

## PROSPECTUS

The Directors of the Fund, whose names are set out in the Directory, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information. The Directors accept responsibility accordingly.

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### **THE MATRIX PAN EUROPEAN EQUITY FUND LIMITED**

(a company incorporated on 16 August 2000 with limited liability  
under the laws of the Cayman Islands under registration number 103253)

### **MATRIX ALTERNATIVE ASSET MANAGEMENT LLP** (INVESTMENT MANAGER)

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The Euro Shares and the US\$ Shares, but not the Sterling Shares, issued and to be issued have been admitted to the Official List and to trading on the Main Market of the Irish Stock Exchange. Dealings commenced on 2 October 2000. There is no active secondary market in the Shares and the Directors do not anticipate that such a market will develop. Neither the admission of the Euro Shares or the US\$ Shares to the Official List and to trading on the Main Market of the Irish Stock Exchange nor the approval of this Prospectus pursuant to the listing requirements of the Irish Stock Exchange shall constitute a warranty or representation by the Irish Stock Exchange as to the competence of the service providers to, or any other party connected with, the Fund the adequacy of information contained in the Prospectus or the suitability of the Fund for investment purposes. The Directors do not anticipate that an active secondary market will develop in the Shares. No application has been made for the Shares to be listed on any other stock exchange.

September 2011

## IMPORTANT INFORMATION

### Reliance on Prospectus

The Shares are offered solely on the basis of this Prospectus and documents incorporated by reference herein which shall include any supplement to this Prospectus and, when published, the most recent annual report and accounts of the Fund and, if later, the half-yearly report and accounts. Distribution of this Prospectus without such report and accounts is not authorised. Any information or representations (including, without limitation, any indications regarding target returns for the Fund) not contained within this Prospectus may not be relied upon as having been authorised by the Fund or the Directors and should be disregarded. This Prospectus contains information in relation to the Fund and the offering of Shares at the date hereof. It is subject to subsequent changes in applicable law and neither the delivery of this Prospectus nor the allotment or issue of Shares shall create any implication whatsoever that there has been no change in such law or the affairs of the Fund since the date hereof.

Prospective investors should carefully read this Prospectus. However, the contents of this Prospectus should not be considered to be legal or tax advice, and each prospective investor should consult with its own counsel and advisers as to all matters concerning an investment in the Fund.

Management Shares are not being offered for subscription pursuant to this Prospectus.

### Registration in the Cayman Islands

The Fund has been registered as a regulated mutual fund with the Cayman Islands Monetary Authority under Section 4(3) of the Mutual Funds Law (2009 Revision) of the Cayman Islands. However, no Cayman Islands authority has passed upon the contents of this Prospectus or the merits of an investment in the Shares. Moreover, the investment activities of the Fund will not be regulated or otherwise overseen by any Cayman Islands authority.

### Restrictions on Distribution

The distribution of this Prospectus and the offering of Shares in certain jurisdictions is restricted. There will be no public offering of Shares and no offer to sell (or solicitation of an offer to buy) is being made in any jurisdiction in which such offer or solicitation would be unlawful. It is the responsibility of any recipient of this Prospectus to confirm and observe all applicable laws and regulations. Notwithstanding anything to the contrary herein, each shareholder (and each employee, representative, or other agent of such shareholder) may disclose to any and all persons, without limitation of any kind, the tax treatment and tax structure of (i) the Fund and (ii) any of its transactions, and all materials of any kind (including opinions or other tax analyses) that are provided to the shareholder relating to such tax treatment and tax structure. The following non-exhaustive information is provided by way of example as a general guide only:

**Austria:** Shares in the Fund may only be offered in the Republic of Austria in compliance with the provisions of the Austrian Capital Market Act, the Austrian Investment Funds Act and other laws applicable in the Republic of Austria governing the offer, issue and sale of the shares in the Republic of Austria. Shares in the Fund are being offered exclusively to a limited number of institutional investors in Austria and are therefore not subject to the public offering requirements of the Austrian Capital Markets Act. Shares in the Fund are not registered or otherwise authorised for public offer either under the Capital Market Act, the Investment Fund Act or any other securities regulation in Austria. The recipients of this Prospectus and other selling material in respect to Shares in the Fund have been individually selected and are targeted exclusively on the basis of a private placement. This offer may not be made to any other persons than the recipients to whom this Prospectus is personally addressed. Any investor intending to offer and resell Shares in the Fund in Austria is solely responsible that any offer and resale takes place in

compliance with the applicable provisions of the Austrian Capital Market Act, the Investment Fund Act or any other applicable securities regulation.

**Belgium:** The Fund has not been and will not be registered with the Belgian Banking, Finance and Insurance Commission (Commissie voor het Bank-, Financie- en Assurantiewezen / Commission Bancaire, Financière et des Assurances) ("CBFA") as a foreign collective investment institution referred to under Article 127 of the Belgian Act of July 20, 2004 relating to certain forms of collective management of investment portfolios. This Prospectus and the offering of Shares in the Fund have not been and will not be notified to, and have not been approved or disapproved by, the CBFA. The public offering of Shares in the Fund in Belgium within the meaning of the Belgian Act of July 20, 2004, and the Belgian Act of June 16, 2006 on the public offering of investment instruments and the admission of investment instruments to listing on a regulated market has not been authorised by the Fund. The offering may therefore not be advertised, and Shares in the Fund may not be offered, sold, transferred or delivered to, or subscribed to by, and no memorandum, information circular, brochure or similar document may be distributed to, directly or indirectly, any individual or legal entity in Belgium, except (i) subject to the restriction of a minimum investment of €250,000 per investor or (iii) in any other circumstances in which the present offering does not qualify as a public offering in accordance with the aforementioned Act of July 20, 2004. This Prospectus has been issued to the intended recipient for personal use only and exclusively for the purpose of the offering. Therefore, it may not be used for any other purpose, nor passed on to any other person in Belgium.

**Cayman Islands:** No offer or invitation to subscribe for shares may be made to the public in the Cayman Islands.

**Finland:** Shares in the Fund will be offered in Finland exclusively to investors qualifying as "professional investors" as defined under the Finnish Act on Mutual Funds (sijoitusrahastolaki, 29.1.1999, as amended, the "MFA"). Accordingly, prospective investors should acknowledge that this Prospectus is not a fund prospectus as meant in the MFA and the marketing of Shares in the Fund is not subject to marketing permission from the Finnish Financial Supervision Authority (Rahoitustarkastus; "FIN-FSA"). Furthermore, even if Shares in the Fund were to be construed as "securities" as defined in the Finnish Securities Markets Act (arvopaperimarkkinalaki, 26.5.1989/495, as amended, the "SMA"), based on the exemptions set forth in Decree 452/2005 issued by the Ministry of Finance, the offering of Shares in the Fund would be exempted from the prospectus requirements of the SMA. Accordingly, prospective investors must acknowledge that this Prospectus is not a prospectus within the meaning set forth in the SMA. Prospective investors should also note that neither the sponsor of the Fund nor any of its affiliates is an investment firm (sijoituspalveluyritys) as meant in the Finnish Investment Firms Act (laki sijoituspalveluyrityksistä, 922/2007, as amended and restated) and they are not subject to the supervision of the FIN-FSA. The FIN-FSA has not authorised any offering for the subscription of Shares in the Fund; accordingly, Shares in the Fund may not be offered or sold in Finland or to residents thereof except as permitted by Finnish law. This Prospectus has been prepared for private information purposes only and it may not be used for, and shall not be deemed, a public offering of Shares in the Fund. This Prospectus is strictly for private use by its holder and may not be passed on to third parties or otherwise distributed publicly.

**France:** Shares in the Fund may not be marketed, offered or sold in France and neither this Prospectus, which has not been submitted to the Autorité des marchés financiers or any other governmental authority in France, nor any offering material or information contained herein relating to Shares in the Fund, may be supplied to any person in France or used in connection with any offer for the subscription or sale of Shares in the Fund to any person in France. Shares in the Fund may only be marketed, offered or sold outside of France to institutions which are authorised to engage in investment in non-authorised foreign investment funds.

**Germany:** This Prospectus has not been and will not be submitted to, nor has it been approved by, the Bundesanstalt für Finanzdienstleistungsaufsicht (the German Financial Services Authority or "BaFin") and no prospectus has been or will be published in Germany. Therefore, Shares in the Fund may be offered and sold in the territory of the Federal Republic of Germany only if the offer is made to credit and financial services institutions as defined by the German Banking Act (Kreditwesengesetz), public or private insurance companies, investment companies, investment stock corporations and pension funds, including any management company commissioned by any such entity. This Prospectus and any other document relating to Shares in the Fund, as well as information contained therein, may not be supplied to the public in Germany or used in connection with any offer for subscription or sale of Shares in the Fund to the public in Germany. This Prospectus and other offering materials relating to the offer of Shares in the Fund are strictly confidential and may not be distributed to any person or entity other than the recipients hereof.

**Ireland:** This Prospectus and the information contained herein are private and confidential and are for the use on a confidential basis only by the persons to whom such material is addressed. This Prospectus may not be reproduced, redistributed or passed on to any other person or published in whole or in part for any purpose. The offering of Shares in the Fund is being extended to a small number of persons resident in Ireland by way of private placement. This Prospectus does not constitute an invitation to the public in Ireland, or any section thereof, to subscribe for or purchase any shares or other securities in any company, and accordingly is not a prospectus within the meaning of the Prospectus Directive Regulations. This Prospectus does not constitute an offer or solicitation to anyone other than the addressee and does not constitute a facility for participation by the public in Ireland within the meaning of the Unit Trusts Act, 1990.

**Italy:** The Fund is not a UCITS fund. The offering of Shares in the Fund in Italy has not been nor will it be authorised by the Bank of Italy and the CONSOB. Shares in the Fund are offered upon the express request of the investor, who has directly contacted the Fund or its sponsor on the investor's own initiative. No active marketing of the Fund has been made nor will it be made in Italy, and this Prospectus has been sent to the investor at the investor's request. The investor acknowledges and confirms the above and hereby agrees not to sell or otherwise transfer any Shares in the Fund or to circulate this Prospectus in Italy unless expressly permitted by, and in compliance with, applicable law.

**Netherlands:** Shares in the Fund may not be offered, sold, transferred or delivered in the Netherlands, as part of their initial distribution or at any time thereafter, directly or indirectly, other than to Qualified Investors within the meaning of the lower legislation promulgated pursuant to the Dutch Financial Supervision Act (Wet op het financieel toezicht), as amended from time to time.

**Norway:** This Prospectus does not constitute an invitation or a public offer of securities in the Kingdom of Norway. It is intended only for the original recipient and is not for general circulation in the Kingdom of Norway. The offer herein is not subject to the prospectus requirements laid down in the Norwegian Securities Trading Act. This Prospectus has not been nor will it be registered with or authorised by any governmental body in Norway.

**South Africa:** Neither this Prospectus nor the Shares in the Fund have been approved, disapproved or passed on in any way by the Financial Services Board or any other governmental authority in South Africa, nor has the Fund received authorisation or licensing from the Financial Services Board or any other governmental authority in South Africa to market or sell Shares in the Fund within South Africa. This Prospectus is strictly confidential and may not be reproduced, used for any other purpose or provided to any person other than the intended recipient.

**Spain:** Shares in the Fund may not be offered or sold in Spain except in accordance with the requirements of the Spanish Securities Market Law (Ley 24/1988, de 28 de Julio, del Mercado de Valores) as amended and restated, Royal Decree 1310/2005, on securities admission to trade on secondary official markets, public offerings or subscriptions, and prospectus required to such effects, and/or subject and in compliance with the requirements contained in such regulations (Real Decreto 1310/2005, de 4 de noviembre, por el que se desarrolla parcialmente la Ley 24/1988, de 28 de julio, del Mercado de Valores, en materia de admisión a negociación de valores en mercados secundarios oficiales, de ofertas públicas de venta o suscripción y del folleto exigible a tales efectos) ("R.D. 1310/2005"), and subsequent legislation. This Prospectus is neither verified nor registered with the Comisión Nacional del Mercado de Valores, and therefore a public offer of Shares in the Fund will not be carried out in Spain.

**Sweden:** This Prospectus has not been nor will it be registered with or approved by Finansinspektionen (the Swedish Financial Supervisory Authority). Accordingly, this Prospectus may not be made available, nor may the Shares offered hereunder be marketed and offered for sale in Sweden, other than under circumstances which are deemed not to require a prospectus under the Swedish Financial Instruments Trading Act (1991:980) (Sw. lag (1991:980) om handel med finansiella instrument). Accordingly, the offering of Shares in the Fund will only be directed to persons in Sweden who subscribe to Shares in the Fund for a total consideration of at least €50,000 per investor.

**Switzerland:** Under the Collective Investment Schemes Act of June 23, 2006 (the "CISA"), the offering, sale and distribution of units in foreign collective investment schemes in or from Switzerland are subject to authorisation by the Swiss Federal Banking Commission. The concept of "foreign collective investment schemes" covers, inter alia, foreign companies and similar schemes (including those created on the basis of a collective investment contract or a contract of another type with similar effects) created for the purpose of collective investment, whether such companies or schemes are closed-ended or open-ended. Units in a foreign investment scheme which has not been authorised by the Swiss Federal Banking Commission may only be promoted in or from Switzerland provided that no public solicitation, offering or advertising is carried out by persons operating in or from Switzerland. There are reasonable grounds to believe that the Fund would be characterised as a foreign collective investment scheme from a Swiss legal point of view. As Shares in the Fund have not been and can not be registered or authorised for distribution under the CISA, any offering of Shares in the Fund, and any other form of solicitation of investors in relation to the Fund (including by way of circulation of offering materials or information, including this Prospectus), must be made by way of private placement, e.g. by limiting the offer to investors considered as qualified investors as defined in the CISA and in Circular 03/1 Public Offering of the Swiss Federal Banking Commission dated 28 May 2003, as amended (for the last time on 29 August 2007). Failure to comply with the above-mentioned requirements may constitute a breach of the CISA.

**United Kingdom:** The Fund is an unrecognised collective investment scheme for the purposes of the Financial Services and Markets Act 2000 of the United Kingdom (the "Act"). The promotion of the Fund and the distribution of this Prospectus in the United Kingdom are consequently restricted by law.

This Prospectus is being issued in the United Kingdom by the Fund, where permitted by applicable law and regulation, and is being issued in the United Kingdom and elsewhere by Matrix Alternative Asset Management LLP (which is authorised and regulated by the Financial Services Authority of the United Kingdom ("FSA")).

The Fund is an unregulated collective investment scheme as defined in part XVII of the UK Financial Services and Markets Act 2000 ("FSMA"). The Fund has not been authorised, recognised or otherwise approved by the FSA in accordance with the FSMA and, as an unregulated scheme, it cannot be promoted to the general public in the UK. Accordingly, this communication is made only to persons who fall within the following categories of exempt

persons under the Financial Services and Markets Act 2000 (Promotion of Collective Investment Schemes) (Exemptions) Order 2001, or the equivalent categories of person under the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, (the "Order"):

- (i) persons who receive communications outside the United Kingdom, in accordance with article 8(1)(a) of the Order; or
  - (ii) persons who are "Investment Professionals", as defined in article 14(5) of the Order; or
  - (iii) persons who are high net worth organisations falling within articles 22(2)(a) to (d) of the Order; or
  - (iv) persons to whom it may otherwise lawfully be communicated,
- (all such persons together being referred to as "Exempt Persons").

By accepting and not immediately returning this Prospectus, recipients warrant that they qualify as an Exempt Person. Transmission of this Prospectus to any person who is not an Exempt Person is unauthorised and may contravene FSMA and any such person should return this Prospectus immediately.

This Prospectus has been approved only for the purposes of s.21 FSMA as a financial promotion by Matrix Alternative Asset Management LLP. It has been approved solely for distribution to persons whom Matrix Alternative Asset Management LLP has determined fall within one of the applicable categories of person listed in rule 4.12.1R of the FSA's Conduct of Business Sourcebook.

This Prospectus must not be acted on or relied on by anyone else in the United Kingdom. The Shares are available in the United Kingdom only to Exempt Persons and any investment activity to which this Prospectus relates will be engaged in the United Kingdom only with Exempt Persons. Any person distributing this Prospectus in, from or into the United Kingdom must satisfy themselves it is lawful to do so.

The Fund is not authorised or regulated by the FSA. An investor will not be protected by the rules and regulations made under FSMA for the protection of investors and the UK Financial Services Compensation Scheme will not be available to such investors and no other out-of-court complaint or redress mechanism exists in relation to the Fund.

This Prospectus does not and is not intended to meet the requirements of section 85 FSMA in relation to an offer of interests in the Fund in the United Kingdom, as any offer of interests will be: (i) limited to "Qualified Investors" (as defined in article 2.1 of the EU Prospectus Directive); and/or (ii) made on the basis that the minimum consideration payable by any investor in the fund will not be less than €100,000 (or the equivalent amount in any other currency).

If you are in any doubt about the contents of this Prospectus, you should consult your financial adviser.

**United States:** There will be no public offering of Shares in the United States. The Shares will not generally be available to US Persons unless they are a tax-exempt US investor, which must be, among other things, an "accredited investor" as such term is defined under applicable US Federal securities laws.

**WHILST THE FUND MAY TRADE COMMODITY FUTURES AND/OR COMMODITY OPTIONS CONTRACTS, THE INVESTMENT MANAGER IS EXEMPT FROM REGISTRATION WITH THE US COMMODITY FUTURES TRADING COMMISSION ("CFTC") AS A COMMODITY POOL OPERATOR ("CPO") PURSUANT TO CFTC RULE 4.13(a)(4). THEREFORE, UNLIKE A REGISTERED CPO, THE INVESTMENT MANAGER IS NOT REQUIRED TO DELIVER A CFTC DISCLOSURE DOCUMENT TO PROSPECTIVE SHAREHOLDERS, NOR IS IT REQUIRED TO PROVIDE SHAREHOLDERS WITH CERTIFIED ANNUAL REPORTS THAT SATISFY THE REQUIREMENTS OF CFTC RULES APPLICABLE TO REGISTERED CPOs.**

THE INVESTMENT MANAGER QUALIFIES FOR THE EXEMPTION UNDER CFTC RULE 4.13(a)(4) WITH RESPECT TO THE FUND ON THE BASIS THAT, AMONG OTHER THINGS (I) EACH SHAREHOLDER IS A NON-UNITED STATES PERSON AS DEFINED UNDER CFTC RULES OR IS EITHER (A) A NATURAL PERSON WHO IS A "QUALIFIED ELIGIBLE PERSON" AS DEFINED IN CFTC RULE 4.7(a)(2) OR (B) A NON-NATURAL PERSON THAT IS EITHER AN "ACCREDITED INVESTOR" AS DEFINED UNDER SEC RULES OR A "QUALIFIED ELIGIBLE PERSON" AS DEFINED UNDER CFTC RULE 4.7; AND (II) SHARES IN THE FUND ARE EXEMPT FROM REGISTRATION UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED AND OFFERED AND SOLD WITHOUT MARKETING TO THE PUBLIC IN THE UNITED STATES.

THESE SECURITIES ARE SUITABLE FOR SOPHISTICATED INVESTORS WHO ARE NON-US PERSONS OR PERMITTED US PERSONS, WHO DO NOT REQUIRE IMMEDIATE LIQUIDITY FOR THEIR INVESTMENTS, FOR WHOM AN INVESTMENT IN THE FUND DOES NOT CONSTITUTE A COMPLETE INVESTMENT PROGRAM, AND WHO FULLY UNDERSTAND AND ARE WILLING TO ASSUME THE RISKS INVOLVED IN THE FUND'S INVESTMENT PROGRAM. SUBSCRIBERS FOR SHARES MUST REPRESENT THAT THEY ARE ACQUIRING THE SHARES FOR INVESTMENT. NO OFFER TO SELL OR SOLICITATION OF AN OFFER TO BUY IS BEING MADE IN ANY JURISDICTION IN WHICH SUCH OFFER OR SOLICITATION WOULD BE UNLAWFUL.

OTHER THAN REGISTRATION WITH THE CAYMAN ISLANDS MONETARY AUTHORITY AND THE ADMISSION OF THE EURO SHARES AND THE US\$ SHARES TO THE OFFICIAL LIST AND TO TRADING ON THE MAIN MARKET OF THE IRISH STOCK EXCHANGE, THE OFFERING OF SECURITIES HEREBY HAS NOT BEEN FILED WITH OR APPROVED OR DISAPPROVED BY ANY REGULATORY AUTHORITY OF ANY COUNTRY OR JURISDICTION, NOR HAS ANY SUCH REGULATORY AUTHORITY PASSED UPON OR ENDORSED THE MERITS OF THIS OFFERING OR THE ACCURACY OR ADEQUACY OF THIS CONFIDENTIAL MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL. SHARES ARE NOT REGISTERED FOR SALE, AND THERE WILL BE NO PUBLIC OFFERING OF THE SHARES.

## **Risk Factors**

Investment in the Fund carries substantial risk. There can be no assurance that the Fund's investment objective will be achieved and investment results may vary substantially over time. Investment in the Fund is not intended to be a complete investment programme for any investor. Prospective investors should carefully consider whether an investment in Shares is suitable for them in light of their circumstances and financial resources (see further under "Risk Factors").

## DIRECTORY

### THE MATRIX PAN EUROPEAN EQUITY FUND LIMITED

#### Registered Office

27 Hospital Road, 5<sup>th</sup> Floor,  
George Town  
Grand Cayman  
Cayman Islands  
British West Indies

#### Directors

J Barden  
D Mc Geough  
G Adu

#### Investment Manager

Matrix Alternative Asset Management LLP  
One Vine Street  
London W1J 0AH  
United Kingdom

#### Administrator

CITI Hedge Fund Services (Ireland) Ltd  
1 North Wall Quay  
Dublin 1  
Ireland

#### Prime Broker and Custodian

Goldman Sachs International  
Peterborough Court  
133 Fleet Street  
London EC4A 2BB  
United Kingdom

#### Listing Sponsor at the Irish Stock Exchange

McCann FitzGerald Solicitors  
Riverside One  
Sir John Rogerson's Quay  
Dublin 2  
Ireland

#### Auditors

Ernst & Young  
Registered Auditors  
Ernst & Young Building  
PO Box 510 GT  
2nd Floor Leeward 4  
Regatta Office Park  
West Bay Road  
Grand Cayman  
Cayman Islands  
British West Indies

#### Legal Advisers to the Fund

In England:  
Travers Smith LLP  
10 Snow Hill  
London EC1A 2AL  
United Kingdom

In the Cayman Islands:  
Maples and Calder  
PO Box 309  
Ugland House  
Grand Cayman KY1-1104  
Cayman Islands  
British West Indies

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## DEFINITIONS

"Administrator"	CITI Hedge Fund Services (Ireland) Limited or any successor or replacement administrator;
"Articles"	the Articles of Association of the Fund;
"Business Day"	any day on which banks are open for business in London and Dublin;
"Base Net Asset Value"	the base Net Asset Value as defined under "Fees and Expenses";
"Benefit Plan Investor"	a "benefit plan investor" as defined in Section 3(42) of ERISA and any regulations promulgated by the US Department of Labor thereunder, being "employee benefit plans" as defined in Section 3(3) of ERISA that are subject to Title I of ERISA, "plans" that are subject to the prohibited transaction provisions of Section 4975 of the IRC, and entities the assets of which are treated as "plan assets" under Section 3(42) of ERISA and any regulations promulgated thereunder;
"Calculation Period"	a calculation period as defined under "Fees and Expenses";
"Dealing Day"	the first Business Day of each month and/or such other day or days as the Directors may from time to time determine;
"Directors"	the members of the board of directors of the Fund for the time being and any duly constituted committee thereof and any successors to such members as they may be appointed from time to time;
"Eligible Investor"	an eligible investor as defined under "Subscriptions";
"Equalisation Credit"	an equalisation credit as defined under "Fees and Expenses";
"ERISA"	the US Employee Retirement Income Security Act of 1974, as amended;
"Euro Management Shares"	ordinary shares of par value €0.01 issued as Euro Management Shares;
"Euro Shares"	ordinary shares of par value €0.01 issued as Euro Shares;
"FSA"	The Financial Services Authority of the United Kingdom;
"Founder Shares"	ordinary shares of €1.00 issued as Founder Shares;
"Fund"	The Matrix Pan European Equity Fund Limited (formerly, The Candela Fund);
"Ineligible Applicant"	an ineligible applicant as described on page [15];
"Investment Manager"	Matrix Alternative Asset Management LLP;

"Investment Management Fee"	the investment management fee payable to the Investment Manager;
"IRC"	the US Internal Revenue Code of 1986, as amended;
"Irish Stock Exchange"	The Irish Stock Exchange Limited;
"Management Shares"	Euro Management Shares and/or Sterling Management Shares and/or US\$ Management Shares;
"Minimum Holding"	€300,000 in the case of Euro Shares and US\$300,000 in the case of US\$ Shares and £200,000 in the case of Sterling Shares or, in each case, such lesser amount as the Directors may in any particular case determine provided such lesser amount is not less than €100,000/US\$100,000 or the Sterling equivalent thereof;
"Net Asset Value"	the net asset value of the Fund determined in accordance with the Articles;
"Net Asset Value per Share"	the Net Asset Value of a class of Shares divided by the number of Shares of that class in issue or deemed to be in issue;
"Official List"	the Official List of the Irish Stock Exchange;
"Performance Fee"	the performance fee payable to the Investment Manager;
"Prime Broker and Custodian"	Goldman Sachs International or any successor, replacement or additional prime broker and custodian;
"Redemption Price"	the price per Share at which Shares are redeemed calculated in the manner described under "Redemptions";
"Recognised Exchange"	any regulated market or exchange (which is an exchange within the meaning of the law of the country concerned relating to exchanges) in the European Union, the Organisation for Economic Co-operation and Development, Hong Kong, Singapore and South Africa, NASDAQ, the market in US government securities which is conducted by primary dealers which are regulated by the Federal Reserve Bank of New York, the over the counter market in the US in transferable securities conducted by primary dealers and secondary dealers which are regulated by the US Securities and Exchange Commission and by the National Association of Securities Dealers and the over-the-counter market in Tokyo regulated by the Securities Dealers Association of Japan and any other regulated exchange or market agreed by the Irish Stock Exchange;
"Shares"	the Euro Shares and/or the US\$ Shares and/or the Sterling Shares and including, where the context requires or allows, Management Shares;
"Shareholder"	a person recorded as holder of Shares and/or Management Shares in the Fund's register of Shareholders;

"Specified Credit Rating"	a minimum credit rating of 'A2' for long term debt from the credit agency of Moody's or 'A' from Standard & Poor's or Fitch and a minimum of 'P-1' or 'A-1' or 'F1' respectively for short term debt from those same agencies or as defined, from time to time, in the Listing Requirements and Procedures of The Irish Stock Exchange Limited;
"Sterling Management Shares"	ordinary shares of par value £0.01 issued as Sterling Management Shares;
"Sterling Shares"	ordinary shares of par value £0.01 issued as Sterling Shares;
"Subscription Price"	the price per Share at which Shares are issued calculated in the manner described under "Subscriptions";
"US Person"	a citizen or "resident alien" within the meaning of US income tax laws as in effect from time to time, a corporation or partnership created or organised in the United States or under the laws of the United States or any state, a trust where (a) a US court is able to exercise primary supervision over the administration of the trust and (b) one or more US Persons have the authority to control all substantial decisions of the trust, an estate which is subject to US tax on its income from all sources, or any person that would be a US Person under Regulation S promulgated under the 1933 Act or under Rule 4.7 under the Commodity Exchange Act
"US\$ Management Shares"	ordinary shares of par value US\$0.01 issued as US\$ Management Shares;
"US\$ Shares"	ordinary shares of par value US\$0.01 issued as US\$ Shares;
"United States"	the United States of America (including the States and District of Columbia) and any of its territories, possessions and other areas subject to its jurisdiction;
"Valuation Day"	Each Business Day and/or in respect of each class of Shares such other day or days as the Directors may from time to time determine.

In this Prospectus, all references to the "Euro" or "€" are to the unit of the European single currency and all references to "US Dollars" or "US\$" are to the lawful currency of the United States and "£" or "Sterling" are to the lawful currency of the United Kingdom, all references to time are to Greenwich Mean Time and all references to statutes are to Cayman Island Statutes (unless otherwise noted).

## PRINCIPAL FEATURES

*The following is a summary of the principal features of the Fund and should be read in conjunction with the full text of this Prospectus.*

### Structure

The Fund is an exempted company incorporated with limited liability in the Cayman Islands as an open-ended investment company and, as such, has power to issue and redeem Shares at the Subscription Price and at the Redemption Price respectively. All of the Euro Shares and US\$ Shares, but not the Sterling Shares or any of the Management Shares, issued and to be issued, were admitted to the Official List and dealings commenced on 2 October 2000. There is no active secondary market in the Shares and the Directors do not anticipate that such a market will develop. No application has been made to list the Sterling Shares or any of the Management Shares, although the Directors may seek to do so in the future.

### Shares

Shares will be issued as either Euro Shares or as US\$ Shares or as Sterling Shares and will be redeemed in Euro or US Dollars or Sterling respectively.

### Investment Objective

The Fund's investment objective is to achieve above average absolute returns. In order to manage risks appropriately, various hedging instruments may be utilised in combination with an actively managed level of cash. There can be no assurance that any such hedging will be effective.

### Investment Policy

The Fund's portfolio may include both long and short positions in equities which are listed or quoted, investment grade, debt securities, futures contracts, options, warrants and foreign exchange. The Fund will take an opportunistic approach to investing, especially in volatile markets, without a reduction in the focus on specific long-term investments.

The Fund will seek to add value by investing in European companies where there is a concurrence of a perceived material under valuation and a positive change in the momentum of that equity. Equities of companies incorporated in or whose principal operations are in Europe, or which are listed on a Recognised Exchange in Europe, will account for a minimum of 80 per cent of all equity investments in the Fund's portfolio (excluding cash and cash equivalents). The Fund will frequently run short positions.

At certain times relatively large positions in the equity of any one company may be held.

The Fund may borrow up to 100 per cent of Net Asset Value.

### Investment Manager

The Fund has appointed Matrix Alternative Asset Management LLP as its investment manager with discretionary responsibility and authority to invest the assets of the Fund in furtherance of the investment objectives, and in accordance with the investment policy, of the Fund as described in this Prospectus.

The Investment Manager was incorporated as a limited liability partnership in England and Wales on 27 June 2003 under registration number OC304959 (originally incorporated under the name Mountcashel LLP) and was authorised by the FSA on 17 December 2003.

The controlling members of the Investment Manager at the date of this Prospectus are Matrix Securities Limited and Matrix Group Limited. Founded in 1987, Matrix Group Limited is a broadly spread financial services company specialising in the creation and promotion of innovative financial products and services.

### Subscriptions

Investors may subscribe for Shares on any Dealing Day at the relevant Subscription Price. A subscriber may also be required to pay an additional amount as an Equalisation Credit.

### Minimum Investment

The minimum investment per subscriber is €300,000 in the case of Euro Shares and US\$300,000 in the case of US\$ Shares and £200,000 in the case of Sterling Shares or, in each case, such lesser amount as the Directors may in any particular case determine provided that such lesser amount is not less than €100,000/ US\$100,000 or the Sterling equivalent thereof. The minimum amount of additional subscription is €100,000/US\$100,000 or the Sterling equivalent thereof or such lesser amount as the Directors may in any particular case determine. These requirements will not apply to direct or indirect subscriptions by the Investment Manager or any of its members, employees or connected persons.

### Restrictions on Sale and Transfer

The Shares may only be offered, sold or transferred to Eligible Investors who are not Ineligible Applicants as described under "Subscriptions" below.

### Redemptions

Shares are redeemable at the option of the Shareholder on each Dealing Day upon at least thirty calendar days' prior written notice to the Administrator. Shares will be redeemed at the relevant Redemption Price. A redeeming Shareholder will also receive additional redemption proceeds if any Equalisation Credit paid at the time of subscription has not been fully applied.

A request for a partial redemption of Shares may be refused, or the holding may be redeemed in its entirety, if, as a result of such partial redemption, the aggregate value of the Shares retained by the Shareholder would be less than the Minimum Holding.

A redemption fee of 2 per cent of redemption proceeds will be payable on Shares redeemed within six months of issue or acquisition if acquired in the secondary market. This fee will reduce to 1 per cent in respect of Shares redeemed in the twelve months thereafter. No redemption fee will be payable in respect of such Shares thereafter. The Directors may waive payment of this fee at their sole and complete discretion.

### Exchanges

Holders of Shares of a currency designation will be entitled to exchange all or any of their Shares of that currency designation for Shares of another currency designation. A Share exchange will be effected by way of a redemption of Shares of one class and a simultaneous subscription (at the most recent subscription price) for Shares of the other class. An exchange fee may be payable.

### Dividend Policy

It is not envisaged that any income or gains derived from its investments will be distributed by way of dividend. This does not preclude the Directors from declaring a dividend at any time in the future if they consider it appropriate to do so. To the extent that a dividend may be declared

on the Shares, it will be paid in compliance with any applicable laws and, other than in relation to the Sterling Shares, in compliance with Irish Stock Exchange requirements.

### Fees and Expenses

The Investment Manager will receive from the Fund an Investment Management Fee of 1/12 of 1.5 per cent per month of the Net Asset Value. The Investment Manager will also be entitled to receive a Performance Fee from the Fund charged on a Share-by-Share basis in respect of each period of twelve months ending on 31 December in each year (a "Calculation Period"). For each Calculation Period, the Performance Fee in respect of each Share will be equal to 20 per cent of the appreciation in the Net Asset Value of that Share during the Calculation Period above the Base Net Asset Value of that Share. The Base Net Asset Value of that Share is the greater of the Net Asset Value of the Share at the time of issue of that Share and the highest Net Asset Value of the Share as of the end of any previous Calculation Period (if any) during which such Share was in issue. The Performance Fee in respect of each Calculation Period will be calculated by reference to the Net Asset Value before making any deduction for accrued Performance Fees.

Without prejudice to the above, the Investment Manager may from time to time and at its sole discretion and out of its own resources decide to rebate to some or all investors (or their agents including the Directors) or to intermediaries part or all of the Investment Management Fee and/or the Performance Fees.

The Fund will pay the fees of the Administrator and will bear all other ongoing operating costs and expenses.

### Reports and Accounts

Annual financial statements will be made up to 30 June in each year. An annual report and the audited annual accounts of the Fund will be sent to Shareholders and to the Irish Stock Exchange as soon as practicable and in any event within six months of the financial year end.

Half-yearly reports, incorporating unaudited accounts, will also be sent to Shareholders and to the Irish Stock Exchange within four months of the end of the period to which they relate.

### Taxation

Cayman Islands: The Fund is an exempted company under Cayman Islands law. The Fund has received from the Governor-in-Cabinet of the Cayman Islands an undertaking that, in accordance with Section 6 of the Tax Concessions Law (1999 Revision) for a period of 20 years from the date of issue of the undertaking, no law thereafter enacted in the Cayman Islands imposing any taxes or duty to be levied on profits, income, gains or appreciations or which is in the nature of estate duty or inheritance tax shall be payable (i) on or in respect of the shares, debentures or other obligations of the Fund or (ii) by way of the withholding in whole or in part of a payment of dividend or other distribution of income or capital by the Fund to its members or a payment of principal or interest or other sums due under a debenture or other obligation of the Fund.

United Kingdom: The Directors intend to manage the affairs of the Fund in such a way the Fund is not resident in the United Kingdom for United Kingdom tax purposes. The Directors and the Investment Manager also each intend that the affairs of the Fund and the Investment Manager will be managed and conducted in such a way that the Fund is not regarded for United Kingdom tax purposes as carrying on a trade in the United Kingdom through the Investment Manager as its United Kingdom "permanent establishment". In these circumstances, the Fund should not be subject to United Kingdom tax on its income and gains (other than potential United Kingdom withholding tax on any interest or certain other income received which has a United Kingdom source).

General: There can be no assurance that the Cayman Islands or United Kingdom tax laws will not be changed adversely with respect to the Fund or the Shareholders, or that the Fund's income tax status will not be successfully challenged by such authorities.

Potential shareholders should consult their own advisors regarding tax treatment by the jurisdiction applicable to them. Shareholders should rely only upon advice received from their own tax advisors based upon their own individual circumstances and the laws applicable to them.

## INVESTMENT OBJECTIVE, POLICY AND RESTRICTIONS

### Investment Objective

The Fund's investment objective is to achieve above average absolute returns. In order to manage risks appropriately, various hedging instruments may be utilised in combination with an actively managed level of cash.

### Investment Policy

The Fund's portfolio may include both long and short positions in equities which are listed or quoted, investment grade, debt securities, futures contracts, options, warrants and foreign exchange, which the Investment Manager considers appropriate to achieve the investment objective.

The investment techniques used will permit the Fund to take an opportunistic approach to investing, especially in volatile markets, without a reduction in the focus on specific long-term investments.

The Investment Manager believes European equity markets are less efficient at recognising the potential of, and valuing mid-sized and smaller companies. The Fund will seek to add value by investing where there is a concurrence of a perceived material under valuation and a positive change in the momentum of that equity. In most instances, it is relevant in the view of the Investment Manager to analyse and value equities relative to their growth potential, in a European or a worldwide context.

Equities of companies incorporated or whose principal operations are in Europe, or which are listed on a Recognised Exchange in Europe, will account for a minimum of 80 per cent of all equity investments in relation to both long and short positions in the Fund's portfolio (excluding cash and cash equivalents).

The Fund will frequently have short positions.

The Fund's aim is to concentrate the amount of investment themes or positions to a relatively limited number consistent with the principle of diversification of risk. At certain times, relatively large positions in the equity of any one company may be held. Under these circumstances, the Investment Manager would hold a strong conviction in the potential of a material gain in the price of this equity; nevertheless, an adverse price movement in any such position could have a material adverse impact on the Fund's Net Asset Value.

In connection with the active management of its level of cash the Fund may invest up to 100 per cent of Net Asset Value in securities issued or guaranteed by a government, government agency or instrumentality of a European Union Member State or the United States, Switzerland, Norway, Canada, Japan or New Zealand or by any supranational authority of which one or more of the foregoing is a member. The Investment Manager anticipates that the value of any such investments will be less than 50 per cent of Net Asset Value.

When deemed appropriate, the Fund intends to leverage its capital by borrowing, in the belief that risk adjusted returns to its Shareholders can be enhanced. Such borrowing (and therefore the Fund's net leverage position) will be limited so that gross exposure (long plus short) will not exceed more than 200% of the Net Asset Value i.e. maximum borrowing may not exceed 100% of the Net Asset Value (excluding for this purpose currency transactions entered into to hedge the Fund's exposure to non-Euro denominated investments and transactions in index futures and other derivatives entered into to hedge the Fund's equity exposure).

The Fund's investment programme will include short selling. The Investment Manager intends to focus its short sales of equities where there is a concurrence of a perceived material overpricing

of an equity and a negative change in the momentum of that equity. Given the nature of shorting it is even more vital that the triggers for negative share price performance are in place. In certain circumstances, short sales will substantially increase the impact of adverse price movements on the Fund's portfolio. A short sale of an equity involves the risk of a potentially unlimited increase in the market price of the equity, which could result in an inability to cover the short position and a theoretically unlimited loss. There can be no absolute guarantee that equities necessary to cover a short position will be available for purchase.

The Fund's shares will be denominated in Euros, US Dollars and Sterling. The Investment Manager will, where practicable, seek to hedge foreign currency exposure through the use of spot and forward foreign exchange contracts or by use of FX Swap transactions or other hedging techniques. There can be no assurance that any such hedging will be effective.

### Investment Restrictions

The policy of the Fund is to maintain a diversified portfolio so as to spread investment risk.

The Fund will not:

- (A) invest more than 20 per cent of its gross assets in the securities of any one issuer. This restriction will not apply to investments in securities issued or guaranteed by a government, government agency or instrumentality of a European Union Member State or the United States, Switzerland, Norway, Canada, Japan or New Zealand or by any supranational authority of which one or more of the above is a member;
- (B) invest in more than 10 per cent of the equity of any one company calculated as a percentage of the shares of that company in issue;
- (C) expose more than 20 per cent of its assets to the solvency or creditworthiness of any one counterparty;
- (D) invest in real property or physical commodities;
- (E) take legal or management control of any issuer in which it invests.

The restriction referred to in (C) above will not apply to any transaction between the Fund and the Prime Broker and Custodian or between the Fund and another counterparty (i) which advances full and appropriate collateral to the Fund in respect of the transaction or (ii) which (a) has (or whose parent company has) a Specified Credit Rating, (b) is regulated by the US Commodity Futures Trading Commission or the UK Financial Services Authority or such other regulatory authority as may be agreed by the Irish Stock Exchange and (c) has financial resources of US\$20 million (or its equivalent in another currency).

The Fund will adhere to the principle of risk diversification when trading derivatives and money market instruments.

**The investment program of the Fund is speculative and may entail substantial risks. Since market risks are inherent in all securities investments to varying degrees, there can be no assurance that the investment objective of the Fund will be achieved. In fact, certain investment practices described above can, in some circumstances, potentially increase the adverse impact on the Fund's investment portfolio. (See "Risk Factors.")**

## THE INVESTMENT MANAGER

The Fund appointed Matrix Alternative Asset Management LLP as Investment Manager of the Fund's portfolio on 1 August 2011. Prior to this Olympus Capital LLP was the Investment Manager. As at the date of this Prospectus, the Investment Manager has appointed John Barden and Anthony McCarthy (see below) as principal investment managers for the Fund.

John Barden was born in 1963 and has worked in the financial markets and in asset management since 1988. Prior to joining Matrix Alternative Asset Management LLP, Mr Barden co-managed the Fund from its inception in October 2000. Previously, Mr Barden was a Director of European Equities at AIG Global Investment Corp. (Europe) Ltd, where he was responsible for the AIG European Smaller Companies Fund. Prior to joining AIG in November 1992, Mr Barden was a Portfolio Manager at Clerical Medical in London. He has a BA in economics from Manchester University and is a companion member of the UK Society of Investment Professionals.

Anthony McCarthy was born in 1968 and has worked in the financial markets and in asset management since 1989. Prior to joining Matrix Alternative Asset Management LLP, Mr McCarthy co-managed the Fund from its inception in October 2000. Previously, Mr McCarthy was a Director of European Equities at AIG Global Investment Corp. (Europe) Ltd, where he managed the European Equity Desk in London and was responsible for the European large cap equity research effort, a function split between London and Zurich. Prior to joining AIG in April 1999, Mr McCarthy was a Senior Fund Manager at SLC Asset Management in London. He has a BSc in economics from University College, London and is a companion member of the UK Society of Investment Professionals.

Matrix Alternative Asset Management LLP was incorporated as a limited liability partnership on 27 June 2003 under the laws of England and Wales with the registration number OC304959. It was originally incorporated under the name Mountcashel LLP. The Investment Manager was authorised and regulated in the conduct of its investment business by the FSA on 17 December 2003.

The Investment Manager was appointed pursuant to an investment management agreement with the Fund dated 27 July 2011 (the "Investment Management Agreement"). Under the Investment Management Agreement, the Investment Manager has full discretion, subject to the control of and review by the Directors, to invest the assets of the Fund in a manner consistent with the investment objective and investment policy described in this Prospectus.

## DIRECTORS

The Directors are responsible for the overall management and control of the Fund but have delegated certain functions to the Investment Manager and other parties.

The Directors will review the operations of the Fund at regular meetings and it is the current intention of the Directors to meet at least quarterly. For this purpose, the Directors will receive periodic reports from the Investment Manager detailing the Fund's performance and providing an analysis of its investment portfolio. The Investment Manager will provide such other information as may from time to time be reasonably required by the Directors for the purpose of such meetings.

### Directors

#### **J Barden**

John Barden (British) is a fund manager with the Investment Manager. Further details relating to Mr Barden are set out under "The Investment Manager" above.

## **David McGeough**

Mr. McGeough (born 1965) is a lawyer by professional qualification and has over 20 years experience in the financial services industry where he has served as a Partner and Member of the international Management Committee of one of the world's largest hedge fund firms (Vega Asset Management: 2002-2007 – Assets of US\$ 12.5 Billion), a Chief Executive Officer of an international technology company (Mobileaware: 2001-2002 backed by Intel and various private equity firms) and a Partner and Head of the Investment Funds team in a leading large international law firm (Matheson Ormsby Prentice: 1994-2000). In addition to advising many of the world's largest investment banks, asset management firms and hedge fund firms, he has also advised the Department of the Taoiseach of the Irish Government on financial services matters concerning securitisations. He now manages his own investment portfolio in private equity and related ventures and serves as a non-executive director of a number of investment funds and as an advisor to various hedge fund managers.

## **Giles Adu**

Mr Adu, a member of the Chartered Alternative Investment Analyst Association, co-founded Brook Street Partners, an alternative investment consultancy, in January 2003 and holds the position of Managing Partner. Brook Street Partners are retained by alternative investment funds in a number of areas including advising on capital raising, fund structuring, pre-launch fund advisory and product development. In addition, Giles advises a range of institutional investors on alternative investments and conducts manager research and due diligence of alternative investment funds. Prior to Brook Street Partners, Giles spent thirteen years in sales and trading of fixed income, structured and derivative products. Since 1990 Giles has set up, managed and led sales/trading desks and business areas involved in fixed income, credit and derivative products at Societe Generale, Credit Lyonnais and Banque Nationale de Paris. In 1998 Giles was appointed a Director of Banca Nazionale del Lavoro where he established a fixed income sales/trading team with Pan-European institutional and hedge fund coverage focusing on developing hedge fund trading opportunities and products. Giles holds an MSc in Financial Economics (University of London) and a BA in Economics (Kingston University) and is a holder of the Chartered Alternative Investment Analyst designation

All the Directors act in a non-executive capacity. For the purposes of this Prospectus, the address of the Directors is the registered office of the Fund.

The Secretary of the Fund is the Administrator.

### **ADMINISTRATOR**

Pursuant to an Administration Agreement, the Fund has appointed Citi Hedge Fund Services (Ireland), Limited as the administrator, shareholder servicing agent and secretary of the Fund with responsibility for performing the day-to-day administration of the Fund, including the calculation of the net asset value of the Fund and of each Class of Shares, and related fund accounting services. The Administrator is a limited liability company incorporated in Ireland on 17 December, 1997 and was previously known as BISYS Hedge Fund Services (Ireland) Limited prior to being acquired by Citibank N.A. in July 2007. The Administrator is a wholly owned subsidiary of Citibank N.A.

### **PRIME BROKER AND CUSTODIAN**

Goldman Sachs International (the "Prime Broker") has been appointed as a prime broker and Custodian to the Fund pursuant to a prime brokerage agreement and a number of product specific supplemental documents (together "the Prime Brokerage Agreement"). The Prime

Broker is authorised and regulated in the conduct of its investment business by the FSA, it has financial resources in excess of US\$200 million and its ultimate parent, The Goldman Sachs Group, Inc., has a Specified Credit Rating. In its capacity as Prime Broker, the Prime Broker may execute purchase and sale orders for the Fund, and clear and settle such orders and orders executed by other brokers. In addition, the Prime Broker may enter into off-exchange contracts with the Fund as principal. The Prime Broker will also provide the Fund with financing lines, and short selling facilities.

As Custodian, the Prime Broker will be responsible for the safekeeping of all the investments and other assets of the Fund delivered to it (the "Custody Assets") other than those transferred to the Prime Broker as collateral or margin. The Prime Broker will identify, record and hold the Custody Assets in such a manner that the identity and location thereof can be identified at any time and so that the Custody Assets shall be readily identifiable as property belonging to, and held for the benefit of, the Fund and as separate from any of the Prime Broker's own property.

The Prime Broker may hold the Custody Assets with a sub-custodian, depository or clearing agent, including a person connected with the Prime Broker (each a "sub-custodian") in a single account that is identified as belonging to customers of the Prime Broker. The Prime Broker will identify in its own books and records that part of the Custody Assets held by a sub-custodian as being held for the Fund. The Custody Assets should thus be unavailable to the creditors of the Prime Broker in the event of its insolvency. However, in the event of an irreconcilable shortfall following the default of any sub-custodian, the Fund may share in that shortfall proportionately with the Prime Broker's other customers. Assets of the Fund held as collateral or margin are not required to be segregated and in the event of the Prime Broker's insolvency may not be recoverable in full.

In accordance with the FSA's Custody Rules, the Prime Broker will exercise reasonable skill, care and diligence in the selection of any sub-custodian and will be responsible to the Fund for the duration of any sub-custody agreement for satisfying itself as to the ongoing suitability of such sub-custodian, for the maintenance of an appropriate level of supervision over such sub-custodian and for confirming by means of appropriate periodic enquiries that the obligations of such sub-custodian continue to be competently discharged.

The Prime Broker will only be responsible for losses suffered by the Fund as a direct result of its negligence or bad faith in the appointment and monitoring of any non-affiliated sub-custodian or nominee. Otherwise the Prime Broker shall not be liable for any act or omission, or for the solvency, of any non-affiliated sub-custodian or nominee. Notwithstanding the foregoing, the Prime Broker accepts the same level of responsibility as it does for itself for companies controlled by the Prime Broker whose business consists solely of acting as a nominee holder of investments or other property in respect of any requirements of the FSA's Custody Rules. In the case of any act or omission on the part of a sub-custodian or its agent which the Fund considers to involve the negligence, fraud or wilful default on the part of such sub-custodian or agent, the Prime Broker shall, subject to any internal approvals, not to be arbitrarily withheld or delayed, assign to the Fund any rights it may have in respect of such act or omission. In the event that the Fund obtains legal advice that such assignment would be ineffective to enable the Fund to pursue its claim, then the Prime Broker shall, subject to any internal approvals, not to be arbitrarily withheld or delayed, at the Fund's expense, claim and pursue the appropriate damages or compensation from the sub-custodian or agent on the Fund's behalf.

The Prime Broker shall be liable for damage or loss only to Fund's account(s) and only to the extent arising directly from any act or omission by the Prime Broker that constitutes negligence, fraud or wilful default. The Prime Broker shall not be liable under or in connection with the Prime Brokerage Agreement for loss (whether direct or indirect) of business profits, revenue or of data or any indirect, consequential or incidental damages, liabilities, claims, losses, expenses, awards, proceedings and costs, in each case, regardless of whether the possibility of such damages, liabilities, claims, losses, expenses, awards, proceedings and costs was disclosed to,

or could reasonably have been foreseen by, the Prime Broker and whether arising in contract, in tort or otherwise.

The Fund will indemnify the Prime Broker for any and all expenses, losses, damages, liabilities, demands, charges, actions and claims arising out of any act or omission on the part of the Fund or that result from the proper performance of the Prime Broker's obligations under the Prime Brokerage Agreement, except to the extent that the same is due to the negligence, fraud or wilful default of the Prime Broker.

The Fund's obligations to the Prime Broker will be secured by way of a first fixed charge over the Custody Assets. In addition, the Fund's obligations to the Prime Broker in respect of any financing lines and short selling facilities will be secured by transferring to the Prime Broker all rights, title and interest in and to certain of the Custody Assets identified for such purposes by the Prime Broker as collateral. Collateral shall pass from the Fund to the Prime Broker free and clear of any liens, claims, charges or encumbrances or any other interest of the Fund or any third party and accordingly the Prime Broker may deal with, lend, dispose of, pledge, charge or otherwise use all collateral for its own purposes and shall be obliged to redeliver equivalent collateral to the Fund on satisfaction by the Fund of all its obligations to the Prime Broker and its affiliates. The Fund will not be required to post collateral (excluding cash) with a market value in excess of 200 per cent of the value of the Fund's obligations to the Prime Broker.

The Custody Assets may be borrowed, lent, charged or otherwise used by the Prime Broker for its own purposes, whereupon such Custody Assets will become the property of the Prime Broker or become subject to a charge in favour of the Prime Broker, as the case may be. The Fund will have a right against the Prime Broker for the return of equivalent assets and will rank as an unsecured creditor in relation thereto. In the event of the insolvency of the Prime Broker, the Fund may not be able to recover such equivalent assets in full.

The Prime Broker will have no decision-making discretion relating to the Fund's investments. Further, the Prime Broker shall have no obligation to review, monitor or otherwise ensure compliance by the Fund with the investment policies, restrictions or guidelines applicable to it or any other term or condition of the Fund's offering document(s). The Prime Broker is a service provider to the Fund and is not responsible for the preparation of this document or the activities of the Fund and therefore accepts no responsibility for any information contained in this document.

The Fund reserves the right, in its discretion, to change the prime brokerage and custodian arrangements described above including, but not limited to, the appointment of additional prime broker(s) and custodian(s).

## SUBSCRIPTIONS

### Offer

Up to 2,499,000 Euro Shares, 2,500,000 US\$ Shares and 2,500,000 Sterling Shares are available for issue. Management Shares are not being offered for subscription pursuant to this Prospectus.

### Subscriptions

Shares are available for subscription at the relevant Subscription Price as at the Valuation Day immediately preceding the Dealing Day on which the application is effective. The Subscription Price will be equal to the Net Asset Value per Share of the relevant class as at the Valuation Day preceding the Dealing Day on which the application is effective or, if no Shares of that class are currently in issue, such price as may be determined by the Directors. A subscriber may also be required to pay an additional amount as an Equalisation Credit.

### Procedure

Applicants for Shares, and Shareholders wishing to apply for additional Shares, must send the relevant completed Subscription Documents by mail (with a copy by facsimile) so as to be received by the Administrator by no later than 2 pm (Dublin time) on the Valuation Day preceding the relevant Dealing Day and so that cleared funds are received by the Administrator no later than 2 pm (Dublin time) on that Valuation Day, failing either of which the application will be held over to the following Dealing Day and Shares will then be issued at the relevant Subscription Price on that Dealing Day.

**To avoid delays in the processing of subscriptions, potential investors are encouraged to contact the Administrator as soon as possible so as to determine what additional information may be required, including in order to comply with anti-money laundering requirements.**

Fractions of Shares will be issued. Interest on subscription monies will accrue to the Fund.

The Fund reserves the right to reject any application in whole or part at its absolute discretion, in which event the amount paid on application or the balance thereof (as the case may be) will be returned (without interest) as soon as practicable in the relevant currency, as appropriate, at the risk and cost of the applicant.

The Administrator will issue a contract note as soon as possible to successful applicants confirming acceptance of their application. Once completed applications have been received by the Administrator, they are irrevocable.

Applications for Shares will not be dealt with and Shares will not be issued until receipt of notification that an applicant's funds have been cleared in the full amount of the subscription. Subject thereto, Shares are deemed to be issued on the relevant Dealing Day notwithstanding that the subscriber for those Shares may not be entered in the Fund's register of Shareholders until after the relevant Dealing Day. The subscription monies paid by a subscriber for Shares will accordingly be subject to investment risk in the Fund from the relevant Dealing Day.

By arrangement with the Administrator, subscriptions may be made in any freely convertible currency approved by the Administrator, but will be converted into the relevant currency at the rate of exchange available to the Administrator, provided that the costs of conversion will be deducted from the subscription monies.

The Fund reserves the right to charge an initial fee of up to 2 per cent of the amount subscribed. The net amount will be applied in subscribing for Shares.

The Directors reserve the right from time to time to resolve to close the Fund, or a class of Shares, to new subscriptions (for all or just new investors), either for a specified period or until they otherwise determine. During any such period Shares will not be available for subscription.

### Minimum Investment

The minimum initial investment in the Fund is €300,000 in the case of Euro Shares, US\$300,000 in the case of US\$ Shares and £200,000 in the case of Sterling Shares or, in each case, such lesser amount as the Directors may in their sole discretion in any particular case determine provided that such lesser amount is not less than €100,000/US\$100,000 or the Sterling equivalent thereof on the date of subscription. The minimum amount of additional subscriptions is €100,000 or US\$100,000 or the Sterling equivalent thereof, as the case may be, or such lesser amount as the Directors may in any particular case determine. These requirements will not apply to direct or indirect subscriptions by the Investment Manager or any of its members, employees or connected persons who must, however, subscribe not less than US\$50,000 (or foreign currency equivalent) on the date of subscription.

### Eligible Investors

Investment in Shares is limited to Eligible Investors. An Eligible Investor is any person whose:

- (a) ordinary business or professional activity includes the buying and selling of investments, whether as principal or agent; or
- (b) (*if a natural person*) individual net worth, or joint net worth with his or her spouse, exceeds US\$1 million; or
- (c) (*if an institution*) assets under discretionary management exceed US\$5 million.

Each investor must certify on the relevant Subscription Document that he is an Eligible Investor and that he has the knowledge, expertise and experience in financial matters to evaluate the risks of investing in the Fund, is aware of the risks inherent in investing in the assets in which the Fund will invest and the method by which these assets will be held and/or traded, and can bear the loss of his entire investment in the Fund. Any transferee of Shares will be required to certify in like manner before any transfer is registered. These requirements will not apply to the Investment Manager or any of its directors, employees or connected persons.

Subject as mentioned above and under "General and Statutory Information" below, Shares are freely transferable.

### Ineligible Applicants

The Subscription Document requires each prospective applicant for Shares to represent and warrant to the Fund that, among other things, he is able to acquire and hold Shares without violating applicable laws.

Shares may not be offered, issued or transferred to any person in circumstances which violate any applicable laws or which, in the opinion of the Directors, might result in the Fund incurring any liability to taxation or suffering any other pecuniary disadvantage which the Fund might not otherwise incur or suffer, or would result in the Fund being required to register under any applicable US securities laws.

Shares may generally not be issued or transferred to any US Person, except that the Directors may authorise the issue or transfer of Shares to or for the account of a US Person provided that:

- (a) such issue or transfer does not result in a violation of the 1933 Act or the securities laws of any of the States of the United States;

- (b) such issue or transfer will not require the Fund to register under the Investment Company Act 1940 (the "1940 Act") or to file a prospectus with the CFTC under the Commodities Exchange Act;
- (c) such issue or transfer will not cause any assets of the Fund to be "plan assets" for the purposes of ERISA;
- (d) such issue or transfer will not result in any adverse regulatory or tax consequences to the Fund or its Shareholders as a whole; and
- (e) such person is exempt from payment of US Federal Income Tax.

Each applicant for and transferee of Shares who is a US Person will be required to provide such representations, warranties or documentation as may be required to ensure that these requirements are met prior to the issue, or the registration of any, transfer of Shares. If the transferee is not already a Shareholder, he will be required to complete the appropriate Subscription Documents.

Without limiting the generality of the foregoing, the Fund will not accept any subscriptions from, and Shares may not be transferred to, any investor, whether or not a US Person if, immediately thereafter, Benefit Plan Investors would hold 25 per cent (or such greater percentage as may be provided in regulations promulgated by the US Department of Labor) or more of the value of any Class of Shares so that the assets of the Fund will not be treated as "plan assets" for the purpose of Section 3(42) of ERISA and any regulations promulgated thereunder. If the assets of the Fund were treated as "plan assets" of a Benefit Plan Investor, the Investment Manager would be a "fiduciary" (as defined in ERISA) with respect to such a Benefit Plan Investor and would be subject to the obligations and liabilities imposed on fiduciaries by ERISA and/or the IRC. Moreover, the Fund would be subject to various other requirements of ERISA and/or the IRC. Without limiting the ability of the Fund to compel the compulsory redemption of Shares by anyone who is not an Eligible Investor, the Fund, in its sole and absolute discretion, may require the compulsory redemption of Shares held by Benefit Plan Investors to ensure that the value of interests held by Benefit Plan Investors does not equal or exceed the Benefit Plan Investor percentage of ownership limitation discussed above. The Fund reserves the right, however, to waive, in the Directors' sole and absolute discretion, the Benefit Plan Investor percentage of ownership limitation and thereafter to comply with ERISA or to amend the foregoing provisions in light of any amendment to ERISA or applicable regulations.

#### Form of Shares

Shares are only issued in registered form and will normally be issued in book stock form, meaning that a Shareholder's entitlement will be evidenced by an entry in the Fund's register of Shareholders, as maintained by the Administrator, and not by a share certificate. Notwithstanding the foregoing, the Directors reserve the right to issue share certificates either generally or in any particular case.

#### Suspension

The Directors may declare a suspension of the determination of the Net Asset Value and the Net Asset Value per Shares in certain circumstances as described under "General and Statutory Information". No Shares will be issued, exchanged or redeemed during any such period of suspension.

## Money Laundering

As part of the Fund's responsibility for the prevention of money laundering, the Fund, the Investment Manager or the Administrator may require a detailed verification of an investor's identity, any beneficial owner underlying the account, and the source of the investor's subscription payment.

The Fund, the Investment Manager and the Administrator reserve the right to request such information as they deem necessary to verify such information. In the event of delay or failure by the subscriber or shareholder to produce any information required for verification purposes, the Directors may refuse to accept a subscription or may compulsorily redeem such shareholder's Shares. The Directors, by written notice to any shareholder, may suspend the payment of redemption proceeds payable to such shareholder if it reasonably deems it necessary to do so to comply with anti-money laundering regulations applicable to the Fund, the Investment Manager or any of the Fund's service providers.

Each subscriber and shareholder shall be required to make such representations to the Fund as the Fund, the Investment Manager or the Administrator shall require in connection with applicable anti-money laundering programs, including, without limitation, representations to the Fund that such subscriber or shareholder is not a prohibited country, territory, individual or entity listed on the US Department of Treasury's Office of Foreign Assets Control ("OFAC") website, and that it is not directly or indirectly affiliated with any country, territory, individual or entity named on an OFAC list or prohibited by any OFAC sanctions programs. Such subscriber or shareholder shall also represent to the Fund that amounts contributed by it to the Fund were not directly or indirectly derived from activities that may contravene US Federal, state or international laws and regulations, including, without limitation, any applicable anti-money laundering laws and regulations.

The Administrator may disclose information regarding investors to such parties (e.g., affiliates, attorneys, auditors, administrators or regulators) as it deems necessary or advisable in connection with the operation of the Fund, including, but not limited to, in connection with anti-money laundering and similar laws. The Administrator or other service providers may also release information if directed to do so by the investors in the Shares, if compelled to do so by law or in connection with any government or self-regulatory organisation request or investigation related to anti-money laundering or any other laws or regulations. In connection with the establishment of anti-money laundering procedures, the Fund may implement additional restrictions on the transfer of Shares.

If any person resident in the Cayman Islands knows or suspects or has reasonable grounds for knowing or suspecting that another person is engaged in criminal conduct or is involved with terrorism or terrorist property and the information for that knowledge or suspicion came to his attention in the course of business in the regulated sector, he will be required to report such belief or suspicion to (i) the Financial Reporting Authority of the Cayman Islands, pursuant to the Proceeds of Crime Law, 2008 of the Cayman Islands if the disclosure relates to criminal conduct or money laundering, or (ii) a police officer of the rank of constable or higher pursuant to the Terrorism Law (2009 Revision) of the Cayman Islands if the disclosure relates to the involvement with terrorism or terrorist financing and property. Such report shall not be treated as a breach of confidence or of any restriction upon the disclosure of information imposed by any enactment or otherwise.

The Fund may impose additional requirements from time to time to comply with all applicable anti-money laundering laws, including the USA PATRIOT Act.

The Fund has authorised the Administrator to request such information and documentation as is necessary to verify the identity of an applicant. In the event of delay or failure by the applicant to produce any information required for verification purposes, the Administrator may refuse to

accept the application and the subscription monies relating thereto or payment of redemption proceeds may be delayed until proper information has been provided.

Each applicant for Shares acknowledges that the Administrator shall be held harmless against any loss arising as a result of a failure to process his application for, or redemption of, Shares if such information and documentation as has been requested by the Administrator has not been provided by the applicant.

## **REDEMPTIONS**

Shares are redeemable at the option of the Shareholder on each Dealing Day except as described below under "Suspension". The Shareholder should send a completed redemption request in the form accompanying this Prospectus to the Administrator to be received by the Administrator no later than 2pm Dublin time on the Business Day falling at least 30 calendar days, or such lesser period as the Directors may in any particular case determine, before the relevant Dealing Day, failing which the redemption request will be held over until the next following Dealing Day and Shares will be redeemed at the relevant Redemption Price applicable on that Dealing Day.

Redemption requests may be sent by post or facsimile but redemption proceeds will not be remitted until the Administrator has received the original of the redemption request.

A request for a partial redemption of Shares may be refused, or the holding may be redeemed in its entirety, if, as a result of such partial redemption, the aggregate value of the Shares retained by the Shareholder would be less than the Minimum Holding.

A redemption request, once given, is irrevocable save with the consent of the Directors (which may be withheld).

Redemption requests may be submitted by fax to the Administrator at +353 1 672 5361

Att: Client Services provided that:

- (i) the original signed redemption request is received by the Administrator prior to the relevant Dealing Day; and
- (ii) the investor receives written confirmation from the Administrator that the faxed redemption request has been received.

The Administrator will confirm in writing within 5 Business Days of receipt all faxed redemption requests which are received in good order. Investors failing to receive such written confirmation from the Administrator within 5 Business Days should contact Client Services at the Administrator at +353 1 622 2000 to obtain the same.

Failure to obtain such written confirmation will render faxed instructions void.

### Redemption Price

The Redemption Price will be equal to the Net Asset Value per Share of the relevant class as at the Valuation Day immediately preceding the relevant Dealing Day. The redeeming Shareholder will also receive additional redemption proceeds if any Equalisation Credit paid at the time of subscription has not been fully applied.

### Redemption Fee

Although the Directors reserve the right to charge a redemption fee, as described below, it is not their current intention to do so.

In the event that a redemption fee may be charged, the following provisions will apply.

A redemption fee of 2 per cent of the redemption proceeds will be payable in respect of Shares redeemed within six months of the Dealing Day on which they are issued or the date of acquisition, if acquired in the secondary market. At the end of this period this fee will reduce to 1 per cent in respect of Shares redeemed in the period ending immediately prior to the date falling not less than 18 months from the Dealing Day on which they were issued or the date on which they were acquired, as the case may be. No redemption fee will be payable in respect of such Shares thereafter. The redemption proceeds will be reduced by the amount of the redemption fee (if any) and the net amount paid to the redeeming Shareholder. The Directors may waive the payment of a redemption fee at their sole and complete discretion. The redemption fee will be retained by the Fund.

### Settlement

Payment of redemption proceeds will normally be made within ten Business Days of the relevant Dealing Day. Payment will be made in the currency of denomination of the relevant Shares by direct transfer in accordance with instructions given by the redeeming Shareholder to the Administrator and at the Shareholder's risk and cost. Redemption may, at the discretion of the Directors (subject to the approval of the Shareholder requesting redemption of Shares), be effected *in specie* by the appropriation of assets of the relevant value (which shall be determined conclusively by the Directors in good faith) in satisfaction of the Redemption Price. Any such appropriation will be effected in such manner as not to materially prejudice the interests of the continuing Shareholders.

Shares shall be treated as having been redeemed with effect from the relevant Dealing Day irrespective of whether or not a Shareholder has been removed from the register of Shareholders or the Redemption Price has been determined or remitted. Accordingly, on and from the relevant Dealing Day, Shareholders in their capacity as such will not be entitled to or be capable of exercising any rights arising under these Articles with respect to Shares being redeemed (including any right to receive notice of, attend or vote at any meeting of the Fund) save the right to receive the Redemption Price and any dividend which has been declared prior to the relevant Dealing Day but not yet paid (in each case with respect to the Shares being redeemed). Such Shareholders will be treated as creditors of the Fund with respect to the Redemption Price and will rank accordingly in the priority of the Fund's creditors.

### Suspension

The Directors may declare a suspension of the redemption of Shares in certain circumstances as described under "General and Statutory Information". No Shares will be redeemed during any such period of suspension.

### Compulsory Redemption

The Directors have the right to require the compulsory redemption of all Shares held by or for the benefit of any person who the Directors determine to be an Ineligible Applicant and/or who is no longer an Eligible Investor as described under "Subscriptions". The Fund also reserves the right to require compulsory redemption of all Shares held by a Shareholder if the Net Asset Value of the Shares held by that Shareholder is less than the Minimum Holding and in certain other circumstances as described under "General and Statutory Information". Shares may also be compulsorily redeemed for the purposes of the payment of the Performance Fee. Please see "Fees and Expenses" below. Where the Net Asset Value of the Shares held by a Shareholder is less than the Minimum Holding, the Fund will notify the Shareholder in writing and allow such Shareholder thirty (30) days to purchase additional Shares to meet the minimum requirement.

## Deferred Redemption

In the event that redemption requests are received for redemption of Shares representing in aggregate more than 10 per cent of the total number of Shares of the relevant class then in issue, the Fund is entitled to reduce the requests rateably and *pro rata* amongst all Shareholders seeking to redeem Shares of that class on the relevant Dealing Day and carry out only sufficient redemptions which, in aggregate, amount to 10 per cent of the Shares of that class then in issue.

Shares which are not redeemed but which would otherwise have been redeemed will be redeemed on the next Dealing Day (subject to further deferral if the deferred requests themselves exceed 10 per cent of the Shares of that class then in issue) in priority to any other Shares of that class for which redemption requests have been received. Shares will be redeemed at the Redemption Price prevailing on the Dealing Day on which they are redeemed.

Notwithstanding the foregoing, the Directors have determined that no such deferral provisions shall apply until further notice.

## **EXCHANGES**

Except when issues and redemptions of Shares have been suspended in the circumstances described under “General and Statutory Information”, holders of Shares of a currency designation will be entitled to exchange any or all of their Shares of that currency designation for Shares of another currency designation and vice versa on any Dealing Day subject to maintaining the Minimum Holding if only some Shares of a class are exchanged.

A Share exchange will be effected by way of a redemption of Shares of one class (and thus will result in the payment of any Performance Fee accrued in respect of such Shares) and a simultaneous subscription (at the most recent Subscription Price) for Shares of the other class and, accordingly, the general provisions and procedures relating to redemptions and subscriptions of Shares will apply. Any additional redemption proceeds to which the Shareholder is entitled (as a result of any Equalisation Credit paid at the time of the original subscription not having been fully applied) will be applied in subscribing for Shares of the other class. Redemption proceeds will be converted into the other currency at the rate of exchange available to the Administrator and the costs of conversion will be deducted from the amount applied in subscribing for Shares of the other class. No exchange fee will be payable on the first two exchanges in any period of twelve months. However, an exchange fee of 2 per cent of the redemption proceeds of the class of Shares which is being exchanged will be payable on each exchange thereafter. The redemption proceeds of the class of Shares which is being exchanged will be reduced by the amount of the exchange fee (if any) and the net amount applied in subscribing for Shares of the other class. The Directors may waive the payment of the exchange fee at their discretion. The exchange fee will be retained by the Fund.

Shareholders should send a completed exchange request in the form accompanying this Prospectus to the Administrator to be received no later than 2 pm (Dublin time) on the Business Day falling at least 30 calendar days, or such lesser period as the Directors may in any particular case determine, before the relevant Dealing Day, failing which the exchange request will be held over until the next following Dealing Day and Shares will be exchanged at the relevant Redemption Price and Subscription Price applicable on that Dealing Day.

## **NET ASSET VALUE**

The Net Asset Value of the Fund and the Net Asset Value per Share of each class will be determined as at the close of business on each Valuation Day or at such other times as the Directors may determine.

In respect of each class of Shares, a separate class account (a “Class Account”) will be established in the books of the Fund. An amount equal to the proceeds of issue of each Share

will be credited to the relevant Class Account. Any increase or decrease in the value of the assets of the Fund attributable to Shares (disregarding for these purposes any designated Class Adjustments (as defined below)) will be allocated to the relevant Class Account based on the previous relative Net Asset Value of each such Class Account. There will then be allocated to each Class Account the “designated Class Adjustments” being those costs, pre-paid expenses, losses, dividends, profits, gains and income which the Directors determine in their sole discretion relate to a single class.

Assets will be valued in accordance with the following principles:

- (A) any security which is listed or quoted on any securities exchange or similar electronic system and regularly traded thereon will be valued at its last traded price on the relevant Valuation Day or, if no trades occurred on such day, at the closing bid price if held long by the Fund and at the closing offer price if sold short by the Fund, as at the relevant Valuation Day, and as adjusted in such manner as the Directors, in their sole discretion, think fit, having regard to the size of the holding, and where prices are available on more than one exchange or system for a particular security the price will be the last traded price or closing bid or offer price, as the case may be, on the exchange which constitutes the main market for such security or the one which the Directors in their sole discretion determine provides the fairest criteria in ascribing a value to such security;
- (B) any security which is not listed or quoted on any securities exchange or similar electronic system or if, being so listed or quoted, is not regularly traded thereon or in respect of which no prices as described above are available will be valued at its probable realisation value as determined in good faith by the Directors having regard to its cost price, the price at which any recent transaction in the security may have been effected, the size of the holding having regard to the total amount of such security in issue, and such other factors as the Directors in their sole discretion deem relevant in considering a positive or negative adjustment to the valuation;
- (C) investments, other than securities, which are dealt in or traded through a clearing firm or an exchange or through a financial institution will be valued by reference to the most recent official settlement price quoted by that clearing house, exchange or financial institution. If there is no such price, then the average will be taken between the lowest offer price and the highest bid price at the close of business on any market on which such investments are or can be dealt in or traded, provided that where such investments are dealt in or traded on more than one market, the Directors may determine at their discretion which markets shall prevail;
- (D) investments, other than securities, which are not dealt in or traded through a clearing firm or an exchange or through a financial institution will be valued on the basis of the latest available valuation provided by the relevant counterparty;
- (E) deposits will be valued at their cost plus accrued interest;
- (F) any value (whether of an investment or cash) otherwise than in Euro will be converted into Euro at the rate (whether official or otherwise) which the Directors in their absolute discretion deem applicable as at close of business on the relevant Valuation Day, having regard, among other things, to any premium or discount which they consider may be relevant and to costs of exchange.

The Directors may, at their discretion, permit any other method of valuation to be used if they consider that such method of valuation better reflects value and is in accordance with good accounting practice.

The Directors have delegated to the Administrator the determination of Net Asset Value and the Net Asset Value per Share.

The Net Asset Value per Share of each class on any Valuation Day will be calculated by dividing the Net Asset Value of the Fund attributable to the Shares of each class by the number of Shares of that class in issue as at the close of business on that Valuation Day. In determining any value, the Directors shall be entitled to rely on any valuation provided or attributed to any asset or liability by the Investment Manager.

Following calculation, the Net Asset Value per Share of the Euro and US\$ share classes will be notified immediately by the Administrator to the Irish Stock Exchange.

In calculating the Net Asset Value of the Fund and the Net Asset Value per Share of each class of Shares, the Administrator will not be liable (in the absence of fraud, gross negligence, bad faith or wilful default) for any loss suffered by the Fund by reason of any error in calculation of the Net Asset Value resulting from any inaccuracy in the information provided by any pricing service.

## FEES AND EXPENSES

### Initial Fee

The Fund reserves the right to charge an initial fee (of up to 2 per cent) payable by applicants when subscribing for Shares. Any such fee may be paid to intermediaries. The Net amount will be applied in subscribing for Shares.

### Investment Management Fee

The Investment Manager receives from the Fund an Investment Management Fee equal to 1/12 of 1.5 per cent per month of the Net Asset Value (before deduction of that month's Investment Management Fee and before deduction of any accrued Performance Fees) as at each Valuation Day, payable monthly in arrears pro rata out of the assets attributable to each class of Shares. The Investment Management fee will be calculated as at the end of each month.

Under the Distribution Agreement between the Investment Manager and the Fund, the Investment Manager is entitled to receive such fee as may be agreed for its services in connection with the solicitation of subscriptions for Shares. Currently, the Investment Manager receives from the Fund (subject to the Directors approving the amount thereof) a fee not exceeding the expenses incurred by the Investment Manager in this connection.

### Performance Fees

The Investment Manager will also be entitled to receive a Performance Fee from the Fund calculated on a Share-by-Share basis so that each Share is charged a Performance Fee which equates precisely with that Share's performance. This method of calculation ensures that (i) any Performance Fee paid to the Investment Manager is charged only to those Shares which have appreciated in value, (ii) all holders of Shares of the same class have the same amount per Share at risk in the Fund, and (iii) all Shares of the same class have the same Net Asset Value per Share.

The Performance Fee will be calculated in respect of each period of twelve months ending on 31 December in each year (a "Calculation Period"). The Performance Fee will be deemed to accrue on a monthly basis as at each Valuation Day.

For each Calculation Period, the Performance Fee in respect of each Share will be equal to 20 per cent of the appreciation in the Net Asset Value per Share of that class during that Calculation Period above the Base Net Asset Value of that Share. The Base Net Asset Value of a Share is the greater of the Net Asset Value per Share of the relevant class at the time of issue of that Share and the highest Net Asset Value per Share of that class achieved as of the end of any previous Calculation Period (if any) during which such Share was in issue. Shares which are acquired in the secondary market will be treated as if they were issued on the date of acquisition at the then most recent Subscription Price for the relevant class for these purposes. The Performance Fee in respect of each Calculation Period will be calculated by reference to the Net Asset Value before making any deduction for accrued Performance Fees.

The Performance Fee is normally payable in arrears within 14 days of the end of each Calculation Period. However, in the case of Shares redeemed during a Calculation Period, the accrued Performance Fee in respect of those Shares is payable within 14 days after the date of redemption.

The Investment Manager may from time to time and at its discretion and out of its own resources decide to rebate to some or all Shareholders (or their agents including the Directors) or to intermediaries, part or all of the Investment Management and/or Performance Fees. Any such rebates may be applied in paying up additional Shares to be issued to the Shareholder.

If the Investment Management Agreement is terminated during a Calculation Period the Performance Fee in respect of the then current Calculation Period will be calculated and paid as though the date of termination were the end of the relevant period.

### Adjustments

If an investor subscribes for Shares at a time when the Net Asset Value per Share of that class is other than the Peak Net Asset Value per Share (as defined below) of the relevant class, certain adjustments will be made to reduce inequities that could otherwise result to the subscriber or to the Manager. The Peak Net Asset Value per Share ("Peak Net Asset Value per Share") is the greater of (i) the price at which Shares of that class were first issued and (ii) the greater of the Net Asset Value per Share of the relevant class in effect immediately after the end of a Calculation Period in respect of which a Performance Fee (other than pursuant to a Performance Fee Redemption, as defined below) was charged. For these purposes Shares acquired in the secondary market will be treated as if they were redeemed (by the transferor) and subscribed for (by the transferee) on the date of the transfer at the most recent Net Asset Value per Share of the relevant class.

- (A) If Shares are subscribed for at a time when the Net Asset Value per Share is less than the Peak Net Asset Value per Share of the relevant class, the investor will be required to pay a Performance Fee with respect to any subsequent appreciation in the value of those Shares. With respect to any appreciation in the value of those Shares from the Net Asset Value per Share at the date of subscription up to the Peak Net Asset Value per Share, the Performance Fee will be charged at the end of each Calculation Period by redeeming at par value such number of the investor's Shares of that class as have an aggregate Net Asset Value (after accrual for any Performance Fee) equal to 20 per cent of any such appreciation (a "Performance Fee Redemption"). The aggregate Net Asset Value of the Shares so redeemed (less the aggregate par value which will be retained by the Fund) will be paid to the Manager as a Performance Fee. Performance Fee Redemptions are employed to ensure that the Fund maintains a uniform Net Asset Value per Share of each class. As regards the investor's remaining Shares of that class, any appreciation in the Net Asset Value per Share of those Shares above the Peak Net Asset Value per Share of that class will be charged a Performance Fee in the normal manner described above.
- (B) If Shares are subscribed for a time when the Net Asset Value per Share is greater than the Peak Net Asset Value per Share of the relevant class, the investor will be required to pay an amount in excess of the then current Net Asset Value per Share of that class equal to 20 per cent of the difference between the then current Net Asset Value per Share of that class (before accrual for the Performance Fee) and the Peak Net Asset Value per Share of that class (an "Equalisation Credit"). At the date of subscription the Equalisation Credit will equal the Performance Fee per Share accrued with respect to the other Shares of that class in the Fund (the "Maximum Equalisation Credit"). The Equalisation Credit is payable to account for the fact that the Net Asset Value per Share of that class has been reduced to reflect an accrued Performance Fee to be borne by existing holders of Shares of that class and serves as a credit against Performance Fees that might otherwise be payable by the Fund but that should not, in equity, be charged against the holders of Shares making the subscription because, as to such Shares, no favourable performance has yet occurred. The Equalisation Credit ensures that all holders of Shares of the same class in the Fund have the same amount of capital at risk per Share.

The additional amount invested as the Equalisation Credit will be at risk in the Fund and will therefore appreciate or depreciate based on the performance of the Shares of that class subsequent to the issue of the relevant Shares but will never exceed the Maximum Equalisation Credit. In the event of a decline as at any Valuation Day in the Net Asset

Value per Share of those Shares, the Equalisation Credit will also be reduced by an amount equal to 20 per cent of the difference between the Net Asset Value per Share of that class (before accrual for the Performance Fee) at the date of issue and as at that Valuation Day. Any subsequent appreciation in the Net Asset Value per Share of the relevant class will result in the recapture of any reduction in the Equalisation Credit but only to the extent of the previously reduced Equalisation Credit up to the Maximum Equalisation Credit.

At the end of each Calculation Period, if the Net Asset Value per Share (before accrual for the Performance Fee) exceeds the Peak Net Asset Value per Share of the relevant class, that portion of the Equalisation Credit equal to 20 per cent of the excess, multiplied by the number of Shares of that class subscribed for by the Shareholder, will be applied to subscribe for additional Shares of that class for the Shareholder. Additional Shares of that class will continue to be so subscribed for at the end of each Calculation Period until the Equalisation Credit, as it may have appreciated or depreciated in the Fund after the original subscription for Shares of that class was made, has been fully applied. If the Shareholder redeems his Shares of that class before the Equalisation Credit has been fully applied, the Shareholder will receive additional redemption proceeds equal to the Equalisation Credit then remaining multiplied by a fraction, the numerator of which is the number of Shares of that class being redeemed and the denominator of which is the number of Shares of that class held by the Shareholder immediately prior to the redemption in respect of which an Equalisation Credit was paid on subscription.

#### Administrator

The Administrator will receive from the Fund a monthly administration fee, payable in arrears of 1/12 of the following percentages of the Net Asset Value (before deduction of accrued Performance Fees) as at each Valuation Day: 0.10 per cent on the first US\$100 million (or equivalent) and 0.08 per cent on assets over US\$100 million subject to an annual minimum fee of US\$ 50,000. The fee is payable monthly in arrears. The Administrator received an establishment fee of US\$5,000 and will receive an annual fee of US\$6,000 for preparing annual financial statements and providing assistance with the audit thereof, an annual fee of US\$7,500 for providing corporate secretarial services and will be reimbursed expenses reasonably incurred in carrying out its duties.

#### Prime Broker and Custodian

The Prime Broker and Custodian will receive commission at its standard rates on transactions, which it executes. The Prime Broker and Custodian charges debit interest on debit balances at agreed rates, the amount of which will be reduced by the amount of credit interest payable on credit balances generated by short sales. The Prime Broker and Custodian will receive separate fees for its clearing and settlement services, but not for custodial services. These arrangements may be modified by agreement.

#### Other Fees and Expenses

The Fund will also pay the costs and expenses (i) of all transactions carried out by it or on its behalf and (ii) of the administration of the Fund including (a) the charges and expenses of legal advisers and independent auditors, (b) brokers' commissions (if any) and any issue or transfer taxes or stamp duties chargeable in connection with its securities transactions, (c) all taxes and corporate fees payable to government or agencies (d) reasonable legal fees incurred by the Investment Manager in connection with its services, (e) Directors' fees and expenses, (f) interest on borrowings, including borrowings from the Prime Broker and Custodian, (g) communication expenses with respect to investor services and all expenses of meetings of Shareholders and of preparing, printing and distributing financial and other reports, proxy forms, prospectuses and similar documents, (h) the cost of insurance (if any), (i) litigation and indemnification expenses

and extraordinary expenses not incurred in the ordinary course of business, (j) the cost of obtaining and maintaining the listing of the Shares on the Irish Stock Exchange and any other listings that may be applied for and (k) all other organisational and operating expenses.

## **DIVIDEND POLICY**

It is not envisaged that any income or gains derived from investments will be distributed by way of dividend. This does not preclude the Directors from declaring a dividend at any time in the future if they consider it appropriate to do so. In the event that a dividend is declared and remains unclaimed after a period of six years from the date of declaration, such dividend will be forfeited and will revert to the Fund. To the extent that a dividend may be declared, it will be paid in compliance with any applicable laws and in compliance with Irish Stock Exchange requirements.

## **REPORTS AND FINANCIAL STATEMENTS**

The financial year of the Fund ends on 30 June in each year.

An annual report and audited financial statements for the Fund in respect of each financial year will be sent to Shareholders and to the Irish Stock Exchange as soon as practicable and in any event within six months of the end of the Fund's financial year, whichever is the earlier. The Fund will prepare and circulate to Shareholders and to the Irish Stock Exchange within four months of the end of the relevant period a half-yearly report which will include unaudited accounts for the Fund.

The annual report and audited annual financial statements and half-yearly reports incorporating unaudited accounts will be sent to each Shareholder free of charge and will be made available for inspection at the registered office of the Administrator and the Fund. The financial statements will be prepared in accordance with International Financial Reporting Standards (IFRS). The most recent audited financial statements will be sent on request to prospective investors.

Shareholders should note that the Fund, the Administrator and/or the Investment Manager may send communications electronically and/or may provide access to information on websites.

## **CONFLICTS OF INTEREST**

The Fund is subject to a number of actual and potential conflicts of interest. Certain inherent conflicts of interest arise from the fact that the Investment Manager will provide management and investment management services both to the Fund and may carry on investment activities for other clients, including, without limitation, other investment funds, client accounts and proprietary accounts in which the Fund will have no interest and whose respective investment programs may or may not be substantially similar. The portfolio strategies employed for such other investment programs could conflict with the transactions and strategies employed in managing the Fund's portfolio and affect the prices and availability of the securities and instruments in which the Fund invests. Conversely, participation in specific investment opportunities may be appropriate, at times, for both the Fund and the other investment programs. In such case, participation in such opportunities will be allocated on an equitable basis, taking into account such factors as the relative amounts of capital available for new investments, relative exposure to short-term market trends, and the respective investment programs and portfolio positions of the Fund and the other investment programs. Such considerations may result in allocations of certain investments on other than a *pari passu* basis.

The Investment Manager and its members, officers and employees will devote as much of their time to the activities of the Fund as they deem necessary and appropriate. The Investment Manager is not restricted from forming additional investment funds, from entering into other investment management relationships or from engaging in other business activities, even though such activities may be in competition with the Fund and/or may involve substantial time and

resources of the Investment Manager. Members of the Investment Manager may be engaged in similar activities and may act as an investment manager to investment funds that may be in competition with the Fund.

Without limiting the generality of the foregoing, the Investment Manager acts as investment manager to two managed accounts which pursue a substantively similar investment programme to the Fund. The investors in such managed accounts have access to information, including information in relation to the portfolio, not available to investors in the Fund and such investors also have rights to withdraw money from such managed accounts which are preferential to the redemption rights afforded to shareholders and the exercise of which could affect the Fund. The size of the managed accounts as a proportion of all assets invested by the Investment Manager utilising similar investment strategies may at times be significant.

The Investment Manager may open "average price" accounts with brokers. In an "average price" account, purchase and sale orders placed during a trading day on behalf of all accounts of the Investment Manager, their affiliates and their clients are combined, and securities bought and sold pursuant to such orders are allocated among such accounts on an average price basis. The Investment Manager may provide access to certain information and reporting not available to all shareholders.

Subject to internal compliance policies and approval procedures, members, officers and employees of the Investment Manager may engage, from time to time, in personal trading of securities and other instruments.

The Directors, Administrator, and Prime Broker and Custodian may also provide services to other investment programs and have similar conflicts of interest. In addition, subject to applicable law, any of the service providers (including the Directors) may deal, as principal or agent, with the Fund provided that such dealings are on normal commercial terms negotiated on an arm's length basis. In addition, any of the foregoing may deal, as principal or agent, with the Fund, provided that such dealings are carried out as if effected on normal commercial terms negotiated on an arm's length basis.

From time to time, representatives of the Investment Manager may speak at conferences and programs for investors interested in investing in hedge funds which are sponsored by prime brokers. These conferences and programs may provide opportunities by which the Investment Manager is introduced to potential investors in the Fund and other investment vehicles the assets of which it manages. Generally, the prime brokers are not compensated by the Investment Manager, the Fund or the potential investors for providing such "capital introduction" opportunities. In addition, prime brokers may provide financing and other services, such as consulting services, to the Fund and/or the Investment Manager. Consequently, such additional services by a prime broker may influence the Investment Manager in deciding whether to use the services of such prime broker in connection with the activities of the Fund.

From time to time, brokers may assist the Fund in raising additional funds from investors. In addition, from time to time, an investor may request that the Investment Manager direct brokerage to a broker affiliated with an adviser to the investor who had recommended that the investor invest in the Fund. Subject to any obligation to seek best execution, the Investment Manager may consider referrals of investors to the Fund, and requests by investors to direct brokerage, in determining its selection of brokers. However, the Investment Manager will not commit to an investor or broker to allocate a particular amount of brokerage in any such situation.

The provision of assistance by the Investment Manager to the Administrator in determining the value of securities may create a conflict of interest.

The Investment Manager may utilise various brokers and dealers to execute securities transactions. Portfolio transactions for the Fund will be allocated to brokers and dealers based on a number of factors, including commissions/price, the ability of the brokers and dealers to effect the transactions, the brokers' and dealers' facilities, reliability and financial responsibility. The broker may use part of the relevant commission to pay for certain services related to the execution of transactions on behalf of customers and/or the provision of investment research received by the Investment Manager. It is intended that such arrangements will assist the Investment Manager in the provision of investment management services to the Fund. Subject to the rules of the FSA, the Investment Manager may agree that a broker shall be paid a commission exceeding the amount another broker would have charged for the same transaction if, in the good faith judgement of the Investment Manager, the amount of the commission is reasonable in relation to the value of the brokerage and other services provided or paid for by such broker. If reasonably requested to do so by the Fund, the Investment Manager will disclose further details of such dealing commission arrangements to the Fund. The Investment Manager will also operate, to the extent applicable, within the safe harbour created by section 28(e) of the US Securities Exchange Act of 1934, as amended. Soft dollars generated in respect of futures, currency and derivatives transactions and principal transactions (that are not riskless principal transactions) that do not generally fall within the safe harbour created by Section 28(e) will be utilised only with respect to research related products and services for the benefit of the Fund.

The above is not necessarily a comprehensive list of all potential conflicts of interest.

## **RISK FACTORS**

The Fund is primarily equity orientated, but it will acquire other investments and utilise investment techniques (such as leverage and short selling) which may carry additional risks. An investment in Shares is therefore speculative and suitable only for persons who can assume the risk of losing their entire investment. Prospective investors should consider, among others, the following factors before subscribing for Shares:

### Business Risk

There can be no assurance that the Fund will achieve its investment objective.

### Concentration of Investments

Although it will be the policy of the Fund to diversify its investment portfolio, the Fund may at certain times hold relatively few investments. The Fund could be subject to significant losses if it holds a large position in a particular investment that declines in value or is otherwise adversely affected, including default of the issuer.

### Borrowing

The Fund may use borrowings for the purpose of making investments and in certain other circumstances. The use of borrowing creates special risks and may significantly increase the Fund's investment risk. Borrowing creates an opportunity for greater yield and total return but, at the same time, will increase the Fund's exposure to capital risk and interest costs. Any investment income and gains earned on investments made through the use of borrowings that are in excess of the interest costs associated therewith may cause the Net Asset Value of the Shares to increase more rapidly than would otherwise be the case. Conversely, where the associated interest costs are greater than such income and gains, the Net Asset Value of the Shares may decrease more rapidly than would otherwise be the case.

### Liquidity

The Fund may invest part of its assets in illiquid investments. The Fund may not be able to readily dispose of such illiquid investments and, in some cases, may be contractually prohibited

from disposing of such investments for a specified period of time. An investment in the Fund is suitable only for certain sophisticated investors who do not require immediate liquidity for their investments.

Where appropriate, positions in the Fund's investment portfolio that are illiquid and do not actively trade will be marked to market, taking into account actual market prices, market prices of comparable investments and/or such other factors (e.g., the tenor of the respective instrument) as may be appropriate. To the extent that marking an illiquid investment to market is not practicable, an investment will be carried at fair value, as reasonably determined by the Directors or their delegate. There is no guarantee that fair value will represent the value that will be realised by the Fund on the eventual disposition of the investment or that would, in fact, be realised upon an immediate disposition of the investment. As a result, an investor withdrawing from the Fund prior to realization of such an investment may not participate in gains or losses there from.

### Net Asset Value Considerations

The Net Asset Value per Share is expected to fluctuate over time with the performance of the Fund's investments. A Shareholder may not fully recover its initial investment when it chooses to redeem its Shares or upon compulsory redemption if at the time of such redemption the Net Asset Value per Share is less than the Subscription Price (plus any Equalisation Credit) paid by such Shareholder or if there remain any unamortised preliminary expenses.

### Currency Exposure

The Shares are denominated in Euro, US Dollars and Sterling and will be issued and redeemed in those currencies. Certain of the assets of the Fund may, however, be invested in securities and other investments which are denominated in currencies other than Euro, US Dollars or Sterling. Accordingly, the value of such assets (to the extent unhedged) may be affected favourably or unfavourably by fluctuations in currency rates. The Investment Manager will, where practicable, seek to hedge the foreign currency exposure of each class of Shares. However, the Fund will necessarily be subject to foreign exchange risks. In addition, prospective investors whose assets and liabilities are predominately in other currencies should take into account the potential risk of loss arising from fluctuations in value between the Euro, US Dollar or Sterling, as the case may be, and such other currencies. Furthermore, the Fund may incur costs in connection with conversions between various currencies. Currency exchange dealers realise a profit based on the difference between the prices at which they are buying and selling various currencies. Thus, a dealer normally will offer to sell currency to the Fund at one rate, while offering a lesser rate of exchange should the Fund desire immediately to resell that currency to the dealer. The Fund will conduct its currency exchange transactions either on a spot (*i.e.*, cash) basis at the spot rate prevailing in the currency exchange market, or through entering into forward or options contracts to purchase or sell non-Euro currencies. It is anticipated that most of the Fund's currency exchange transactions will occur at the time securities are purchased and will be executed through the local broker or custodian acting for the Fund.

### Short Selling

Short selling involves selling securities which are not owned by the short seller and borrowing them for delivery to the purchaser, with an obligation to replace the borrowed securities at a later date. Short selling allows the investor to profit from a decline in market price to the extent such decline exceeds the transaction costs and the costs of borrowing the securities. The extent to which the Fund engages in short sales will depend upon the Investment Manager's investment strategy and opportunities. A short sale creates the risk of a theoretically unlimited loss, in that the price of the underlying security could potentially increase without limit, thus increasing the cost to the Fund of buying those securities to cover the short position. There can be no assurance that the Fund will be able to maintain the ability to borrow securities sold short. In such cases, the Fund can be "bought in" (*i.e.*, forced to repurchase securities in the open market

to return to the lender). There also can be no assurance that the securities necessary to cover a short position will be available for purchase at or near prices quoted in the market. Purchasing securities to close out a short position can itself cause the price of the securities to rise further, thereby exacerbating the loss. Legal and regulatory restrictions may impact on the ability of the Fund to sell a security short and/or may require the Fund to disclose a short position with possible adverse consequences to the Fund.

### Futures

The Fund may from time to time utilise both exchange-traded and over-the-counter futures and options as part of its investment policy. These instruments are highly volatile and expose investors to a high risk of loss. The low initial margin deposits normally required to establish a futures position permit a high degree of leverage. As a result, a relatively small movement in the price of a futures contract may result in a profit or a loss which is high in proportion to the amount of funds actually placed as initial margin and may result in unquantifiable further loss exceeding any margin deposited. Transactions in over-the-counter derivatives may involve additional risk as there is no exchange market on which to close out of open position. It may be impossible to liquidate an existing position, to assess the value of a position or to assess the exposure to risk.

### Management Risk

The investment performance of the Fund is dependent on the services of John Barden and Anthony McCarthy. In the event of the death, disability, departure, insolvency or withdrawal of either of these individuals, the performance of the Fund may be adversely affected.

### Profit Sharing

In addition to receiving an Investment Management Fee, the Investment Manager may also receive a Performance Fee based on the appreciation in the Net Asset Value per Share and accordingly, the Performance Fees will increase with regard to unrealised appreciation, as well as realised gains. The Performance Fees may create an incentive for the Investment Manager to make investments for the Fund which are riskier than would be the case in the absence of a fee based on the performance of the Fund.

### Cross-class Liability

The Fund has the power to issue Shares in classes. The Articles provide for the manner in which the liabilities are to be attributed across the various classes (liabilities are to be attributed to the specific class in respect of which the liability was incurred). However, the Fund is a single legal entity and there is no limited recourse protection for any class. Accordingly, all of the assets of the Fund will be available to meet all of its liabilities regardless of the class to which such assets or liabilities are attributable. In practice, cross-class liability is only expected to arise where liabilities referable to one class are in excess of the assets referable to such class and it is unable to meet all liabilities attributed to it. In such a case, the assets of the Fund attributable to other classes may be applied to cover such liability excess and the value of the contributing classes will be reduced as a result.

### Illiquidity/ Limited Redemption Rights

Notwithstanding the listing of the Shares, it is not anticipated that there will be an active secondary market for the Shares and it is not expected that such a market will develop. Shareholders will, however, be able to realise their investment in the Fund by redeeming their Shares or by a transfer to another Eligible Investor. An investment in the Fund is suitable only for certain sophisticated investors who have no need for immediate liquidity in their investment. Shares may only be redeemed on Redemption Days with due notice. No partial redemptions will be permitted if, immediately thereafter, the value of a redeeming shareholder's holding would be

less than the Minimum Holding, unless approved by the Directors in their sole and absolute discretion. Shares may not be redeemed when the calculation of the Net Asset Value is suspended.

### Transaction Costs

The Fund's investment approach may involve a high level of trading and turnover of the Fund's investments which may generate substantial transaction costs which will be borne by the Fund.

### Systemic Risk.

Credit risk may arise through a default by one of several large institutions that are dependent on one another to meet their liquidity or operational needs, so that a default by one institution causes a series of defaults by the other institutions. This is sometimes referred to as a "systemic risk" and may adversely affect financial intermediaries, such as clearing agencies, clearing houses, banks, securities firms and exchanges, with which the Fund interacts on a daily basis.

### Prime Broker and Custodian.

In relation to the Fund's right to the return of assets equivalent to those of the Fund's investments which the Prime Broker and Custodian uses for its own purposes (whereby they take full legal and beneficial title to such investments), the Fund will rank as one of the Prime Broker and Custodian's unsecured creditors and, in the event of the insolvency of the relevant Prime Broker and Custodian, the Fund might not be able to recover such equivalent assets in full, or at all. In addition, the Fund's cash held with a Prime Broker and Custodian may not be segregated from that Prime Broker and Custodian's own cash and will be used by the Prime Broker and Custodian in the course of its business and the Fund will therefore rank as an unsecured creditor in relation thereto. The Fund's assets may be held in one or more accounts maintained for the Fund by a Prime Broker and Custodian or at other brokers, which may be located in various jurisdictions. Such local brokers and the Prime Broker and Custodian, as brokerage firms or commercial banks, are subject to various laws and regulations in various jurisdictions that are designed to protect their customers in the event of their insolvency. However, the practical effect of these laws and their application to the Fund's assets are subject to substantial limitations and uncertainties. Because of the large number of entities and jurisdictions involved and the range of possible factual scenarios involving the insolvency of a Prime Broker and Custodian or any of its sub-custodians, agents or affiliates, or a local broker, it is impossible to generalise about the effect of their insolvency on the Fund and its assets. Investors should assume that the insolvency of any of the Prime Brokers and Custodians or such other service providers would result in a loss to the Fund, which could be material.

### Counterparty Risk.

The Fund will be subject to the risk of the inability of any counterparty (including the Prime Broker and Custodian) to perform with respect to transactions, whether due to insolvency, bankruptcy or other causes. Some of the markets in which the Fund may effect transactions are "over-the-counter" or "interdealer" markets. The participants in such markets are typically not subject to credit evaluation and regulatory oversight as are members of "exchange-based" markets. This exposes the Fund to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a dispute over the terms of the contract (whether or not bona fide) or because of a credit or liquidity problem, thus causing the Fund to suffer a loss. Such "counterparty risk" is accentuated for contracts with longer maturities where events may intervene to prevent settlement, or where the Fund has concentrated its transactions with a single or small group of counterparties. Subject to the investment restrictions contained herein, the Fund is not restricted from dealing with any particular counterparty or from concentrating any or all of its transactions with one counterparty. Moreover, the Fund has no internal credit function dedicated to the evaluation of the creditworthiness of its counterparties.

The ability of the Fund to transact business with any one or number of counterparties, the lack of any meaningful and independent evaluation of such counterparties' financial capabilities and the absence of a regulated market to facilitate settlement may increase the potential for losses by the Fund.

#### Counterparty Default.

The Fund's assets may be held in one or more accounts maintained for the Fund by counterparties, including the Prime Broker and Custodian. Furthermore, the stability and liquidity of repurchase agreements, swap transactions, forward transactions and other over-the-counter derivative transactions depend in large part on the creditworthiness of the parties to the transactions. If there is a default by the counterparty to such a transaction, the Fund will under most normal circumstances have contractual remedies pursuant to the agreements related to the transaction. However, exercising such contractual rights may involve delays or costs which could result in the net asset value of the Fund being less than if the Fund had not entered into the transaction. Furthermore, there is a risk that any of such counterparties could become insolvent. In September 2008, Lehman Brothers Holdings Inc., a major investment bank based in the United States, filed for bankruptcy protection under Chapter 11 of the United States Bankruptcy Code. While none of its U.S. broker-dealer subsidiaries was included in the initial Chapter 11 filing, other Lehman subsidiaries, including Lehman Brothers Special Financing Inc. and Lehman Commercial Paper Inc. have been subsequently filed Chapter 11 petitions and become party to the Lehman case. In addition, while many Lehman subsidiaries currently continue to operate, other subsidiaries, including, among others, Lehman Brothers International (Europe) ("LBIE") and Lehman Brothers Inc., have been placed into administration or become the subject of a proceeding under the Securities Investor Protection Act ("SIPA") in order to liquidate their assets and wind down their respective businesses. If one or more of the Fund's counterparties were to become insolvent or the subject of insolvency proceedings in the United States (either under SIPA or the United States Bankruptcy Code), there exists the risk that the recovery of the Fund's securities and other assets from such prime broker or broker-dealer will be delayed or be of a value less than the value of the securities or assets originally entrusted to such prime broker or broker-dealer.

In addition, the Fund may use counterparties located in various jurisdictions. Such local counterparties are subject to various laws and regulations in various jurisdictions that are designed to protect their customers in the event of their insolvency. However, the practical effect of these laws and their application to the Fund's assets are subject to substantial limitations and uncertainties. Because of the large number of entities and jurisdictions involved and the range of possible factual scenarios involving the insolvency of a counterparty, it is impossible to generalise about the effect of their insolvency on the Fund. Investors should assume that the insolvency of any counterparty would result in a loss to the Fund, which could be material.

#### Execution of Orders.

The Fund's trading strategy depends in part on its ability to establish and maintain an overall market position in a combination of financial instruments selected by the Investment Manager. The Fund's trading orders may not be executed in a timely and efficient manner due to various circumstances, including, without limitation, systems failures or human error attributable to the Fund, its brokers, agents or other service providers. In such event, the Fund might only be able to acquire some, but not all, of the components of such position, or if the overall position were to need adjustment, the Fund might not be able to make such adjustment. As a result, the Fund would not be able to achieve the market position selected by the Investment Manager, and might incur a loss in liquidating its position. In addition, the Fund may rely heavily on electronic execution systems, and such systems may be subject to failure, causing the interruption of trading orders made by the Fund.

### Collateral.

The Fund may have significant credit and operational risk exposure to its counterparties, which will require the Fund to post collateral to support its obligations in connection with transactions involving forwards, swaps, futures, options, and other derivative instruments. Generally, counterparties will have the right to sell, pledge, rehypothecate, assign, use or otherwise dispose of the collateral posted by the Fund in connection with such transactions. This could increase the Fund's exposure to the risk of a counterparty default since, under such circumstances, such collateral of the Fund could be lost or the Fund may be unable to recover such collateral promptly. Also, counterparties have an interest in maximizing the return from such collateral. This interest could conflict with the interests of the Fund in preserving and protecting its portfolio.

### Availability of Investment Strategies.

The success of the Fund's investment activities will depend on the Investment Manager's ability to identify investment opportunities as well as to assess the import of news and events that may affect the financial markets. Identification and exploitation of the investment strategies to be pursued by the Fund involves a high degree of uncertainty. No assurance can be given that the Investment Manager will be able to locate suitable investment opportunities in which to deploy all of the Fund's assets or to exploit discrepancies in the securities and derivatives markets.

### Investments in Undervalued Securities.

The Fund will seek to invest in undervalued securities. The identification of investment opportunities in undervalued securities is a difficult task, and there are no assurances that such opportunities will be successfully recognized or acquired. While investments in undervalued securities offer the opportunity for above-average capital appreciation, these investments involve a high degree of financial risk and can result in substantial losses. Returns generated from the Fund's investments may not adequately compensate for the business and financial risks assumed. In addition, the Fund may be required to hold such securities for a substantial period of time before realising their anticipated value. During this period, a portion of the Fund's capital would be committed to the securities purchased, thus possibly preventing the Fund from investing in other opportunities. In addition the Fund may finance such purchases with borrowed funds and thus will have to pay interest on such funds during such waiting period.

### Leverage and Financing Risk.

The Fund may leverage its capital because the Investment Manager believes that the use of leverage may enable the Fund to achieve a higher rate of return. Accordingly, the Fund may pledge its securities in order to borrow additional funds for investment purposes. The Fund may also leverage its investment return with options, short sales, swaps, forwards and other derivative instruments. The amount of borrowings which the Fund may have outstanding at any time may be substantial in relation to its capital.

While leverage presents opportunities for increasing the Fund's total return, it has the effect of potentially increasing losses as well. Accordingly, any event which adversely affects the value of an investment by the Fund would be magnified to the extent the Fund is leveraged. The cumulative effect of the use of leverage by the Fund in a market that moves adversely to the Fund's investments could result in a substantial loss to the Fund which would be greater than if the Fund were not leveraged.

In general, the anticipated use of short-term margin borrowings results in certain additional risks to the Fund. For example, should the securities pledged to brokers to secure the Fund's margin accounts decline in value, the Fund could be subject to a "margin call", pursuant to which the Fund must either deposit additional funds or securities with the broker, or suffer mandatory liquidation of the pledged securities to compensate for the decline in value. In the event of a

sudden drop in the value of the Fund's assets, the Fund might not be able to liquidate assets quickly enough to satisfy their margin requirements.

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

The financing used by the Fund to leverage its portfolio will be extended by securities brokers and dealers in the marketplace in which the Fund invests. While the Fund will attempt to negotiate the terms of these financing arrangements with such brokers and dealers, its ability to do so will be limited and therefore this may limit the Fund's ability to leverage its portfolio. The Fund is therefore subject to changes in the value that the broker-dealer ascribes to a given security or position, the amount of margin required to support such security or position, the borrowing rate to finance such security or position and/or such broker-dealer's willingness to continue to provide any such credit to the Fund. Because the Fund currently has no alternative credit facility which could be used to finance its portfolio in the absence of financing from broker-dealers, it could be forced to liquidate its portfolio on short notice to meet its financing obligations. The forced liquidation of all or a portion of the Fund's portfolio at distressed prices could result in significant losses to the Fund.

#### Certain Derivative Investments.

The Fund may buy or sell (write) both call options and put options, and when it writes options, it may do so on a "covered" or an "uncovered" basis. A call option is "covered" when the writer owns securities of the same class and amount as those to which the call option applies. A put option is covered when the writer has an open short position in securities of the relevant class and amount. The Fund's option transactions may be part of a hedging strategy (*i.e.*, offsetting the risk involved in another securities position) or a form of leverage, in which the Fund has the right to benefit from price movements in a large number of securities with a small commitment of capital. These activities involve risks that can be substantial, depending on the circumstances.

In general, the principal risks involved in options trading can be described as follows, without taking into account other positions or transactions the Fund may enter into. When the Fund buys an option, a decrease (or inadequate increase) in the price of the underlying security in the case of a call, or an increase (or inadequate decrease) in the price of the underlying security in the case of a put, could result in a total loss of the Fund's investment in the option (including commissions). The Fund could mitigate those losses by selling short, or buying puts on, the securities as to which it holds call options, or by taking a long position (*e.g.*, by buying the securities or buying calls on them) in securities underlying put options.

When the Fund sells (writes) an option, the risk can be substantially greater than when it buys an option. The seller of an uncovered call option bears the risk of an increase in the market

price of the underlying security above the exercise price. The risk is theoretically unlimited unless the option is "covered". If it is covered, the Fund would forego the opportunity for profit on the underlying security should the market price of the security rise above the exercise price. If the price of the underlying security were to drop below the exercise price, the premium received on the option (after transaction costs) would provide profit that would reduce or offset any loss the Fund might suffer as a result of owning the security.

Swaps and certain options and other custom instruments are subject to the risk of non-performance by the swap counterparty, including risks relating to the creditworthiness of the swap counterparty, market risk, liquidity risk and operations risk

#### Hedging Transactions.

The Fund may utilise financial instruments, both for investment purposes and for risk management purposes in order to (i) protect against possible changes in the market value of the Fund's investment portfolio resulting from fluctuations in the securities markets and changes in interest rates; (ii) protect the Fund's unrealised gains in the value of the Fund's investment portfolio; (iii) facilitate the sale of any such investments; (iv) enhance or preserve returns, spreads or gains on any investment in the Fund's portfolio; (v) hedge the interest rate or currency exchange rate on any of the Fund's liabilities or assets; (vi) protect against any increase in the price of any securities the Fund anticipates purchasing at a later date; or (vii) for any other reason that the Investment Manager deems appropriate.

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

#### Highly Volatile Markets.

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

#### Loans of Portfolio Securities.

The Fund may lend its portfolio securities. By doing so, the Fund attempts to increase income through the receipt of interest on the loan. In the event of the bankruptcy of the other party to a securities loan, the Fund could experience delays in recovering the loaned securities. To the extent that the value of the securities the Fund lent has increased, the Fund could experience a loss if such securities are not recovered.

### Global Economic and Market Conditions.

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

### Global Financial Market Crisis and Governmental Intervention.

The global financial markets are currently undergoing pervasive and fundamental disruptions and dramatic instability. The extent to which the underlying causes of instability are pervasive throughout global financial markets and have the potential to cause further instability is not yet clear but these underlying causes have led to extensive and unprecedented governmental intervention. Regulators in many jurisdictions have implemented or proposed a number of wide-ranging emergency regulatory measures, including restrictions on the short selling of financial and other stocks in many jurisdictions. Such intervention has in certain cases been implemented on an "emergency" basis without much or any notice, with the consequence that some market participants' ability to continue to implement certain strategies or manage the risk of their outstanding positions has been suddenly and/or substantially eliminated. In addition, due to the uncertain stability of global financial institutions, the security of assets held by any financial institution cannot be guaranteed, notwithstanding the terms of any agreement with such institution. Given the complexities of the global financial markets and the limited time frame within which governments have been able to take action, these interventions have sometimes been unclear in scope and application, resulting in confusion and uncertainty which in itself has been materially detrimental to the efficient functioning of such markets as well as previously successful investment strategies.

It is impossible to predict with certainty what additional interim or permanent governmental restrictions may be imposed on the markets and/or the effect of such restrictions on the Investment Managers' ability to implement the Fund's investment programme. However, the Investment Managers believe that there is a likelihood of increased regulation of the global financial markets, and that such increased regulation could be materially detrimental to the performance of the Fund's portfolio.

### Market Disruptions.

The Fund may incur major losses in the event of disrupted markets and other extraordinary events which may affect markets in a way that is not consistent with historical pricing relationships. The risk of loss from a disconnect with historical prices is compounded by the fact that in disrupted markets many positions become illiquid, making it difficult or impossible to close out positions against which the markets are moving. The financing available to the Fund from the Prime Broker and the Custodian and from its banks, dealers and other counterparties will typically be reduced in disrupted markets. Such a reduction may result in substantial losses to the Fund. A sudden restriction of credit by the dealer community has resulted in forced liquidations and major losses for a number of investment funds and other vehicles. Because market disruptions and losses in one sector can cause ripple effects in other sectors, many investment funds and other vehicles have suffered heavy losses even though they were not necessarily heavily invested in credit-related investments. In addition, market disruptions caused by unexpected political, military and terrorist events may from time to time cause dramatic losses for the Fund and such events can result in otherwise historically low-risk strategies performing with unprecedented volatility and risk. A financial exchange may from time to time suspend or limit trading. Such a suspension could render it difficult or impossible for the

Fund to liquidate affected positions and thereby expose it to losses. There is also no assurance that off-exchange markets will remain liquid enough for the Fund to close out positions.

#### Certain Securities Markets.

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

Some commodity exchanges are "principals' markets" in which performance is the responsibility only of the individual member with whom the trader has entered into a commodity contract and not of an exchange or clearing corporation. In such a case, the Fund is subject to the risk of the inability of, or refusal by, the counterparty to perform with respect to such contracts. In addition, the trading of futures and forward contracts on certain commodity exchanges may be subject to price fluctuation limits.

#### Interpositioning.

From time to time, the Fund may execute over-the-counter trades on an agency basis rather than on a principal basis. In these situations, the broker used by the Fund may acquire or dispose of a security through a market-maker (a practice known as "interpositioning"). The transaction may thus be subject to both a commission and a markup or markdown. The Investment Manager believes that the use of a broker in such instances is consistent with its duty of obtaining the best price for the Fund. The use of a broker can provide anonymity in connection with a transaction. In addition, a broker may, in certain cases, have greater expertise or greater capability in connection with both accessing the market and executing a transaction.

#### Legal Risk.

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

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

#### Tax Considerations.

Where the Fund invests in securities that are not subject to withholding tax at the time of the acquisition, there can be no assurance that tax may not be withheld in the future as a result of

any change in applicable laws, treaties, rules or regulations or the interpretation thereof. The Fund may not be able to recover such withheld tax and so any change may have an adverse effect on the Net Asset Value. Where the Fund sells securities short that are subject to withholding tax at the time of sale, the price obtained will reflect the withholding tax liability of the purchaser. In the event that in future such securities cease to be subject to withholding tax, the benefit thereof will accrue to the purchaser and not the Fund.

Prospective shareholders should be aware that many jurisdictions operate anti-avoidance regimes which may result in the tax treatment of a Shareholder's investment being different from that anticipated and in particular may result in a Shareholder being subject to tax on undistributed shares of the Fund's income and gains.

Although the Directors of the Fund intend to manage the affairs of the Fund in such a way that it is not resident in the United Kingdom for United Kingdom tax purposes, if it is held that the central management and control of the Fund is exercised from the United Kingdom and not from the Cayman Islands, then the profits of the Fund will be subject to UK corporation tax.

Although the Directors of the Fund and the Investment Manager each intend to organise affairs in such a way that the Investment Manager does not constitute a United Kingdom permanent establishment of the Fund, if the Fund or the Investment Manager fails to satisfy the conditions set out in Chapter 2, Part 24 Corporation Tax Act 2010 and HM Revenue and Customs Statement of Practice SP1/01 (the "Investment Manager Exemption") then all or part of the Fund's profits may be subject to UK corporation tax assessed on the Investment Manager as the Fund's permanent establishment.

#### Investments in Unlisted Securities.

The Fund may invest in unlisted securities. Because of the absence of any trading market for these investments, it may take longer to liquidate, or it may not be possible to liquidate, these positions than would be the case for publicly traded securities. Although these securities may be resold in privately negotiated transactions, the prices realised on these sales could be less than those originally paid by the Fund. Further, companies whose securities are not publicly traded will generally not be subject to public disclosure and other investor protection requirements applicable to publicly traded securities.

#### Business and Regulatory Risks of Private Funds.

Legal, tax and regulatory changes could occur during the term of the Fund that may adversely affect the Fund. Securities and futures markets are subject to comprehensive statutes, regulations and margin requirements enforced by regulators and self regulatory organisations and exchanges authorised to take extraordinary actions in the event of market emergencies. The regulation of derivatives transactions and funds that engage in such transactions is an evolving area of law and is subject to modification by government and judicial actions. The regulatory environment for private funds is evolving, and changes in the regulation of private funds and their trading activities may adversely affect the ability of the Fund to pursue its investment strategy, its ability to obtain leverage and financing and the value of investments held by the Fund. There has been an increase in governmental, as well as self regulatory, scrutiny of the alternative investment industry in general. For instance, the SEC issued an emergency order in September 2008 temporarily banning short-selling of publicly traded securities of certain financial firms and requiring institutional investment managers, including hedge fund managers, to file a report each week disclosing their short selling and short positions in most US-listed equity securities for each day of the prior week. On or about the same time, other jurisdictions (e.g., United Kingdom, Australia, Ireland) enacted emergency regulations, imposing similar regulations to those enacted by the SEC. It is impossible to predict what, if any, changes in regulations may occur, but any regulations which restrict the ability of the Fund to trade in securities or the ability of the Fund to employ, or brokers and other counterparties to extend,

credit in its trading (as well as other regulatory changes that result) could have a material adverse impact on the Fund's portfolio.

The Fund and the Investment Manager may also be subject to regulation in jurisdictions in which they engage in business. Investors should understand that the Fund's business is dynamic and is expected to change over time. Therefore, the Fund may be subject to new or additional regulatory constraints in the future. This Prospectus cannot address or anticipate every possible current or future regulation that may affect Fund and the Investment Manager. Such regulations may have a significant impact on the shareholders or the operations of the Fund, including, without limitation, restricting the types of investments the Fund may make, preventing the Fund from exercising its voting rights with regard to certain financial instruments, requiring the Fund to disclose the identity of its investors or otherwise. The Investment Manager may, in its sole discretion, cause the Fund to be subject to such regulations if it believes that an investment or business activity is in the Fund's interest, even if such regulations may have a detrimental effect on one or more shareholders. Prospective shareholders are encouraged to consult their own advisors regarding an investment in the Fund.

### UK Regulatory Risk

Various factors, including the recent financial crisis and recent financial scandals, have caused investors and governmental authorities to express concerns over the integrity of the global financial markets and the adequacy of the current regulation of financial institutions, markets and products.

Consequently, the regulatory environment for hedge funds and their managers is currently going through an unprecedented level of change. The changes may adversely affect a number of factors, including the ability of the Fund to obtain the leverage it might otherwise obtain, to pursue its investment strategies, the way its assets are held and the Fund's costs. It is not practicable to determine with meaningful specificity the extent of the impact of any new laws, regulations or initiatives that may be proposed, or whether certain proposals will become law. Any such regulations could affect whether and how the Fund or the Investment Manager carry on business, may increase costs or materially adversely affect profitability. Such regulatory changes may also materially adversely affect the Investment Manager's ability to recruit, retain and motivate its current and future professionals.

### Terrorist Action.

There is a risk of terrorist attacks causing significant loss of life and property damage and disruptions in global markets. Economic and diplomatic sanctions may be in place or imposed on certain states and military action may be commenced. The impact of such events is unclear, but could have a material effect on general economic conditions and market liquidity.

**The foregoing list of risk factors does not purport to be a complete enumeration or explanation of the risks involved in an investment in the Fund. Prospective investors should read this entire Prospectus and consult with their own legal, tax and financial advisers before deciding to invest in the Fund.**

## **TAXATION**

THE DISCUSSION HEREIN IS FOR INFORMATIONAL PURPOSES ONLY AND FURTHERMORE ONLY PERTAINS TO CERTAIN ASPECTS OF INVESTMENTS IN SHARES. THE ATTENTION OF US TAX-EXEMPT SHAREHOLDERS IS DRAWN TO THE DISCUSSION IN THE TAX-EXEMPT US SUBSCRIPTION DOCUMENTS. EACH PROSPECTIVE SHAREHOLDER SHOULD CONSULT ITS PROFESSIONAL TAX ADVISOR WITH RESPECT TO THE TAX ASPECTS OF AN INVESTMENT IN THE FUND. TAX CONSEQUENCES MAY VARY DEPENDING UPON THE PARTICULAR STATUS OF A PROSPECTIVE SHAREHOLDER. IN ADDITION, SPECIAL CONSIDERATIONS (NOT DISCUSSED HEREIN)

MAY APPLY TO PERSONS WHO ARE NOT DIRECT SHAREHOLDERS IN THE FUND BUT WHO ARE DEEMED TO OWN SHARES AS A RESULT OF THE APPLICATION OF CERTAIN ATTRIBUTION RULES. THE FOLLOWING COMMENTS ARE BASED ON THE DIRECTORS' UNDERSTANDING OF RELEVANT TAXATION LAWS AND PRACTICE AS AT THE DATE OF THIS PROSPECTUS AND MAY BE SUBJECT TO CHANGE.

### Cayman Islands

The Government of the Cayman Islands will not, under existing legislation, impose any income, corporate or capital gains tax, estate duty, inheritance tax, gift tax or withholding tax upon the Fund or the shareholders. The Cayman Islands are not party to a double tax treaty with any country that is applicable to any payments made to or by the Fund. The Fund has obtained an undertaking from the Governor-in-Cabinet of the Cayman Islands that, in accordance with section 6 of the Tax Concessions Law (1999 Revision) of the Cayman Islands, for a period of 20 years from the date of the undertaking, no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciations shall apply to the Fund or its operations and, in addition, that no tax to be levied on profits, income, gains or appreciations or which is in the nature of estate duty or inheritance tax shall be payable (i) on or in respect of the shares, debentures or other obligations of the Fund or (ii) by way of the withholding in whole or in part of a payment of dividend or other distribution of income or capital by the Fund to its members or a payment of principal or interest or other sums due under a debenture or other obligation of the Fund.

An annual registration fee will be payable by the Fund in the Cayman Islands which will be calculated by reference to the nominal amount of its authorised share capital; at current rates the fee will be approximately US\$1,097 per annum. In addition, a mutual fund fee, currently approximately US\$3,660, will be payable by the Fund on registration and thereafter on an annual basis.

### United Kingdom

#### The Fund

The Directors of the Fund intend to manage the affairs of the Fund in such a way that the Fund is not resident in the United Kingdom for United Kingdom tax purposes. In these circumstances, the Fund will not be subject to United Kingdom tax on its income and gains (other than potential United Kingdom withholding tax on any interest or certain other income which has a United Kingdom source) provided that it is not treated as carrying on a trade in the United Kingdom through a fixed place of business or an agent situated therein which constitutes its United Kingdom "permanent establishment".

Although the Fund may be regarded for these purposes as carrying on a trade in the United Kingdom through the agency of the Investment Manager, the Directors of the Fund and the Investment Manager each intend to organise affairs in such a way that the Investment Manager does not constitute a United Kingdom "permanent establishment" by reason of a statutory exemption contained in Chapter 2 of Part 24 Corporation Tax Act 2010. It cannot, however, be guaranteed that the conditions of this exemption will at all times be met.

## General

### Other Jurisdictions

Interest, dividend and other income realized by the Fund, and capital gains realized on the sale of securities, may be subject to withholding and other taxes levied by the jurisdiction in which the income or capital gain is sourced. It is impossible to predict the rate of foreign tax the Fund will pay since the amount of the assets to be invested in various countries and the ability of the Fund to reduce such taxes, are not known.

THE TAX AND OTHER MATTERS DESCRIBED IN THIS PROSPECTUS DO NOT CONSTITUTE, AND SHOULD NOT BE CONSIDERED AS, LEGAL OR TAX ADVICE TO PROSPECTIVE SHAREHOLDERS.

### General

The receipt of dividends (if any) by shareholders, the redemption or transfer of Shares and any distribution on a winding-up of the Fund may result in a tax liability for the shareholders according to the tax regime applicable in their various countries of residence, citizenship or domicile. Shareholders resident in or citizens of certain countries which have anti-offshore fund legislation may have a current liability to tax on the undistributed income and gains of the Fund and/or may be subject to tax on gains on sale or redemption of Shares as if such gains were income. The Directors, the Fund and each of the Fund's agents shall have no liability in respect of the individual tax affairs of shareholders.

### Future Changes in Applicable Law

The foregoing description of Cayman Islands and United Kingdom income tax consequences of an investment in and the operations of the Fund is based on laws and regulations which are subject to change through legislative, judicial or administrative action. Other legislation could be enacted that would subject the Fund to income taxes or subject shareholders to increased income taxes.

### Other Taxes

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

## **EUROPEAN UNION SAVINGS DIRECTIVE**

Shareholders who are individuals resident in a Member State of the European Union or certain other jurisdictions referred to below should be aware of the provisions of the EU Council Directive 2003/48/EC of 3 June 2003 on taxation of savings income in the form of interest payments (the "Directive") pursuant to which income realised upon the sale or redemption of shares in undertakings for collective investment, as well as any income in the form of dividends or other distributions made by such undertakings for collective investment, may (depending upon the location, classification and investment portfolio of the undertaking) become subject to the reporting regime or withholding tax regime imposed by the Directive, if such payment is made by a paying agent established either in a Member State of the European Union or in certain other jurisdictions which have introduced an equivalent reporting or withholding tax regime in respect of such payments.

However, as a result of the classification by the Cayman Islands of funds such as the Fund established in its jurisdiction, payments made directly by the Fund through the Administrator to shareholders who are individual beneficiaries will not be subject to the reporting (or withholding tax) regime. Nevertheless, because these rules are complex and their implementation has to be effected by each Member State and the other jurisdictions referred to above through their own

national legislation, application of the regime to payments deriving from the Fund but ultimately made by certain other entities (e.g. acting as nominee) located elsewhere in the European Union or in these other jurisdictions, although not anticipated, cannot as yet be excluded. Accordingly, shareholders who are individuals or acting as nominees and who are resident in the European Union or in any of the other jurisdictions referred to above should consult their own tax advisers.

Shareholders to whom the Directive may be relevant should also be aware that the EU Commission is currently undertaking a review of the Directive, and that the proposals being considered as a part of that review include a possible extension of the types of funds or other undertakings for collective investment that are within the scope of the Directive. This extension, if implemented, might mean that in the future payments made by the Fund through the Administrator to relevant shareholders upon the redemption of Shares, or in the form of dividends or other distributions, could become subject to the reporting (or withholding tax) regime.

## **REGULATION IN THE CAYMAN ISLANDS**

The Fund is regulated as a mutual fund under the Mutual Funds Law (2009 Revision) of the Cayman Islands ("Mutual Funds Law"). The Cayman Islands Monetary Authority (the "Authority") has supervisory and enforcement powers to ensure compliance with the Mutual Funds Law. Regulation under the Mutual Funds Law entails the filing of prescribed details and audited accounts annually with the Authority. As a regulated mutual fund, the Authority may at any time instruct the Fund to have its accounts audited and to submit them to the Authority within such time as the Authority specifies. Failure to comply with these requests by the Authority may result in substantial fines on the part of the Directors and may result in the Authority applying to the court to have the Fund wound up.

The Fund will not, however, be subject to supervision in respect of its investment activities or the constitution of the Fund's portfolio by the Authority or any other governmental authority in the Cayman Islands, although the Authority does have power to investigate the activities of the Fund in certain circumstances. Neither the Authority nor any other governmental authority in the Cayman Islands has passed judgment upon or approved the terms or merits of this document. There is no investment compensation scheme available to investors in the Cayman Islands.

The Authority may take certain actions if it is satisfied that a regulated mutual fund is or is likely to become unable to meet its obligations as they fall due or is carrying on or is attempting to carry on business or is winding up its business voluntarily in a manner that is prejudicial to its investors or creditors. The powers of the Authority include the power to require the substitution of Directors, to appoint a person to advise the Fund on the proper conduct of its affairs or to appoint a person to assume control of the affairs of the Fund. There are other remedies available to the Authority including the ability to apply to court for approval of other actions.

## **LEGAL COUNSEL**

Travers Smith LLP act as counsel to the Fund in connection with this offering of Shares. Travers Smith also acts as counsel to the Investment Manager. Maples and Calder acts as Cayman Islands counsel to the Fund in connection with this offering of Shares. In connection with this offering of Shares and ongoing advice to the Fund and the Investment Manager and their affiliates, Travers Smith LLP and Maples and Calder will not be representing shareholders of the Fund. No independent counsel has been retained to represent shareholders of the Fund.

Travers Smith LLP's representation of the Fund and the Investment Manager and their affiliates and Maples and Calder representation of the Fund is limited to those specific matters upon which they have been consulted. There may exist other matters which would have a bearing on the Fund and/or the Investment Manager or any of their affiliates upon which Travers Smith LLP and/or Maples and Calder have not been consulted. Travers Smith LLP and Maples and Calder do not undertake to monitor the compliance of the Fund or the Investment Manager with the

investment program, valuation procedures and other guidelines set out herein, nor do they monitor compliance with applicable laws. Additionally Travers Smith LLP and Maples and Calder rely upon information furnished to them by the Fund and/or the Investment Manager, and do not investigate or verify the accuracy and completeness of information set out herein concerning the Investment Manager or the Fund, other service providers and their affiliates and personnel.

## **GENERAL AND STATUTORY INFORMATION**

The information in this section includes a summary of some of the provisions of the Memorandum and Articles of Association and Material Contracts described below and is provided subject to the general provisions of each of such documents.

### **1. The Fund**

The Fund was incorporated with limited liability in the Cayman Islands on 16 August 2000 as an exempted company under the provisions of the Companies Law (2010 Revision) of the Cayman Islands. Its constitution is defined in its Memorandum and Articles of Association. The Fund's objects, as set out in Clause 3 of its Memorandum of Association, are unrestricted and include the carrying on of the business of an investment company.

The Fund is registered as a regulated mutual fund under Section 4(3) of the Cayman Islands Mutual Funds Law (2009 Revision) and will comply with the provisions of that law. The fact that it has been registered should not, however, be taken to imply that the Cayman Islands Government accepts any responsibility for overseeing or regulating its activities.

### **2. Share Capital**

The Fund has an authorised share capital of €25,010 divided into 20 Founder Shares of par value €1.00 each and 2,499,000 Ordinary Shares of par value €0.01 each which will be issued as Euro Shares or Management Shares and US\$25,000 divided into 2,500,000 Ordinary Shares of par value US\$0.01 each which will be issued as US\$ Shares or US\$ Management Shares, and £25,000 divided into 2,500,000 Ordinary Shares of par value of £0.01 each which will be issued as Sterling Shares or as Sterling Management Shares.

The 20 Founder Shares are owned by the Investment Manager, John Barden and Anthony McCarthy.

The Articles provide that unissued Shares of the Fund are at the disposal of the Directors who may offer, allot, grant options over or otherwise dispose of them to such persons, at such times and for such consideration and upon such terms and conditions as the Directors may determine. All Shares will be issued in registered form only.

Prospective investors should note that there are no provisions under the laws of the Cayman Islands or under the Articles conferring pre-emption rights on the holders of Shares or Founder Shares.

No capital of the Fund is under option or agreed conditionally or unconditionally to be put under options.

### **3. Rights of the Founder Shares**

The Founder Shares carry no right to dividends and on a winding up rank only for the return of the capital paid up thereon after the return of the capital paid up on the Shares. Founder Shares are not redeemable.

The holders of the Founder Shares have the exclusive right to vote (to the exclusion of the holders of the Shares), and in such case are entitled to one vote per share, in respect of each of the following matters:

- (A) the appointment or removal of any director;
- (B) the winding up of the Fund; and
- (C) any amendment to the Memorandum and Articles of Association of the Fund affecting the foregoing matters.

In addition, the holders of the Founder Shares have the right (to the exclusion of the holders of the Shares):

- (A) to create one or more additional sub-classes of shares of such number, par value and denomination, whether by means of conversion or by way of cancellation of all or any of the authorised but unissued Shares and the creation of fresh authorised shares, as the holders of the Founder Shares may determine;
- (B) to create one or more classes of management shares of such number, par value and denomination together with such rights (including without limitation as to the fees and charges to which the assets attributable thereto are subject) as the holders of the Founder Shares may determine for issuance to the Investment Manager or a director or employee thereof or any person connected with any such person (as determined by the holders of the Founder Shares) or a company, partnership or other person or entity controlled by or which is the controller of any of such persons (as determined by the holders of the Founder Shares);
- (C) to redesignate as management shares such Shares registered from time to time in the names of persons to whom management shares may be issued as the holders of the Founder Shares determine (subject to the creation of such class of shares pursuant to paragraph (B) above) by way of the cancellation of the relevant Shares and the issue of management shares or otherwise; and
- (D) to amend the Memorandum and Articles of Association to provide for the creation of one or more additional sub-classes of shares or one or more classes of management shares pursuant to paragraphs (A) and/or (B) and all matters incidental thereto as the holders of the Founder Shares may determine, provided that no such amendments may adversely affect the rights attaching to the Shares in issue on the date they are made.

Subject to the foregoing, the holders of Founder Shares are not entitled to any votes in respect of the Founder Shares held by them except during any period when there are no Shares in issue, in which event each holder of Founder Shares is entitled to one vote for each such Share held by him.

#### 4. Rights of the Shares and Management Shares

Shares carry an equal right to such dividends and other distributions as the Directors of the Fund may declare. Except where voting rights attach exclusively to the Founder Shares, on a show of hands at a general meeting of the Fund every Shareholder who is present in person or by proxy shall have one vote and on a par every Shareholder present in person or by proxy shall be entitled to one vote in respect of each Share held by him. On a winding-up, the Shares are entitled, in priority to the Founder Shares, to the return of the capital paid up thereon and to the surplus assets of the Fund.

Management Shares rank *pari passu* with the Shares in all respects save that no fees are payable by the Fund to the Investment Manager in respect of the assets attributable to the Management Shares. Management Shares may only be issued by the Fund to (i) the Investment Manager or any of its directors or employees, (ii) any person connected with any such person

(including, without limitation, a trustee of a trust established by or for such a person), (iii) any company, partnership or other person or entity controlled by or which is the controller of any such persons or (iv) any nominee of any of the foregoing. The Directors shall determine, in their sole discretion, a person's eligibility to subscribe for Management Shares.

#### 5. Change in Share Capital

The Fund may increase or reduce its authorised share capital, divide all or any of its share capital into shares of larger amount or combine all or any of its share capital into shares of smaller amount.

If at any time the authorised share capital is divided into different classes of shares, the rights attached to any class may be varied by consent in writing of holders of not less than three quarters of the issued shares of that class or with the sanction of a special resolution (a three quarters majority of votes cast) passed at a general meeting of the holders of the shares of that class.

#### 6. Transfer of Shares

Subject to the restrictions set out in this section, under "Compulsory Redemption" below and under "Subscriptions" above, Shares are transferable by written instrument of transfer signed by (or in the case of a transfer by body corporate, signed on behalf of) the transferor and containing the full name and address of the transferor and the transferee. The instrument of transfer shall be in such form as the Directors approve.

In the case of the death of any one of joint Shareholders, the survivor(s) will be the only person or persons recognised by the Fund as having any title to the interest of the deceased joint Shareholder in the Shares registered in the names of such joint Shareholders.

Shareholders wishing to transfer Shares must sign the transfer in the exact name or name(s) in which the Shares are registered, indicate any special capacity in which they are signing and supply all other required details. The completed form of transfer, together with the relevant Share certificates (if any) and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer, must be sent to the Administrator. The transfer shall take effect upon the registration of the transferee in the register of Shareholders.

No transfer may be made which would result in either the transferor or the transferee remaining or being registered (as the case may be) as the holder of Shares having a Net Asset Value of less than the Minimum Holding at the time of such intended transfer. The Directors may suspend the registration of transfers for not more than a total of 30 days in any year.

A transfer of Shares will, unless otherwise determined by the Directors in consultation with the Investment Manager, be treated as if there was a redemption of such Shares by the transferor and a subscription (at the most recent published Net Asset Value per Share of the relevant class) for such Shares by the transferee on the date of the transfer for the purposes of the Performance Fee.

#### 7. Temporary suspension of Net Asset Value calculations and of issues, redemptions and exchanges of Shares

The Directors may declare a temporary suspension of the determination on any Valuation Day of the Net Asset Value (and hence the Net Asset Value per Share) during:

- (A) any period (other than ordinary holiday or customary weekend closings) when any market is closed which is the main market for a significant part of the Fund's investments, or when trading thereon is restricted or suspended;

- (B) any period when any emergency exists as a result of which disposal by the Fund of investments which constitute a substantial portion of its assets is not practically feasible;
- (C) any period when for any reason the prices of a significant portion of the investments of the Fund cannot be reasonably, promptly or accurately ascertained by the Fund;
- (D) any period when remittance of monies which will, or may be, involved in the realisation of, or in the payment for a substantial portion of the investments of the Fund cannot, in the opinion of the Directors, be carried out at normal rates of exchange; or
- (E) any period when proceeds of the issue or redemption of Shares cannot be transmitted to or from the Fund's account.

No Shares will be issued, redeemed or exchanged on any Dealing Day when the determination of the Net Asset Value is suspended. In such a case, a Shareholder may withdraw his Share application or redemption or exchange request, provided that a withdrawal notice is actually received by the Administrator before the suspension is terminated. Unless withdrawn, Share applications and requests for redemptions and exchanges will be acted upon on the first Dealing Day after the suspension is lifted at the relevant Subscription Price or Redemption Price (as the case may be) prevailing on that Dealing Day.

Notice of the suspension and its termination will be given to all persons who have applied for or requested redemption or exchange of Shares and will be notified without delay to the Irish Stock Exchange. Where possible, all reasonable steps will be taken to bring any period of suspension to an end as soon as possible.

#### 8. Soft wind-downs

Should the Directors, in consultation with the Investment Manager, determine that the investment program is no longer viable or for other reasons, the Directors may determine to close subscriptions and wind down the existing investments of the Fund in order to return cash. Whilst redemptions may be suspended during such period to enable existing investments to be realized in an orderly manner, such realization process should be considered an integral part of the Fund's business and continued management of the Fund's investments.

#### 9. Publication of prices

The Directors may apply to newspapers or periodicals for publication of the Net Asset Value per Share at their discretion. The Directors currently intend that an indicative weekly Net Asset Value per Share will be published in The Financial Times. The most recent Net Asset Value per Share will be available from the Administrator on request and will be notified without delay to the Irish Stock Exchange.

#### 10. Compulsory redemption

Shareholders are required to notify the Administrator immediately if at any time they cease to be Eligible Investors or become US Persons or hold Shares for the account or benefit of US Persons.

When the Directors become aware that a Shareholder (A) has ceased to be an Eligible Investor; (B) is a US Person or is holding Shares for the account of a US Person, so that the number of US Persons known to the Directors to be beneficial owners of Shares for the purposes of the 1940 Act exceeds 99 or such other number as the Directors may determine from time to time; (C) is, or has become, an Ineligible Applicant; or (D) has failed to provide any information or declaration required by the Directors within ten days of being requested to do so, the Directors will either (i) direct such Shareholder to redeem or to transfer the relevant Shares to a person who is qualified or entitled to own or hold such Shares; or (ii) redeem the relevant Shares.

Any person who becomes aware that he is holding Shares in contravention of any of the above provisions and who fails to transfer or redeem his Shares pursuant to the above provisions shall indemnify and hold harmless each of the Directors, the Fund, the Administrator, the Investment Manager and the Shareholders of the Fund (each an "Indemnified Party") from any claims, demands, proceedings, liabilities, damages, losses, costs and expenses directly or indirectly suffered or incurred by such Indemnified Party arising out of or in connection with the failure of such person to comply with his obligations pursuant to any of the above provisions.

Shares will also be redeemed by the Fund to give effect to Performance Fee Redemptions as described under "Fees and Expenses" above.

The Articles permit the Directors to redeem Shares where during a period of six years no cheque in respect of any dividend on the Shares has been cashed and no acknowledgement has been received in respect of any confirmation of ownership of the Shares sent to the Shareholder and require the redemption proceeds to be held in a separate interest-bearing account. The Articles also provide that any unclaimed dividends may be forfeited after six years and, on forfeiture, from part of the assets of the Fund.

#### 11. Directors' interests

The interests of the Directors and their interests in companies associated with the management, administration, promotion and marketing of the Fund and the Shares are set out below:

- (A) Matrix Alternative Asset Management LLP receives an Investment Management Fee and may receive Performance Fees in respect of its services as Investment Manager. Mr Barden and Mr McCarthy are members of the Investment Manager.
- (B) There are no existing or proposed service agreements between the Fund and any of the Directors.
- (C) No shareholding qualification for Directors is required under Cayman Islands law. The Directors or companies of which they are officers or employees may, however, subscribe for Shares in the Fund. Their applications will rank *pari passu* with all other applications. As at the date of this Prospectus, save as described herein, none of the Directors, nor any connected person, have or intends to have an interest (direct or indirect) in the Shares.
- (D) As at the date of this Prospectus, Mr Barden and Mr McCarthy and/or persons associated with them hold 6016.89 shares and may acquire further Shares, in each case directly or indirectly through companies in which they have a direct or indirect beneficial interest.

Save as disclosed herein, no Director has any interest, direct or indirect, in the promotion of or in any assets which are proposed to be acquired, disposed of by or leased to the Fund and no Director has a material interest in any contract or arrangement entered into by the Fund which is unusual in nature or conditions or significant in relation to the business of the Fund, nor has any Director had such an interest since the Fund was incorporated.

- (E) No Director has (i) any unspent convictions in relation to indictable offences; or (ii) been bankrupt or the subject of an involuntary arrangement, or has had a receiver appointed to any of his assets; or (iii) been a director of any company which, while he was a director with an executive function or within 12 months after he ceased to be a director with an executive function, had a receiver appointed or went into compulsory liquidation, creditors' voluntary liquidation, administration or company voluntary arrangements, or made any composition or arrangement with its creditors generally or with any class of its creditors; or (iv) been a partner of any partnership, which while he was a partner or within 12 months after he ceased to be a partner, went into compulsory liquidation, administration or partnership voluntary arrangement, or had a receiver appointed to any

partnership asset; or (v) had any public criticism by statutory or regulatory authorities (including recognised professional bodies); or (vi) been disqualified by a court from acting as a director or from acting in the management or conduct of affairs of any company.

- (F) A Director may, independently of his role as a director, provide consulting and other services to the Fund or the Investment Manager and may be remunerated for the same on an arm's length basis.

#### 12. Directors' remuneration

The Articles provide that the remuneration of the Directors in respect of services rendered or to be rendered to the Fund shall be determined by a resolution of the Directors. Each of the Directors of the Fund is currently entitled to a fee of €16,000 (approximately US\$22,647) per annum. Mr Barden has waived his entitlement to receive a fee. The total fees payable to the Directors for the financial year ending 30 June 2011 were €32,000. The Directors may also 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.

#### 13. Transactions with Directors

- (A) No agreement or transaction between the Fund and one or more of its Directors or any person in which any Director has a financial interest or to whom any Director is related, including as a director of that other person, is void or voidable for that reason only or by reason only that the Director is present at the meeting of Directors or at the meeting of the committee of Directors that approves the agreement or transaction, or that the vote or consent of that Director is counted for that purpose, if the material facts of the interest of each Director in the agreement or transaction, and his interest in or relationship to any other party to the agreement or transaction, are disclosed in good faith to or known by the other Directors.
- (B) A Director who has an interest in any particular business to be considered at a meeting of Directors or Shareholders may be counted for the purpose of determining whether the meeting is duly constituted.

#### 14. Retirement of Directors

There is no provision for the retirement of Directors on their attaining a certain age and the Articles do not provide for retirement of Directors by rotation.

#### 15. Borrowing

As at the date of this document, 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, or guarantees or other contingent liabilities other than in the ordinary course of business.

The Directors are authorised under the Articles to exercise all powers of the Fund to borrow money. The Fund utilises borrowings as part of, and consistent with, its investment policy.

#### 16. Meetings

The Directors may convene meetings of the Fund at such time and in such manner and place as the Directors consider necessary or desirable, and they shall convene such a meeting upon the written request of Shareholders holding 10 per cent or more of the issued Shares. At least fourteen clear days' notice specifying the place, day and time of the meeting and the general nature of the business to be transacted shall be given. No business shall be transacted at any

meeting of Shareholders unless a quorum is present. A quorum shall (if the Fund has more than one Shareholder) consist of at least two Shareholders present in person or by proxy. If within 30 minutes from the time appointed for the meeting a quorum is not present, the meeting, if convened upon the request of the Shareholders, shall be dissolved; in any other case it shall stand adjourned to the same date in the next week. If at such adjourned meeting a quorum of two Shareholders present in person or by proxy is not present within thirty minutes from the time appointed for the meeting, the Shareholders present shall be a quorum.

All Shares carry voting rights as specified in paragraph 4 above. The votes of any joint Shareholders must be unanimous if more than one wishes to vote. Otherwise, the vote of the person first named in the Register shall be accepted as the vote of the joint Shareholders, to the exclusion of the votes of the other joint holders. Votes may be cast in person or by proxy.

17. Indemnity

The Directors and other officers of the Fund shall be entitled to be indemnified by the Fund against all expenses (including legal fees) losses or liabilities which they sustain or incur in or about the execution of their duties, provided that such Director or other officer acted honestly and in good faith with a view to the best interests of the Fund and had no reasonable cause to believe that his conduct was unlawful. The determination of the Directors is, in the absence of fraud, conclusive unless a question of law is involved.

18. Material contracts

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

- (A) An Investment Management Agreement dated 27 July 2011 between (1) the Fund and (2) the Investment Manager whereby the Fund appointed the Investment Manager, subject to the control of and review by the Directors, to manage the investments of the Fund. It may be terminated forthwith by either party on immediate written notice if the other party commits any material breach of its obligations and fails to remedy the breach within 7 days of receipt of written notice requiring the same, or if the other party is dissolved or otherwise enters into insolvency proceedings. The Fund may terminate the Investment Management Agreement forthwith if the Investment Manager ceases to be an authorised person for the purposes of the Financial Services and Markets Act 2000. The Investment Manager will not be liable for any loss suffered by the Fund in connection with the performance by the Investment Manager of its obligations under the Investment Management Agreement in the absence of fraud, bad faith, wilful misfeasance, reckless disregard or negligence on the part of the Investment Manager in the performance or non-performance of its obligations and duties under the Investment Management Agreement. The Fund agrees to indemnify the Investment Manager against all liabilities incurred by it in the performance of its obligations under the Investment Management Agreement other than liabilities arising out of the fraud, negligence, wilful misfeasance or bad faith of the Investment Manager or the reckless disregard by the Investment Manager of its obligations.
- (B) A Prime Broker Agreement dated 7 September 2000 between (1) the Fund and (2) Goldman Sachs International (“the Prime Broker”) pursuant to which the Prime Broker has agreed to provide prime brokerage and custodian services to the Fund. The Prime Broker Agreement comprises a Prime Brokerage Agreement and a number of product specific supplemental documents. The Prime Broker Agreement may be terminated by a party at any time by giving 15 days’ notice in writing. The Prime Broker Agreement provides that in the absence of negligence, fraud or wilful default on the part of the Prime Broker or any of its affiliates, the Prime Broker shall have no liability to the Fund for any costs, loss, liability or expense suffered by the Fund resulting from any act or omission in connection with the services provided under the Prime Broker Agreement. The Fund

agrees to indemnify the Prime Broker against any cost, loss, liability or expense suffered by the Prime Broker except to the extent that the same is due to negligence, fraud, wilful default or breach of the Prime Broker Agreement by the Prime Broker or any of its affiliates.

- (C) A Supplement dated 3 December 2007 to the Administration Agreement dated 7 September 2000 between (1) the Fund and (2) the Administrator whereby the previous administrator, Hemisphere Management (Ireland) Limited was replaced with Citi Hedge Fund Services (Ireland) Ltd. The Administrator was appointed to provide certain administration, accounting, registration, transfer agency, secretarial and related services to the Fund. The Administration Agreement will continue in force until terminated by either the Fund or the Administrator on 60 days' notice in writing to the other party and may be terminated: (i) by either party forthwith by notice in writing in the event of the winding-up of, or the appointment of an examiner or receiver to, the other party or upon the other party not being able to pay its debts as they fall due; or (ii) by either party forthwith in the event of a breach of the Agreement by the other party and the failure of that other party to remedy such breach within 7 days of receipt of written notice requesting it to do so. The Administration Agreement provides that in the absence of fraud, wilful default or gross negligence, the Administrator will not be liable for any loss incurred by the Fund as a result of any act or omission of the Administrator in good faith in the performance of its duties under the Administration Agreement and the Fund agrees to indemnify the Administrator against any loss suffered by the Administrator in the performance of its duties under the Administration Agreement, save where such loss arises as a result of gross negligence, wilful default or fraud on the part of the Administrator.

#### 19. Termination and winding up

The Fund shall commence voluntary winding-up and dissolution, pursuant to applicable law, upon an ordinary resolution by the holders of the Founder Shares to liquidate the Fund. Upon a dissolution and winding-up, the assets of the Fund will be liquidated and distributed in cash or *in specie*.

#### 20. Documents available for inspection

Copies of the following documents may be inspected free of charge during normal business hours on any week day (Saturdays and public holidays excepted) at the offices of the Administrator, at the registered office of the Fund and at the offices of the Sponsor at the Irish Stock Exchange:

- (A) the Memorandum and Articles of Association of the Fund;
- (B) the agreements referred to under "Material contracts" above;
- (C) the Companies Law (2010 Revision) of the Cayman Islands; and
- (D) a list of past and current directorships and partnerships held by each Director.

The Memorandum and Articles of Association of the Fund and the latest financial statements of the Fund may be inspected and copies thereof may be obtained, free of charge, upon request at the registered office of the Fund.

#### 21. Miscellaneous

- (A) The Fund was incorporated on 16 August 2000. Since the date of incorporation the Fund has not paid or declared a dividend.

- (B) Save as disclosed herein, no commissions are payable and no discounts, brokerages or other special terms have been granted by the Fund in connection with the issue of the Shares.
- (C) No amount or benefit has been paid or given, or is intended to be paid or given to any promoter.
- (D) No share or loan capital of the Fund is under option or has been agreed conditionally or unconditionally to be put under option or has been issued or is proposed to be issued for a consideration other than cash.
- (E) The Fund has not issued any debt securities, convertible or otherwise, or warrants.
- (F) The Fund is not, and has not been since its incorporation, engaged in any litigation or arbitration and the Directors are not aware of any litigation or arbitration or claims pending or threatened against the Fund.
- (G) The Fund has not established and does not intend to establish a place of business in Great Britain or Ireland.
- (H) The Fund has no subsidiaries and no employees.