

## SCHEME PARTICULARS

1 June 2020

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### IPFM GUERNSEY ICC LIMITED

(an incorporated cell company registered with limited liability in Guernsey with registration number 66840)

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These Scheme Particulars, together with the Cell Particulars issued in respect of Participating Shares of the incorporated cells of the Company, constitute the Particulars of IPFM Guernsey ICC Limited and the incorporated cells as required by, and prepared in accordance with, The Authorised Collective Investment Schemes (Class B) Rules 2013 (the "**Class B Rules**") as issued by the Guernsey Financial Services Commission pursuant to the Protection of Investors (Bailiwick of Guernsey) Law 1987 (as amended) (the "**POI Law**").

Prospective investors are expressly warned about the risks described in these Scheme Particulars together with the relevant Cell Particulars (see section 4 (Risk Factors)) and must, in particular, be ready to incur the possible loss of a sizeable portion of their investment.

## IMPORTANT INFORMATION

The Guernsey Financial Services Commission (the "**Commission**") has authorised IPFM Guernsey ICC Limited (the "**Company**") and its incorporated cells (the "**Cells**") as a Class B open-ended collective investment scheme under the POI Law. It must be distinctly understood that in giving this authorisation the Commission does not vouch for the financial soundness or the correctness of any of the statements made or opinions expressed with regard to the Company and the Cells.

Investors in any Cell of the Company are not eligible for the payment of any compensation under the Collective Investment Schemes (Compensation of Investors) Rules 1988 made under the POI Law.

The Directors of the Company whose names appear in section 1 (*Directory*) have taken all reasonable care to ensure that the facts stated herein are true and accurate in all material respects as at the date hereof and that to the best of their knowledge and belief there are no other material facts, the omission of which would make misleading any statement herein, whether of fact or opinion. All of the Directors accept responsibility accordingly.

The distribution of these Scheme Particulars and any Cell Particulars and the issue of Participating Shares in respect of any Cell may be restricted in certain jurisdictions; persons into whose possession these Scheme Particulars and any Cell Particulars come are required by the Company, the Cells and the Investment Manager to inform themselves of and to observe any such restrictions. These Scheme Particulars and any Cell Particulars do not constitute an offer or solicitation to anyone in any jurisdiction in which such offer is not authorised or to any person to whom it is unlawful to make such offer or solicitation.

**Prospective investors should not construe the contents of these Scheme Particulars or any Cell Particulars as legal, tax or financial advice. If in any doubt about the contents of these Scheme Particulars or any Cell Particulars a prospective investor should consult his own professional advisors as to the legal, tax, financial or other matters relevant to the suitability of an investment in the Participating Shares in any Cell for such investor.**

None of the Participating Shares in respect of the Cells have been or will be registered under the United States Securities Act of 1933, as amended, and no Participating Shares may be offered or sold, directly or indirectly, in the United States of America, its territories or possessions or any area subject to its jurisdiction including the Commonwealth of Puerto Rico (the "**United States**") or to any resident thereof (including any corporation, partnership or other entity created or organised in or under the laws of the United States or any political subdivision thereof) or any estate or trust that is subject to United States federal income taxation regardless of the source of its income. In addition, the Company and its Cells have not been and will not be registered under the United States Investment Company Act of 1940, as amended and the Investment Manager has not been registered under the United States Investment Advisers Act of 1940, as amended.

No person has been authorised to give any information or to make any representations, other than those contained in these Scheme Particulars and any Cell Particulars, in connection with the issue of Participating Shares and, if given or made, such information or representations must not be relied on as having been

authorised by the Company, its Cells or the Investment Manager. Neither the delivery of these Scheme Particulars nor any Cell Particulars nor the allotment or issue of Participating Shares shall, under any circumstances, create any implication that there has been no change in the affairs of the Company and its Cells since the date hereof.

Each of the Company and each of its Cells is a non-EU alternative investment fund ("AIF") and the Investment Manager is a non-EU alternative investment fund manager ("AIFM") for the purposes of the Alternative Investment Fund Managers Directive 2011/61/EU ("AIFMD"). Neither the Company nor the Cells may be marketed (within the meaning given to the terms "marketing" under the AIFMD), and these Scheme Particulars may not be sent, to prospective investors domiciled or with a registered office in any Member State of the European Economic Area ("EEA") unless: (i) the AIF may be marketed under any other private placement regime or other exemption in the relevant EEA Member State; or (ii) such marketing was initiated by the prospective investor and not by the AIFM or any other person/entity acting directly or indirectly on behalf of the AIFM. In case of any conflict between this notice to EEA investors and any notices in respect of individual EEA Member States set out below, this notice shall prevail.

Distribution of these Scheme Particulars and any Cell Particulars is not authorised in any jurisdiction after the date of publication of the relevant Cell's first report and accounts unless they are accompanied by the Cell's most recent annual report and accounts.

**Prospective investors should be aware that a purchase of Participating Shares in respect of any Cell represents a speculative investment involving a high degree of risk because of the nature of the underlying investments. Moreover, fluctuations in the rates of exchange between the currencies in which Participating Shares are priced and the source currency of the underlying investments may have the effect of causing the value of Participating Shares to diminish as well as increase. Additionally, fluctuations in rates of exchange between the currencies in which Participating Shares are priced and the currency in which a Shareholder invests may also have the effect of diminishing as well as increasing the value of that Shareholder's overall investment in the relevant Cell. See section 4 (Risk Factors).**

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## 1. DIRECTORY

### **Directors of the Company and the Cells**

Brett Paton  
James Tracey  
Simon Sharrott

### **Investment Manager and Promoter**

IP Fund Managers Guernsey Limited  
Ground Floor  
Dorey Court  
Admiral Park  
St Peter Port  
Guernsey  
GY1 2HT

### **Custodian**

Butterfield Bank (Guernsey) Limited  
P.O. Box 25  
Regency Court  
Glategny Esplanade  
St Peter Port  
Guernsey  
GY1 3AP

### **Auditor**

BDO Limited  
Place Du Pre  
Rue Du Pre  
St Peter Port  
Guernsey  
GY1 3LL

### **Registered Office of the Company and Cell**

Ground Floor  
Dorey Court  
Admiral Park  
St Peter Port  
Guernsey  
GY1 2HT

### **Administrator, Secretary, Registrar and Paying Agent**

JTC Fund Solutions (Guernsey) Limited  
Ground Floor  
Dorey Court  
Admiral Park  
St Peter Port  
Guernsey  
GY1 2HT

### **Legal Adviser (as to Guernsey Law)**

Carey Olsen (Guernsey) LLP  
PO Box 98  
Carey House  
Les Banques  
St Peter Port  
Guernsey  
GY1 4BZ

### **Cell Manager**

See applicable Cell Particulars

## 2. DEFINITIONS

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

<b>Accounting Date</b>	31 October of each year or such other date as the Directors may decide from time to time.
<b>Administration Agreement</b>	The agreement between the Company and/or the Cells (as applicable) and the Administrator appointing the Administrator as administrator, secretary, registrar and paying agent of the Company and each of the Cells in existence from time to time.
<b>Administrator</b>	JTC Fund Solutions (Guernsey) Limited.
<b>AIF</b>	An alternative investment fund for the purposes of the AIFMD.
<b>AIFM</b>	An alternative investment fund manager for the purposes of the AIFMD.
<b>AIFMD</b>	Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on Alternative Investment Fund Managers.
<b>Application Form</b>	The document in such form as the Directors may from time to time determine to be completed when making an application for issue, conversion or redemption of Participating Shares, available upon request from the Administrator.
<b>Base Currency</b>	The base currency of each of the Cells as specified in the relevant Cell Particulars.
<b>Business Day</b>	Any day on which banks in Guernsey are open for normal banking business (excluding Saturdays and Sundays).
<b>Cell</b>	An incorporated cell of the Company created in accordance with and subject to the provisions of the Companies Law.
<b>Cell Articles</b>	In respect of each Cell, the Articles of Incorporation of the Cell for the time being.
<b>Cell Management Agreement</b>	The agreements between a Cell, the Investment Manager and the relevant Cell Manager appointing the Cell Manager as sub-investment manager of a particular Cell.
<b>Cell Manager</b>	A suitably qualified and properly licensed entity or person engaged by the Investment Manager as sub-investment manager pursuant to the Cell Management Agreement in respect of a particular Cell from time to time to

manage and trade the assets of such Cell, as specified in the relevant Cell Particulars.

<b>Cell Memorandum</b>	In respect of each Cell, the Memorandum of Incorporation of the Cell for the time being.
<b>Cell Particulars</b>	The relevant supplemental particulars in respect of each Cell (as may from time to time be amended, revised, supplemented and replaced) relevant to the Cell.
<b>Class B Rules</b>	The Authorised Collective Investment Schemes (Class B) Rules 2013.
<b>Classes</b>	Separate classes of Participating Shares issued in relation to the Cells, as the context requires.
<b>Commission</b>	The Guernsey Financial Services Commission.
<b>Companies Law</b>	The Companies (Guernsey) Law, 2008 (as amended).
<b>Company</b>	IPFM Guernsey ICC Limited.
<b>Company Articles</b>	The Articles of Incorporation of the Company for the time being.
<b>Company Memorandum</b>	The Memorandum of Incorporation of the Company for the time being.
<b>Conversion Charge</b>	The charge levied in respect of conversions of Participating Shares as specified in the relevant Cell Particulars.
<b>Conversion Price</b>	Has the meaning set out in section 10 ( <i>Conversions</i> ).
<b>CRS</b>	The Organisation for Economic Co-operation and Development's "Common Reporting Standard".
<b>Custodian</b>	Butterfield Bank (Guernsey) Limited.
<b>Custodian Agreement</b>	The agreement between the relevant Cell and the Custodian appointing the Custodian as custodian of the assets of such Cell.
<b>Dealing Day</b>	The Business Day specified in the relevant Cell Particulars on which the subscriptions redemptions and conversions of Participating Shares of a Cell occur.
<b>Dealing Deadline</b>	The time specified in the relevant Cell Particulars prior to a Dealing Day by which subscription, redemption and conversion requests in respect of Participating Shares of a Cell must be received.

<b>Directors</b>	The directors of the Company, which directors are common with each Cell.
<b>Eligible Investor</b>	A person who is not an Ineligible Investor.
<b>Extraordinary Resolution</b>	A resolution of the Shareholders entitled to vote in a general meeting of the Company or a Cell or at a Class meeting (as the case may be) passed by a majority of not less than three quarters of the votes recorded including any votes cast by proxy.
<b>FATCA</b>	The Foreign Account Tax Compliance Act provisions of the US HIRE Act, which implemented sections 1471-1474 of the US Internal Revenue Code of 1986, as amended.
<b>Financial Advisor</b>	A financial advisor approved by the Financial Sector Conduct Authority of South Africa (or the equivalent regulatory body in another jurisdiction).
<b>Guernsey</b>	The Island of Guernsey.
<b>Illiquid Investment</b>	Investments for which (i) the principal markets or exchanges on which they are, from time to time, quoted, listed, traded or dealt in are either restricted or suspended, (ii) after consultation with the Administrator and the Investment Manager, the Directors do not believe that it is possible to obtain a price that reflects their underlying value, (iii) the issuer thereof has amended the liquidity characteristics attributable to the investment, or (iv) the Directors, in their absolute discretion, have determined that such investment shall be an "Illiquid Investment" for any reason.
<b>Ineligible Investor</b>	Has the meaning set out on in section 8.4 ( <i>Ineligible Investors</i> ).
<b>Initial Dealing Day</b>	The date specified in the relevant Cell Particulars.
<b>Initial Price</b>	The price specified in the relevant Cell Particulars.
<b>Investment Management Agreement</b>	The agreement between the Company and the Investment Manager appointing the Investment Manager as investment manager of each of the Cells in existence from time to time.
<b>Investment Manager</b>	IP Fund Managers Guernsey Limited.
<b>Investments</b>	The investments held by a particular Cell from time to time.
<b>IRS</b>	The US Internal Revenue Service.
<b>Leverage Contract</b>	The contracts and transactions entered into between a Leverage Provider and a Cell.



<b>Leverage Provider</b>	One or more financial institutions appointed to provide leverage to a Cell as specified in the relevant Cell Particulars.
<b>Minimum Additional Subscription</b>	The minimum additional number of Participating Shares or minimum amount in value of Participating Shares of a Cell which must be subscribed for by a Shareholder, as specified in the relevant Cell Particulars.
<b>Minimum Conversion</b>	The minimum number of Participating Shares or minimum amount in value of any holding of Participating Shares of a Cell which may be converted by a Shareholder, as specified in the relevant Cell Particulars.
<b>Minimum Holding</b>	The minimum number of Participating Shares or minimum amount in value of any holding of Participating Shares of a Cell which may be held by a Shareholder, as specified in the relevant Cell Particulars.
<b>Minimum Initial Subscription</b>	The minimum number of Participating Shares or minimum amount in value of Participating Shares of a Cell which must be subscribed for initially by a prospective investor, as specified in the relevant Cell Particulars.
<b>Minimum Redemption</b>	The minimum number of Participating Shares or minimum amount in value of any holding of Participating Shares of a Cell which may be redeemed by a Shareholder, as specified in the relevant Cell Particulars.
<b>Multilateral Agreement</b>	The multilateral competent authority agreement relating to the CRS.
<b>Net Asset Value</b>	The net asset value of a Cell or Class as the context requires and calculated as described in section 15 ( <i>Calculation of Net Asset Valuation</i> ).
<b>Net Asset Value per Share</b>	The net asset value of a Participating Share and calculated as described in section 15 ( <i>Calculation of Net Asset Valuation</i> ).
<b>Participating Share</b>	A participating redeemable share of no par value in the capital of a Cell and having the rights set out in the relevant Cell Articles. In these Scheme Particulars, the term "Participating Share" shall embrace all Classes of such shares except when referred to in their separate Classes.
<b>Particulars</b>	These Scheme Particulars together with the Cell Particulars, which shall be read and construed as one document.
<b>POI Law</b>	The Protection of Investors (Bailiwick of Guernsey) Law, 1987 (as amended).
<b>Promoter</b>	IP Fund Managers Guernsey Limited
<b>Prime Broker</b>	The prime broker appointed in relation to a Cell, as specified in the relevant Cell Particulars

<b>Prime Broker Agreement</b>	The prime broker agreement between the Company and the Prime Broker appointing the Prime Broker as prime broker of a Cell.
<b>Recognised Investment Exchange</b>	Any stock or investment exchange, index, institution or screen based or other electronic quotation or trading system providing dealing facilities or quotations for Investments approved from time to time by the Directors.
<b>Redemption Charge</b>	The charge levied in respect of redemptions of Participating Shares as specified in the relevant Cell Particulars.
<b>Relevant Exchange</b>	Has the meaning given to it in section 285 of the Financial Services and Markets Act 2000.
<b>Scheme Particulars</b>	These Scheme Particulars.
<b>Series</b>	A series of any Class of Participating Shares issued in relation to the Cells.
<b>Shareholder</b>	A registered holder of Participating Shares in respect of a Cell as the context requires.
<b>Special Cash Reserve</b>	Has the meaning set out in section 9.3 ( <i>Withholding of Redemption Payments - Special Cash Reserve</i> ).
<b>Special Resolution</b>	A resolution of a general meeting of the Company or a Cell, as the case may be, passed as a special resolution in accordance with Companies Law by a majority of three quarters or more of the total number of votes recorded including any votes cast by proxy and subsequently registered in the Register of Companies in Guernsey.
<b>Subscription Charge</b>	The charge levied in respect of subscriptions for Shares as specified in the relevant Cell Particulars.
<b>Tax Reporting Regime</b>	Means (i) Sections 1471 to 1474 of the US Internal Revenue Code 1986, as amended, and any associated legislation, regulations or guidance, and any other similar legislation, regulations or guidance enacted in any other jurisdiction which seeks to implement similar financial account information reporting and/or withholding tax regimes; (ii) the OECD Standard for Automatic Exchange of Financial Account Information in Tax Matters – the Common Reporting Standard and any associated guidance; (iii) any intergovernmental agreement, treaty, regulation, guidance, standard or other agreement between Guernsey and any other jurisdiction (including any government bodies in such jurisdiction), entered into in order to comply with, facilitate, supplement or implement the legislation, regulations, guidance or standards described in sub-paragraphs (i) and (ii); and (iv) any legislation, regulations or guidance in Guernsey that give effect to the

matters outlined in the preceding sub-paragraphs.

**United States Person**

Includes a national or resident of the United States of America, a partnership organised or existing in any state, territory or possession of the United States of America, a corporation organised under the laws of the United States of America or of any state, territory or possession thereof, or any estate or trust, other than an estate or trust the income of which is derived from sources outside the United States of America (which is not effectively connected with the conduct of a trade or business within the United States of America) and is not included in gross income for the purposes of computing United States federal income tax.

**US-Guernsey IGA**

The intergovernmental agreement between Guernsey and the United States regarding the implementation of FATCA.

**Valuation Point**

The time and date as specified in the relevant Cell Particulars.

### 3. OVERVIEW

The information set out below should be read in conjunction with the Cell Particulars in respect of such Cells, as appropriate to each investor's circumstances.

To the extent any conflict arises between these Scheme Particulars and any Cell Particulars, the latter shall prevail.

#### 3.1 Introduction

IPFM Guernsey ICC Limited is an open-ended investment company incorporated in Guernsey as an incorporated cell company, registered in Guernsey on 1 October 2019 with registered number 66840.

The Directors have the power to create Cells, each with its own Cell Manager managing its portfolio of Investments in accordance with that Cell's own investment objectives, policy and restrictions, as specified in the relevant Cell Particulars.

The Directors may determine to issue further classes of Participating Shares in any Cell with different Base Currencies or with different fee structures, although all Classes in the same Cell will benefit from the same underlying Investments, investment objectives and policy.

Any new Cells and any new Classes thereof will be created as the Directors in their absolute discretion determine.

#### 3.2 Investment Objectives, Policy and Restrictions

Details of each Cell's investment objectives, policy and restrictions are set out in the relevant Cell Particulars.

Each Cell is subject to and will conduct its investment operations in compliance with the investment restrictions set out in the relevant Cell Particulars.

The investment restrictions set out in each Cell Particulars will be complied with at the time each investment is made.

The Administrator will monitor the Cells' portfolios on an ongoing basis to ensure that they comply with the investment policy and investment restrictions set out in the relevant Cell Particulars. If the Administrator becomes aware of any excess of these limits, appropriate action will be taken to bring the relevant Cell's portfolio back within these limits as promptly as practicable.

#### 3.3 Selection of Cell Managers

Each Cell seeks to achieve its objectives through utilising the investment management services of a professional Cell Manager. The portfolio assets of each Cell are invested by that Cell's Cell Manager.

Each Cell Manager can be expected to employ a somewhat different investment and trading strategy and specific investments made by different Cell Managers may vary significantly. Each Cell Manager is granted full

discretion over all matters relating to the manner, method and timing of investment and trading transactions with respect to the assets of the Cell in respect of which it has been appointed.

Details of each Cell's Cell Manager are set out in the relevant Cell Particulars.

The Cell Managers will be identified by the Promoter.

#### **3.4 Leverage Arrangements**

Details of each Cell's leverage arrangements (if any) are set out in the relevant Cell Particulars.

#### **3.5 Borrowings**

Details of each Cell's borrowing policy and/or restrictions are set out in the relevant Cell Particulars.

#### **3.6 Distribution and Reinvestment Policy**

Details of each Cell's distribution and reinvestment policy are set out in the relevant Cell Particulars.

#### **3.7 Amendments to Investment Objectives and Restrictions**

The Directors are permitted to amend the investment objectives, policy and restrictions (including any borrowing and hedging powers) applicable to a Cell provided that no material changes shall be made without providing the Shareholders of such Cell with sufficient notice to enable them to redeem their Participating Shares before the amendment takes effect. Shareholders are not required to approve the amendment of the investment objectives, policy and restrictions (including any borrowing and hedging powers) applicable to a Cell although the Directors reserve the right to seek approval if they consider it appropriate to do so.

#### **4. RISK FACTORS**

Prospective investors should give careful consideration to the factors set out in the relevant Cell Particulars in evaluating the merits and suitability of an investment in Participating Shares of any Cell, including whether such an investment is suitable in light of their personal investment goals and financial condition.

Prospective investors should also give careful consideration to the following factors in evaluating the merits and suitability of an investment in Participating Shares, including whether such an investment is suitable in the light of their personal investment goals and financial condition.

##### **4.1 General Risk Factors**

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

No assurance can be given that any Cell will succeed in meeting its investment objectives or that its assessments of the short-term or long-term prospects, volatility and correlation of the types of investments referred to in these Scheme Particulars will prove accurate.

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

Where applicable, Cells may invest in funds which may trade on a leveraged basis in a highly volatile market. Investment in an alternate strategy is a speculative investment, which should be considered only by financially sophisticated investors who are able, independently of any information in these Scheme Particulars, to evaluate the risks and merits of this investment. No assurance can be given that the Cells' investment objectives of maximising return on a certain risk level will be achieved. The following specific risks are brought to the attention of investors, but the list does not purport to be exhaustive.

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

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

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

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

If there are substantial redemptions of Participating Shares, it may be more difficult for the Cell concerned to generate returns since it will be operating on a smaller asset base.

If there are substantial redemption requests within a limited period of time, it may be difficult for the Cell Manager to provide sufficient funds to meet such redemptions without liquidating positions prematurely at an inappropriate time or on unfavourable terms.

The Cells may take a credit risk on parties with whom they trade and may also bear the risk of settlement default.

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

Whilst it may be possible for the Cell Manager to hedge some of the risks outlined above, it may not be obliged to do so and, if such hedging is carried out, there can be no assurance that it will be successful and it may negate certain profits which a Cell may otherwise have earned or even incur a loss. The Cells will bear the cost of all hedging. Furthermore, it may not always be possible to hedge certain risks in many of the less developed markets in which a Cell may invest as exchange-traded futures and options are not available in certain markets.

Prospective investors who are in any doubt as to the risks involved in investment in a Cell are recommended to obtain independent financial advice before making an investment.

If any conflict of interest arises, the Directors will endeavour to ensure that it is resolved fairly. Investments on international markets may fluctuate in price under the influence of a variety of issues such as currency rates and interest rates, exchange controls, taxes and other economic and political developments. Other factors such as the availability of information on, and the size and liquidity of, international markets may limit the intended diversification of the Company's resources.

There can be no assurance that any Cell's investments will be successful, or that their investment objectives will be achieved and it should be noted that the price of Participating Shares might go down as well as up. In attempting to achieve its objectives, the Cells will employ a variety of investment strategies and techniques, but there can be no assurance that such strategies will be effective. It should also be noted that past performance is not necessarily indicative of future performance.

#### **4.2 General Market Risk**

Investors in equity markets or equity-based instruments should be aware that Participating Shareholders could lose a substantial portion or all of their investments in a Cell due to adverse market conditions.

#### **4.3 Custody Risk**

To the extent that margin accounts or trading accounts are maintained or used by a Cell, such accounts may be held by and in the name of the Cell rather than held by or in the name of the Custodian. In these circumstances, the Custodian would not have control of these accounts and any assets contained therein.

Prior to use of such margin accounts or trading accounts, the Company will apply to the GFSC for a derogation from the requirements of Rule 4.05 of the Class B Rules. Any such derogation will be disclosed in the relevant Cell Particulars and notified to Shareholders and prospective investors prior to taking effect.

The Custodian will not be responsible for the selection or suitability of the entities providing the margin accounts or trading accounts and will not be responsible for any counterparty risk of these entities.

In circumstances that a Cell utilises special purpose vehicles ("**SPVs**") to hold underlying assets, the Custodian may not act as Custodian to the SPV. Accordingly, the Custodian's obligations in these circumstances are limited to taking under its custody and/or control the shares in the SPV held by the Cell and do not extend to taking custody or control of any underlying assets held by the SPV. The Investment Manager shall be responsible for determining the value of the underlying assets held by such SPVs which the Custodian shall be entitled to rely upon.

##### **4.3.1 Sub-Custodian Risk**

From time to time the Custodian may delegate functions to a sub-custodian in accordance with the terms of the relevant Custodian Agreement. The Custodian accepts no responsibility to a Cell or any party whatsoever for any losses incurred by the Cell in the event that such losses arise in connection with the appointment of any sub-custodian (including default by any counterparty of such sub-custodian), save where (i) such losses are recoverable by the Custodian from the sub-custodian (in which case the liability of the Custodian shall be limited to the amount recoverable) or (ii) the Custodian has acted negligently, fraudulently or in wilful default.

#### **4.4 Institutional Risk**

The assets of a Cell, other than assets held by the Prime Broker, will be held for safekeeping by the Custodian. The Custodian is authorised to use sub-custodians to safe keep the Cell's assets. The Custodian, sub-custodians and other institutions, including the Prime Broker and other brokerage firms and banks, with which the Cell (directly or indirectly) does business, or to which portfolio assets have been entrusted for safekeeping purposes, may encounter financial or operational difficulties and may expose the Cell to the respective institutional and operational and credit risks involved. The insolvency or default of any such entity involved with the transactions of the Cell, may lead to positions being liquidated or closed out without the Cell's consent. In certain circumstances, the Cell may not get back the actual assets which it lodged as collateral or otherwise and it may have to accept any available payment in cash.



The holding of listed securities and cash by foreign entities or agents acting on behalf of the Custodian may involve risks of loss due to specific counterparty, custodian or country specific requirements or features.

#### 4.5 Prime Broker Risk

The Prime Broker requires margin to be held for transactions in financial derivatives and operates an automated stop loss to ensure the margin is not exceeded. The maximum exposure a Cell may have to the Prime Broker in respect of initial margin, variation margin and excess margin shall not exceed 30% of the Net Asset Value of the Cell. Cash held by, or deposited with the Prime Broker by way of margin will not be segregated from the Prime Broker's own investments and if the Prime Broker defaults the Cell may not be as well protected as if the assets were held in a typical sub-custodian relationship. The Prime Broker may not give client money protection to cash deposited with it (by way of margin). A Cell's cash is not segregated from the Prime Broker's own cash and may be used by the Prime Broker in the course of its business. A Cell ranks as one of the Prime Broker's general unsecured creditors for the cash balance. In the event the Prime Broker becomes insolvent a Cell may not be able to recover the cash balance in full or at all.

**Prime Broker accounts will only be used in circumstances where a Cell Manager needs to utilise financial instruments for hedging and/or efficient portfolio management, in order to comply with the investment policy and investment restrictions set out in the relevant Cell Particulars. Such instruments will not be utilised for speculative purposes.**

#### 4.6 Interest Rate Risk

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

#### 4.7 Market Risk Equity and Fixed Income Strategies

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

- (a) Global Investing: Taking a world view on investing, diversifying and switching amongst different markets, currencies and economic environments, using common stocks, bonds, financial instruments and currency.
- (b) Long-Term Stock Investing: Selecting common stocks or stock options based primarily upon fundamental analysis, location of pockets of market inefficiency and an assessment of overall market trends. This strategy may also include purchasing preferred stocks, debt securities and short-term money market instruments.
- (c) Short Selling: Identifying and selling short (a strategy based on the sale of securities which an equity or fixed-income manager believes to be mis-priced by the market) common stocks that are overvalued, frequently in companies with accounting or management difficulties, or that face a severe down-turn in their business, resulting in questions as to their viability as going concerns or their market valuations.

- (d) Undervalued Assets Stock Investing: Investing in securities whose prices in the public market represent a significant discount from the private market value of the issuer's assets. The private market value is the value informed industry investors or participants are willing to pay to purchase assets with similar characteristics.
- (e) Emerging Growth Stock Investing: Investing in stocks of small to medium-sized enterprises with exceptional growth characteristics.
- (f) Sector Investing: Investing in securities in a specific geographical region or industry sector.
- (g) Emerging Markets Investing: Investing in securities in emerging markets throughout the world (Central and South America, the Caribbean, Asia, Eastern Europe and the territory of the former USSR). This strategy may include purchasing equities and debt, buying and selling options on specific securities and on stock market indices, forward contracts and foreign currencies and engaging in short sales of securities.
- (h) Mutual Funds: Investing in and trading the shares of mutual funds or units of unit trusts, including closed-end funds.
- (i) Fixed-Income Investing and Hedging: Buying and selling debt instruments issued by public and private borrowers. Strategies may incorporate short selling, leverage (monies borrowed, usually against the investment assets of a fund, to increase invested assets) and the use of derivatives (such as options, futures, currency exchange futures and swaps and interest swaps).
- (j) Currency and Market Hedging: Engaging in currency transactions in the spot and forward markets.
- (k) Credit Linked Zero Coupon Bonds: A security, typically issued from a collateralised special purpose vehicle (SPV) with redemption and/or coupon payments linked to the occurrence of a credit event. (A credit event is an event that triggers settlement, determined by negotiation between parties at the outset of the agreement). A credit-linked note/bond is a debt security that contains embedded credit derivatives. A zero coupon bond is a type of bond that offers no interest payments. In effect, the interest is included in the redemption value of the bond.

#### 4.8 Speciality Risks of Alternative Investments

In contrast to traditional investments, where the focus is on the purchase and sale of securities based on proprietary research (for long positions only), the alternative investment strategies employed by the Cell Managers may also involve short selling (short positions) and the application of leverage by borrowing and the use of derivative financial instruments.

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

Since the Cells' investments may not be confined to conventional forms of investment (long equities and bonds only), but also include investments in derivatives (futures, options, swaps, etc.) such Cells may display lower

correlation to general capital market trends than traditional equity funds do.

#### 4.9 **Liquidity Risks**

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

#### 4.10 **Alternative Strategies**

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

- (a) **Arbitrage:** Arbitrage is the process of taking advantage of perceived market mis-pricing between two related or highly-correlated instruments.
- (b) **Hedge Equities (Long/Short Equities):** The traditional hedge fund approach involves taking simultaneous long and short equity positions, in an attempt to globally neutralise overall market moves.
- (c) **Global Macro:** The global macro manager typically invests worldwide without any limitations either in his country allocations or in the types of assets or instruments traded. It is an opportunistic approach that takes advantage of shifts in macro economic trends.
- (d) **Event Driven/Distressed:** The manager focuses on securities of companies in reorganisation and bankruptcy, ranging from senior secured debt (low-risk) to the common stock of the company (high risk). Distressed companies typically are sound businesses that have balance sheet problems or companies with valuable assets that have suffered a serious cyclical downturn in cash flow. Those companies with a strong core business are almost always restructured by creating a new capital structure supported by current cash flow.
- (e) **Commodity Trading Advisors (CTAs):** CTAs are managers active exclusively in the derivatives market. These are managers that implement their strategies (discretionary or systematic) mainly in futures long and short. The basic principle of this type of fund is investing part of its capital (between 10% and 30%) in derivatives, and keeping the rest of the capital in liquid assets.
- (f) **Credit Linked Zero Coupon Bonds:** A security, typically issued from a collateralised special purpose vehicle (SPV) with redemption and/or coupon payments linked to the occurrence of a credit event. (A credit event is an event that triggers settlement, determined by negotiation between parties at the outset of the agreement). A credit linked note/bond is a debt security that contains embedded credit derivatives. A zero coupon bond is a type of bond that offers no interest payments. In effect, the interest is included in the redemption value of the bond.

- (g) **Distressed Securities:** This strategy typically refers to investment in, and sometimes selling short, the securities of companies where the securities price has been, or is expected to be, affected by a distressed situation. This may involve reorganisations, bankruptcies, distressed sales and other corporate restructuring. Depending on the managers' style, investments may be made in bank debt, corporate debt, trade claims, common stock, preferred stock and warrants. Strategies may be sub-categorized as "high yield "or "orphan equities". Leverage may be used by some managers. Fund managers may run a market hedge using put options or put option spreads.
- (h) **Equity Hedge:** Equity hedge investing consists of a core holding of long equities hedged at all times with short sales of stocks and/or stock index options. Some managers maintain a substantial portion of assets within a hedged structure and employ leverage.
- (a) **Fixed-Income Arbitrage:** Fixed-income arbitrage is a market-neutral hedging strategy that seeks to profit by exploiting pricing inefficiencies between related fixed-income securities while neutralizing exposure to interest rate risk. Fixed-income arbitrage is a generic description of a variety of strategies involving investment in fixed-income instruments, and weighted in an attempt to eliminate or reduce exposure to changes in the yield curve. Managers attempt to exploit relative mis-pricing between related sets of fixed-income securities. The generic types of fixed-income hedging trades include: yield-curve arbitrage, corporate versus treasury yield spreads, municipal bonds versus treasury yield spreads and cash versus futures. Managers may differ in the degree to which they hedge interest rate risk, foreign exchange risk, inter-market spread risk, and credit risk. Leverage depends on the types of the positions in the portfolio. Simple, stable positions, such as basis trades, are leveraged much more highly than higher risk trades that have yield curve exposure.
- (a) **Fixed-Income High-Yield:** Fixed-income high-yield managers invest in non-investment grade debt. Objectives may range from current income to acquisition of undervalued instruments. Emphasis is placed on assessing the credit risk of the issuer. Some of the available high-yield instruments include extendible/reset securities, increasing-rate notes, pay-in-kind securities, split coupon securities and usable bonds.
- (b) **Fixed-Income Mortgage-Backed Funds:** Fixed-income mortgage-backed funds invest in mortgage-backed securities, many funds solely on AAA-rated bonds. Instruments include: government agency, government-sponsored enterprise, private label fixed or adjustable rate collateralised mortgage obligations (CMOs), real estate mortgage securities and stripped mortgage investment conduits (REMICs) and stripped mortgage backed securities (SMBSs). Funds may look to capitalise on security-specific mis-pricing. Hedging of prepayment risk and interest rate risk is common. Leverage may be used as well as futures, short sales and options. Arbitrageurs seek to benefit from pricing inefficiencies in the US mortgage-backed securities market, one of the worlds largest fixed-income markets. Trades include inter-market arbitrage (for example long MBS, short treasuries) and intra-market arbitrage (for example, buying mortgage pass-throughs and selling collateralised mortgage obligations).
- (c) **Relative Value Arbitrage:** Relative value arbitrage attempts to take advantage of relative pricing discrepancies between instruments, including equities, debt, options and futures. Managers may use mathematical, fundamental or technical analysis to determine wrong valuations. Securities may be

incorrectly priced relative to the underlying security, related securities, groups of securities, or the overall market. Many funds use leverage and seek opportunities globally. Arbitrage strategies include dividend arbitrage, options arbitrage and yield-curve trading.

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

#### 4.11 **Brexit**

On 29 March 2017, the UK formally notified the European Council of its intention to leave the European Union (i.e. "**Brexit**"). The UK formally left the European Union on 31 January 2020. The UK and other member states of the European Union have reached a political agreement to include a transition period lasting until 31 December 2020, during which European Union law would continue to apply to the UK as if it were a member state.

The UK's future economic and political relationship with the European Union (and with other non-European

Union countries by agreement) remains uncertain. This uncertainty is likely to generate further global currency and asset price volatility. This may negatively impact the returns of the Company or a Cell and their investments resulting in greater costs if the Company or the Cell decides to employ currency hedging policies. Ongoing uncertainty could adversely impact the general economic outlook and as such this may impact negatively on the ability of the Company or the Cell and their investments to execute their strategies effectively, and may also result in increased costs to the Company or the Cell.

It is possible there will be more divergence between UK and European Union regulations post-Brexit, limiting what cross-border activities can take place. This will possibly affect the Company's or the Cells' ability to receive investment advice or portfolio management services or increase the costs for such services and may also impact the ability to market the Company or the Cells to UK investors. The nature and extent of the impact of any Brexit related changes are uncertain, but may be significant.

#### **4.12 Foreign Account Tax Compliance Act and CRS**

Under FATCA, the Company and the Cells could become subject to a 30% withholding tax on certain payments of US source income (including dividends and interest), and (from no earlier than two years after the date of publication of certain final regulations defining "foreign passthru payments") a portion of non-US source payments from certain non-US financial institutions to the extent attributable to US source payments, if it does not comply with certain registration, due diligence and reporting obligations under FATCA. Pursuant to the US-Guernsey IGA and Guernsey legislation implementing the US-Guernsey IGA, the Company or the Cells may be required to register with the IRS and report information on its financial accounts to the Guernsey tax authorities for onward reporting to the IRS. Shareholders that own the Participating Shares through financial intermediaries may instead be required to provide information to such financial intermediaries in order to allow the financial intermediaries to satisfy their obligations under FATCA. Further information on the US-Guernsey IGA can be found in section 19 (*Taxation*).

Any person whose holding or beneficial ownership of Participating Shares may result in the Company or a Cell having or being subject to withholding obligations under, or being in violation of, FATCA or measures similar to FATCA will be considered an Ineligible Investor. Accordingly, the Board has the power to require the sale or transfer of Participating Shares held by such person.

Guernsey, along with approximately 100 jurisdictions, has implemented the CRS. Certain disclosure requirements will be imposed in respect of certain Shareholders in the Company falling within the scope of the CRS. As a result, Shareholders may be required to provide any information that the Company determines is necessary to allow the Company or a Cell to satisfy its obligations under such measures. Shareholders that own the Participating Shares through financial intermediaries may instead be required to provide information to such financial intermediaries in order to allow the financial intermediaries to satisfy their obligations under the CRS. Further information on Guernsey's implementation of the CRS can be found in section 19 (*Taxation*).

#### **4.13 EU list of non-cooperative tax jurisdictions**

On 5 December 2017 the EU Member States released their first agreed list of 17 non-cooperative tax jurisdictions as part of the EU's work to fight tax evasion and avoidance. The list aims to assess jurisdictions

against agreed criteria for good governance, including in relation to tax transparency, fair taxation, the implementation of BEPS and substance requirements for zero-tax jurisdictions. The list was updated on a number of occasions during 2018 and 2019. There are also lists of jurisdictions who have agreed to commit to address various concerns by certain deadlines (the "commitments list"). Guernsey was included on the commitments list in relation to economic substance. In December 2018, Guernsey passed legislation regarding substance requirements and this legislation came into force on 1 January 2019. On 12 March 2019 the EU Council confirmed that Guernsey had met its commitments to introduce economic substance legislation. Guernsey has now been removed from the commitments list and remains off the common list.

At this stage it is unclear what the full implications of being on the common list will be, however, as a starting point it is likely that (i) funds from the European Fund for Sustainable Development (EFSD), the European Fund for Strategic Investment (EFSI) and the External Lending Mandate (ELM) cannot be channelled through entities in countries on the common list (only direct investment in these countries (i.e. funding for projects on the ground) will be allowed, to preserve development and sustainability objectives); (ii) the list is referenced in other relevant legislative proposals (e.g. the public country-by-country reporting proposal includes stricter reporting requirements for multinationals with activities in listed jurisdictions, and in the proposed transparency requirements for intermediaries a tax scheme routed through a listed country will be automatically reportable to tax authorities); and (iii) Member States may agree on coordinated sanctions to apply at a national level against the listed jurisdictions. Should Guernsey ever be placed on the common list, or if sanctions are imposed upon entities on the commitments list (or those who fail to meet their commitments), there is a risk that countermeasures could be applied against the listed countries. These could include measures such as increased monitoring and audits, withholding taxes, special documentation requirements and anti-abuse provisions. If countermeasures such as these were to be applied to any jurisdiction in which the Company and the Cells are resident or operates there could be tax implications and/or additional compliance requirements for the structure which could reduce returns to investors in the Company or the Cells or result in other adverse tax consequences.

#### **4.14 Cyber security breaches and identity theft**

The information and technology systems of the Company, the Cells, the Administrator, the Investment Manager, the Cell Manager and their affiliates or other service providers may be vulnerable to damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorised persons and security breaches, usage errors by their respective professionals, power outages and catastrophic events such as fires, tornadoes, flood, hurricanes and earthquakes. Although the foregoing parties have implemented various measures to manage risks relating to these types of events, if these systems are compromised, become inoperable for extended periods of time or cease to function properly, the Company, the Cells, the Administrator, the Investment Manager, the Cell Manager and their affiliates or service providers may incur specific time and/or expense to fix or replace them and to seek to remedy the effects of such issues. The failure of these systems and/or of disaster recovery plans for any reason could cause significant interruptions in the operations of the Company, the Cells, the Administrator, the Investment Manager, the Cell Manager and their affiliates or the service provider and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information relating to Shareholders (and the beneficial owners of Shareholders). Such a failure could harm the foregoing parties' reputation, subject any

entity and its respective affiliates to legal claims or otherwise affect their business and financial performance.

#### 4.15 **Conflict of interests**

A Cell may invest in other investment funds controlled by the Investment Manager and/or the Cell Manager or their affiliates.

The GFSC has granted the Company a derogation from the requirements of Rule 2.08(10) of the Class B Rules in relation to the Cells on the following terms (which shall apply in addition to each Cell's investment objectives, policy and restrictions as set out in the relevant Cell Particulars):

##### ***Diversification Requirements***

Investments in collective investment schemes or other similar schemes may comprise 100% of the Net Asset Value of a Cell ("**Cell A**"), subject to prudent diversification always being maintained and the following restrictions:

- (a) Investments in any individual collective investment scheme or other similar scheme will be restricted to 50% of the Net Asset Value of Cell A.
- (b) Where more than 50% of the Net Asset Value of Cell A is invested in collective investment schemes or other similar schemes, Cell A will invest in at least three individual collective investment schemes or other similar schemes.
- (c) Investments by Cell A in any other individual Cell with the same Cell Manager will be restricted to 35% of the Net Asset Value of Cell A.
- (d) Investments by Cell A in any individual Cell with a different Cell Manager will be restricted to 25% of the Net Asset Value of Cell A.
- (e) Where Cell A invests in collective investment schemes or other similar schemes (including other Cells) (an "**Underlying Scheme**"), that Underlying Scheme may not itself hold more than 10% in collective investment schemes or other similar schemes including other Cells (excluding exchanged traded funds).
- (f) Where Cell A invests in another Cell ("**Cell B**"), Cell B may not invest in Cell A and may not have more than 5% exposure to any other Cells.

##### ***Restrictions on Fee Duplication***

- (g) A Cell Manager ("**Cell Manager A**") of a Cell ("**Cell A**") may choose to invest a portion of Cell A's assets (subject to the limitations above and those imposed in the Cell Particulars (if any)) in:
  - (i) another Cell managed by another Cell Manager or the Investment Manager ("**Cell Manager B**"); and/or



- (ii) another collective investment scheme (not forming part of the Company) operated and/or managed by Cell Manager B,

(such Cell and/or collective investment scheme the "**Cell Manager B Fund**").

In such circumstances, Cell Manager A will seek to negotiate the best terms possible for such investment by Cell A into the Cell Manager B Fund on an arm's length basis. However, Cell A is expected to bear the costs attributable to the Cell Manager B Fund including Cell Manager Fees, Performance Fees, Custodian Fees, Financial Advisor Fees and Distributor Fees (in each case as applicable) and other equivalent fees and expenses associated with an investment into the Cell Manager B Fund *provided that* Investment Manager Fees will only be charged to cover the fees of the Administrator in respect of such investment.

- (h) Cell Manager A may choose to invest a portion of Cell A's assets (subject to the limitations above and those imposed in the Cell Particulars (if any)) in:

- (i) another Cell managed by Cell Manager A; and/or

- (ii) another collective investment scheme (not forming part of the Company) operated and/or managed by Cell Manager A,

(such Cell and/or collective investment scheme the "**Cell Manager A Fund**").

In such circumstances, Cell Manager A will ensure that no Cell Manager Fee or (where a Performance Fee is also payable at the level of Cell A) Performance Fee (or, in each case, the equivalent thereof) shall be payable to Cell Manager A for such investment by Cell A into the Cell Manager A Fund. However, Cell A is expected to bear the other costs attributable to the Cell Manager A Fund including Custodian Fees, Financial Advisor Fees and Distributor Fees (in each case as applicable) and other equivalent fees and expenses associated with an investment into the Cell Manager A Fund *provided that* Investment Manager Fees will only be charged to cover the fees of the Administrator in respect of such investment.

## 5. MANAGEMENT AND ORGANISATION

### 5.1 The Board of Directors

The Company has three Directors (each of whom can be contacted at the registered office of the Company) on its board and, in accordance with the Companies Law, the Directors of the Company are also the Directors of the Cells. Each Director serves in accordance with the laws of Guernsey and the Company Memorandum and the Company Articles or the Cell Memorandum and the Cell Articles, as applicable. The Directors are:

Brett Paton

Brett is the Managing Director of IP Management Company (RF) Pty Ltd, an authorised manager of a collective investment scheme in securities in South Africa.

A chemical engineer by training, Brett made the move into financial services in 1999 and has been involved with the funds industry ever since, with more than 18 years' experience in fund administration. He joined Peregrine Collective Investments (now IP Management Company) in 2007, as Director and COO, and was appointed Managing Director in 2010.

Brett has a BSc in Chemical Engineering from the University of Cape Town (UCT), a B Com in Economics and Business Management from the University of South Africa and an MBA from UCT.

**Qualifications:** BSC Chem Eng, B Com, MBA

James Tracey

In his capacity as Managing Director of the Administrator ("JTC"), James is responsible for all of JTC's business divisions and operations in Guernsey. He has over 15 years' experience within the financial services industry and has covered all aspects of fund administration including commercial property, private equity, fund of funds and fund of hedge funds as well as listed investment vehicles. James currently holds a number of directorships on both management and investment companies.

James graduated from Massey University in New Zealand in 2000 with a Bachelor of Business Studies (majoring in Economics), became an Associate Member of the Institute of Chartered Secretaries and Administrators in 2005 and is also a Member of both the Chartered Securities and Investments Institute and the Institute of Directors.

**Qualifications:** BBS, ACIS, MCSI, MloD

Simon Sharrott

Prior to joining the MitonOptimal Group, Simon was a semi-professional rugby player in the UK. He joined the financial services sector (post university) and has previously worked for RBC (Guernsey) Ltd, Augentius Fund Administration Ltd and Morgan Stanley Smith Barney PTY Ltd (Sydney Office). Simon has been a member of the MitonOptimal International Investment Management team (based in the Guernsey office) since 2012. He sits on both the Investment Management Committee ('IMC') and the MitonOptimal Group

Executive Committee representing the Guernsey office. He is a Chartered Member of the Chartered Institute of Securities & Investment and his principal role within MitonOptimal is as Joint Managing Director and Portfolio Manager, servicing the international client base. Simon has over 13 years of industry experience within the Offshore Finance Sector.

In the future, other or additional directors may be appointed to the board.

A full list of the directorships held by each of the Directors in the past five years is available on request from the Administrator.

The Directors, who exercise ultimate authority over the Company and each of the Cells, will meet on a regular basis to evaluate the portfolio of the Cells and supervise the activities of the Investment Manager. The Company Articles and each of the Cell Articles provide that the Directors shall not be liable to the Company or Cells for any acts or omissions in the performance of their duties if such person acted honestly and in good faith with a view to the best interests of the Company or the Cells and in the case of criminal proceedings, such person had no cause to believe that his conduct was unlawful. The Company Articles and each of the Cell Articles contain certain provisions for the indemnification of the Directors by the Company and the Cells, to the extent permitted by law, against liabilities to third parties arising in connection with the performance of their duties.

## 5.2 The Administrator

The Company and each Cell have appointed JTC Fund Solutions (Guernsey) Limited as administrator and secretary to the Company and each Cell. The Administrator is the designated administrator for the purposes of the Class B Rules. The Administrator was registered in Guernsey with limited liability on 11 May 1978 and is licensed by the Commission under the provisions of the POI Law to conduct certain restricted investment and administrative activities in relation to collective investment schemes. The Administrator's ultimate holding company is JTC Plc, a company incorporated in the Island of Jersey and listed on the London Stock Exchange.

Pursuant to the Administration Agreement, the Administrator is responsible, among other things for the following matters, under the general control of the Directors:

- (a) communicating with Shareholders;
- (b) processing subscription and redemption applications concerning each Cell;
- (c) maintaining the financial and accounting records and statements of the Company and each Cell;
- (d) calculating the Net Asset Value of the Participating Shares;
- (e) maintaining the corporate records of the Company and each Cell; and
- (f) calculating the fees of the Investment Manager, the Cell Manager, the Administrator and the Custodian.

The Administrator shall (subject to certain provisions of the Administration Agreement) be liable only for direct

loss incurred or suffered by the Company or a Cell by reason of the Administrator's fraud, wilful default or gross negligence. The Company and each Cell has agreed to indemnify and hold harmless and keep the Administrator, its directors, officers, employees, agents, delegates and nominees indemnified against any loss reasonably incurred in investigating, preparing or defending against any commenced or threatened litigation or claims which they may severally incur or be subject to in consequence of the Administration Agreement or as a result of the performance thereunder except to the extent that they are incurred as a result of the fraud, negligence (other than negligence of a trivial nature) or wilful default of the Administrator.

The Administration Agreement may be terminated by the Company or a Cell (as applicable) or the Administrator on not less than six months' written notice or earlier in certain circumstances. Notwithstanding the foregoing, any termination under the Administration Agreement shall not take effect until the appointment of a replacement designated administrator.

### 5.3 The Investment Manager

The Company and each Cell have appointed IP Fund Managers Guernsey Limited as the Investment Manager pursuant to the Investment Management Agreement.

The Investment Manager is a non-cellular company limited by shares incorporated in Guernsey with registration number 40985. The Investment Manager is licenced by the Commission pursuant to the POI Law.

The Investment Manager may deal in Participating Shares without having to account to investors or the relevant Cell for profits and shall bear any losses resulting therefrom.

The Investment Manager will not be liable to the Company or a Cell or any other person for any loss whatsoever and howsoever incurred by any of them as a result of the performance or non-performance by the Investment Manager of its obligations and duties under the Investment Management Agreement save where such loss is the direct result of the Investment Manager's fraud, wilful default or negligence. Each Cell has agreed to indemnify the Investment Manager, its officers, employees, agents, sub-contractors and authorised representatives against, and hold them harmless from, inter alia, any liabilities, losses, claims, costs, damages, penalties, fines, obligations, or expenses of any kind whatsoever (including reasonable fees and legal expenses) that may be imposed on, incurred by or asserted against any of them in connection with or arising out of the Investment Manager's performance in accordance with the terms of the Investment Management Agreement, provided an indemnitee has not acted with negligence or engaged in fraud or wilful default in connection with the liabilities in question.

The Investment Management Agreement may be terminated by the relevant Cell or the Investment Manager on not less than three months' written notice or earlier in certain circumstances.

### 5.4 The Custodian

Each Cell has appointed Butterfield Bank (Guernsey) Limited, Regency Court, Glatigny Esplanade, St Peter Port, Guernsey GY1 3AP to act as Custodian of the assets of the relevant Cell pursuant to the terms of the relevant custodian agreement (each a "**Custodian Agreement**" and collectively the "**Custodian Agreements**"). In such capacity the Custodian is responsible for providing custodial services to each Cell. The Custodian is a wholly

owned subsidiary of The Bank of N.T. Butterfield & Son Limited incorporated in Bermuda, 65 Front Street, Hamilton, HM 12, incorporated as a company with limited liability in Guernsey on 26 July 1989. As at 31 July 2019 it had an authorised, issued and fully paid share capital of £190,685,561 and as at 31 December 2019 it had assets under custody of £8.95 billion. The Custodian's principal activities are providing banking, trustee and custodial services.

The Custodian may appoint sub-custodians, agents or delegates ("**Sub-Custodians**") to hold the assets of each Cell. The Custodian will use reasonable skill, care and diligence in the selection of a suitable Sub-Custodian. The Custodian will be responsible to each Cell for the duration of any sub-custody agreement and for satisfying itself as to the ongoing suitability of the Sub-Custodian to provide custodial services to each Cell. The Custodian will also maintain an appropriate level of supervision over the Sub-Custodians and will make appropriate enquiries periodically to confirm that the obligations of Sub-Custodians continue to be competently discharged. Any Sub-Custodian appointed will be paid normal commercial rates.

The Custodian will be responsible for all assets of each Cell other than assets deposited as margin with Prime Brokers. Such assets will be held by the Custodian in a separate client account and will be separately designated in the books of the Custodian as belonging to the relevant Cell. Assets other than cash, which are so segregated, will be unavailable to the creditors of the Custodian in the event of its bankruptcy or insolvency. The Custodian is only responsible for assets held by it. Pursuant to the Prime Broker Agreements, the safekeeping of the assets of a Cell held by the Prime Broker will be the responsibility of the Prime Broker and not the Custodian, subject to any requirements of the Class B Rules. Assets deposited as margin need not be segregated and may become available to the creditors of brokers.

The risks associated with the assets of a Cell being held by the Prime Broker are set out in sections 4.3 (*Custody Risk*), 4.4 (*Institutional Risk*) and 4.5 (*Prime Broker Risk*).

The Custodian shall not, in the absence of some act of negligence, fraud or wilful default on the part of the Custodian, be liable for any loss or damage suffered by the relevant Cell or any member arising directly or indirectly as a result of or in the course of the discharge by the Custodian of its duties under the Custodian Agreement in good faith and the Cell shall indemnify and keep the Custodian indemnified against all actions, proceedings, claims and demands (including costs and expenses arising directly therefrom or directly incidental thereto) which may be made against the Custodian or its nominees in respect of any loss or damage sustained or suffered or alleged to have been sustained or suffered in connection with the performance of its duties as custodian otherwise than as a result of some act of negligence, fraud or wilful default on the part of the Custodian or its nominees.

Each Custodian Agreement is terminable by either party giving not less than 90 days' written notice or earlier in certain circumstances. Notwithstanding the foregoing, any termination under the relevant Custodian Agreement shall not take effect until the appointment of a replacement custodian.

## 5.5 **The Auditor**

BDO Limited has been appointed by the Directors as Auditor of the Company and the Cells. Pursuant to the Company Articles and Cell Articles, the Directors are responsible for the appointment, replacement and terms

of remuneration of the Auditor.

## 6. COMPANY STRUCTURE

### 6.1 The Company's Share Capital & Constitutive Documents

The Company was registered as IPFM Guernsey ICC Limited, an incorporated cell company (registered number 66840) in Guernsey on 1 October 2019 under the provisions of the Companies Law.

The provisions of the Companies Law require an incorporated cell company to have a "core" which is constituted by the Company. The Companies Law also allows an incorporated cell company to create one or more incorporated cells for the purpose of segregating and protecting the assets within those cells so that liabilities attributable to one cell can only be satisfied out of the assets of that cell, and creditors and shareholders of a particular cell have no right to the assets of any other cell or the "core". Each incorporated cell is a single legal person separate from the "core" of the incorporated cell company and any other incorporated cells.

The Company has an issued share capital of 10 management shares of no par value issued for £1.00 each (credited as fully paid-up), all of which are beneficially held by the Investment Manager. Save as disclosed above, no share or loan capital of the Company has been issued or agreed to be issued and no such capital of the Company is proposed to be issued or is under option or agreed conditionally or unconditionally to be put under option.

The Company Memorandum provides that the Company's objects are unlimited (as is permitted under Guernsey law). The Company Memorandum and the Company Articles are available for inspection as described in section 20.6 (*Documents available for inspection*).

### 6.2 The Cells' Share Capital & Constitutive Documents

Each Cell has the power to issue an unlimited number of management shares of no par value ("**Cell Management Shares**") and an unlimited number of participating redeemable shares of no par value ("**Participating Shares**").

Each Cell Memorandum provides that the Cell's objects are unlimited (as is permitted under Guernsey law). The Cell Memorandum and Cell Articles with respect to each Cell are available for inspection as described in section 20.6 (*Documents available for inspection*).

#### ***Management Shares***

Each Cell has issued 10 Cell Management Shares of no par value issued for £1.00 each, all of which are credited as fully paid up and beneficially held by the Investment Manager. Cell Management Shares are not redeemable, do not carry any voting rights whilst Participating Shares are in issue, do not carry any right to a dividend, and, in a winding up rank only for a return of paid up capital. The purpose of the Cell Management Shares is to facilitate the formation and winding up of the Cells in the case where there are no Participating Shares in issue.

### ***Participating Shares***

Holders of Participating Shares in respect of a Cell carry one vote on a show of hands and one vote (and a further part of one vote proportionate to any fraction of a share held by such holder) on a poll for each Participating Share held at meetings of Shareholders. In the event of a winding-up, Participating Shares of a Cell carry a right to share in surplus assets *pro rata* according to their relative Net Asset Values and then within such Classes or Series *pari passu* according to the number of Participating Shares held. A fraction of a Participating Share will rank *pari passu* and proportionately with a whole Participating Share.

Subject to being appointed as a proxy of a Shareholder, the Investment Manager or an appointee of the Investment Manager may vote in respect of Participating Shares which it holds as a bare trustee or nominee on behalf of a person entitled to vote and from whom voting instructions have been received but shall otherwise not be entitled to vote in respect of any Participating Shares which it holds.

## **7. FEES AND EXPENSES**

### **7.1 Establishment Costs**

Information on the establishment costs is set out in the relevant Cell Particulars.

### **7.2 Fees of the Investment Manager**

Information on the fees of the Investment Manager is set out in the relevant Cell Particulars.

### **7.3 Fees of the Administrator, Secretary, Registrar and the Paying Agent**

Information on the fees of the Administrator, Secretary, the Registrar and the Paying Agent is set out in the relevant Cell Particulars.

### **7.4 Fees of the Cell Managers**

Information on the fees of the Cell Managers is set out in the relevant Cell Particulars.

### **7.5 Fees of the Custodian**

Information on the fees of the Custodian is set out in the relevant Cell Particulars.

### **7.6 Fees of Financial Advisors**

Information on the fees of Financial Advisors is set out in the relevant Cell Particulars.

### **7.7 Performance Fees**

Information on any performance related fees is set out in the relevant Cell Particulars.

### **7.8 Fees of Distributors**

Information on the fees of Distributors is set out in the relevant Cell Particulars.

### **7.9 Remuneration of Directors**

Information on the remuneration of the Directors is set out in the relevant Cell Particulars.

### **7.10 Other Operating Expenses**

Any other fees applicable to a Cell will be specified in the relevant Cell Particulars.

The Investment Manager and the Administrator are responsible for providing all office personnel, space and facilities required for the performance of their services. The Company and/or the Cells will pay ongoing legal, audit and administrative expenses incidental to its operations and business, including but not limited to (1) brokerage commissions and charges, foreign exchange costs and registration fees relating to investments (2) fees and charges of agents, (3) interest on debit balances and other bank charges, (4) the costs of maintaining



the Company's and Cells' registered office in Guernsey (which office is common, pursuant to the Companies Law), (5) any income taxes, withholding taxes and other government charges and duties for which the Company is liable, and (6) fees charged by a Leverage Provider under a Leverage Contract, including fees in respect of the undrawn portion (if any) of the leverage under the Leverage Contract.

Where these expenses relate specifically to particular Cells, such expenses will be allocated to those Cells only. Otherwise, the expenses will be allocated between the Cells *pro rata* to their Net Asset Values.

#### **7.11 Fee Increases**

Fees which are directly payable by a Cell shall only be increased (and additional expenses shall only be introduced) subject to the Shareholders of the relevant Cell being provided with sufficient notice to enable them to redeem their Participating Shares before the amendment takes effect. Shareholders are not required to approve increases in fees and expenses payable by a Cell although the Directors reserve the right to seek approval if they consider it appropriate to do so. Such approval(s) would be sought by means of an Extraordinary Resolution of the relevant Cell if the Directors consider it appropriate.

#### **7.12 Miscellaneous**

The GFSC has granted the Company derogation from the requirements of Rule 2.08(10) of the Class B Rules in relation to the Cells. Consequently, it may be possible that Shareholders may indirectly bear additional charges by virtue of the relevant Cell's investment in other collective investment schemes which are also managed by the Investment Manager and/or a sub-investment manager of a particular Cell. Please refer to section 4.15 (*Conflict of interests*) for further information.

## **8. SUBSCRIPTIONS Initial Subscriptions**

Until and including the Initial Dealing Day, the Participating Shares of each Cell will be available for subscription by Eligible Investors at the Initial Price.

Following the Initial Dealing Day of each Cell, Eligible Investors may subscribe for Participating Shares of any Class in a Cell on any Dealing Day at the Net Asset Value per Share of such Class on such Dealing Day, plus the applicable Subscription Charge (if any) payable to the Administrator. For details of the manner in which the Net Asset Value per Share is calculated see section 15 (*Calculation of Net Asset Valuation*).

Save as otherwise provided in the relevant Cell Particulars, Participating Shares which do not attract a performance fee will not be issued by way of Series.

Save as otherwise provided in the relevant Cell Particulars, Participating Shares which attract a performance fee may be issued by way of Series as specified in the relevant Cell Particulars.

### **8.2 Application Procedure**

Applications for Participating Shares in respect of a Cell must be made in writing by completing the relevant Application Form and sending a copy of the completed and signed Application Form to the Administrator by fax or email (with the original to follow by post).

Applications must be received by the Administrator by the Dealing Deadline. Payment of subscription monies must be credited in cleared funds to the relevant Cell's subscription account (as detailed within the subscription agreement) prior to the Dealing Deadline.

Any application for Participating Shares received after the applicable deadline, or any application for which the subscription monies are received after the applicable deadline, will be considered for the immediately following Dealing Day or such other day as the Directors may decide in their discretion. Should any application be rejected, the subscription monies will be returned to the applicant (without interest) as soon as practicable at the risk and cost of the applicant.

Details of the Minimum Initial Subscription and Minimum Additional Subscription with respect to each Cell are set out in the relevant Cell Particulars.

The Directors reserve the right to suspend the issue of Participating Shares and to reject subscriptions in their absolute discretion.

The Administrator will, within two business days of receipt of a completed Application Form and cleared funds, send an acknowledgement. This acknowledgement will be an irrevocable confirmation that the application has been accepted and that Participating Shares of the relevant Class will be issued at the next Dealing Day. Once the acknowledgement has been sent, applicants will be unable to withdraw their application.

### **8.3 Subscription Charge**

While it is not presently anticipated that a Subscription Charge will be imposed on any subscription solicited by

or through the Investment Manager or its affiliates, subscriptions may be subject at the Directors' discretion to an initial charge of up to 3% of the total amount subscribed. All or a portion of any such Subscription Charge may be paid to authorised dealers and independent third parties for services in connection with the solicitation of subscriptions. Any applicable Subscription Charge will be deducted from the subscriber's subscription payment for purposes of determining the net amount available for investment in Participating Shares.

Whether or not any Participating Shares are subject to a Subscription Charge will be set out in the relevant Cell Particulars.

#### 8.4 **Ineligible Investors**

An "**Ineligible Investor**" is any person who, directly or beneficially, holds Participating Shares and where, in the Directors' opinion, such person is a United States Person or such person's holding of Participating Shares:

- (a) is in breach of any law or requirement of any country or governmental or regulatory authority or by virtue of which such person is not qualified to hold such Participating Shares;
- (b) (whether in circumstances directly or indirectly affecting such person or persons and whether taken alone or in conjunction with any other person or persons, connected or not, or any other circumstances appearing to the Directors to be relevant) will or may result in the relevant Cell incurring any liability to taxation or suffering any pecuniary or other disadvantage which the relevant Cell might not otherwise have incurred or suffered;
- (c) might present a risk of the assets of the relevant Cell being deemed to be "plan assets" for the purpose of the United States Employee Retirement Income Security Act of 1974;
- (d) may cause the Cell to be classified as an "investment company" under the United States Investment Company Act of 1940;
- (e) may cause the Cell to be required to comply with any registration or filing requirements in any jurisdiction with which it would not otherwise be required to comply;
- (f) may result in adverse tax or regulatory consequences to the Company or any of its Shareholders; or
- (g) is unlawful or may be harmful or injurious to the business or reputation of the Company, the Investment Manager or any Cell Manager.

## 9. REDEMPTIONS

Shareholder may request a redemption of all or part of their Participating Shares of any Class in a Cell on any Dealing Day at the Net Asset Value per Share of such Class on such Dealing Day, subject to the Minimum Redemption, less the applicable Redemption Charge (if any) payable to the Administrator.

In respect of Participating Shares which have been issued in Series, such shares will be redeemed on a “first in, first out” basis at a “per share” price based on the Net Asset Value per Share of the applicable Series (after payment of any performance fee with respect to the redeemed Participating Shares) on the Dealing Day, less the applicable Redemption Charge (if any) payable to the Administrator.

For details of the manner in which the Net Asset Value per Share is calculated see section 15 (*Calculation of Net Asset Valuation*).

Whether or not any Participating Shares are subject to a Redemption Charge will be set out in the relevant Cell Particulars.

### 9.1 Redemption Procedure

Redemption requests must be made in writing by completing the relevant Application Form and sending a copy of the completed and signed Application Form to the Administrator by fax or email (with the original to follow by post).

Redemption requests must be received by the Administrator by the Dealing Deadline.

Any redemption request received after the applicable deadline will be considered for the immediately following Dealing Day or such other day as the Directors may decide in their discretion.

The net redemption proceeds will normally be remitted within 5 Business Days after the relevant Dealing Day, without interest. In circumstances where a Cell is unable to liquidate security positions in an orderly manner in order to finance redemptions or where the value of the assets of a Cell cannot reasonably be determined, such Cells may take longer than 5 Business Days to effect settlement of redemptions.

In the event that redemption requests are received for any Dealing Day which would give rise to aggregate redemption proceeds in an amount greater than 5% of the Net Asset Value of any Cell as of such date, the Directors may, upon consultation with the Investment Manager, reduce all redemption requests in respect of the relevant Cell *pro rata* (based on the Net Asset Value of the Participating Shares of such Cell held by a redeeming Shareholder immediately prior to the relevant Dealing Day in comparison to the aggregate Net Asset Value of the Participating Shares of such Cell held by all redeeming Shareholders immediately prior to such Dealing Day) and carry out only redemptions which, in aggregate, amount to 5% (or such higher percentage as the Directors, in their absolute discretion, determine) of the Net Asset Value of such Cell. Participating Shares which are not redeemed but which would otherwise have been redeemed will be redeemed on the next Dealing Day in priority to subsequent requests for redemption of Participating Shares on that day unless withdrawn and will be subject to the same restrictions on such Dealing Day. Until the Dealing Day when a redemption becomes effective, the Participating Shares of the redeeming Shareholder will remain

at the risk of the Shareholder.

Where a Shareholder requests redemption of some or all of his Participating Shares, the Directors may, by serving notice in writing on the Shareholder not later than the close of business on the Business Day immediately preceding the Dealing Day in respect of which that redemption request is received, elect either that the Shareholder shall not be paid the Net Asset Value per Participating Share for the relevant Share Class of his Participating Shares, but instead shall accept either (i) an in kind transfer of an appropriate proportion of the assets of the Cell or (ii) that the Net Asset Value per Participating Share for the relevant Share Class be paid partly in cash and partly by an in kind transfer of an appropriate proportion of the assets of the Cell. The Directors do not expect that this right will be exercised other than in circumstances where the redemption requests would adversely affect the interests of non-redeeming Shareholders.

Subject to the provisions of section 12 (*Suspensions*), redemption payments will be made in cash in the currency of the Class of Participating Shares concerned and will be remitted by telegraphic transfer at the risk and cost of the Shareholder to an account designated by the Shareholder. Ordinarily redemption proceeds will be paid to the bank account held on record and where a request is received to remit monies to a different bank account that this will be subject to the Administrator's call-back procedure.

Redemptions will be suspended in the circumstances set out in section 12 (*Suspensions*).

## 9.2 **Compulsory Redemption of Participating Shares**

The Directors have the power under the Cell Articles in their absolute discretion to require the compulsory redemption of all or some of the Participating Shares held by a Shareholder if:

- (a) the Directors determine that such Shareholder:
  - (i) is an Ineligible Investor;
  - (ii) has been engaged in excessive trading;
  - (iii) holds less than the Minimum Holding; or
  - (iv) fails to provide such information, representations, documents, certificates or forms requested relating to it (or its direct or indirect beneficial owners or account holders) that the Directors or the Administrator have requested in connection with any Tax Reporting Regime; or
- (b) such redemption is made in connection with the payment of any fees, costs, expenses, losses, gains and profits (in accordance with the Cell Particulars).

The Directors have the power under the Cell Articles in their absolute discretion to require the compulsory redemption of:

- (a) all Participating Shares in issue, if at any time, the aggregate Net Asset Value of all Cells then in existence as at each Valuation Point falling within a period of 6 months is less than, or less than the equivalent of, US\$ 20,000,000 (or the currency equivalent thereof); or

- (b) Participating Shares of any Cell in issue, if at any time, the Net Asset Value of such Cell as at each Valuation Point falling within a period of 6 months is less than US\$ 5,000,000 (or the currency equivalent thereof).

In the event of any such compulsory redemption the redemption provisions shall apply *mutatis mutandis* as if such redemptions had been made at the request of the holders of the Participating Shares in question.

### 9.3 Withholding of Redemption Payments - Special Cash Reserve

The Cell may withhold the payment of a proportion of the redemption proceeds payable to a redeeming Shareholder if the Directors are required to set aside an amount as a "**Special Cash Reserve**" to meet a contingent liability of the Cell. Each Shareholder's *pro rata* exposure to the contingent liability and the Special Cash Reserve (which shall affect the proportion of redemption proceeds to be withheld) shall be accounted for as at the time the Directors resolve that such contingent liability exists. The Cell may withhold such amounts until such time as the contingent liability becomes due or if, in the Directors' sole discretion, they consider the contingent liability is extinguished or there are no reasonable prospects of the liability being called upon. Following the recognition of the contingent liability and the establishment of the Special Cash Reserve, the existing Classes of Participating Shares will be closed to further subscription. The contingent liability and Special Cash Reserve shall be recorded in the accounts of the Cell as attributable to only those Classes of Participating Shares in existence at the time such liability and reserves were accounted for; and the contingent liability and Special Cash Reserve shall be contractually ring-fenced for the benefit of such Class(es) accordingly. A new Class of Participating Shares shall be issued thereafter, such new Class bearing no right to participate in the contingent liability and the Special Cash Reserve; however, such new Classes and previous Classes will otherwise continue to participate in the common pool of Investments of the Cell. The contingent liability and Special Cash Reserve shall only be included in the calculation of the Net Asset Value for the closed Class(es) of Participating Shares to which they relate. The Directors may take such action if they consider it necessary for the purposes of balancing the interests of redeeming and continuing Shareholders.

## 10. CONVERSIONS

Shareholders shall be entitled, with the consent of the Directors, to convert all or part of their Participating Shares of a particular Class into any other Class of the same Cell on any Dealing Day, subject to the Minimum Conversion.

Conversion requests must be made in writing by completing the relevant Application Form and sending a copy of the completed and signed Application Form to the Administrator by fax or email (with the original to follow by post).

In the event that conversion requests are received for any Dealing Day which would give rise to aggregate conversion proceeds in an amount greater than 5% of the Net Asset Value of any Cell as of such date, the Directors may, upon consultation with the Investment Manager, reduce all conversion requests in respect of the relevant Cell *pro rata* (based on the Net Asset Value of the Participating Shares of such Cell held by a Shareholder, whose Participating Shares are being converted, immediately prior to the relevant Dealing Day in comparison to the aggregate Net Asset Value of the Participating Shares of such Cell held by all Shareholders whose Participating Shares are being converted immediately prior to such Dealing Day) and carry out only conversions which, in aggregate, amount to 5% (or such higher percentage as the Directors, in their absolute discretion, determine) of the Net Asset Value of such Cell. Participating Shares which are not converted but which would otherwise have been converted will be converted on the next Dealing Day in priority to subsequent requests for conversion of Participating Shares on that day unless withdrawn and will be subject to the same restrictions on such Dealing Day. Until the Dealing Day when a conversion becomes effective, the Participating Shares of a Shareholder whose Participating Shares are being converted will remain at the risk of the Shareholder.

Conversions will be suspended in the circumstances set out in section 12 (*Suspensions*).

Conversion requests must be received by the Administrator by the Dealing Deadline.

Any conversion request received after the applicable deadline will be considered for the immediately following Dealing Day or such other day as the Directors may decide in their discretion.

The number of Participating Shares of the new Class to be allotted or otherwise created on conversion shall be determined by the Directors in accordance (or as nearly as may be in accordance) with the following formula:

$$NS = ((OS \times RP \times CF) - CC) \div SP$$

where:

NS is the number of Participating Shares of the new Class to be allotted and issued;

OS is the aggregate number of Participating Shares of the original Class to be converted;

RP is the Net Asset Value per Participating Share of the original Class on the relevant Dealing Day;

CF is the currency conversion factor determined by the Administrator as representing the effective rate of

exchange on the relevant Dealing Day between the base currency of the relevant Classes (as applicable);

CC is the Conversion Charge, if any, due upon the conversion of Participating Shares in the Original Class into Participating Shares of the New Class; and

SP is the Net Asset Value per Participating Share of the new Class into which the original Participating Shares will be converted on the relevant Dealing Day plus any initial charge payable thereon.

Whether or not any conversion is subject to a Conversion Charge will be set out in the relevant Cell Particulars.

Where the number of Participating Shares of the new Class to be allotted is not a whole number, a fraction of a Participating Share of the new Class, calculated to 4 decimal places and rounded down, shall be allotted and issued to the converting Shareholder.

The Directors may make any adjustments to the above calculations as they deem appropriate to reflect any performance fees (if any) accrued in respect of any Class of Participating Shares at the relevant time but not yet taken into account in the calculation of the relevant Net Asset Value per Share at such time. A Shareholder who has elected to convert his Participating Shares will bear any costs as a result of the application of the currency conversion factor.

Any Shareholder who serves notice for the purposes of converting their Participating Shares shall not (save as described below):

- (a) without the consent of the Directors be entitled to withdraw such notice; and
- (b) be able to deal with the Participating Shares the subject of the notice in the period between giving the notice of the conversion and the relevant Dealing Day.

A contract note confirming the conversion between the Classes will be issued by the Administrator on the same terms as those applicable to a subscription for Participating Shares.



## 11. TRANSFER OF PARTICIPATING SHARES

Participating Shares may be transferred by an instrument in writing in any common form subject to the transferee furnishing the same information which would be required in connection with a direct subscription. Every instrument of transfer submitted by the transferor for registration must be accompanied by an Application Form duly and properly completed by the transferee, including the transferee's redemption payment instructions (if not an existing Shareholder). The Manager will require verification of the identity of the transferee and shall defer the registration of any transfer pending receipt of satisfactory evidence of the identity of the transferee.

Violation of applicable ownership and transfer restrictions as set out in the Particulars may result in compulsory redemption. The Directors have the discretion to refuse to register a transfer of Participating Shares in accordance with the relevant provisions in the Cell Articles and these Scheme Particulars.

Classes of Participating Shares may be listed and traded on a Relevant Exchange. Details of any such listing are set out in the relevant Cell Particulars.

## 12. SUSPENSIONS

The Directors may, with the prior agreement of the Custodian (not to be unreasonably withheld) suspend the calculation of the Net Asset Value and/or suspend the issue, redemption or conversion of Participating Shares upon the occurrence of any of the following circumstances:

- (a) any Recognised Investment Exchange or over-the-counter market or any other exchange or market on which any material part of the Investments held by a Cell for the time being are listed or dealt in is closed (otherwise than for scheduled public holidays) or during which dealings are restricted or suspended, or in the case of investment in a unit trust, mutual fund or open-ended investment company, when the issue or redemption of units or shares is suspended or postponed;
- (b) there exists a state of affairs which, in the opinion of the Directors, constitutes an emergency as a result of which disposal of Investments would not be reasonably practicable or might seriously prejudice the interests of the Shareholders as a whole;
- (c) any breakdown occurs in the means of communication normally employed in determining the price of any of Investments or the current price on any investment exchange or during which for any reason the prices of any Investments cannot be promptly and accurately ascertained;
- (d) currency conversions which will or may be involved in the realisation of Investments or in the payment for Investments cannot, in the opinion of the Directors, be carried out at normal rates of exchange;
- (e) in connection with any proposed redemption of the Participating Shares, the redemption payments made in cash:
  - (i) adversely affect the interests of non-redeeming Shareholders; and/or
  - (ii) the relevant Cell has insufficient cash available as of the relevant Dealing Day to effect such payment;
- (f) in connection with any proposed conversion of the Participating Shares, the conversion adversely affect the interests of non-converting Shareholders;
- (g) any other circumstances exist as a result of which, in the opinion of the Directors, it is not reasonably practicable for such Cell to realise or dispose of investments or fairly to determine the Net Asset Value of such Cell or there is good and sufficient reason to do so having regard to the interests of Shareholders; or
- (h) in the event of the liquidation and dissolution of such Cell and/or the Company.

During any period of suspension a Shareholder may withdraw his request for redemption or conversion. Any withdrawal of such request for redemption or conversion must be made in writing to the Administrator and shall only be effective if actually received and accepted by the Administrator before termination of the period of suspension. If the request is not so withdrawn, the day on which the redemption or conversion of such Participating Shares shall be effected shall be the Dealing Day (in the case of redemption requests) and the

Dealing Day (in the case of conversion requests) following the end of the suspension. The Directors may withhold payment to any person whose Participating Shares have been tendered for redemption until after any suspension has been lifted.

**13. ANTI-MONEY LAUNDERING; CONFIDENTIALITY AND DATA PROTECTION**

### 13.1 Prevention of Money Laundering and Terrorist Financing

Measures under the Criminal Justice (Proceeds of Crime) (Bailiwick of Guernsey) Law, 1999 as amended, any regulations made thereunder (together, the "**Regulations**") and the Handbook for Financial Services Businesses on Countering Financial Crime and Terrorist Financing issued by the Commission (the "**Handbook**") aimed towards the prevention of money laundering will require an investor to verify his/her/its identity. The manner in which this obligation is fulfilled may vary in accordance with the type of investor and the applicable criteria set by the Commission from time to time in accordance with the Regulations and the Handbook.

The Administrator is under an obligation to verify the identity of each investor. Details of the verification requirements are set out in the subscription agreement, although the Administrator reserves the right to request additional information if required to meet their obligations under the Regulations and Handbook. If the Administrator determines that the verification of identity requirements have not been satisfied (which the Administrator shall in its absolute discretion determine), the Administrator may treat the application as defective or may confirm the allotment of units to the applicant but such Participating Shares will not be issued to him or registered in his name until the verification of identity requirements have been satisfied (which the Administrator shall in its absolute discretion determine). If the application is not treated as defective and the verification of identity requirements are not satisfied within such period, being not less than fourteen days after a request for evidence of identity is despatched to the applicant, as the Administrator may in its absolute discretion allow, the Administrator will be entitled to make arrangements (at its absolute discretion as to manner, timing and terms) to sell or redeem the Participating Shares (and for that purpose the Administrator will be deemed to be expressly authorised to act as agent of the applicant). Any proceeds of sale (net of expenses) of such Participating Shares which shall be issued to and registered in the name of the purchaser(s), or an amount equivalent to the original payment, whichever is the lower, will be held by the Administrator on trust for the applicant, subject to the requirements of the POI Law and Regulations. The Administrator is entitled in its absolute discretion to determine whether the verification of identity requirements has been satisfied. Neither the Administrator nor its employees or agents will be liable to any person for any loss suffered as a result of the exercise of any such discretion or as a result of the sale of any Participating Shares.

### 13.2 Confidentiality and Data Protection

By agreeing to invest in the Company or a Cell, investors acknowledge and accept that, in connection with the organisation of the Company or the Cell and their ongoing business, the investors will receive or have access to information concerning the business and affairs of the Company, the relevant Cell, the Investment Manager or their affiliates that the Company, the Cell or the Investment Manager reasonably believes to be in the nature of trade secrets or other information, the disclosure of which the Company, the Cell or the Investment Manager believes is not in the best interests of the Company, the Cell, the Investment Manager or their affiliates, or could damage the Company, the Investment Manager or their affiliates or their respective businesses, or which the Company, the Investment Manager or their affiliates are required by law or agreement with a third party to keep confidential, including, without limitation, any information relating to the Company's financial and investment strategy (e.g., portfolio positions, trades and contemplated trades); all notices, letters and other communications whether written or oral between the Company, the Investment Manager or their affiliates and the investors; the names and addresses of each of the shareholders of the

Company, the Cell and their shareholdings (collectively, "**Confidential Information**"). By completing the Subscription Agreement, each investor (as subscriber) agrees to keep confidential, and not to make any use of (other than for purposes reasonably related to its investment) or disclose to any person or entity, any Confidential Information except to its directors, employees, agents, advisers, or representatives responsible for matters relating to the Company, the Cell or any other person or entity approved in writing by the Investment Manager (for itself and on behalf of the Company) (each, an "**Authorised Representative**") on a need to know basis or as otherwise required by any regulatory authority, law or regulation, or by legal process. Furthermore, the investor agrees that it has not and shall not reproduce, duplicate or deliver any of the Company's or the Cell's documents including, but not limited to, the Company Memorandum, the Company Articles, the Cell Memorandum, the Cell Articles, the Particulars and the relevant subscription agreement to any other person or entity, except Authorised Representatives. The investor shall also agree that, prior to making any disclosure required by any regulatory authority, law or regulation, or by legal process, it shall use its best efforts to notify the Company, the Cell and the Investment Manager of such disclosure. Prior to any disclosure to any Authorised Representative of the investor, the investor must advise such Authorised Representative of these obligations.

Your attention is drawn to the fact that telephone conversations with the Investment Manager, the Administrator and their agents and delegates may be recorded.

#### 14. WINDING-UP

The Company and/or a Cell may also be wound-up if the Shareholders pass a Special Resolution to wind-up the Company and/or the Cell or, on the successful application by a Shareholder or creditor, the Royal Court of Guernsey makes an order for the winding-up of the Company or the Cell. Pursuant to the Companies Law, the winding up of an incorporated cell company shall be carried out in such a way as not to prejudice the affairs, business and property of any of its incorporated cells, and accordingly, during the winding up, the incorporated cell company shall continue to carry on business to the extent necessary for the continuance of business of the incorporated cells.

The procedure on a winding-up is for the appointment of a liquidator who will pay the Company's and/or Cell's debts in order of priority as determined by law and distribute any surplus amongst the Shareholders of the Company and/or the relevant Cell in accordance with their rights as regulated under the Company Articles and/or the Cell Articles.

The assets available for distribution among the Shareholders shall be applied in the following manner. In relation to a Cell, those assets of the Cell shall be applied in the payment to the holders of the Participating Shares attributable thereto, such payment being made *pro rata* according to their relative Net Asset Values and then within such Classes or Series *pari passu* according to the number of Participating Shares held. Cell Management Shares rank *pari passu inter se* but only for the amount paid up on them.

If so authorised by Special Resolution, the liquidator may make distributions in kind to Shareholders and vest assets of the Cell in trustees on trust for the relevant Shareholders.

## 15. CALCULATION OF NET ASSET VALUATION

The Net Asset Value of each Share Class shall be determined by the Administrator as at each Valuation Point and/or on such other occasions as the Directors may direct by establishing the number of Participating Shares in issue in each Share Class, apportioning the Net Asset Value between the Share Classes in proportion to the number of Participating Shares in issue in each of them, and making appropriate adjustments to allocate any fees, costs, expenses, losses, gains and profits for the exclusive account of a particular Share Class (in accordance with the Cell Particulars). Fees or expenses not attributable to a particular Share Class may be allocated amongst the Share Classes based on the number of Participating Shares in issue in each of them or any other reasonable basis determined by the Directors having taken into account the nature of the fees and expenses. The costs and related liabilities/benefits arising from instruments entered into for the purposes of hedging the currency exposure for the benefit of any particular Share Class shall be attributable exclusively to that Share Class.

Investments shall be valued by reference to the most recent prices quoted on a Recognised Investment Exchange or supplied by a market maker in the Investments concerned (which, for the avoidance of doubt, in respect of certain markets may be a price available from close of business on the previous day or earlier in the case of certain illiquid assets) with a view to giving a fair valuation at the relevant time that can reasonably be obtained and without prejudice to the generality of the foregoing:

- (a) bonds and loans shall be valued at the market price multiplied by the face amount plus accrued interest;
- (b) the value of forwards, futures, options and any other synthetic instruments held by the Cell and traded on an exchange will be valued at the closing trading price. Where such instruments are traded over the counter they are valued at prices obtained from the relevant counter-party or external pricing source;
- (c) investments in collective investment schemes, common investment pools and limited partnerships are valued on the basis of the latest net asset value per unit, interest or share, which represents the fair value, quoted by the administrator of the scheme, pool or partnership in question as at the close of business on the relevant valuation day (or net asset value estimate if the scheme, pool or partnership publishes its net asset value less frequently than the Cell);
- (d) assets issued on a "when and if" basis may be valued on the assumption that they will be issued;
- (e) assets where past due interest is gratis shall be valued at market price multiplied by the face amount;
- (f) assets where the market pays for past due interest shall be valued at market price multiplied by the face amount plus accrued interest;
- (g) assets where accrued interest is for the account of the holder shall be valued at market price multiplied by the face amount;
- (h) assets acquired on deferred purchase terms shall be valued at market price less the amount of the unpaid purchase consideration and the financing costs;

- (i) other exchange-trade instruments including equities are valued at the closing price of the relevant Recognised Investment Exchange;
- (j) zero coupon certificates of deposit or treasury bills shall be valued at market price multiplied by the nominal amount thereof.

There will be deducted from the total value of the Cells' assets all accrued debts and liabilities, including (i) fees of the Investment Manager, the Administrator, the Custodian and the Cell Managers earned or accrued but not yet paid, (ii) a provision for the performance fees of the Investment Manager and the Cell Managers, measured as at the Valuation Point, if any (iii) monthly amortisation of re-organisation costs, (iv) an allowance for each Cell's estimated annual audit and legal fees, and (v) any contingencies for which reserves are determined to be required. Net asset valuations will be expressed in the base currency of each Cell and any items denominated in other currencies will be translated at prevailing exchange rates as determined by the Administrator.

Participating Shares within a Series will have the same Net Asset Value per Share, however, because different Series of Participating Shares may be issued at different dates, the Net Asset Value per Share of each Series may differ.

In addition to special valuation calculations relating to writing securities, other special situations affecting the measurement of Net Asset Values may arise from time to time. Prospective investors should be aware that situations involving uncertainties as to the valuation of portfolio positions could have an adverse effect on a Cell's net assets if judgements regarding appropriate valuations made by the Investment Manager should prove incorrect. In the absence of bad faith or manifest error, the Administrator's Net Asset Value calculations are conclusive and binding on all shareholders.



## 16. CERTIFICATES, REGISTRATION AND CONTRACT NOTES

Certificates will not be issued to Shareholders. All Participating Shares will be issued in registered (uncertificated) form and the register will be conclusive evidence of ownership.

The register of Shareholders may be inspected at the office of the Administrator during usual office hours; the Cells do not issue bearer shares. The Administrator maintains a current register of the names and addresses of the Cells' Shareholders at the registered office of the Administrator in Guernsey.

In accordance with The Licensees (Conduct of Business) Rules 2016 a contract note will be sent by e-mail or by fax (or by post if the applicant does not have an e-mail address or fax number) to the applicant on acceptance of the application within seven Business Days after the relevant Dealing Day, providing details of the transaction and a Shareholder number which should be quoted in any correspondence by the Shareholder with the Administrator.

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

## 17. VOTING AND OTHER RIGHTS

Holders of Participating Shares are entitled on a show of hands to one vote and on a poll to one vote for each Participating Share held on any matter presented to a meeting of Shareholders of any Cell in which they hold such shares ("**Cell Meetings**").

The Directors are not obliged to hold annual general meetings in respect of the Cells but may convene extraordinary Cell Meetings from time to time. Shareholders will receive ten clear days' notice in respect of any Cell Meetings, and will be entitled to vote either personally or by proxy. A Shareholder is entitled to appoint one or more persons as his proxy to attend and vote in his place. A proxy need not be a Shareholder of a Cell. Shareholders holding, in aggregate, more than 10% of the Participating Shares in issue in respect of a Cell may require the Directors to convene Cell Meetings of the Cell concerned.

## 18. VARIATION OF CLASS RIGHTS

All or any of the special rights for the time being attached to any Class of Participating Shares for the time being issued may from time to time (whether or not the Company or a Cell (as applicable)) is being wound up) be altered or abrogated with the consent in writing of the holders of at least 75% in value of the issued Participating Shares of that Class (excluding any Participating Shares held as treasury shares) or passed by an Extraordinary Resolution at a separate general meeting of the holders of such Participating Shares. To any such separate meeting all the provisions of the Company Articles and the relevant Cell Articles as to general meetings of the Company or a Cell (as applicable) shall *mutatis mutandis* apply, but so that the necessary quorum shall, where there is one member of the relevant Class be that one member and where there are two or more members the quorum shall be two members holding or representing by proxy at least one-third of the voting rights of the Class in question (but so that if at any adjourned meeting of such holder(s) a quorum as above defined is not present, one holder of Participating Shares of the Class who is present shall be a quorum), that every holder of Participating Shares of the Class shall be entitled on a poll to one vote for every such Participating Share held by him and that any holder of Participating Shares of the Class present in person or by proxy may demand a poll. The rights attached to the Participating Shares shall be deemed to be varied by the creation or issue of any shares (other than Participating Shares whether now in existence or hereafter created), ranking in priority to them as respects participation in the profits or assets of the Company or a Cell (as applicable).

## 19. TAXATION

### 19.1 Introduction

Prospective investors should consult their own tax advisers with respect to all of the expected taxation-related consequences and potential implications of buying, holding or disposing of Participating Shares.

An investment in the Participating Shares involves a number of complex tax considerations, including those discussed below. This discussion is non-exhaustive. It is not intended to cover all tax risks that may be applicable to the Participating Shares or to any particular investor or prospective investor, nor is it intended to be, nor should it be construed to be, legal, tax or investment advice to any investor or prospective investor. The tax-related consequences for an investor relating to an investment in the Participating Shares will depend on the particular factual situation of that investor. Each prospective investor must rely solely on its own tax analysis (and not on any discussion herein, which is intended to be only of a general nature) in evaluating the tax-related consequences of becoming an investor in the Participating Shares.

In evaluating the risks and consequences of investing in the Participating Shares, investors should consider both currently applicable tax laws and practices as well as the potential for subsequent developments, including changes in or differing interpretations of such laws and/or practices, which may be applied retroactively, and which could have a material effect on the returns realised by an investor as well as the tax consequences to an investor of holding Participating Shares. These tax consequences may include the imposition of additional tax-related charges (including special taxes, interest, penalties or similar payments, and all references in this discussion to taxes shall include any such additional charges) and associated filing requirements. Investors should be aware that the relevant fiscal rules or their interpretation may change during the period during which an investor holds Participating Shares (and no assurance is given that this will not be the case) and that this may affect all or part of the information set out below.

**19.2 Guernsey Taxation Considerations** The information below, which relates only to Guernsey taxation, is for general information purposes only and is a summary of the advice received by the Company from its advisers so far as applicable to the Company and the Cells and to investors who hold their interests in the Company or the Cells as an investment. It is not intended to be a comprehensive summary of all technical aspects of the structure, or tax law and practice in Guernsey. It is not intended to constitute legal or tax advice to investors. The information below is based on current Guernsey tax law and published practice which is, in principle, subject to any change (potentially with retrospective effect). Certain investors, such as dealers in securities, collective investment schemes, insurance companies and persons acquiring their interests in the Company or a Cell in connection with their employment may be taxed differently and are not considered. The tax consequences for each investor of investing in the Company or a Cell may depend on the investor's own tax position and upon the relevant laws of any jurisdiction to which the investor is subject.

**If you are in any doubt as to your tax position, you should consult your own professional adviser without delay.**

(a) The Company and the Cells

The Company and the Cells are resident for tax purposes in Guernsey and are subject to the company standard rate of income tax in Guernsey, currently charged at the rate of 0%. The Company and the Cells will be taxed at the company standard rate of income tax provided the income of the Company and the Cells does not include income arising from:

- (a) certain types of banking business;
- (b) the provision of custody services when carried on by an institution or business that carries on certain types of banking business;
- (c) the carrying on of regulated activities within the meaning of the Regulation of Fiduciaries, Administration Businesses and Company Directors, etc. (Bailiwick of Guernsey) Law, 2000, as amended, by a licensed fiduciary within the meaning of that law;
- (d) the provision to an unconnected third party of any administrative, secretarial or clerical services in relation to a controlled investment within the meaning of the POI Law;
- (e) the provision of investment management services to persons other than collective investment schemes or entities associated with collective investment schemes, by a person who is licensed to provide such services under the POI Law;
- (f) the carrying on of insurance business which is domestic business within the meaning of the Insurance Business (Bailiwick of Guernsey) Law, 2002, as amended, by a licensed insurer within the meaning of that law;
- (g) the carrying on of business as an insurance manager or as an insurance intermediary within the meaning of the Insurance Managers and Insurance Intermediaries (Bailiwick of Guernsey) Law, 2002, as amended, by a licensed insurance manager or intermediary within the meaning of that law;
- (h) the operation of an investment exchange within the meaning of the POI Law by a person who is licensed to operate such an exchange under that law;
- (i) the provision of compliance and other related services to a person or body of persons who holds or is deemed to hold a licence, registration or authorisation from the Guernsey Financial Services Commission under certain Guernsey regulatory laws;
- (j) trading activities regulated by the Guernsey Competition and Regulatory Authority;
- (k) the importation and/or supply of gas or hydrocarbon oil in Guernsey;
- (l) large retail business carried on in Guernsey where the company has taxable profits arising or accruing from which in any year of charge exceed £500,000; or
- (m) the ownership of land and buildings situate in Guernsey.

It is not intended that the income of the Company or the Cells will be derived from any of those sources.

Guernsey currently does not levy taxes upon capital, inheritances, capital gains, gifts, sales or turnover. No stamp duty is chargeable in Guernsey on the issue, transfer or redemption of shares in the Company or the Cells.

(b) The Shareholders

Dividends by the Cells to Shareholders who are not resident in Guernsey (which includes Alderney and Herm) for tax purposes can be paid without deduction of Guernsey income tax, provided such dividends paid by the relevant Cell are not to be taken into account in computing the profits of any permanent establishment in Guernsey through which such Shareholder, being an individual, carries on business in Guernsey.

A Shareholder who is resident in Guernsey (which includes Alderney and Herm) for Guernsey tax purposes, or who is not so resident but carries on business in Guernsey through a permanent establishment to which the holding of Shares is attributable, will incur Guernsey income tax at the applicable rate on dividends paid to that Shareholder by the relevant Cell. Where such a Shareholder is an individual, the relevant Cell is responsible for the deduction of tax from dividends and the accounting of that tax to the Director of the Revenue Service in Guernsey in respect of dividends paid by it to such Shareholder.

As already referred to above, Guernsey currently does not levy taxes upon capital, inheritances, capital gains, gifts, sales or turnover, nor are there any estate duties (save for registration fees and ad valorem duty for a Guernsey Grant of Representation where the deceased dies leaving assets in Guernsey which require presentation of such a Grant).

No stamp duty is chargeable in Guernsey on the issue, transfer or redemption of shares in the Company or the Cells.

(c) FATCA - the US-Guernsey IGA

On 13 December 2013 the Chief Minister of Guernsey signed the US-Guernsey IGA regarding the implementation of FATCA. Under FATCA and legislation enacted in Guernsey to implement the US-Guernsey IGA, certain disclosure requirements will be imposed in respect of certain Shareholders who are, or are entities that are controlled by one or more natural persons who are, residents or citizens of the United States, unless a relevant exemption applies. Certain due diligence obligations will also be imposed. Where applicable, information that will need to be disclosed will include certain information about Shareholders, their ultimate beneficial owners and/or controllers, and their investment in and returns from the Company or a Cell. The Company or a Cell will be required to report this information each year in the prescribed format and manner as per local guidance.

Under the terms of the US-Guernsey IGA, Guernsey resident financial institutions that comply with the due diligence and reporting requirements of Guernsey's domestic legislation will be treated as compliant with FATCA and, as a result, should not be subject to FATCA withholding on payments they receive and should not be required to withhold under FATCA on payments they make. If the Company or a Cell does not comply with these obligations, it may be subject to a FATCA deduction on certain payments to it of US source income (including interest and dividends) and (from no earlier than two years after the date of publication of certain

final regulations defining "foreign passthru payments") a portion of non-US source payments from certain non-US financial institutions to the extent attributable to US source payments. The US-Guernsey IGA is implemented through Guernsey's domestic legislation in accordance with local guidance that is published in draft form.

Under the US-Guernsey IGA, securities that are "regularly traded" on an established securities market, such as a Relevant Exchange, are not considered financial accounts and are not subject to reporting. For these purposes, Participating Shares will be considered "regularly traded" if there is a meaningful volume of trading with respect to Participating Shares on an ongoing basis. Notwithstanding the foregoing, Participating Shares will not be considered "regularly traded" and will be considered a financial account if the Shareholder is not a financial institution acting as an intermediary. Such Shareholder will be required to provide information to the relevant Cell to allow it to satisfy its obligations under FATCA. If the holder of Participating Shares is a financial institution acting as an intermediary, Shareholders that own Participating Shares through such financial intermediary may be required to provide information to such financial intermediary in order to allow the financial intermediary to satisfy its obligations under FATCA.

(d) Common Reporting Standard

On 13 February 2014, the Organization for Economic Co-operation and Development released the CRS designed to create a global standard for the automatic exchange of financial account information, similar to the information to be reported under FATCA. On 29 October 2014, fifty-one jurisdictions signed the Multilateral Agreement that activates this automatic exchange of FATCA-like information in line with the CRS. Since then further jurisdictions have signed the Multilateral Agreement and in total over 100 jurisdictions have committed to adopting the CRS. Many of these jurisdictions have now adopted the CRS. Guernsey adopted the CRS with effect from 1 January 2016.

Under the CRS and legislation enacted in Guernsey to implement the CRS, certain disclosure requirements will be imposed in respect of certain Shareholders who are, or are entities that are controlled by one or more natural persons who are, residents of any of the jurisdictions that have also adopted the CRS, unless a relevant exemption applies. Certain due diligence obligations will also be imposed. Where applicable, information that would need to be disclosed will include certain information about Shareholders, their ultimate beneficial owners and/or controllers, and their investment in and returns from the Company or a Cell. The Company or the relevant Cell will be required to report this information each year in the prescribed format and manner as per local guidance. The CRS is implemented through Guernsey's domestic legislation in accordance with published local guidance which is supplemented by guidance issued by the Organization for Economic Co-operation and Development.

Under the CRS, there is currently no reporting exemption for securities that are "regularly traded" on an established securities market, and so there is no reporting exemption available where Participating Shares are listed and/or traded on a Relevant Exchange. If Participating Shares are listed and/or traded on a Relevant Exchange and the holder of those Participating Shares will likely be a financial institution acting as an intermediary, Shareholders that own Participating Shares through such financial intermediary may be required to provide information to such financial intermediary in order to allow the financial intermediary to satisfy its obligations under the CRS.

**All prospective investors should consult with their own tax advisers regarding the possible implications of FATCA, the CRS and any other similar legislation and/or regulations on their investment in the Company or a Cell. If a Shareholder fails to provide the Company, a Cell or the Administrator with information that is required by any of them to allow them to comply with any of the above reporting requirements, or any similar reporting requirements, adverse consequences may apply.**

If the Company or a Cell fails to comply with any due diligence and/or reporting requirements under Guernsey legislation implementing the US-Guernsey IGA and/or the CRS then the Company or that Cell could be subject to (in the case of the US-Guernsey IGA) US withholding tax on certain US source payments, and (in all cases) the imposition of financial penalties introduced pursuant to the relevant implementing regulations in Guernsey. Whilst the Company or the relevant Cells will seek to satisfy their obligations under the US-Guernsey IGA and the CRS and associated implementing legislation in Guernsey to avoid the imposition of any financial penalties under Guernsey law, the ability of the Company or the Cell to satisfy such obligations will depend on receiving relevant information and/or documentation about each Shareholder and the direct and indirect beneficial owners of the Shareholders (if any). There can be no assurance that the Company or each Cell will be able to satisfy such obligations.

(e) Request for Information

The Company and the Cells reserve the right to request from any Shareholder or prospective investor such information as the Company and the Cells deem necessary to comply with FATCA and the CRS, or any obligation arising under the implementation of any applicable intergovernmental agreement, including the US-Guernsey IGA and the Multilateral Agreement, relating to FATCA, the CRS or the automatic exchange of information with any relevant competent authority.

**The foregoing summary does not address tax considerations which may be applicable to certain shareholders under the laws of jurisdictions other than Guernsey.** The Company and the Cells have no present plans to apply for any certifications or registrations, or to take any other actions under the laws of any jurisdictions which would afford relief to local investors therein from the normal tax regime otherwise applicable to an investment in Participating Shares. It is the responsibility of all persons interested in purchasing the Participating Shares to inform themselves as to any income or other tax consequences arising in the jurisdictions in which they are resident or domiciled for tax purposes, as well as any foreign exchange or other fiscal or legal restrictions, which are relevant to their particular circumstances in connection with the acquisition, holding or disposition of the Participating Shares. The value of the Cells' Investments may also be affected by repatriation and exchange control regulations.

### 19.3 South African Taxation Considerations

South African tax legislation is subject to frequent change and accordingly the comments as set out below may be subject to change, possibly with retrospective effect. The contents of this section headed "South African Taxation Considerations" do not constitute tax or legal advice and do not purport to describe the considerations that may be relevant to a prospective subscriber for or purchaser of any Participating Shares.

The taxation of returns from the Cells will depend on the nature, status, specific circumstances and intentions



of each Investor. If any potential Investor is in any doubt about the taxation consequences of the acquiring, holding or disposing of the Participating Shares, he should seek advice from his own independent professional adviser.

## 20. ADDITIONAL INFORMATION

### 20.1 Reports to the Shareholders

The Company's and the Cells' financial years end on 31 October in each calendar year. The report and accounts will be prepared in accordance with IFRS. A separate, annual audited report for each Cell containing financial statements at this date shall be sent to all Shareholders on the register of members of the relevant Cell on the date of despatch to their registered address no later than 31 March in each calendar year.

### 20.2 Publication of Prices

The Net Asset Value per Share as at the close of the most recent Valuation Point may be obtained by contacting the Administrator.

### 20.3 Corporate Governance

The Company will be subject to the Commission's Finance Sector Code of Corporate Governance. The Commission requires an assurance statement from the Company confirming that the Directors have considered the effectiveness of their corporate governance practices and are satisfied with their degree of compliance with the principles set out in the Commission's Finance Sector Code of Corporate Governance in the context of the nature, scale and complexity of the business.

### 20.4 Conflicts of Interests

The directors of the Company and the Cells, as of the date hereof, are Brett Paton, James Tracey and Simon Sharrott. Each of the directors of the Company and the Cells, as of the date hereof, are also directors of the Investment Manager. James Tracey is also the Managing Director of the Administrator. Simon Sharrott is a Director of MitonOptimal Portfolio Management (CI) Limited ("**MOPM**"). MOPM is 100% owned by MitonOptimal International Limited ("**MOIL**"). MOIL is a shareholder of the Investment Manager, holding 22.53% of the total voting rights in respect of the Investment Manager (via the Ordinary Shares (16.53%) and the Class D Shares (6.00%)). Brett Paton is a shareholder of the Investment Manager, holding 2.755% of the total voting rights in respect of the Investment Manager (via Ordinary Shares).

The directors of the Cells may individually (directly or indirectly) acquire the Participating Shares.

It is not intended that the Auditor, the Administrator or the Custodian will (directly or indirectly) hold any Participating Shares.

The Administrator, the Investment Manager, the Cell Managers and their affiliates may face certain conflicts of interest in relation to a Cell. The Administrator, the Investment Manager and/or the Cell Managers may be involved with other entities utilising investment strategies similar to that of a Cell and with other businesses in general.

A Cell may invest in other investment funds controlled by the Investment Manager and/or the Cell Manager or their affiliates.

**The GFSC has granted the Company a derogation from the requirements of Rule 2.08(10) of the Class B Rules in relation to the Cells. Consequently, it may be possible that Shareholders may indirectly bear additional charges by virtue of the relevant Cell's investment in other collective investment schemes which are also managed by the Investment Manager and/or a sub-investment manager of a particular Cell. Please refer to section 4.15 (*Conflict of interests*) for further information.**

In the context of borrowing moneys, the Company and the Investment Manager may find themselves in conflict with an affiliate of the Investment Manager involved in the lending of such moneys.

#### **20.5 Material Contracts**

The following contracts have been entered in to by the Company and the Cells:

- (a) the Investment Management Agreement;
- (b) the Cell Management Agreements;
- (c) the Administration Agreement; and
- (d) the Custodian Agreements,

each of which is described in section 5 (*Management and Organisation*).

#### **20.6 Documents available for inspection**

Copies of the following documents may be inspected during usual business hours on any Business Day at the offices of the Administrator in Guernsey at the address stated in section 1 (*Directory*):

- (a) the Memorandum and Articles of Incorporation of the Company;
- (b) the Memoranda and Articles of Incorporation of the Cells;
- (c) the Cell Particulars for the Cells;
- (d) the material contracts referred to above;
- (e) the Companies Law; and
- (f) the most recent published annual report and accounts of the Company and each Cell.

#### **20.7 Enquiries**

Enquiries concerning the Company, the Cells and Participating Shares (including information concerning subscription and redemption procedures and current Net Asset Values per Share) should be directed to the Administrator (at the address set forth in section 1 (*Directory*)). Subscription documents are attached to the relevant Cell Particulars to which they relate.

#### **20.8 Listing**

Classes of Participating Shares may be listed and traded on a Relevant Exchange. Details of any such listing are set out in the relevant Cell Particulars.