additional special class shares (the "**S Shares**") with a preferential interest in any profits arising from such underlying illiquid asset. The "S" Shares shall be issued by the Manager of the Fund for the members of that Cell pro rata their existing share holding of Participating Shares in the Cell. Fees arising from the costs of the administration and/or winding up of the general class of Cell shares may be applied to the assets of those shares only and any fees arising from the administration and/or winding up of the "S" Shares may be applied to the assets of the special class of shares (once valued and realised). In the event of the redemption of all the Participating Shares in any Cell which also contains "S" Shares, the Directors may settle the illiquid asset into a separate trust for the benefit of the "S" shareholders until the relevant underlying assets are either realised or their value is subsequently determined as zero. The reasonable costs and expenses of the Manager relating to the maintenance of "S" Shares or any relating trust shall be met from the proceeds of sale of any such illiquid asset, if any.

### ***Eligible Investors and "US Persons"***

Each investor must represent and warrant to the Directors that, *inter alia*, he is able to acquire and hold Participating Shares without violating applicable laws.

The Manager will not knowingly offer or sell Participating Shares to any investor to whom such offer or sale would be unlawful, might result in any Cell or the Fund incurring any liability to taxation or suffering any other pecuniary disadvantage which any Cell or the Fund might not otherwise incur or suffer or would result in the Fund being required to register under the 1940 Act. Participating Shares may not be held by any person in breach of the law or requirements of any country or governmental authority including, without limitation, exchange control regulations.

The Fund will not be registered under the 1940 Act. Based on interpretations of the 1940 Act by the staff of the United States Securities and Exchange Commission relating to foreign investment entities, if the Fund has more than 100 beneficial owners of its Participating Shares who are US Persons, it may become subject to the 1940 Act. The Directors will not knowingly permit US Persons to be shareholders.

### ***Meaning of "US Person"***

For the purpose of these Scheme Particulars, but subject to such applicable law and to such changes as may be notified by the Manager to applicants for Participating Shares and transferees, a US Person shall have the same meaning as in Regulation S, as amended from time to time, of the 1933 Act. Regulation S

currently defines a "US Person" as: (a) any natural person who is a resident of the United States; (b) any partnership or corporation organised or incorporated under the laws of the United States; (c) any estate of which any executor or administrator is a US Person as defined in sub-paragraphs (a) and (b) herein; (d) any trust of which any trustee is a US Person as defined in sub-paragraphs (a) and (b) herein; (e) any agency or branch of a foreign entity located in the United States; (f) any non-discretionary account or similar account (other than an estate or trust) held by a dealer or similar fiduciary for the benefit or account of a US Person; (g) any discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary organised, incorporated or, if an individual, resident in the United States; or (h) any partnership or corporation (i) if organised or incorporated under the laws of any foreign jurisdiction and (ii) formed by a US Person principally for the purpose of investing in securities not registered under the 1933 Act, unless it is organised or incorporated, and owned, by accredited investors (as defined in Rule 501(a) under the 1933 Act) who are not natural persons, estates or trusts. "US Person" does not include: (a) a discretionary account or similar account (other than an estate or trust) held for the benefit or account of a non-US Person by a dealer or other professional fiduciary organised, incorporated or, if an individual, resident in the United States; (b) any estate of which any professional fiduciary acting as executor or administrator is a US Person if (i) an executor or administrator of the estate who is not a US Person has sole or shared investment discretion with respect to the assets of the estate and (ii) the estate is governed by foreign law; (c) any trust of which any professional fiduciary acting as trustee is a US Person if a trustee who is not a US Person has sole or shared investment discretion with respect to the trust assets, and no beneficiary of the trust (and no seller if the trust is revocable) is a US Person; (d) an employee benefit plan established and administered in accordance with the law of a country other than the United States and customary practices and documentation of such country; or (e) any agency or branch of a US Person located outside the United States if (i) the agency or branch operates for valid business reasons and (ii) the agency or branch is engaged in the business of insurance or banking and is subject to substantive insurance or banking regulation, respectively, in the jurisdiction where located.

### ***Transfers of Shares***

The Participating Shares are freely transferable although the Directors have discretion to refuse to register a transfer of Participating Shares in certain circumstances under the provisions of the Articles. The Directors will not exercise such discretion unreasonably.

## MANAGEMENT AND ORGANISATION

### *Directors of the Fund*

The Directors of the Fund, all of whom are non-executive directors, are as follows:

#### **Mr David Cosgrove**

Mr Cosgrove acts as an independent consultant for a number of investment managers world-wide. He specialises in assisting investment companies develop and manage their respective businesses. He is a director of a number of international investment management companies. He also runs his own private equity fund which invests into a number of international financial services companies. He is a director of a number of Guernsey investment companies including five Protected Cell Companies.

#### **Mr Daryn Hutchinson**

Mr Hutchinson is the Managing Director of ATC Trustees (Guernsey) Limited and Global Head of Private Clients for ATC Group. Prior to 2002, Mr Hutchinson was Managing Director of Old Mutual International in Guernsey which included a fund management company, a life assurance company and a trust company. He worked for Old Mutual (a FTSE 100 Listed Company) for a total of fifteen years, in South Africa, the UK and Guernsey. Mr Hutchinson also holds a number of other directorships in investment related business and he is a director of Private Equity Administrators Limited in Guernsey, a business specialising in private equity fund administration and Longview Partners (Guernsey) Limited, an asset management business.

Mr Hutchinson read commerce and law at the University of Natal in Durban, South Africa and was admitted as an Advocate of the Supreme Court of South Africa in 1983. After qualifying, he practiced criminal law for five years.

#### **Mr Paul Everitt**

Mr Everitt was born in 1968, is English and lives in Guernsey. He is currently Managing Director of Fund Corporation, the Fund's Administrator, of which he was a founding member in 2007. Mr Everitt has specialised in fund administration since moving to Guernsey in 1998 and has extensive experience of the industry, having worked previously for Northern Trust, Barclays Wealth and Mourant. He originally qualified as a chartered accountant in London with BDO and now holds a number of directorships of funds and investment companies.

A full list of the directorships and beneficial interests of Messrs Cosgrove, Hutchinson, and Everitt is available from the Manager and the Administrator during normal business hours.

The Directors have overall responsibility for investment policy, the management or supervision of each Cell's portfolio and its liquid assets, the supervision and determination of the Net Asset Value and the Subscription and Redemption Prices of Participating Shares and for keeping proper books and records within the limitations detailed in these Scheme Particulars.

The Directors may be removed by an Ordinary Resolution. Other or additional directors may be elected by the Shareholders. Any additional directors appointed by the Directors will be subject to re-election by the Shareholders.

It is anticipated that the Directors will meet at least quarterly to review the investment policy and performance of each Cell and the administrative affairs of the Fund. Under the Articles, the Fund will not hold the Directors liable for any acts or omissions in the performance of its or their duties to the extent



that due care and diligence has been exercised, and will indemnify the Directors, to the extent permitted by law, against liabilities arising in connection with the proper performance of their duties.

No Director has:

1. any unspent convictions in relation to indictable offences; or
2. been bankrupt or the subject of a voluntary arrangement or has had a receiver appointed to any asset of such Director; or
3. been a director of any company which, while he was a director with an executive function or within 12 months after he ceased to be a director with an executive function, had a receiver appointed or went into compulsory liquidation, creditors voluntary liquidation, administration or company voluntary arrangements, or made any composition or arrangements with its creditors generally or with any class of its creditors; or
4. been a partner of any partnership which, while he was a partner or within 12 months after he ceased to be a partner, went into compulsory liquidation, administration or partnership voluntary arrangement or had a receiver appointed to any partnership asset;
5. had any public criticism by statutory or regulatory authorities (including recognised professional bodies); or
6. been disqualified by a court from acting as a director or from acting in the management or conduct of affairs of any company.

### ***The Manager***

Subject to the overall control of the Directors, the Fund is managed by the Manager.

The directors of the Manager are Messrs. David Cosgrove, Daryn Hutchinson and Mrs Donna Francis. David Cosgrove and Daryn Hutchinson are directors of both the Manager and the Fund. Donna Francis and Daryn Hutchinson are directors of ATC Trustees (Guernsey) Limited, a trust company which provides corporate administration and secretarial services to the Manager.

The Manager is a company incorporated in Guernsey on 2 June 2008 with an issued share capital of US\$80,000 fully paid and its registered office is at Sarnia House, Le Truchot, St Peter Port, Guernsey.

The Manager is licensed by the GFSC to perform certain restricted activities in connection with controlled investment business.

Under the terms of a novation of management agreement dated 7 January 2009 (based on the initial management agreement with MitonOptimal Guernsey Limited dated 3 May 2006) between the Manager and the Fund (the "**Management Agreement**") the Manager is responsible for the management of the Fund and its Cells. The Manager has power to delegate its responsibilities, in whole or in part, subject to supervising its delegates or agents. Specifically the Manager may delegate the investment management of individual Cells to an Investment Advisor specific to each Cell (details of which are provided in the relevant Supplemental Scheme Particulars). The Investment Advisor to a Cell may be a member of the Manager's group of companies.

The Manager will be responsible for the investment management of all Cells in which an Investment Advisor has not been appointed. The Manager may invest assets of any such Cell into other Cells and/or Collective Investment Vehicles to which the Manager is also manager and for which the Manager may be entitled to be remunerated on an arm's length basis.

When allocating investment opportunities, the Manager and Investment Advisor will ensure that all such investments will be allocated in a fair and equitable manner.

The Manager has in excess of US\$500 million under management and administration.

The appointment of the Manager can be terminated by the Directors with not less than 6 months' written notice or earlier if agreed by the Manager and the Directors.

The Manager is entitled to deal in Participating Shares without accounting to the Fund or its Shareholders for any profits thereby generated.

The Management Agreement provides that the Manager shall not be liable to the Fund or the Shareholders for any error of judgement or for any loss suffered by the Fund or the Shareholders in connection with its services in the absence of gross negligence, wilful default or fraud in the performance or non-performance of its obligations or duties. The Management Agreement contains provisions for the indemnification of the Manager by the Fund against liabilities to third parties arising in connection with the performance of its services, except under certain circumstances. The Management Agreement also contains provisions for the indemnification of the Fund by the Manager in certain circumstances.

The Directors shall be entitled to remove the Manager forthwith if the Manager goes into liquidation, if for good and sufficient reason the Directors are of the opinion that a change of manager is desirable in the interests of Shareholders or if an Extraordinary Resolution is passed removing the Manager or if the holders of three quarters of all the Participating Shares in issue request the removal of the Manager or if the Manager ceases to be licensed under the POI Law.

Under the terms of the Management Agreement, the Manager is not liable for any acts or omissions in the performance of its services under the Management Agreement in the absence of wilful default, gross negligence or fraud and subject thereto the Manager is entitled to be indemnified to the extent permitted by law, against all actions, proceedings, claims and demands arising in connection with the performance of its services.

### ***The Investment Advisors***

Under separate agreements between the Manager and each of the Investment Advisors identified in the relevant Supplemental Scheme Particulars (each an "**Investment Advisory Agreement**"), the Manager has delegated to the relevant Investment Advisor its investment advisory function in connection with the relevant Cell(s) referred to in such Supplemental Scheme Particulars. Under each Investment Advisory Agreement the Investment Advisor will manage the investments of the relevant Cell(s) and be entitled to the fees set out on page 5 under Remuneration.

The Investment Advisors shall have discretion as to the daily investment management activities undertaken on behalf of the relevant Cell but the Manager shall have absolute discretion to take control either generally or to a limited extent and either in collaboration or to the exclusion of others, the making, varying or disposal of Investments of any Cell.

The Investments Advisors may, as part of their aforesaid discretion, invest assets of the relevant Cell into other Cells or other Collective Investment Vehicles to which they also act as either investment advisor or investment manager and for which they are separately remunerated on an arm's length basis by such other Cell or Collective Investment Vehicles in terms detailed in either the Supplemental Scheme Particulars of such Cell or the scheme particulars of such Collective Investment Vehicle.

The appointment of any Investment Advisor can be terminated by the Manager or the relevant Investment Advisor upon not less than 3 months' written notice or earlier upon a material breach of the provisions of the Investment Advisory Agreement for the non-listed Cells, upon the insolvency of either party, or if the Manager ceases to be the manager of the relevant Cells or the Manager loses its licence under the POI Law.

The Investment Advisory Agreement provides that the Investment Advisor shall not be liable to the Fund, the relevant Cell, the Shareholders or the Manager for any loss suffered by the relevant Cell, the Manager or the Shareholders in connection with its services in the absence of negligence, wilful default or fraud in the performance or non-performance of its duties. The Investment Advisory Agreement contains provisions for the indemnification of the Investment Advisor by the Manager out of the relevant Cell against liabilities arising in connection with the performance of its duties.

### ***The Administrator***

Fund Corporation of the Channel Islands Limited has been appointed by the Manager as Administrator of the Fund.

The Administrator is a company incorporated in Guernsey on 16 February 2007 and has an issued share capital and share premium of £200,000.

The Administrator's registered office is at Roseneath, The Grange, St Peter Port, Guernsey GY1 3SJ.

The Administrator is licensed by the GFSC under the provisions of the POI Law, to conduct certain restricted investment activities in relation to Collective Investment Vehicles.

Under the terms of an Administration and Secretarial Agreement dated 14 January 2011 between the Manager, the Administrator and the Fund (the "**Administration Agreement**"), the Administrator is responsible *inter alia* for processing subscriptions for, conversions and redemptions of Participating Shares, preparing valuations of each Cell, calculating Subscription and Redemption Prices and maintaining the accounts and records of the Fund and Cells and has also been appointed to act as Secretary to the Fund.

The Administrator may also act as administrator to other Collective Investment Vehicles into which assets of Fund may be invested. The Administrator undertakes to administer the respective Collective Investment Vehicles in accordance with their specific scheme particulars and will be remunerated by each Collective Investment Vehicles in accordance with relevant scheme particulars.

The appointment of the Administrator can be terminated by the Directors or the Administrator upon not less than 6 months' written notice or earlier upon default by either party.

The Administration Agreement provides that the Administrator (including its employees) shall not be liable to the Fund or the Manager for any loss suffered or incurred by the Fund or the Manager arising out of any act or omission on the part of the Administrator in connection with its duties under the Administration Agreement in the absence of negligence, wilful default or fraud of the Administrators (or of its employees). The Administration Agreement contains provisions for the indemnification of the Administrator and its employees by the Fund against liabilities to third parties arising in connection with the performance of its services, except in the case of negligence, will default or fraud of the Administrator or its employees.

### ***The Custodian***

By separate agreements, which are individually dated (the "**Custodian Agreements**"), the Company has appointed Deutsche Bank International Limited, Guernsey Branch of Lefebvre Court, Lefebvre Street, St Peter Port, Guernsey GY1 3WT to act as the Custodian of the assets of each Cell. The Custodian is a limited company incorporated in Guernsey on 1 July 1989 and having its registered office at Lefebvre Court, Lefebvre street, St Peter Port, Guernsey. The Custodian is a branch of Deutsche Bank International Limited, a private limited liability company incorporate in Jersey on 6 October 1972 with issued and paid up share capital of £16,707,265 (including share premium) as at 31 December 2009.

The Custodian provides a full range of banking and custodial services. It is licensed by the Guernsey Financial Services Commission under the POI Law to act inter alia as custodian or trustee of Guernsey based collective investment schemes. It is also licensed under the provisions of the Banking Supervision (Bailiwick of Guernsey) Law, 1994, as amended as a deposit taking institution.

Deutsche Bank International Limited is a wholly owned subsidiary of Deutsche Bank AG which is incorporated in Germany. The Deutsche Bank Group has over 1,900 offices in 72 countries/territories world-wide operating global investment and private banking services, with total assets in excess of €1,500 billion as at 31 December 2009.

The Custodian may also act as custodian to other Collective Investment Vehicles into which assets of the Fund may be invested. The Custodian undertakes to deal with each of the respective Collective Investment Vehicles in accordance with their specific scheme particulars and will be remunerated by each Collective Investment Vehicle in accordance with its relevant scheme particulars.

The Custodian is not entitled to retire voluntarily except upon the appointment of a new Custodian pursuant to the terms of the Custodian Agreements. The directors of the Company may terminate the appointment of the Custodian by giving not less than three months notice in writing at any time if the Custodian:

- i. goes into liquidation (except voluntary liquidation for the purpose of reconstruction or amalgamation upon terms previously approved in writing by the Company) or be unable to pay its debts or be declared insolvent or “*en désastre*”; or
- ii. if a receiver is appointed to the undertaking of the Custodian or any part thereof; or
- iii. if the Custodian shall commit any material breach of its obligations under the Custodian Agreements and (if such breach shall be capable of remedy) shall fail within thirty days of receipt of notice served by the Company requiring it so to do to make good such breach; or
- iv. if the Custodian is unable to fulfil its duties under the Custodian Agreements in any material respect by reason of circumstances or a combination of circumstances referred to in clause 9 thereof for a continuous period of three months; or
- v. ceases to be a resident in the Island of Guernsey for fiscal purposes; or
- vi. is removed from office by an Extraordinary Resolution; or
- vii. ceases to be qualified to act pursuant to the POI Law,

then the Manager must within 90 days appoint another qualified Custodian to take the Custodian's place.

Under the terms of the Custodian Agreements, the Custodian is not liable for any acts or omissions in the performance of its services in the absence of fraud gross, negligence or wilful default and subject thereto the Custodian is entitled to be indemnified to the extent permitted by law, against all actions, proceedings, claims and demands arising in connection with the performance of its services.

Some Cells may use the services of Prime Brokers for the trading and custody of assets pursuant to Prime Brokerage Agreements which will be on usual commercial terms. A Prime Broker to a Cell will be identified in the relevant Supplemental Scheme Particulars. In such circumstances, the Custodian is responsible for those assets of the relevant Cell not held by the appointed prime broker, with the appointed prime broker being responsible for the other assets of that Cell. Assets held by an appointed prime broker need not be segregated and may become available to creditors of the brokers in the event of a broker's insolvency.

### ***Registrar***

Pursuant to the Administration Agreement and as consented to by the Custodian, the Administrator has been appointed to keep the register of holders of Shares in respect of each Cell and to make the Register available for inspection at the address of the Administrator.

### ***Prime Brokers***

The Company may from time to time engage a Prime Broker to provide prime brokerage services to a Cell under the terms of a prime brokerage agreement (each a "**Prime Brokerage Agreement**") entered into between the Cell and the Prime Broker named in the Supplemental Scheme Particulars for the Cell concerned. The brokerage services may include the provision to the Cell of margin financing, clearing, settlement, stock borrowing and foreign exchange facilities. The Cell may also utilise other brokers and dealers for the purposes of executing transactions for the Cell.

Prime Brokers may also from time to time provide a custody service for the relevant Cell's investments, including documents of title or certificates evidencing title to investments, held on the books of the Prime Brokers as part of their prime brokerage function in accordance with the terms of their customer documents and the rules of the FSA or FSB or relevant regulator, as the case may be, by which they are regulated in the conduct of their investment business. Prime Brokers may appoint sub-custodians of such investments. Prime Brokers will exercise reasonable skill, care and diligence in the selection of any such sub-custodians and will be responsible to the Cell for the duration of the sub-custody agreements for satisfying themselves as to the ongoing suitability of such sub-custodians to provide custodial services to the Cell, will maintain a level of supervision which the Prime Brokers consider to be appropriate over such sub-custodians and will make what the Prime Brokers consider to be appropriate enquiries periodically to confirm that the obligations of such sub-custodians continue to be competently discharged.

The Cell's investments may be borrowed, lent or otherwise used by a Prime Broker for its own purposes, whereupon such investments will become the property of the Prime Broker and the Cell will have a right against the Prime Broker to require the return of equivalent assets. The Cell will rank as an unsecured creditor in relation thereto and, in the event of the insolvency of the Prime Broker, the Cell may not be able to recover such equivalent assets in full.

## FEES AND EXPENSES

### *Establishment costs*

The costs and expenses associated with the organisation and the initial offering of Participating Shares of each Cell, including the costs incurred in connection with the preparation of these Scheme Particulars and the relevant Supplemental Scheme Particulars, registration fees, document duty and professional fees and expenses are not expected to amount to more than US\$12,000 per Cell. These costs and expenses are being amortised over the first five accounting periods of the Fund and will be apportioned between the Cells pro rata to their respective Net Asset Values.

### *Fees of the Manager*

The Manager receives a monthly fee in arrears from each Cell at the maximum annual rate of 3.0% (three per cent) per annum of the Net Asset Value of the Cell(s), as specified in the Supplemental Scheme Particulars, calculated and accrued daily or as at each Valuation Point, at the discretion of the Manager.

### *Performance fees*

In addition to the annual management fee, a maximum incentive or performance fee may be levied against certain Cells as indicated in the Supplemental Scheme Particulars, at the discretion of the Manager, on any increase in Net Asset Value (above an agreed high watermark).

Performance fees are calculated and accrued either daily or at the relevant Cell's Dealing Day and are payable quarterly in arrears to the Manager.

Above high water mark is a common approach to the calculation of incentive fees. It means that incentive fees are paid only on net new rises in asset value. If a temporary decline occurs, it must be recouped before new incentive fees are paid.

### *Fees of the Investment Advisors*

Pursuant to the Investment Advisory Agreements, the Investment Advisors detailed therein shall be entitled to receive up to 2.7% (two point seven per cent.) per annum of the Net Asset Value of the relevant Cell(s). Fees are calculated and accrued as at the relevant Cell's Valuation Point. The Manager will pay the fees of the Investment Advisors from its own fees.

### *Fees of the Custodian*

The Custodian receives a quarterly fee in arrears from each Cell to a maximum of 0.1 per cent of the NAV per annum with a minimum annual fee per cell of £5,000 (or currency equivalent). In addition, a transaction fee currently of £75 (or currency equivalent) will also be payable to the Custodian by the Fund from each Cell or SPV in respect of each investment transaction relating to exchange traded securities and unit adjustments between Feeder and Master Cells, £150 (or currency equivalent) in respect of each investment transaction relating to mutual fund trades and £200 in respect of each investment transaction relating to hedge funds (purchases, sales, and corporate actions of any description) entered into by the Fund for such Cell or SPV.

For Feeder Cells, a flat annual custody fee of £3,500 (or currency equivalent) per Cell will apply.

Fees are calculated and accrued as at the relevant Cell's Valuation Point.

### *Fees of the Administrator*

The Manager will pay on behalf of the relevant Cell the fees of the Administrator. Fees are calculated and accrued on an annual basis and shall be equal to 25 basis points of the Net Asset Value of the Fund's

master cells (as defined and agreed between the Manager and Administrator from time to time), calculated on a weekly basis.

### ***Fees of Prime Brokers***

Should a Prime Broker be enlisted to provide prime brokerage services to any Cell, the brokerage and custodial services of the Prime Broker shall be charged and expenses reimbursed on commercial terms from the Cell for which fees are charged at prevailing commercial rates. Fees payable to the Prime Broker will be subject to review from time to time.

### ***Other Operating Expenses***

The Manager and the Administrator will be responsible for providing all office personnel, office space and office facilities required for the performance of their services. The Fund will pay ongoing legal, audit and administrative expenses incidental to its operations and business, including but not limited to (1) brokerage commissions and charges, foreign exchange costs and registration fees relating to investments, (2) fees and charges of clearing agents, (3) interest on debit balances and other bank charges, (4) the costs of maintaining the Fund's registered office in Guernsey and the listing of the Participating Shares, (5) any income taxes, withholding taxes and other government charges and duties for which the Fund is liable and (6) any regulatory fees and expenses. Where these expenses relate specifically to the administration of a particular Cell, the expenses will be allocated to that Cell otherwise the expenses will be allocated between the Cells pro rata to their Net Asset Values. An estimated provision for the expenses payable by each Cell is stated in the Supplemental Scheme Particulars for such Cell. Such figure is an estimate only, and any excess expenses will be payable by the relevant Cell or Cells in the manner described above.

Under the Articles, the maximum amount payable to the Directors is such sum as may be approved by Ordinary Resolution to be divided between them equally or as they shall determine. The Directors will receive GBP 10,000 each per annum. The Directors shall also be entitled to reimbursement of reasonable travel and other expenses related to the management of the Fund. These expenses shall be allocated between the Cells pro rata to their Net Asset Values.

### ***Client money account interest***

The Manager is required to operate a client money account in respect of funds received from subscribers or held for the account of redeeming investors. Any interest accruing in respect of such account is for the benefit of the Manager.

## **CONFLICTS OF INTEREST**

The Manager may from time to time act as investment advisor or manager to other funds. It is therefore possible that the Manager may, in the course of its business, have potential conflicts of interest with the Fund or a Cell. The Manager will, however, have regard in such event to its obligations under the Management Agreement and, in particular, to its obligations to act in the best interests of the Fund and each Cell so far as practicable, having regard to its obligations to other clients when undertaking any investment where potential conflicts of interest may arise.

The Directors of the Manager are Messrs. David Cosgrove, Daryn Hutchinson and Ms Donna Francis. David Cosgrove and Daryn Hutchinson are also directors of the Fund. Daryn Hutchinson and Donna Francis are directors of ATC Trustees (Guernsey) Limited, a trust company unrelated to the Fund, the Manager or any Investment Advisor, which provides corporate administration and secretarial to the Manager. Paul Everitt is a director of the Fund and also the Administrator.

A number of Cells have investment advisors that have connections to the Manager and/or the Fund. The following Investment Advisors are, through certain common shareholdings, effectively within the Manager's group: Lancelot Investments SARL and RDL Management Limited. Mr Cosgrove is a director

of RDL Management Limited and of the Fund. Mr Cosgrove is also a director of Stonewood FX Management SARL, a company with which certain Cells transact foreign exchange activities. Mr Cosgrove is also a director of Brilliant Investment Group SARL, an investment advisor to certain Cells of the Fund.

A full list of the directorships and beneficial interests of Messrs Cosgrove, Hutchinson and Everitt is available from the Manager and Administrator during normal business hours.

The directors of the Manager may also act as directors of other Collective Investment Vehicles unrelated to the Fund and be remunerated for acting in such capacity. It is possible that a Cell may invest into such unrelated Collective Investment Vehicles and this may be perceived to be a conflict of interests. If this situation arises, in addition to this information being in the annual financial statements, investors are at liberty to request this information (if they consider it to be prudent) from the Administrator at anytime.

The Investment Advisory Agreements in respect of the appointments of each Investment Advisor are available for inspection by Shareholders of those Cells in respect of which they act as investment advisor at Roseneath, The Grange, St Peter Port, Guernsey GY1 3SJ.

Under the Articles cash forming part of the assets of any Cell may be placed by the Custodian in any current, deposit or loan account with itself or with any associate of the Custodian or the Manager so long as that bank pays interest thereon at a rate no lower than is, in accordance with normal banking practice, the commercial rate for deposits of the size in question negotiated at arm's length.

The Manager or its Directors may invest in the Fund, and should this occur the interests of the investors and the Manager or such Directors will be aligned and not give rise to any conflict of interests.

If any conflict of interest arises, the Directors will endeavour to ensure that it is resolved fairly.



## TAXATION

The following summary of the anticipated tax treatment in the United Kingdom, Guernsey and South Africa applies to persons holding Participating Shares as an investment. The summary does not constitute legal or tax advice and is based on taxation law and practice at the date of these Scheme Particulars. Prospective investors should be aware that the level and bases of taxation may change from those described and should consult their own professional advisors on the implications of making an investment in, holding or disposing of Participating Shares under the laws of the countries in which they are liable to taxation.

### **Guernsey**

#### ***The Fund***

Guernsey currently does not levy taxes upon capital inheritances, capital gains, gifts, sales or turnover, nor are there any estate duties, save for an *ad valorem* fee for the grant of probate or letters of administration.

In return for the payment of a fee, a company is able to apply annually for exempt status for Guernsey tax purposes. A company that has exempt status for Guernsey tax purposes is exempt from tax in Guernsey on both bank deposit interest and any income that does not have its source in Guernsey. The Fund has applied for and been granted exempt status for each tax year during which it has been in existence and it is the intention of the Directors to manage the Company to ensure that the Fund continues to be eligible for and obtains such status in the future.

Payments of dividends and interest by a company that has exempt status for Guernsey tax purposes are regarded as having their source outside Guernsey and hence are payable without deduction of tax in Guernsey.

#### ***The Shareholders***

Any shareholders who are resident for tax purposes in Guernsey, Alderney or Herm will suffer no deduction of tax by the Company from any dividends payable by the Fund but the Administrator will provide details of distributions made to Shareholders resident in the Islands of Guernsey, Alderney and Herm to the Director of Income Tax in Guernsey. Guernsey does not levy any withholding tax on interest as a matter of domestic law, save where the recipient of the interest is a Guernsey resident tax payer. Guernsey has, however, agreed to act in compliance with the European Savings Tax Directive (the "**ESTD**"), which will apply to payments of interest made by a paying agent resident in Guernsey to an EU resident individual tax payer. The ESTD will not normally oblige a paying agent to withhold any tax or provide information regarding payments made in respect of monies held on behalf of a fund, save where such a fund is acting as a nominee for an EU resident individual tax payer. Shareholders resident outside Guernsey will not be subject to any tax in Guernsey in respect of any Participating Shares owned by them.

The States of Guernsey is consulting on and considering whether to move to an automatic exchange of information under the measures it applies which are the same as those of the ESTD.

#### ***United Kingdom***

The Directors intend to conduct the affairs of the Fund in such a manner as to minimise, so far as they consider reasonably practicable, taxation suffered by the Fund. This will include conducting the affairs of the Fund so that it does not become resident in the United Kingdom for taxation purposes. Accordingly, and provided the Fund does not carry on a trade in the United Kingdom (whether or not through a branch or agency situated therein), the Fund will not be subject to United Kingdom tax other than on United Kingdom source income.

The Fund is an "offshore fund" for the purposes of the Income and Corporation Taxes Act 1988 (the "**Act**"). Holders of Participating Shares (other than those holding Participating Shares as dealing stock

who are subject to separate rules) who are resident or ordinarily resident in the United Kingdom or who carry on business in the United Kingdom through a branch or agency with which their investment in the Fund is connected may, depending on their circumstances and subject as mentioned below, be liable to United Kingdom tax on capital gains realised on the disposal of their Participating Shares. Conversion of Participating Shares of one Cell into Participating Shares of another Cell will constitute a disposal for the purposes of United Kingdom tax on capital gains.

Chapter V of Part XVII of the Act contains provisions affecting gains realised on the disposal of a material interest in an offshore fund by a United Kingdom Shareholder. Such gains, if derived from a material interest in an offshore fund which has not been certified by the Inland Revenue as a "distributing fund" for all account periods during which the Participating Shares were held, will be liable to tax as income, rather than as capital gains.

The Act also contains provisions which subject certain United Kingdom resident companies to corporation tax on profits of companies not so resident in which they have an interest. The provisions affect United Kingdom resident companies which are deemed to be interested in at least 10 per cent of the profits of a non-resident company which is controlled by residents of the United Kingdom and which does not distribute substantially all of its income. As the Fund does not intend to make any distributions this legislation may be relevant. The legislation is not directed towards the taxation of capital gains.

The attention of individuals ordinarily resident in the United Kingdom is drawn to the provisions of Sections 739 and 740 of the Act. These contain provisions for preventing the avoidance of income tax by individuals by means of transactions resulting in the transfer of income to persons (including companies) resident or domiciled abroad and may render them liable to taxation in respect of undistributed income and profits of the Fund on an annual basis.

### ***South Africa***

The Fund should not have any tax liability in South Africa as the Fund does not derive any South Africa source income and does not have a place of business in South Africa. Furthermore, it is the intention of the Directors to manage the business of the Fund to ensure, so far as is possible, that effective management and control is in Guernsey.

Any dividends declared should be taxable in South Africa as foreign dividends.

When realising their Participating Shares, persons resident for tax purposes in South Africa may be subject to capital gains tax on any capital gains.

**Persons interested in purchasing Participating Shares should inform themselves as to any tax consequences particular to their circumstances arising in the jurisdiction in which they are resident or domiciled for tax purposes in connection with the acquisition, ownership, redemption or disposition by them of Participating Shares.**

## ADDITIONAL INFORMATION

### **Incorporation and share capital**

The Fund was registered in Guernsey on 27 March 2006 under the provisions of the Companies (Guernsey) Laws, 1994 to 2001, as a protected cell company, under the name of The Global Mutual Fund PCC Limited.

The Fund was incorporated with an authorised share capital of US\$50,000,100 divided into 100 Management Shares of US\$1.00 each ("**Management Shares**") and 5,000,000,000 Unclassified Shares of US\$0.01 each ("**Unclassified Shares**"). The Unclassified Shares may be allotted and issued as participating redeemable preference shares of US\$0.01 each ("**Participating Shares**") or as Nominal Shares of US\$0.01 each ("**Nominal Shares**"). The Management Shares were created in order that the Participating Shares may have a preference over some other class of share capital.

### **Memorandum of association**

The memorandum of association of the Fund provides that the Fund's principal object is to carry on business as an investment holding company.

The objects of the Fund are set out in full in clause 4 of the memorandum of association, which is available for inspection as stated at "Documents available for Inspection" below.

### **Articles of association**

The following is a summary of the principal provisions of the Articles in so far as they have not been described earlier in these Scheme Particulars.

### **Variation of class rights and alteration of capital**

Subject to the provisions of Guernsey law, all or any of the special rights for the time being attached to any class of shares for the time being issued may (unless otherwise provided by the terms of issue of the shares of that class or the Articles) from time to time (whether or not the Fund or any Cell is being wound up) be altered or abrogated with the consent in writing of the holders of not less than three-quarters of the issued shares of that class or with the sanction of an Extraordinary Resolution passed at a separate general meeting of the holders of such shares. All the provisions of the Articles as to general meetings of the Fund shall *mutatis mutandis* apply to any such separate general meeting but so that the necessary quorum shall be two members holding or representing by proxy a total in aggregate of not less than ten per cent. of the issued shares of the class, and any holder of shares of the class shall be entitled on a poll to one vote for every such share held by him and any holder of shares of the class present in person or by proxy may demand a poll.

The rights attached to the Participating Shares shall be deemed to be varied by the creation or issue of any shares (other than Participating Shares) ranking *pari passu* with or in priority to them as respects participation in the profits or assets of the Fund.

Subject to the preceding paragraph, the special rights attached to any class of shares having preferential rights shall (unless otherwise expressly provided by the conditions of issue of such shares) be deemed not to be varied by:

- (a) the creation, allotment or issue of further shares ranking *pari passu* therewith; or
- (b) the creation, allotment or issue of Management Shares; or
- (c) the creation of Unclassified Shares; or

- (d) the conversion of Participating Shares of one Cell into Participating Shares of another Cell; or
- (e) the allotment, issue or redemption of Nominal Shares; or
- (f) the conversion of Nominal Shares into Participating Shares as provided for in the Articles; or
- (g) if the Fund is wound up, the exercise by the liquidator of his powers of distribution of assets amongst Shareholders, as provided for in the Articles.

The Fund may from time to time by Ordinary Resolution increase its share capital by such sum to be divided into shares of such amounts as the resolution shall prescribe.

Subject to the provisions of Guernsey law and in particular the Companies Law, the Fund may by Special Resolution from time to time reduce its share capital in any way, and in particular, without prejudice to the generality of the foregoing power, may, subject to the Companies Law:

- (a) extinguish or reduce the liability on any of its shares in respect of share capital not paid up; or
- (b) with or without extinguishing or reducing liability on any of its shares:
  - (i) cancel any paid-up share capital which is lost, or which is not represented by available assets; or
  - (ii) pay off any paid-up capital which is in excess of the requirements of the Fund, and may, if and so far as is necessary, alter its Memorandum by reducing the amount of its share capital and of its shares accordingly.

The Fund may, subject to the provisions of the Companies Law, by Ordinary Resolution from time to time alter its share capital by:

- (a) consolidating and dividing all or any of its share capital into shares of larger amount than its existing shares;
- (b) sub-dividing its shares, or any of them, into shares of a smaller amount than that fixed by its Memorandum of Association so, however, that in the sub-division the proportion between the amount paid and the amount, if any, unpaid on each reduced share shall be the same as it was in the case of the share from which the reduced share is derived; or
- (c) cancelling any shares which, at the date of the passing of the ordinary resolution in that behalf have not taken, or agreed to be taken, by any person, and diminish the amount of its share capital by the amount of the shares so cancelled.

**Issue of shares**

All shares in the Fund for the time being unissued are under the control of the Directors who may allot and dispose of or grant options over the same to such persons, on such terms and in such manner, as they may think fit. Shares do not carry any rights of pre-emption. Except with the consent of the majority of votes cast at a separate general meeting of the holders of Participating Shares, no shares in the capital of the Fund, other than Participating Shares, Management Shares and Nominal Shares shall be issued.

## Classes of Shares

### **a) Management Shares**

The Management Shares may only be issued at par and to the Manager for the time being of the Fund. The rights attaching to the Management Shares are as follows:

(i) Voting Rights:

The Management Shares carry no voting rights unless there are for the time being no Shares of any Cell in issue, in which case on a show of hands, every holder who (being an individual) is present in person shall have one vote and, on a poll, every holder present in person or by a proxy or by a duly authorised representative shall have one vote for every management Share held.

(ii) Dividends and distribution of assets on a winding up:

The Management Shares do not carry any right to dividends. In the event of a liquidation, they rank *pari passu* inter se but only for return of the nominal amount paid up on them using only assets of the Fund not comprised within any of the Cells.

(iii) Redemption:

The Management Shares are not redeemable.

### **b) Nominal Shares**

The Nominal Shares may only be issued to the Manager at par and only for the purpose of providing funds for the redemption of the Participating Shares. The rights attached to the Nominal Shares are as follows:

(i) Voting Rights:

The Nominal Shares shall carry no voting rights.

(ii) Dividends and distribution of assets on a winding up:

The Nominal Shares do not carry any right to dividends. In the event of a liquidation they rank *pari passu* inter se but only for a return of the nominal amount paid up on them (after the return of the nominal amounts paid up on the Participating Shares) using only assets of the Fund comprised within the Cell to which the Nominal Shares relate.

(iii) Redemption:

Subject to Guernsey law, the Fund may from time to time redeem at par all or any of the Nominal Shares for the time being issued and outstanding out of any moneys of the Cell to which they relate which may lawfully be applied for the purpose.

### **c) Participating Shares**

The rights attaching to the Participating Shares are as follows:

(i) Voting Rights:

On a show of hands, every holder who (being an individual) is present in person shall have one vote and, on a poll, every holder present in person or by a proxy or by a duly authorised representative shall have one vote for every Participating Share held.

(ii) Dividends:

The Directors may from time to time if they think fit pay such interim dividends on Participating Shares of a particular Cell as appear to the Directors to be justified by the profits of that Cell. Further, following recommendation by the Directors, the Shareholders of each Cell may from time to time by Ordinary Resolution declare dividends payable to holders of Participating Shares of the relevant Cell, provided that no such dividend exceeds the amount recommended by the Directors. (See further, "Dividends" below).

The rate of dividend on the Participating Shares of a particular Cell in respect of any Annual Accounting Period of the Fund (as defined in the Articles) shall be calculated by the Directors and shall be arrived at by dividing the amount available for dividends payable to Participating Shares, as calculated in accordance with Guernsey company law by the number of Participating Shares entitled to the dividend.

(iii) Winding up:

The Articles provide that the Participating Shares carry a right to a return of the nominal capital paid up in respect of such Participating Shares, in priority to any distribution on the Nominal Shares, using the assets available in the relevant Cell. The Articles further provide that where such assets are insufficient recourse may be had to assets of the Fund not comprised within any Cell i.e. the non cellular assets. However, this would be subject to the requirements of the Companies Law, namely that a recourse agreement is put in place between the Fund and the relevant Shareholder, pursuant to which recourse can be held to the non-cellular assets, such recourse agreement is approved by resolution of the Shareholders of the Fund's core and each Director who authorises the entering into of the such recourse agreement makes a declaration that he believes on reasonable grounds that no creditor of the Fund will be unfairly prejudiced by the recourse agreement. Surplus assets remaining after the return of capital paid up on the Participating Shares and Nominal Shares of that Cell are distributed to the holders of the Participating Shares pro rata.

(iv) Redemption:

The Participating Shares may be redeemed by Shareholders on any Redemption Dealing Day at a price based on the Net Asset Value of such Participating Shares during any period in which the calculation of the Net Asset Value has not been suspended.

***d) Unclassified Shares***

These may be issued as Participating Shares or as Nominal Shares.

***e) Transfer and compulsory redemption of Participating Shares***

The instrument of transfer of a Participating Share shall be in writing in any usual or common form in use in Guernsey or in any other form which the Directors may sanction or allow and shall be signed by or on behalf of the transferor. The Directors may in their absolute discretion and without giving a reason decline to register the transfer of a Participating Share, provided that, if such Participating Share is listed, this would not prevent dealings from taking place on an open and proper basis on the relevant exchange.

The Directors shall decline to register a transfer of Participating Shares unless the instrument of transfer is deposited at the Fund's registered office (or such other place as the Directors may reasonably require, accompanied by the relevant certificate (or such other evidence as the Directors may reasonably require) and the instrument of transfer relates to Participating Shares of one Cell only.

The Directors shall not be bound to register more than four persons as joint holders of any Participating Share.

### **Directors**

Unless otherwise determined by the Fund by Ordinary Resolution the number of Directors shall be not less than three.

The Directors shall not be required to hold any qualification shares.

The Directors and alternate Directors may be paid all travelling, hotel and other expenses properly incurred by them in attending and returning from meetings of the Directors or any committee of the Directors or general meetings of the Fund or in connection with the business of the Fund. The Directors shall be entitled to be paid by way of remuneration for their services such sum as is stated under "Other Operating Expenses" on page 31 of these Scheme Particulars or such other sum as may be voted to them by the Fund in general meeting which shall be divided between them as they shall agree or failing agreement equally. Such remuneration will accrue from day to day. The Directors may grant extra remuneration to any Director who is called on to perform any special or extra services for or at the request of the Fund.

Subject to the provisions of Guernsey law, a Director may be a director, managing director, manager or other officer, employee or member of any company in which the Fund may be interested, which may be promoted by the Fund or with which the Fund has entered into any transaction, arrangement or agreement and no such Director shall be accountable to the Fund for any remuneration or other benefits received thereby.

Provided the nature and extent of any material interest of his is or has been declared to the other Directors, a Director notwithstanding his office:

- (a) may be a party to, or otherwise interested in, any transaction or arrangement with the Fund, or in which the Fund is otherwise interested;
- (b) may act by himself or through his firm in a professional capacity for the Fund (otherwise than as Auditor) and he or his firm shall be entitled to remuneration for professional services as if he were not a Director;
- (c) may be a Director or other officer of, or employed by, or a party to any transaction or arrangement with, a shareholder of or otherwise directly or indirectly interested in, any body corporate promoted by the Fund or with which the Fund has entered into any transaction, arrangement or agreement or in which the Fund is otherwise interested; and
- (d) shall not by reason of his office, be accountable to the Fund for any benefit which he derives from any such office or employment or from any such transaction or arrangement or from any interest in any such body corporate and no such transaction or arrangement shall be liable to be avoided on the ground of any such interest or benefit.

### **Dividends**

The Directors may from time to time as they see fit pay such interim dividends on Participating Shares of a particular Cell as appear to the Directors to be justified by the profits of that Cell. Further, following recommendation by the Directors, and subject to the Companies Law and the rules of any listing

exchange and as hereinafter set out, the Shareholders of each Cell may from time to time by Ordinary Resolution declare dividends on Participating Shares to be paid to the Shareholders, but no dividend shall be declared in excess of the amount recommended by the Directors. The Directors have the right to recommend the payment of dividends in respect of any Cell at their discretion, provided that dividends will be payable only to the extent that they are covered by funds of the Cell concerned as may be lawfully distributed as dividends.

The Directors may, with the sanction by Ordinary Resolution of the Shareholders of a Cell, satisfy any dividend, in whole or in part, by distributing in specie any of the assets of the Cell concerned provided that no such distribution shall be made which would amount to a reduction of capital, save with the consents required under applicable law.

All unclaimed dividends may be invested or otherwise made use of by the Directors for the benefit of the Fund until claimed. No dividend shall bear interest against the Fund. Any dividend unclaimed after a period of six years from the date of declaration thereof will be forfeited and will revert to the Cell in respect of which it was declared and the payment by the Directors of any unclaimed dividend or other sum payable on or in respect of a Participating Share into a separate account will not constitute the Fund a trustee in respect thereof.

### **Valuation of Net Assets**

The determination of the Net Asset Value for each Cell is the responsibility of the Manager. Valuations made pursuant to the Articles are binding on all persons. In determining the Net Asset Value the Articles provide *inter alia* that:

- (a) deposits shall be valued at their principal amount plus accrued interest calculated on a daily basis;
- (b) certificates of deposit shall be valued with reference to the best price bid for certificates of deposit of like maturity, amount and credit risk, for settlement as at the relevant Valuation Point;
- (c) treasury bills and bills of exchange shall be valued with reference to prices ruling in the appropriate markets for such instruments for settlement as at the relevant Valuation Point;
- (d) forward foreign exchange contracts will be valued by reference to the market value of similar contracts settled as at the relevant Valuation Point;
- (e) all valuations of financial futures contracts shall be assessed by reference to the prevailing prices on the relevant futures exchanges;
- (f) the value of any units, shares or other security of any unit trust, mutual fund, investment company or other similar investment vehicle or Collective Investment Vehicle shall be derived from the last prices, whether estimated or final, published by the managers thereof;
- (g) where any security owned or contracted for by the Fund is listed or dealt in on a stock exchange recognised as such under the securities laws of the jurisdiction in which it is situated or on any OTC market, all calculations of the Net Asset Value which are required for the purpose of computing the price at which Participating Shares of any Cell are to be issued, shall be based on the latest bid price therefore as at the relevant Valuation Point. When such security is listed or dealt in on more than one stock exchange or OTC market the Manager may in their absolute discretion select any one of such stock exchanges or over-the-counter markets for the foregoing purposes;
- (h) in respect of any security the quotation of which has been temporarily suspended or in which there has been no recent trading, the value shall be taken to be a reasonable estimate of the amount which would be received by a seller by way of consideration for an immediate transfer or



assignment from the seller at arm's length less any fiscal charges, commission and other sales charges which would be payable by the seller;

- (i) the value of any investment which is not quoted, listed or normally dealt in on a stock exchange or over the counter market shall be the value considered by the Manager in good faith to be the value thereof; and
- (j) notwithstanding the foregoing, the Manager shall be entitled, at their discretion, to apply a method of valuing any Investment comprised in any Cell different from that prescribed hereunder if such method would in their opinion better reflect the fair value of such investment and without prejudice to the generality of the foregoing, the Manager may rely upon opinions and estimates of any persons who appear to them to be competent to value investments of any type or designation by reason of any appropriate professional qualification or experience of the relevant market.

For the purpose of determining the net asset value per Participating Share, any assets or liabilities in currencies other than the currency in which Participating Shares of the relevant Cell are designated will be notionally converted into the currency in which Participating Shares of the relevant Cell are designated at the rate (whether official or otherwise) which the Manager shall in their absolute discretion deem appropriate to the circumstances having regard, *inter alia*, to any premium or discount which they consider may be relevant and to the costs of exchange at the time of determination of the Net Asset Value.

### **Winding up**

The Fund may be voluntarily wound up at any time by Special Resolution. The Directors are bound to convene an extraordinary general meeting for the purpose of passing a Special Resolution for the winding up of the Fund if the Fund's authorisation under the POI Law, is revoked (unless the GFSC otherwise agrees). On a winding up, a liquidator will be appointed firstly to pay the debts of the Fund and then to distribute its assets amongst shareholders, according to the rights attached to their shares. The assets of one Cell are not available to meet the liabilities of any other Cell and Shareholders are only entitled to share in the surplus assets of the Cell to which their shares relate. Liabilities not attributable to any Cell shall be discharged out of non-cellular assets.

### **Variation of Management and Custodian Agreements**

No modification, alteration or addition shall be made to the Management Agreement or the Custodian Agreement unless approved by an Extraordinary Resolution of Shareholders provided that no such approval is required for any modification, alteration or addition which is required solely:

- (a) to implement any change in the POI Law; or
- (b) as a direct consequence of any such change in applicable legislation; or
- (c) to change the dates on which any accounting period begins or ends or to change any income allocation date; or
- (d) to replace the Manager or the Custodian when it has been removed or wishes to retire or has retired; or
- (e) to remove any obsolete provisions; or
- (f) to make any modification, alteration, amendment or addition which the Manager and the Custodian certify does not materially prejudice the interests of the Shareholders; or
- (g) to correct a manifest error.

### **Directors' other interests**

The Directors have indicated that they may be investors in one or more Cells. Once such investment has been made, such investment will be disclosed in the audited financial statements of the Fund.

No Director (and no member of his immediate family) has any interest in any transactions which are or were unusual in their nature or conditions or significant to the business of any Cell which have been effected by the Fund since its incorporation.

There are no Directors' employment contracts with the Fund nor are any such contracts proposed.

A Director is not required to retire from office on attaining a particular age.

### **Regulatory consents**

All consents, approvals, authorisations or other orders of all regulatory authorities (if any) required by the Fund under the laws of England and Wales and Guernsey for the issue of Participating Shares and for the Manager, the Administrator and the Custodian to undertake their respective obligations under their respective agreements referred to in the paragraph "Material Contracts" below have been given.

### **Report and financial statements**

Copies of the audited financial statements of the Fund and of each Cell, which will be made up to the last Valuation Point in February each year will be sent to Shareholders at their registered addresses not less than 21 days before the date fixed for the general meeting of the Fund at which they will be presented and in any event, no later than 6 months after the end of the period to which they relate, other than those Cells where the Directors have sought overseas approval, in which case individual Cell accounts will be sent no later than 3 months after the period to which they relate.

### **General meetings**

The annual general meeting of the Fund will be held in Guernsey. At least fourteen clear days' notice (inclusive of the day on which the notice is served or deemed to be served) shall be given convening the general meeting in each year and will be sent to Shareholders at their registered addresses or given by advertisement. Other general meetings may be convened from time to time by the Directors by sending notices to Shareholders at their registered addresses or by Shareholders requisitioning such meetings in accordance with Guernsey law, and may be held in Guernsey or elsewhere.

### **Material contracts**

The following contracts, not being contracts in the ordinary course of business, have been or will be entered into by the Fund and are, or may be, material:

the Management Agreement;

the Custodian Agreement;

the Administration and Secretarial Agreement;

the Registrar Agreement; and

each Investment Advisory Agreement;

each of which is described in "Management and Organisation" above.

Save as disclosed in this paragraph, the Fund has not since its incorporation entered into any contracts, not being contracts entered into in the ordinary course of business, which are or may be material.

### **Litigation**

The Fund has not since its incorporation been nor is it engaged in any legal or arbitration proceedings and no legal or arbitration proceedings are pending or threatened against the Fund which may have or have had a significant effect on the financial position of the Fund. The Fund has no litigation, arbitration or claim pending or, so far as the Directors are aware, threatened against it nor has any claim been named since incorporation or establishment.

### **General**

The principal place of business and registered office of the Fund is at Roseneath, The Grange, St Peter Port, Guernsey.

These Scheme Particulars together with the relevant Supplemental Scheme Particulars constitute "scheme particulars" for the purposes of the Rules.

### **Client money rules**

The Manager is required to operate a client money account in respect of money received from subscribers or held for the account of redeeming investors. Any interest accruing in respect of such account is for the benefit of the Manager.

### **Documents available for inspection**

Copies of the following documents may be inspected during usual business hours on any Business Day at the offices of the Manager and the Custodian in Guernsey in each case at the addresses stated in the Directory of these Scheme Particulars:

the memorandum of association of the Fund and the Articles;

the material contracts referred to in Material Contracts above;

the Companies (Guernsey) Laws, 1994-2001, as amended (under which the Fund was incorporated) and the Companies (Guernsey) Law, 2008, as amended (by which it is now governed); and

the most recently published annual and interim report and financial statements of the Fund and each Cell and the register of shareholders will also be available for inspection during business hours on a Business Day at the offices of the Manager and the Administrator in Guernsey.

## MISCELLANEOUS

Save as may result from the entry by the Fund into the agreements listed under Material Contracts, or any other fees, commissions or expenses discharged, no amount or benefit has been paid or given or is intended to be paid or given to any promoter of the Fund. No commissions, discounts, brokerages or other special terms have been paid or granted or are payable for subscribing or agreeing to subscribe, or procuring or agreeing to procure subscriptions, for any Shares or loan capital of the Fund.

Save as disclosed under the heading "Directors Interests", no Director has any interest in the promotion of or in any property acquired or proposed to be acquired by the Fund.