

# EMERGING MARKETS EQUITY HIGH YIELD & PREMIUM INCOME FUND INC.

a British Virgin Islands business company; Company No. 1424031  
(the "Fund")

## ATTENTION REGISTERED SHAREHOLDERS

### APPOINTMENT OF CASTLESTONE MANAGEMENT LLC AS INVESTMENT ADVISOR.

#### FOR INFORMATION ONLY. NO ACTION IS REQUIRED UPON RECEIPT OF THIS CORRESPONDENCE.

Dear Shareholder,

The Board of Directors (the "Board") is pleased to provide all Shareholders with the amended offering memorandum and subscription agreement of the Fund. The Board, in consultation with Castlestone Management Inc. (the "Manager") have agreed to appoint Castlestone Management LLC as investment advisor to the Fund. Pursuant to the Investment Advisory Agreement, the Manager (and not the Fund) will pay to the Investment Advisor an Investment Advisory Fee.

Castlestone Management LLC, a Delaware limited liability company, is registered with the New Jersey Bureau of Securities in the United States as a registered investment advisor. The Investment Advisor's main business is to manage the investments of mutual funds established in the Cayman Islands and the British Virgin Islands. Castlestone Management LLC has previously been retained as investment advisor for a number of British Virgin Islands domiciled public, private & professional mutual funds from the period of 2003 to 2011.

Additional information about Castlestone Management LLC is available on the United States Securities and Exchange Commission's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

We would like to direct your attention to some of the key amendments to the Funds offering memorandum.

- **'Directory'** (page 7) was amended to include the details of the investment advisor, Castlestone Management LLC;
- **'Definitions'** (page 8) was amended to include references to the investment advisor and the investment advisory agreement;
- **'Section 3.3 Investment Advisor'** (page 23) was added to provide details on Castlestone Management LLC;
- **'Section 5.2 Investment Advisory Fee'** (page 36) was added to provide details on the advisory fee being paid by Castlestone Management Inc. to Castlestone Management LLC;
- **'Section 10.3 Conflicts of Interest'** (page 59) was amended to include appropriate disclosures relating to Castlestone Management LLC;
- **'Section 10.4 Material Contracts'** (page 60) was amended to include the investment advisory agreement between Castlestone Management Inc. to Castlestone Management LLC; and
- The Funds administrator, Circle Investment Support Services B.V. recently moved and all references to their address were updated accordingly.

## EMERGING MARKETS EQUITY HIGH YIELD & PREMIUM INCOME FUND INC.

a British Virgin Islands business company; Company No. 1424031  
(the "Fund")

We encourage shareholders to review and understand the changes to the offering memorandum. Should you have any questions or concerns regarding this change, please do not hesitate to contact us at +1 284 494 2411 or [info@castlestonemgmtinc.com](mailto:info@castlestonemgmtinc.com). We thank you for your continued support of the Fund.

Yours sincerely,

The Board of Emerging Markets Equity High Yield & Premium Income Fund Inc.

# EMERGING MARKETS EQUITY HIGH YIELD & PREMIUM INCOME FUND INC.

## NON-U.S. SUBSCRIPTION DOCUMENT & BANKING INSTRUCTIONS

USD\$ Classes E, F, AS  
EUR€ Classes EE, FF, AAS  
GBP£ Classes EEE, FFF, AAAS

**Castlestone Management Inc.**  
Investment Manager

**Castlestone Management LLC**  
Investment Advisor

NOT FOR DISTRIBUTION IN THE UNITED STATES OF AMERICA. THE SECURITIES MENTIONED HEREIN HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED. THEY MAY NOT BE OFFERED OR SOLD IN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF U.S. PERSONS. ANY OFFERS MADE IN VIOLATION OF THESE RESTRICTIONS WILL BE UNLAWFUL.

## 1 TIMING OF SUBSCRIPTIONS

Applications and money transfers are to be received by 12:00 noon (GMT) each Business Day for subscription on the following Business Day, which shall be at the NAV on that Business Day (a "Business Day" means any day normally treated as a business day in the United Kingdom and the Netherlands).

## 2 WHERE TO SEND YOUR SUBSCRIPTION AGREEMENT

The duly completed original Subscription Agreement should be mailed, e-mailed or faxed (**if e-mailed or faxed, the original must follow by mail together with supporting documents detailed in the Due Diligence section**) to Circle Investment Support Services B.V. (the "Administrator"):

**By E-mail or Fax to:**

Circle Investment Support Services B.V.  
Email: [castlestone@circlepartners.com](mailto:castlestone@circlepartners.com)  
Fax: 00 31 33 467 3890  
Attn: Investor Relations

**By Mail to:**

Emerging Markets Equity High Yield & Premium Income Fund Inc.  
c/o Circle Investment Support Services B.V.  
Smallepad 30F, 3811MG, Amersfoort  
The Netherlands

If you have any questions or difficulties in relation to this application, please do not hesitate to contact Castlestone Management Inc. (the "Investment Manager"), or Castlestone Management LLC (the "Investment Advisor"):

**Castlestone Management Inc.**

Tel: +1 284 494 2411  
Email: [info@castlestonemgmtinc.com](mailto:info@castlestonemgmtinc.com)

**Castlestone Management LLC**

Tel: +1 201 633 4714  
Email: [info@castlestonemanagementllc.com](mailto:info@castlestonemanagementllc.com)

**3 DETAILS OF SUBSCRIBER(S) AND REGISTRATION OF SHARES**

The shares will be registered in the name(s) of the Subscriber(s) hereunder and all correspondence will be sent to the address given in the correspondence/reporting section below. All communications will be sent to the first name registered holder.

**FIRST APPLICANT**

Full Name / Corporate Entity Name: \_\_\_\_\_

<i>Address:</i>	
<i>Country:</i>	
<i>Postal Code:</i>	
<i>Telephone:</i>	
<i>Fax:</i>	
<i>Email:</i>	

**SECOND APPLICANT**

Full Name / Corporate Entity Name: \_\_\_\_\_

<i>Address:</i>	
<i>Country:</i>	
<i>Postal Code:</i>	
<i>Telephone:</i>	
<i>Fax:</i>	
<i>Email:</i>	

**FINANCIAL ADVISOR**

*If your investment was introduced by a Financial Advisor, please give details below:*

<i>Advisor's Name:</i>	
<i>Company:</i>	
<i>Country:</i>	
<i>Telephone:</i>	
<i>Fax:</i>	
<i>Email:</i>	

**CORRESPONDENCE / REPORTING**

If you wish all correspondence in connection with this investment to go to an address other than your registered address, please complete the details below. If you do not complete this part then your address above (for the first applicant) will be utilized.

***For the attention of:***

<i>Address:</i>	
<i>Country:</i>	
<i>Postal Code:</i>	
<i>Telephone:</i>	
<i>Fax:</i>	
<i>Email:</i>	

Additional copies of correspondence from the Fund should be sent to:

**For the attention of:**

<i>Address:</i>	
<i>Country:</i>	
<i>Postal Code:</i>	
<i>Telephone:</i>	
<i>Fax:</i>	
<i>Email:</i>	

**For the attention of:**

<i>Address:</i>	
<i>Country:</i>	
<i>Postal Code:</i>	
<i>Telephone:</i>	
<i>Fax:</i>	
<i>Email:</i>	

#### 4 BANKING INSTRUCTIONS FOR FUND PAYMENTS / WIRE INSTRUCTIONS

Payments for subscriptions into the Fund must be made by wire-transfer. Personal checks/bank checks/cash or third party transfers cannot be accepted. The Fund must receive cleared funds by 12:00 noon (GMT) on a Business Day for subscription on the following Business Day, which shall be at the NAV on that Business Day. Subscriptions for shares may not be revoked by a shareholder on or after the cut off.

Please refer to page 12 and 13 of this document for wire instructions and example SWIFT formatting for USD, EUR and GBP payments.

As all banks in the British Virgin Islands VP Bank (BVI) Limited is subject to laws designated to combat money laundering, organized crime and the financing of terrorism, e.g. the “Virgin Islands Anti-Money Laundering Regulations, 2015” and the “Virgin Islands Anti-Money Laundering and Terrorist Financing (Amendment) Code of Practice, 2015”. More information about the regulation and the respective legislation can be found on the website of the BVI Financial Services Commission [www.bvifsc.vg](http://www.bvifsc.vg).

#### 5 DECLARATION AND ACKNOWLEDGEMENT ON INVESTMENT CONDITIONS AND TERMS AND REVOCABLE PROXY FOR NON-U.S. PERSONS

The undersigned (the "Subscriber") hereby acknowledges:

- (1) receipt of, and agrees to the terms, of the offering memorandum dated 25 July 2016, as may be amended or supplemented from time to time (“Offering Memorandum”) of Emerging Markets Equity High Yield & Premium Income Fund Inc., a corporation organized under the laws of the British Virgin Islands (the "Fund");
- (2) that this subscription agreement (“Agreement”) is a valid binding contract and that the Subscriber enters into this Agreement with the Fund upon the terms set forth herein. Any defined term not defined in this Agreement shall have the same meaning as set forth in the Offering Memorandum.
- (3) that they have read and understood the declarations they have made in this subscription agreement as referenced in **Section 8** and terms defined in the Offering Memorandum.
- (4) Having reviewed and accepted the terms of the Offering Memorandum, the Subscriber hereby agrees with the Fund, subject to the Fund's acceptance, to subscribe to as many of the Fund's shares (“Shares”) as may be purchased for, as indicated below:

Class	Description	ISIN	Currency	Amount
AS	Institutional	VGG3033G1697	USD	\$
E	Exit Penalty	VGG3033G1028	USD	\$
F	Entry Fee	VGG3033G1366	USD	\$
AAS	Institutional	VGG3033G1770	EUR	€
EE	Exit Penalty	VGG3033G1101	EUR	€
FF	Entry Fee	VGG3033G1440	EUR	€
AAAS	Institutional	VGG3033G1853	GBP	£
EEE	Exit Penalty	VGG3033G1283	GBP	£
FFF	Entry Fee	VGG3033G1515	GBP	£

(a) **This is only applicable to investments in Class F, FF, FFF** The Subscriber hereby acknowledges that a Sales Load equal to

\_\_\_\_ . \_\_\_\_ %

of the Subscriber's investment in the Fund will be imposed in addition to an Entry Fee of 1%. Thus, only the net amount of the Subscriber's investment (i.e. the amount of such investment as reduced by the Sales Load and Entry Fee) shall be utilized to purchase Shares in the Fund.

(b) Source of Wealth Verification<sup>1</sup>

Please confirm how the funds which will be used for Investment have been accumulated (check all relevant boxes):

Employment/Self Employment Income	<input type="checkbox"/>	Inheritance of Gift	<input type="checkbox"/>
Investment Income	<input type="checkbox"/>	Matured Investment	<input type="checkbox"/>
Lump Sum on Retirement	<input type="checkbox"/>	Court Award/Litigation Settlement	<input type="checkbox"/>
Redundancy Payment	<input type="checkbox"/>	Divorce Settlement	<input type="checkbox"/>
Sale of Property	<input type="checkbox"/>	Other – please specify below	<input type="checkbox"/>

I/We acknowledge that the Administrator may request, from time to time, further details regarding the verification of my/our source of wealth for investment into the Fund.

- (c) The subscriber agrees to the terms defined in **Section 8.1 - Terms of Subscription** of this subscription agreement.
- (d) The subscriber confirms that it is **not** a “U.S. Person” (as defined in **Section 8.2 - U.S. Persons and Restrictions on U.S. Persons** of the subscription agreement), and as such, the Subscriber represents and covenants that the Subscriber is not acquiring its Shares either as a U.S Person or for the account or benefit of any U.S Person and (2) has not acquired its Shares in the United States and it has not received an offer or solicitation, directly or indirectly, to purchase its Shares of the Fund within the United States and agrees to the conditions defined in **Section 8.2 - U.S. Persons and Restrictions on U.S. Persons** of the subscription agreement as it relates to U.S. Persons. The Subscriber undertakes to notify the Fund and Administrator in writing within 60 days of it becoming a U.S Person;

- \_\_\_\_\_ a) Is not acquiring its common shares of the Fund for the account or benefit of any U.S. Person;  
*Initial*
- \_\_\_\_\_ b) Did not acquire its common shares of the Fund within the United States; and  
*Initial*
- \_\_\_\_\_ c) Will not engage in hedging transactions with regard to its shares of the Fund unless in compliance with  
*Initial* the Securities Act.

<sup>1</sup> Prospective Investors which are a recognised financial institution within a country recognised as having sufficient anti-money laundering regulations, such as a member state of the European Union which is subject to the EC Money Laundering Directive or one of the countries which makes up the Financial Action Task Force (“FATF”) and which is subject to the FATF recommendations need not supply this verification. By signing this Agreement the financial institutions referred to above confirm to have performed sufficient source of wealth verification in regards to the funds invested by their underlying investors (if applicable).

(e) If the Subscriber is a **not a natural person**, the Subscriber represents that the Subscriber is a at the time of this subscription application, (please initial **one or more** categories if and as applicable):

                     Initial d) A partnership, corporation or other entity, other than an entity organized principally for passive investment, organized under the laws of a foreign jurisdiction outside of the United States and which has its principal place of business in a foreign jurisdiction outside of the United States;

                     Initial e) An estate or trust, the income of which is not subject to income tax of the United States, its states, territories or possessions, or an enclave of the United States government, its agencies or instrumentalities (collectively, for the purposes of this section, the “United States”), regardless of source;

                     Initial f) A pension plan for the employees, officers or principals of an entity organized and with its principal place of business outside the United States; or

                     Initial g) An entity organized principally for passive investment such as a pool, investment company or other similar entity; provided that (i) units of participation in the entity held by persons that do not qualify as United States Persons and (ii) such entity was not formed principally for the purpose of facilitating investment by persons that do not qualify as United States Persons by virtue of its participants being Non-United States persons.

(f) The Subscriber represents that the following individual or individuals are authorized to act on behalf of the Subscriber to give and receive instructions between the Fund (or its representatives, including the Administrator) and the Subscriber. Such individuals are the only persons so authorized until further written notice, signed by one or more of such individuals, is received by Circle Investment Support Services B.V.

**Authorised Signatories**

	Printed Name	Date	Signature
1			
2			
3			
4			

(g) **Redemption Proceed Details.** Please provide the wiring instructions for which redemption proceeds should be sent. Please note that redemption proceeds must be returned to the account from which the subscription originated (unless the Administrator or Fund consents otherwise in writing, and subject to such documents or information being received from the holder of the Shares prior to such change). The subscriber agrees to the terms in **Section 8.3 - Redemption Payments and Reporting** as it relates to payments to and from the Fund.

<b>Bank Name:</b>	
<b>Bank Address:</b>	
<b>SWIFT, ABA, Sort Code:</b>	
<b>Account Name:</b>	
<b>Account Number:</b>	
<b>For Further Credit to:</b>	

(h) The Subscriber agrees to the terms and conditions outlined in **Section 8.4 - Tax Compliance and Tax Reporting** of the subscription agreement as it relates to compliance tax reporting and applicable anti-money laundering and anti-terrorist financing laws and reporting requirements.

An executed copy of this Agreement and Revocable Proxy is being sent to Emerging Markets Equity High Yield & Premium Income Fund Inc. at its address set forth above. The name and address set forth above will be used for the purpose of recording the Subscriber as a shareholder of the Fund.

Very truly yours,

Date: \_\_\_\_\_  
                  day / month / year

**SIGNATURES OF THE APPLICANT(S) / AUTHORISED SIGNATORY**  
*This application form is not valid unless signed by all Applicants*

	Printed Name	Date	Signature
1			
2			
3			
4			

## 6 DUE DILIGENCE REQUIREMENTS – DOCUMENTATION

If the Applicant is not already a shareholder of Emerging Markets Equity High Yield & Premium Income Fund Inc., then certain due diligence documents must accompany the Subscription Documents.

1. a copy of the Bank Transfer Instruction Letter (this is required for new and top up subscriptions)
2. in the case of an individual Subscriber, a certified copy of the identification pages of the Subscriber’s passport and a utility bill; or
3. in the case of a corporation:
  - a. a certified copy of the certificate of incorporation and of the memorandum and articles of association (or their equivalent);
  - b. a certified copy of the register of directors and officers or excerpt from the trade register with evidence of authorised individuals (or their equivalent);
  - c. signature list of individuals representing the corporation.

Subscribers may be requested to provide the Fund with any additional information/documentation as requested by the Fund or its Administrator in their sole discretion.

Subscribers should retain a copy of the Agreement for their personal reference and records.

### Signing Instructions

#### Individuals

Application should be signed individually by all joint applicants.

#### Corporations

If the applicant is a corporation, (a) director(s) and/or authorised officer(s) of that corporation must sign in compliance with its Charter or Constitution and, by signing the Agreement, the director(s) and/or authorised officer(s) thereby confirm and warrant that the corporation is so empowered and that, if required, the relevant corporate resolution has been passed and executed by the board of directors of the corporation.

#### Power of Attorney

If an agent or attorney signs on behalf of the applicant, a certified copy of the relevant power of attorney or other document appointing the agent or attorney must be attached and the agent/attorney hereby accepts full responsibility for the obligations undertaken by his/her principal.

#### Certified Copies

References to Certified Copy above mean a copy of the relevant document which has been certified by one of the following: a police officer, Chartered & Certified Public Accountants, Notaries Public / Practicing Attorneys / Solicitors / Lawyers/ Commissioners for Oaths, Embassy / Consular Staff, Officer of a Bank or Financial Institution in an approved jurisdiction or two authorized employees of Circle Investment Support Services B.V. This person should clearly state the capacity in which they are authorized to make the certification.

#### Tax Reporting Forms

Tax regulations require the Fund to collect certain information about each Subscriber’s tax residency and classifications. Subscribers must complete and enclose both the W-8BEN (for individuals), W-8BEN-E (for entities) and the Entity/Individual Self-Certification forms as it relates to the OECD Common Reporting Standard. Copies of these tax forms should have accompanied this subscription document. Copies of the applicable forms, or questions relating to the forms can be requested by contacting the Investor Relations Group at [castlestone@circlepartners.com](mailto:castlestone@circlepartners.com).

## 7 WIRE INSTRUCTIONS

### USD Subscriptions:

Pay to: Deutsche Bank Trust Company, 60 Wall Street, New York, NY10005  
 SWIFT/BIC: BKTRUS33  
 For: VP Bank AG, Liechtenstein  
 SWIFT/BIC: VPBVL12X  
 For Account: VP Bank (BVI) Ltd, Tortola, BVI  
 SWIFT/BIC: VPBVVG1  
 In Favor of: Emerging Markets Equity High Yield & Premium Income Fund Inc., Account Number:  
 15.202.819.001  
 Reference: [PROVIDE]

### EUR Subscriptions:

Pay to: Deutsche Bank AG, Taunusanlage 12, 60325 Frankfurt am Main, Germany  
 SWIFT/BIC: DEUTDEFF  
 For: VP Bank AG, Liechtenstein  
 SWIFT/BIC: VPBVL12X  
 For Account: VP Bank (BVI) Ltd, Tortola, BVI  
 SWIFT/BIC: VPBVVG1  
 In Favor of: Emerging Markets Equity High Yield & Premium Income Fund Inc., Account Number:  
 15.202.819.002  
 Reference: [PROVIDE]

### GBP Subscriptions:

Pay to: Raiffeisen Bank International AG, Am Stadtpark 9, 1030 Vienna, Austria  
 SWIFT/BIC: RZBAATWW  
 Account Number: 083-50.037.589  
 Route: HSBC Bank plc, London, UK, Swift Code: MIDLGB22  
 For: VP Bank AG, Liechtenstein  
 SWIFT/BIC: VPBVL12X  
 For Account: VP Bank (BVI) Ltd, Tortola, BVI  
 SWIFT/BIC: VPBVVG1  
 In Favor of: Emerging Markets Equity High Yield & Premium Income Fund Inc., Account Number:  
 15.202.819.003  
 Reference: [PROVIDE]

## Example SWIFT Formatting

### USD Subscriptions:

- Field 56:** Deutsche Bank Trust Company Americas, 60 Wall Street, Mail Stop NYC 60-2710, New York, NY10005, SWIFT: BKTRUS33
- Field 57:** VP Bank AG, Aeulestrasse 6, 9490 Vaduz, Liechtenstein (Head Office / Main branch Swift Code: VPBVL12X
- Field 59:** VP Bank (BVI) Limited, VP Bank House, 156 Main Street, Road Town, Tortola VG1110 British Virgin Islands  
Swift Code: VPBVVGV1
- Field 70 or 72:** Emerging Markets Equity High Yield & Premium Income Fund Inc, Account Number: 15.202.819.001

### EUR Subscriptions:

- Field 56:** Deutsche Bank AG, Taunusanlage 12, 60325 Frankfurt am Main, Germany ; Swift Code: DEUTDEFF
- Field 57:** VP Bank AG, Aeulestrasse 6, 9490 Vaduz, Liechtenstein (Head Office / Main branch); Swift Code: VPBVL12X
- Field 59:** Beneficiary Bank / Account Number: VP Bank (BVI) Limited, VP Bank House, 156 Main Street, Road Town, Tortola VG1110 British Virgin Islands; Swift Code: VPBVVGV1
- Field 70 or 72:** Emerging Markets Equity High Yield & Premium Income Fund Inc, Account Number: 15.202.819.002

### GBP Subscriptions:

- Field 56:** Raiffeisen Bank International AG, Am Stadtpark 9, 1030 Vienna, Austria; Swift Code: RZBAATWW
- Field 57:** VP Bank AG, Aeulestrasse 6, 9490 Vaduz, Liechtenstein (Head Office / Main branch); Swift Code: VPBVL12X
- Field 59:** Beneficiary Bank / Account Number: VP Bank (BVI) Limited, VP Bank House, 156 Main Street, Road Town, Tortola VG1110 British Virgin Islands; Swift Code: VPBVVGV1
- Field 70 or 72:** Emerging Markets Equity High Yield & Premium Income Fund Inc, Account Number: 15.202.819.003

## 8 Investor Representations

### 1. Terms of subscription

- 1.1 The Subscriber agrees that this subscription for Shares is irrevocable on the part of the Subscriber. The Subscriber agrees to adhere to and be bound by all terms and provisions of the Offering Memorandum and memorandum and articles of association of the Fund ("Memorandum and Articles").
- 1.2 The Subscriber acknowledges that it has the right to receive a copy of the Memorandum and Articles from the administrator of the Fund, Circle Investment Support Services B.V. ("Administrator"), upon request and may ask for information from the investment manager, Castlestone Management Inc. ("Investment Manager") or Castlestone Management LLC ("Investment Advisor").
- 1.3 The Subscriber has carefully read the Offering Memorandum and has the knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of an investment in the Fund.
- 1.4 The Subscriber understands that the Shares are subject to restrictions on transfer and no secondary market in the Shares is expected to develop. The Subscriber's overall commitment to the Fund and other investments which are not readily marketable is not disproportionate to the Subscriber's net worth and the Subscriber has no need for immediate liquidity in the Subscriber's investment in the Fund. The Subscriber acknowledges that this offering is being made outside of the United States pursuant to the exemption provided for under Regulation S of the Securities Act of 1933 of the United States. No part of the offering is being made from or within the United States.
- 1.5 The Subscriber is not relying upon any other information other than the Offering Memorandum and Memorandum and Articles of Association in deciding to invest (including, without limitation, any advertisement, article, notice or other communication published in any newspaper, magazine, website, or similar media or broadcast over television or radio, and any seminars or meetings whose attendees have been invested in any general solicitation or advertising and no representation or warranties have been provided by the Investment Manager, the Investment Advisor or any employee or affiliate thereof, and understands that the Offering Memorandum has not conveyed legal or tax advice. The Subscriber has consulted its own professional financial, legal, tax and other advisors about the advisability of subscribing in the Fund.
- 1.6 The Subscriber acknowledges that the Fund will be subject to fees and expenses as more particularly described in the Offering Memorandum, including management, incentive, load, sales fees any other fees and expenses of the Fund (including legal fees, administration fees, government fees and expenses and other expenses).
- 1.7 The Subscriber understands that the Administrator may request, from time to time, further details regarding the verification of my/our source of wealth for investment into the Fund, and the Subscriber will agree to provide such information.
- 1.8 The Subscriber agrees that he will make payment in the amount of his subscription in sufficient time to be received by the Fund by 12.00 noon (GMT) on a Business Day for the subscription on the following Business Day, at the NAV on such Business Day.
- 1.9 The Subscriber agrees recognizes that the Fund will protect and indemnify its Directors and other representatives, agents and service providers against liability and other claims to the extent set forth in the Memorandum and Articles of Association or other relevant documents entered into by the Fund.
- 1.10 The Subscriber understands and agrees that the information provided herein will be relied upon by the Fund, the Investment Manager, the

Investment Advisor, Administrator their affiliates, agents and any other service providers engaged from time to time in determining whether the Subscriber is eligible to invest in the Fund. To the fullest extent permitted by law the Subscriber agrees to indemnify and hold harmless the Fund, the Investment Manager, the Investment Advisor, the Administrator and their respective principals, officers and Directors against any loss, damage, liability, cost or expense (including attorneys' fees, taxes and penalties) which may result, directly or indirectly, from any incorrect information, misrepresentation or breach of any warranty, condition, covenant or agreement set forth herein or in any other document delivered by the Subscriber to the Fund.

- 1.11 The Subscriber agrees that the foregoing representations will be deemed to be reaffirmed by the Subscriber at any time the Subscriber purchases or otherwise acquires additional shares of the Fund and such purchase or acquisition will be evidence of such reaffirmation, and if any of the foregoing representations cease to be true, the Subscriber will promptly notify the Fund of the facts pertaining to such changed circumstances.
- 1.12 The Subscriber agrees to supply the Fund with such other facts as from time to time are deemed necessary or desirable in order to avoid the loss of a contemplated tax benefit to the Fund or any of its respective shareholders and in order to ascertain that no violation by the Fund shall occur of any securities laws of the United States or any other relevant jurisdiction, including the Securities Act and the U.S. Investment Company Act of 1940.
- 1.13 If the Subscriber is a corporation, partnership, trust or other entity, the person executing this Agreement and Revocable Proxy for the Subscriber has the full power and authority under the Subscriber's governing instruments to do so and the Subscriber has the full power and authority under its governing instruments to acquire an interest in the Fund.
- 1.14 The Subscriber agrees Shares will be registered in book form and no share certificate will be issued in respect of the purchase or holding of any Shares.
- 1.15 The Subscriber agrees that the Administrator and the Fund are each hereby authorized and instructed to accept and execute any instructions in respect of the shares to which this Agreement relates given by the Subscriber in written form, by e-mail or by facsimile. If instructions are given by the Subscriber by e-mail or facsimile, the Subscriber undertakes to send the original letter of instructions to the Administrator and the Fund and agrees to keep each of them indemnified against any loss of any nature whatsoever arising to any of them as a result of any of them acting upon e-mail or facsimile instructions. The Administrator and the Fund may rely conclusively upon and shall incur no liability in respect of any action taken upon any notice, consent, request, instructions or other instrument believed in good faith to be genuine or to be signed by properly authorized persons.
- 1.16 The Subscriber agrees to (i) maintain the confidentiality of all Confidential Information (as defined below) of the Fund provided to it by the Fund and/or the Investment Manager and/or the Investment Advisor (each a "Disclosing Party"), and (ii) not disclose any portion of the Confidential Information to any other third party without the prior written consent of the Investment Manager and/or the Investment Advisor. The Subscriber agrees to use the same degree of care to protect the confidentiality of all Confidential Information it receives as it uses to protect its own confidential and proprietary information which it does not wish to have published or disseminated; provided, however, in no event shall the Subscriber use less than a reasonable degree of care to protect the Confidential Information received from the Disclosing Party.

1.17 "Confidential Information" means information disclosed by the Disclosing Party that the Disclosing Party, in good faith, regards as confidential (including, without limitation, information disclosed by the Fund to the Subscriber in connection with any inspection of Fund records) or proprietary and that is clearly marked as "confidential" or "proprietary," or bears any other appropriate notice indicating the sensitive nature of such information; provided, however, that such term does not include information that (i) was publicly known or otherwise known to Subscriber prior to the time of such disclosure, (ii) subsequently becomes publicly known through no act or omission by the Subscriber or any person acting on the behalf of Subscriber, or (iii) otherwise becomes known to Subscriber other than through disclosure by the Disclosing Party.

## 2. U.S. Persons and Restrictions on U.S. Persons

2.1 For the purposes hereof, "United States" and "U.S Person" shall have the meanings set forth in Regulation S of the Securities Act and Section 7701(a)(30) of the Internal Revenue Code.

2.2 By way of example, any "U.S. Person" or "United States Person" means:

- i)* any United States citizen or a resident of the United States of America (as defined for purposes of the Internal Revenue Code of the United States (and any rulings or other interpretative guidance promulgated or passed in connection therewith));
- ii)* any corporation, partnership, trust or other legal entity, formed, organized or created under the laws of any United States jurisdiction;
- iii)* any organisation or entity controlled, directly or indirectly, by a person or persons described in (a) or (b) or of which such person or persons described in (a) or (b) are known to be the owners, directly or indirectly, of a majority of the beneficial interest therein; and
- iv)* any organisation or entity or any branch or agency thereof the income of which is subject to United States income tax regardless of the source of such income.

2.3 In consideration of the Fund's acceptance of the aforesaid offer and recognizing its reliance thereon, the Subscriber agrees, represents and warrants to the Fund that the Subscriber:

- i)* is not a natural person resident in, or a corporation or partnership or other entity organized or incorporated in or under the laws of, the United States of America, its territories or possessions (hereinafter collectively referred to as a "United States Person", see below for more information);
- ii)* if it is an entity, it was not formed for the purpose of investing in the Fund (e.g., the investment in the Fund does not constitute more than 40% of the Subscriber's net assets);
- iii)* if it is a trust, it does not have any beneficiaries or trustees that are United States Persons;
- iv)* is not acquiring shares for and will not hold shares on behalf of any United States Person or any entity referred to in subparagraphs (ii) or (iii);
- v)* will not transfer directly or indirectly any of its Shares or any interest therein (including without limitation any right to receive dividends or other distributions) to any other person unless the Fund has consented in writing to such transfer and such transfer has been approved by the Fund in accordance with its Memorandum and Articles of Association;
- vi)* will not if the shares purchased under this Agreement are being acquired by the Subscriber as nominee or custodian for another

person or entity permit the beneficial owners of such shares to transfer any beneficial interest in the shares, directly or indirectly, to any person or entity unless the representations made by the Subscriber in this Agreement will continue to be true as applied to such transferee or beneficial owners;

*vii)* did not acquire (except as specifically authorized by the Fund) and will not transfer any of its shares within the United States of America, its territories or possessions (hereinafter collectively referred to as the "United States");

*viii)* did not engage (except as specifically authorized by the Fund) and will not engage in any activity relating to the sale of the Shares of the Fund in the United States;

*ix)* is acquiring the shares solely for its own account for investment (or, if the Subscriber is acting as a nominee or custodian for another person or entity, the shares are being acquired for that person or entity) and not with a view to distribution or resale;

*x)* is not an entity organized in the U.S (and/or is not a pension fund e.g. IRA) which would be a "benefit plan investor" as defined in §2510.3-101(f)(2) of the regulations of the United States Department of Labor promulgated under the U.S. Employee Retirement Income Security Act of 1974, as amended ("ERISA") (generally, the Subscriber is not a benefit plan investor unless it is (i) a plan organized by a non-U.S. or U.S. employer or employee organization to provide retirement, deferred compensation, medical, death, disability, unemployment or similar benefits to employees or (ii) an entity of which 25% or more of any class of equity interests are owned, directly or indirectly, by such plans).

*a.* The Subscriber agrees that the foregoing representations will be deemed to be reaffirmed by the Subscriber at any time the Subscriber purchases or otherwise acquires additional shares of the Fund and such purchase or acquisition will be evidence of such reaffirmation, and if any of the foregoing representations cease to be true, the Subscriber will promptly notify the Fund of the facts pertaining to such changed circumstances.

*b.* The Subscriber agrees to supply the Fund with such other facts as from time to time are deemed necessary or desirable in order to avoid the loss of a contemplated tax benefit to the Fund or any of its respective shareholders and in order to ascertain that no violation by the Fund shall occur of any securities laws of the United States or any other relevant jurisdiction, including the Securities Act and the U.S. Investment Company Act of 1940.

## 3. Redemption Payments and Reporting

3.1 The Subscriber agrees that all or any funds payable to the Subscriber (including redemption proceeds) will be wire transferred to the Subscriber in accordance with the following instructions, until further written notice, duly signed by one or more of the individuals authorized to act on behalf of the Subscriber under Section 11 above, is received by Circle Investment Support Services B.V.

3.2 If the Fund chooses to do so, the Subscriber hereby consents to the sending of any statements, reports and other communications regarding the Fund or the Subscriber's investment in the Fund (including net asset value information, subscription and redemption activity) by email or access to the web in lieu of faxed or mailed copies.

## 4. Tax Compliance and Tax Reporting

4.1 Where the Subscriber is located in a South American country on the date of this subscription, and the details of a money broker are included in section 5(g), above (or any such money broker as is in the

future notified as being the Subscriber's agent), the Subscriber agrees that (a) redemption proceeds may be paid via the money broker specified, (b) the sole obligation of the Fund and the Administrator will be to pay such amount by wire transfer to the account specified and (c) none of the Fund, the Investment Manager, the Investment Advisor, the Administrator or their respective principals, officers and Directors shall be responsible for ensuring that the money broker forwards the redemption proceeds to the Subscriber or for any loss, liability, cost, time-delay or expense suffered or incurred by the Subscriber as a result of the failure for any reason of the money broker to pay the full amount of such redemption proceeds to the Subscriber or the Subscriber to receive such payment. The Subscriber recognises that in such circumstances its sole claim shall be against the money broker concerned. Furthermore none of the Fund, the Investment Manager, the Investment Advisor, the Administrator or their respective principals, officers and Directors shall be liable to the Subscriber for any loss, liability, cost, time-delay or expense suffered or incurred by the Subscriber as a result of any restrictions being imposed by uncertainties such as international political developments, changes in government policies, taxation, exchange control regulations, expropriation, withholding of dividends at source, restrictions on foreign investment, currency repatriation, currency fluctuations and other developments in applicable laws and regulations. By including money broker details in section 5(g), or notifying the Fund or the Administrator in the future of a money broker as being the Subscriber's agent, the Subscriber agrees that the provisions of this section 'n' shall be applicable.

- 4.2 By executing this document, the Subscriber authorizes the Administrator to provide the Fund and the Fund's legal counsel (and any relevant regulatory authority including tax authority) with information regarding the Subscriber's account until said authorization is revoked by the Subscriber in writing to the Administrator. The Subscriber expressly agrees and understands that the Fund may be required to provide information about the Subscriber or its holding in the Fund to any taxing authority, including those in the United States, United Kingdom or other countries.
- 4.3 The Subscriber understands and agrees that the Fund prohibits the investment of funds by any persons or entities that are acting, directly or indirectly, (i) in contravention of any U.S. or international laws and regulations, including anti-money laundering regulations or conventions, (ii) on behalf of terrorists or terrorist organizations, including those persons or entities that are included on the List of Specially Designated Nationals and Blocked Persons maintained by the United States Treasury Department's Office of Foreign Assets Control<sup>1</sup> ("OFAC"), as such list may be amended from time to time, (iii) for a senior foreign political figure<sup>ii</sup>, any member of a senior foreign political figure's immediate family or any close associate of a senior foreign political figure, unless the Fund after being specifically notified by the Subscriber in writing that it is such a person, conducts further due diligence, and determines that such investment shall be permitted, or (iv) for a foreign shell bank<sup>iii</sup> (such persons or entities in (i) – (iv) are collectively referred to as "Prohibited Persons").
- 4.4 The Subscriber represents, warrants and covenants that: (i) it is not, nor is any person or entity controlling, controlled by or under common control with the Subscriber, a Prohibited Person, and (ii) to the extent the Subscriber has any beneficial owners<sup>iv</sup>, (A) it has carried out thorough due diligence to establish the identities of such beneficial owners, (B) based on such due diligence, the Subscriber reasonably believes that no such beneficial owners are Prohibited Persons, (C) it holds the evidence of such identities and status and will maintain all such evidence for at least five years from the date of the Subscriber's complete withdrawal from the Fund, and (D) it will make available such information and any additional information that the Fund may require upon request in accordance with applicable regulations.
- 4.5 If any of the foregoing representations, warranties or covenants ceases to be true or if the Fund no longer reasonably believes that it has satisfactory evidence as to their truth, notwithstanding any other agreement to the contrary, the Fund may, in accordance with applicable regulations, be obligated to freeze the Subscriber's

investment, either by prohibiting additional investments, declining or suspending any redemption requests and/or segregating the assets constituting the investment, or the Subscriber's investment may immediately be compulsorily redeemed by the Fund, and the Fund may also be required to report such action and to disclose the Subscriber's identity to OFAC or other authority. In the event that the Fund is required to take any of the foregoing actions, the Subscriber understands and agrees that it shall have no claim against the Fund, the Investment Manager, the Investment Advisor, the Administrator, and their respective affiliates, directors, members, partners, shareholders, officers, employees and agents for any form of damages as a result of any of the aforementioned actions.

- 4.6 The Subscriber understands and agrees that any redemption proceeds paid to it will be paid to the same account from which the Subscriber's investment in the Fund was originally remitted, unless the Fund, in its sole discretion, agrees otherwise in writing.
- 4.7 The Subscriber agrees to promptly provide the Fund, the Investment Manager, the Investment Advisor or the Administrator with any information, representations, certificates, waivers, or forms relating to the Subscriber (or its direct or indirect owners or account holders) that are requested from time to time by the Fund, the Manager or the Administrator and that each determines in its sole discretion are necessary or appropriate in order for (i) the Fund, (ii) any entity in which the Fund holds (directly or indirectly) an interest (whether in the form of debt or equity) and (iii) any member of any "expanded affiliated group" (as defined in section 1471(e)(2) of the Internal Revenue Code ("Code")) of which any person described in this paragraph is a member (collectively, the "Fund Entities") to (x) enter into, maintain or comply with the agreement contemplated by section 1471(b) of the Code, (y) satisfy any requirement imposed under sections 1471 through 1474 of the Code, any U.S. Treasury Regulations that have been or may be promulgated under (i) sections 1471 through 1474 of the Code, any Internal Revenue Service guidance that has been or may be published relating thereto, the Common Reporting Standard ("CRS") issued by the Organization for Economic Cooperation and Development OECD, when adopted, or similar legislation, regulations or guidance enacted in any other jurisdiction which seeks to implement equivalent tax reporting and/or withholding tax regimes; (ii) any intergovernmental agreement, treaty or any other arrangement between the British Virgin Islands and any of the US, the UK or any other jurisdiction (including between any government bodies in each relevant jurisdiction), entered into to facilitate, implement, comply with or supplement the legislation, regulations or guidance described in (i); and any legislation, regulations or guidance implemented in the British Virgin Islands to give effect to the matters outlined in the preceding paragraphs (collectively, "FATCA"), including any requirement in order to avoid any withholding required under FATCA (including any withholding upon any payments to the Subscriber under this Agreement), or (z) comply with any reporting, withholding or other requirements under FATCA. In addition, the Subscriber shall take such actions as the Investment Manager and/or Investment Advisor may reasonably request in connection with the foregoing. By executing this Agreement, the Subscriber waives any provision under the laws and regulations of any jurisdiction that would, in the absence of such waiver, prevent or inhibit the Fund's compliance with applicable law as described in this paragraph including, but not limited to preventing (i) the Subscriber from providing any requested information or documentation, or (ii) the disclosure by the Fund or its agents of the provided information or documentation to applicable governmental or regulatory authorities.
- 4.8 In the event that the Subscriber fails to provide any of the information, representations, waivers, certificates or forms (or undertake any of the actions), the Fund, the Investment Manager and the Investment Advisor shall have full authority to take any action it determines in its sole discretion to be necessary or appropriate, including, without limitation, to (A) (1) form an entity organized in the United States and transfer the Subscriber's Shares to such entity and admit the Subscriber as an owner of such entity or (2) convert the Subscriber's Shares to an interest in a new investment vehicle organized as a Delaware limited partnership, (B) compulsorily redeem the

Subscriber's Shares and/or (C) take any other steps as the Fund, the Investment Advisor or the Investment Manager determines in its sole discretion are necessary or appropriate to mitigate the consequences of the Subscriber's failure to comply with this provision on the Fund and the other investors. If requested by the Fund, the Investment Advisor or the Investment Manager, the Subscriber shall execute any and all documents, opinions, instruments, waivers and certificates as the Fund, the Investment Manager of the Investment Advisor shall have reasonably requested or that are otherwise required to effectuate the foregoing.

- 4.9 If the Subscriber fails to comply with this provision, the Subscriber shall indemnify and hold harmless the Investment Manager, the Investment Advisor and the Fund for any costs or expenses arising out of such failure, including any withholding tax imposed under FATCA on any of the Fund Entities and any withholding or other taxes imposed as a result of a transfer effected pursuant to this provision.
- 4.10 The Subscriber further acknowledges and agrees that many jurisdictions are in the process of changing or creating anti-money laundering, embargo and trade sanctions, or similar laws, regulations, requirements (whether or not with force of law) or regulatory policies and many financial intermediaries are in the process of changing or creating responsive disclosure and compliance policies (collectively, the "Requirements") and the Fund could be requested or required to obtain certain assurances from the Subscriber, disclose information pertaining to it to governmental, regulatory or other authorities or to financial intermediaries or engage in due diligence or take other related actions in the future. The Subscriber acknowledges and agrees that it is the Fund's policy to comply with the Requirements to which it is or may become subject and to interpret them broadly in favor of compliance. The Subscriber hereby agrees, and by reason of owning any Shares will be deemed to have agreed, that the Subscriber will provide additional information or take such other actions as may be necessary or advisable for the Fund (in the Investment Managers's sole discretion) or the Administrator to comply with any Requirements, related legal process or appropriate requests (whether formal or informal) or otherwise. The Subscriber hereby consents, and by reason of owning any Shares will be deemed to have consented, to disclosure by the Fund and its agents to relevant third parties of information pertaining to the Subscriber in respect of any

Requirement or information requests related thereto, and to any other action that the Fund (in the Investment Manager's sole discretion) determines is necessary or appropriate in order to comply with the Requirements.

- 4.11 The Subscriber and the Fund agree that a person who is not a party to this Agreement has no right to enforce directly any term of this Agreement save that, subject to the Contracts (Rights of Third Parties)
- 4.12 This Agreement and the rights and obligations of the parties hereto with respect to the subscription shall be interpreted and enforced in accordance with, and governed by, the laws of the British Virgin Islands applicable to agreements made and to be performed wholly within that jurisdiction. The courts of the British Virgin Islands will be the exclusive forum for the hearing of disputes under this Agreement.
- 4.13 This Agreement constitutes the entire agreement among the parties hereto with respect to the subject matter hereof, and supersedes all prior agreements (whether oral or written), and may not be amended, modified, terminated or revoked except by written agreement of the parties. In the event of a conflict, the terms of the Offering Memorandum and Memorandum and Articles of Association will prevail.
- 4.14 The Subscriber will provide to the Fund a completed copy of the applicable self-certification form(s) attached hereto. The Subscriber hereby represents that the information provided in such self-certification form is true, complete and correct.
- 4.15 The Subscriber agrees to cooperate with the Fund in any respect, to provide such information and to complete and sign such additional forms as may be required by the Fund to fulfil the obligations under the CRS. The Subscriber acknowledges that, should the Subscriber fail to provide such information, whether or not that actually leads to breach of the applicable laws and regulations by the Fund, a risk for the Fund or the Subscriber being subject to withholding tax or penalties under the relevant legislative or inter-governmental regimes, the Fund reserves the right to take any action and/or pursue all remedies at its disposal including, without limitation, compulsory redemption or withdrawal of the Subscriber's investment in the Fund.

<sup>i</sup> The OFAC list may be accessed on the web at <http://www.treas.gov/ofac>.

<sup>ii</sup> Senior foreign political figure means a senior official in the executive, legislative, administrative, military or judicial branches of a foreign government (whether elected or not), a senior official of a major foreign political party, or a senior executive of a foreign government-owned corporation. In addition, a senior foreign political figure includes any corporation, business or other entity that has been formed by, or for the benefit of, a senior foreign political figure. The immediate family of a senior foreign political figure typically includes the political figure's parents, siblings, spouse, children and in-laws. A close associate of a senior foreign political figure is a person who is widely and publicly known internationally to maintain an unusually close relationship with the senior foreign political figure, and includes a person who is in a position to conduct substantial domestic and international financial transactions on behalf of the senior foreign political figure.

<sup>iii</sup> Foreign shell bank means a foreign bank without a physical presence in any country, but does not include a regulated affiliate. A post office box or electronic address would not be considered a physical presence. A regulated affiliate means a foreign shell bank that: (1) is an affiliate of a depository institution, credit union, or foreign bank that maintains a physical presence in the United States or a foreign country, as applicable; and (2) is subject to supervision by a banking authority in the country regulating such affiliated depository institution, credit union, or foreign bank.

<sup>iv</sup> Beneficial owners will include, but not be limited to: (i) shareholders of a corporation; (ii) partners of a partnership; (iii) members of a limited liability company; (iv) investors in a fund-of-funds; (v) the grantor of a revocable or grantor trust; (vi) the beneficiaries of an irrevocable trust; (vii) the individual who established an IRA; (viii) the participant in a self-directed pension plan; (ix) the sponsor of any other pension plan; and (x) any person being represented by the Subscriber in an agent, representative, intermediary, nominee or similar capacity. If the beneficial owner is itself an entity, the information and representations set forth herein must also be given with respect to its individual beneficial owners. If the Subscriber is a publicly-traded company, it need not conduct due diligence as to its beneficial owners.

## EMERGING MARKETS EQUITY HIGH YIELD & PREMIUM INCOME FUND INC.

(a British Virgin Islands business company)

### OFFERING MEMORANDUM

9 February 2017

An offering of up to, 500,000 Class AS Shares, 500,000 Class A Shares, 250,000 Class B Shares, 250,000 Class C Shares, 250,000 Class E Shares, 250,000 Class F Shares, 500,000 Class AAS Shares, 500,000 Class AA Shares, 250,000 Class BB Shares, 250,000 Class CC Shares, 250,000 Class EE Shares, 250,000 Class FF Shares, 500,000 Class AAAS Shares, 500,000 Class AAA Shares, 250,000 Class BBB Shares, 250,000 Class CCC Shares, 250,000 Class EEE Shares and 250,000 Class FFF Shares.

Class F Shares will be offered at an initial offer price of US\$1,150 per Share. Class AAS, EE and FF Shares will be offered at an initial offer price of €1,150 per Share and Class AAAS Shares will be offered at an initial offer price of £1,150 and thereafter at their respective net asset value on the relevant Dealing Day, payable in full upon application.

Class AS, E, EEE and FFF Shares are being offered at their respective NAV on the relevant Dealing Day.

For the avoidance of doubt, Class A, B, C, AA, BB, CC, AAA, BBB and CCC are now closed to subscriptions.

This Offering Memorandum is distributed on a confidential basis in connection with a private offering of Shares, none of which will be issued to any person other than a person to whom a copy of this Offering Memorandum is sent. No person receiving a copy of this Offering Memorandum in any territory may treat it as constituting an offer to him, unless in the relevant territory such an offer could lawfully be made to him without compliance with any registration or other legal requirements.

The contents of this Offering Memorandum are not to be construed as a recommendation or advice to any prospective investor in relation to the subscription, purchase, holding or disposition of Shares. Prospective investors should consult their professional advisers accordingly.

This Offering Memorandum has been prepared in accordance with the Securities and Investment Business Act 2010 (as amended), the Mutual Fund Regulations 2010 (as amended) and the Public Funds Code 2010 of the British Virgin Islands.

**This Offering Memorandum may not be reproduced.**

#### **FOR INFORMATION PURPOSES ONLY**

Please contact CIRCLE INVESTMENT SUPPORT SERVICES B.V. (Administrator) for a hard copy of this document:

Tel: +31 (0) 33 467 38 80 Fax: +31 (0) 33 467 38 90

Attention: Investor Relations Group

Email: [castlestone@circlepartners.com](mailto:castlestone@circlepartners.com)

Attention: Investor Relations Group

## NOTICE

This document has been prepared in connection with an offer of Shares in Emerging Markets Equity High Yield & Premium Income Fund Inc. Shares may be issued or redeemed on any Dealing Day at the relevant Net Asset Value per Share in the manner described below under Section 4.4, "Subscription for Shares" and Section 4.7, "Redemption of Shares".

The Directors of the Fund, whose names appear under Section 3, "Management and Administration", accept responsibility for the information contained in this Offering Memorandum. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this Offering Memorandum is in accordance with the facts and does not omit anything likely to affect the importance of such information.

No action has been taken to permit the distribution of this Offering Memorandum in any jurisdiction where action would be required for such purpose. Accordingly, no person receiving a copy of this Offering Memorandum and/or a Subscription Agreement in any territory may treat it as constituting an invitation to him to purchase or subscribe for Shares nor should he in any event use such a Subscription Agreement unless in the relevant territory such an invitation could lawfully be used without compliance with any registration or other legal requirement.

In particular: (i) no offer or invitation to subscribe for Shares may be made to the public in the British Virgin Islands; and (ii) the Shares have not been registered under the United States Securities Act of 1933 and are not being offered in the United States of America, nor may they be directly or indirectly offered or sold in the United States of America or in its territories or possessions or areas subject to its jurisdiction or to or for the benefit of nationals, citizens or residents thereof or persons who are normally resident therein (including the estate of such person and corporations or partnerships created or organised therein) except pursuant to an exemption available under the United States Securities Act of 1933.

The articles of association of the Fund give powers to the Directors to require the redemption of Shares held by any person if, in the opinion of the Directors, it is in the interests of the Fund to do so, or Shares are held or would be held by or for the benefit of a Prohibited Investor, or to give effect to an exchange, conversion or roll up policy. In addition, the Fund's articles of association give powers to the Directors to require any Shareholder to redeem his Shares in whole or in part, at any time.

Any information given or representation made by any dealer, salesman or other person and (in either case) not contained herein should be regarded as unauthorised and, accordingly, should not be relied upon. Neither the delivery of this Offering Memorandum nor the offer, issue or sale of Shares shall, under any circumstances, constitute a representation that the information contained in this Offering Memorandum is correct at any time subsequent to the date of this Offering Memorandum.

Potential subscribers of Shares should inform themselves as to (a) the possible tax consequences, (b) the legal requirements and (c) any foreign exchange restrictions or exchange control requirements which they might encounter under the laws of the countries of their citizenship, residence, incorporation or domicile and which might be relevant to the subscription, holding, or disposal of Shares.

### Registration in the British Virgin Islands

The Fund is registered as a public mutual fund with the British Virgin Islands Financial Services Commission under Section 45 of the Securities and Investment Business Act, 2010 (as amended) of the British Virgin Islands. The Fund's registration and recognition as a public mutual fund is subject to certain general reporting conditions, and other specific conditions, details of which are outlined under Section 3.5 "Corporate Oversight Committee" and Section 8 "Regulation". However, such registration does not involve an examination of the merits of an investment in the Fund and does not entail substantive supervision of the investment performance or portfolio constitution of the Fund by the British Virgin Islands Financial Services Commission. Moreover, there is no financial obligation or compensation scheme imposed on or by the British Virgin Islands Financial Services Commission in favour of or available to the Investors of the Fund.

### **Restrictions on Distribution**

The distribution of this Offering Memorandum and the offering of Shares in certain jurisdictions is restricted. There will be no public offering of Shares and no offer to sell (or solicitation of an offer to buy) is being made in any jurisdiction in which such offer or solicitation would be unlawful. It is the responsibility of any recipient of this Offering Memorandum to confirm and observe all applicable laws and regulations. The following information is provided as a general guide only:

British Virgin Islands: No offer or invitation to subscribe for Shares may be made to the public in the British Virgin Islands.

United States of America: The Shares have not been registered under the United States Securities Act of 1933 and are not being offered in the United States of America, nor may they be directly or indirectly offered or sold in the United States of America or in its territories or possessions or areas subject to its jurisdiction or to or for the benefit of nationals, citizens or residents thereof or persons who are normally resident therein (including the estate of such person and corporations or partnerships created or organised therein) except pursuant to an exemption available under the United States Securities Act of 1933.

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## DIRECTORY

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Peter Curtin  
Thomas David Cumming

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Castlestone Management Inc.  
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P.O. Box 4064  
Road Town, Tortola  
British Virgin Islands

### Administrator, Registrar and Transfer Agent

Circle Investment Support Services B.V.  
Smallepad 30F  
3811 MG Amersfoort  
The Netherlands

### Authorised Representative

Maples Authorised Representative Services (BVI) Limited  
P.O. Box 173  
Road Town, Tortola, VG1110  
British Virgin Islands

### Bank

VP Bank (BVI) Limited  
VP Bank House, 156 Main Street  
P.O. Box 3463  
Road Town, Tortola, VG1110  
British Virgin Islands

### Prime Broker and Custodian

Morgan Stanley Smith Barney LLC  
11th Floor, 1 New York Plaza  
New York, NY 10014  
United States of America

## DEFINITIONS

"Administrator"	means Circle Investment Support Services B.V., or the person, firm or corporation appointed, and from time to time acting, as administrator of the Fund.
"Articles"	means the articles of association of the Fund, as amended from time to time.
"Business Day"	means any day normally treated as a business day in the UK and The Netherlands.
"British Virgin Islands" or "BVI"	means the British Overseas Territory of the British Virgin Islands.
"Class"	means a class of Shares.
"Covered Call"	means an options strategy whereby an investor holds a long position in an asset and writes (sells) call options on that same asset in an attempt to generate increased income from the asset. This is often employed when an investor has a short-term neutral view on the asset and for this reason holds the asset long and simultaneously has a short position via the option to generate income from the option premium. This is also known as a "buy-write".
"Cut-off Time"	means 12:00 noon (GMT) on each Business Day for the following Business Day NAV.
"Dealing Day"	means, each Business Day following the respective NAV calculation or such other days as may from time to time be determined by the Directors.
"Directors"	means the directors for the time being of the Fund.
"Distribution and Servicing Fee"	means a fee payable by the Fund under an agreement for distribution and servicing services as further described in this Offering Memorandum.
"Entry Fee"	means a fee equal to 1% of the Subscription Price which reduces the investment amount on the Dealing Day in respect of certain classes of Shares as further described in this Offering Memorandum.
"Euro" or "€"	means the lawful currency of the European Union.
"Euro Share"	means a Class AAS Share, Class AA Share, Class BB Share, Class CC Share, Class EE Share or Class FF Share of €0.01 par value in the Fund.
"Financial Services Commission"	means the Financial Services Commission of the British Virgin Islands.
"Fund"	means Emerging Markets Equity High Yield & Premium Income Fund Inc.
"GBP"	means the lawful currency of the United Kingdom.
"Gross Asset Value"	means the Net Asset Value prior to deduction of the applicable Management Fees, Retrocession Fees and Incentive Fees.
"High Yield Equity"	means a high yield equity or high yield stock whose dividend yield is higher than the ten-year US Treasury note.

"IFRS"	means International Financial Reporting Standards.
"Incentive Fee"	means the incentive fee payable by the Fund to the Investment Manager.
"Inelastic Demand"	means that the supply and demand for a good or service are unaffected when the price of that good or service changes.
"Investment Advisor"	means Castlestone Management LLC or the person, firm or corporation appointed, and from time to time acting as investment advisor.
"Investment Advisory Agreement"	means the agreement by which the Investment Manager has appointed the Investment Advisor to provide investment advisory services.
"Investment Management Agreement"	means the agreement by which the Fund has appointed the Investment Manager to manage the Fund's investments.
"Investment Manager"	means Castlestone Management Incorporated or the person, firm or corporation appointed, and from time to time acting, as investment manager of the Fund.
"Management Fee"	means the management fee payable by the Fund to the Investment Manager.
"Memorandum"	means the memorandum of association of the Fund, as amended from time to time.
"Net Asset Value" or "NAV"	means the value of the assets less the liabilities of the Fund calculated in accordance with the Articles and this Offering Memorandum.
"Net Asset Value per Share"	means the Net Asset Value of a Share of a Class calculated in accordance with the Articles and this Offering Memorandum.
"Offer Period"	means the period during which the Shares of any Class are offered at their initial offer price, as further described herein, commencing on such date and closing on such date as the Directors in their absolute discretion shall determine.
"Organisational Expenses"	has the meaning given to it in Section 5, "Fees and Operational Expenses".
"Premium Income"	means income that is earned through the sale of an option. The writer of an option earns premium income; the buyer of the option pays the writer a premium in order to have the right (but not the obligation) to exercise the option at a fixed price.
"Prime Broker and Custodian"	means, Morgan Stanley Smith Barney LLC ("MSSB") and Interactive Brokers LLC, as the broker-dealer to facilitate the execution of securities transactions, taking orders, executing trades and providing custody services.
"Prohibited Investor"	means a person who is not eligible to acquire or hold Shares, directly or indirectly, as determined from time to time by the Directors and as described in this Offering Memorandum.
"Redemption Penalty"	means, in respect of Class B, E, BB, EE, BBB and EEE Shares, the unamortised balance of the Sales Charge as described in this Offering Memorandum.

<b>"Redemption Price"</b>	means the Net Asset Value per Share of the relevant Class calculated on the relevant Valuation Day.
<b>"Retrocession Fee"</b>	means the fee payable by the Fund to the Investment Manager in accordance with the Investment Management Agreement and subsequently paid to brokers and other counterparties responsible for the sale of certain Classes of Shares, as further described in this Offering Memorandum.
<b>"Sales Charge"</b>	means a charge in respect of certain classes of Shares, as further described in this Offering Memorandum.
<b>"Securities and Investment Business Act"</b>	means the British Virgin Islands Securities and Investment Business Act, 2010 (as amended).
<b>"Semi-Monopolistic"</b>	means a company that holds a natural advantage over competitors due to high barriers of entry within a specific market.
<b>"Share"</b>	means a US Dollar Share, Euro Share or Sterling Share in the capital of the Fund having the rights designated in the Articles and to which this Offering Memorandum relates.
<b>"Shareholder"</b>	means a person who is registered on the register of Shareholders of the Fund as a holder of a Share.
<b>"Sterling" or "£"</b>	means the lawful currency of the United Kingdom.
<b>"Sterling Share"</b>	means a Class AAAS Share, Class AAA Share, Class BBB Share, Class CCC Share, Class EEE Share or Class FFF Share of £0.01 par value in the Fund.
<b>"Subscription Agreement"</b>	means the subscription agreement and revocable proxy that each Shareholder must complete prior to initial investment.
<b>"Subscription Price"</b>	means the price at which Shares of the relevant Class are issued being the Net Asset Value per Share on the relevant Dealing Day.
<b>"Underlying Fund"</b>	has the meaning given to it in Section 2, "Investment Objective and Strategy".
<b>"United States" or "US"</b>	means the United States of America, each state therein, the Commonwealth of Puerto Rico and each territory and possession of the United States of America and place subject to its jurisdiction.
<b>"US Dollar" or "US\$"</b>	means the lawful currency of the United States of America.
<b>"US Dollar Share"</b>	means a Class AS Share, Class A Share, Class B Share, Class C Share, Class E Share or Class F Share of US\$0.01 par value in the Fund.
<b>"US Person"</b>	means (i) any United States citizen or a resident of the United States of America (as defined for purposes of the Federal income tax laws of the United States); (ii) any corporation, partnership, trust or other legal entity organised or created under the laws of any United States jurisdiction; (iii) any organisation or entity controlled, directly or indirectly, by a person or persons described in (i) or (ii) or of which such person or persons described in (i) or (ii) are known to be the owners, directly or indirectly, of a majority of the beneficial

interests therein; (iv) any organisation or entity or any branch or agency thereof the income of which is subject to United States income tax regardless of the source of such income.

**"Valuation Day"**

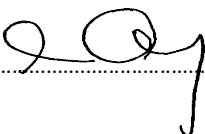
means, in relation to any Class of Share, each Business Day or such other days determined from time to time by the Directors to be the days upon which the Net Asset Value per Share is calculated.

In this Offering Memorandum, unless otherwise stated, all references to statutes are to British Virgin Islands statutes.

Unless otherwise required by the context, the singular shall include the plural and vice versa, the masculine shall include the feminine and the neuter and references to persons shall include corporations and all entities capable of having a legal existence.

**DIRECTOR'S APPROVAL**

The contents of this Offering Memorandum have been approved, and its publication authorized, by the Board of Directors. The Board of Directors has resolved that this Offering Memorandum be signed by Angus Murray on behalf of the Board.

  
..... Angus Murray, Director for the Board of Directors.

## SUMMARY

The following is a summary only and is qualified in its entirety by the more detailed information appearing elsewhere in this Offering Memorandum, in the Memorandum and Articles of the Fund and the other agreements referred to herein.

## THE FUND

Emerging Markets Equity High Yield & Premium Income Fund Inc. is registered as a BVI business company, and was incorporated with limited liability in the British Virgin Islands on 9th August 2007 under the BVI Business Companies Act 2004 (as amended).

## INVESTMENT OBJECTIVE AND STRATEGY

The Fund's investment objective is to achieve long term capital appreciation. The Fund will seek to allocate its assets to a portfolio of listed, exchange traded equities which the Investment Manager believes to have the following characteristics: Semi-Monopolistic, Inelastic Demand, "quality" fundamentals and where the equities have a high dividend yield. The Fund aims to enhance the return to investors by writing Covered Calls against the underlying securities where applicable. The Fund will principally invest in emerging market countries' equities and will also invest in developed market countries that have considerable exposure through operations or revenue to emerging markets. These equities will be chosen in order to assist the Investment Manager in meeting the Fund's objective and/or provide exposure to the equities targeted by the Investment Manager. As the Fund is managed on an active, discretionary basis, the asset allocation may differ substantially from that of its performance indicator (such as the MSCI Emerging Market Index), depending on the Investment Manager's expectations.

The Fund will write European style Covered Calls which can only be exercised by the buyer on expiry and the intention is for these to be between four and eight weeks in length. The Fund may also use American style options which can be exercised by the buyer at any time up until expiry and/or write options that have an expiry date outside of the guidance given.

## MANAGEMENT AND ADMINISTRATION

The Directors will meet at least semi-annually to review and assess the investment program and performance of the Fund, and generally to supervise the conduct of its affairs.

Castlestone Management Incorporated, a BVI business company limited by shares, has been appointed as the Investment Manager. The Investment Manager is primarily responsible for the investment and re-investment of the assets of the Fund subject to the overall supervision, control and policies of the Directors.

Castlestone Management LLC, a Delaware limited liability company has been retained by the Investment Manager as the Investment Adviser.

Circle Investment Support Services B.V. has been retained by the Fund to perform certain administrative, accounting and investor services for the Fund and to act as registrar and transfer agent.

Morgan Stanley Smith Barney LLC and Interactive Brokers LLC have been retained as the broker-dealers to facilitate the execution of securities transactions, taking orders, executing trades and providing custody services.

## THE SHARES

This Fund is authorized to issue a maximum number of 6,000,000 shares comprised of the following share classes:

US Dollar: 500,000 Class AS, 500,000 Class A, 250,000 Class B, 250,000 Class C, 250,000 Class E and 250,000 Class F Shares of US\$0.01 par value each

Euro: 500,000 Class AAS, 500,000 Class AA, 250,000 Class BB, 250,000 Class CC, 250,000 Class EE and 250,000 Class FF Shares of €0.01 par value each

Sterling: 500,000 Class AAAS, 500,000 Class AAA, 250,000 Class BBB, 250,000 Class CCC, 250,000 Class EEE and 250,000 Class FFF Shares of £0.01 par value each.

For the avoidance of doubt, Class A, B, C, AA, BB, CC, AAA, BBB and CCC are now closed to subscriptions.

The Shares have identical voting, dividend, distribution and liquidation rights within each Class. The Fund does not anticipate paying any dividends on its Shares.

The Fund may issue further Classes of Shares which may have different rights, privileges and terms in the future and which may be denominated in different currencies.

#### **Minimum Initial Subscription Amount**

The minimum initial subscription amount per investor with respect to each Class of Shares is:

1,000,000 US\$, Euro or GBP for Class AS, AAS and AAAS Shares respectively,

10,000 US\$, Euro or GBP for Class E, EE and EEE Shares respectively,

10,000 US\$, Euro or GBP for Class F, FF and FFF Shares respectively,

or such other amounts as the Directors may determine. All subscriptions are subject to acceptance or rejection, in the sole discretion of the Directors.

For the avoidance of doubt, Class A, B, C, AA, BB, CC, AAA, BBB and CCC are now closed to subscriptions.

#### **Sale and Transfer Restrictions**

Shares may only be offered, sold and transferred with the consent of the Directors to non Prohibited Investors.

#### **Subscription for Shares**

Class F Shares are being offered at an initial offer price of US\$1,150 per Share,

Class AAS, EE and FF Shares are being offered at an initial offer price of €1,150 per Share, and

Class AAAS Shares are being offered at an initial offer price of £1,150 per Share

during the Offer Period, and such Shares will be offered thereafter on each Dealing Day at the relevant Net Asset Value per Share.

The offer period for Class AS, E, EEE and FFF Shares has now ended and Shares in these Classes are being offered at their respective NAV per Share on the relevant Dealing Day.

For the avoidance of doubt, Class A, B, C, AA, BB, CC, AAA, BBB and CCC are now closed to subscriptions.

#### **Subscription Charges**

##### **Sales Charge**

In respect of subscriptions for Class E, EE and EEE Shares only, a Sales Charge of 5% of the Subscription Price will be paid by the Fund at the time of subscription and amortised over a term of sixty (60) months against the relevant Share Class. The Sales Charge will be paid by the Fund to the Investment Manager who in its turn pays the Sales Charge to brokers and other counterparties (whether or not affiliated with the Investment Manager) who are responsible for the sale of these Classes of Shares.

##### **Entry Fee**

In respect of subscriptions for Class F, FF and FFF Shares only, an Entry Fee will be charged of a minimum of 1% and a maximum of 5%, the additional 1-4% being an optional sales load ("Sales Load"), of the Subscription Price. The net amount will be applied in subscribing for Shares in those Classes. The Entry Fee will be paid to the Investment Manager who in its turn pays brokers and other counterparties (whether or not affiliated with the Investment Manager) who are responsible for the sale of these Classes of Shares.

Persons interested in subscribing for Shares will be furnished with, and will be required to complete, execute and return to the Administrator, a Subscription Agreement.

#### **Dividend Policy**

Dividends may be paid at the sole and absolute discretion of the Directors. It is not anticipated that the Fund will pay dividends.

### **Redemption of Shares**

The Shares may generally be redeemed on any Dealing Day. Written notice of redemption must be received by the Administrator by the Cut-off Time (being 12:00 noon (GMT) on any Business Day for the following Business Day NAV).

The redemption of Shares of a Class will be suspended whenever the calculation of the Net Asset Value of Shares of that Class is suspended. Where Shares have been acquired on more than one date, they will be redeemed on a "first in, first out" basis unless otherwise agreed by the Investment Manager and the applicable Shareholder to take into account the different investments of the underlying beneficial owners of Shares.

Any Class B, E, BB, EE, BBB or EEE Shares redeemed within sixty (60) months of such Share's Dealing Day will be subject to a Redemption Penalty, initially equal to 5% of such Share's Subscription Price and declining upon each anniversary of the relevant Dealing Day. Please see Section 4.7, "Redemption of Shares" for further details.

Shares will be redeemed at the Redemption Price of the relevant Class on the Dealing Day, less any applicable Redemption Penalty and other fees and/or charges. The Redemption Price will be an amount equal to the Net Asset Value per Share of the relevant Class calculated on the Valuation Day (less any applicable fees and expenses as further described herein).

Payment of 100% of the redemption proceeds for redeemed Shares will be made as soon as possible and in any event no later than ten (10) days after the relevant Dealing Day. Redemptions shall be subject to provision by the Fund for all Fund liabilities, reserves for contingencies and a charge to defray the transactional costs and expenses deemed likely to be incurred in liquidating investments.

Shares may be compulsorily redeemed at the discretion of the Directors in the circumstances described in Section 4.7, "Redemption of Shares".

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

The Directors have delegated responsibility for valuing the Fund's investments and for the calculation of the Net Asset Value of the Shares of the Fund to the Administrator, subject to the supervision and approval of the Directors. The valuation and the calculation will be performed at the offices of the Administrator. The Administrator may consult with, and is entitled to rely upon, advice from the Investment Manager and the Fund's Directors, auditors, custodians, brokers, pricing providers and other similar parties in its determination of the value of the Fund's investments and of the Net Asset Value of the Shares of the Fund.

The valuation of the Fund's investments and the calculation of the Net Asset Value of the Shares shall normally be made at the close of business on each Valuation Day. Other or special valuations and calculations may be requested by the Directors from time to time in their sole discretion.

The Net Asset Value of the Fund will be equal to its total assets less its total liabilities as of the date of determination.

## **FEES AND OPERATIONAL EXPENSES**

### **Management Fee**

Pursuant to the Investment Management Agreement, the Fund will pay to the Investment Manager a Management Fee, accrued daily and paid weekly in arrears, equal to 1.75% per annum of the Gross Asset Value of all Share Classes at each Valuation Day.

### **Incentive Fee**

Pursuant to the Investment Management Agreement, the Investment Manager may be entitled to receive an Incentive Fee from the Fund with respect to Class AS, A, B, C, E, F, AAS, AA, BB, CC, EE, FF, AAAS, AAA, BBB, CCC, EEE and FFF Shares. Details of the Incentive Fee are set out in Section 5, "Fees and Operational Expenses" below.

### **Retrocession Fee**

Pursuant to the Investment Management Agreement, the Fund will pay to the Investment Manager a Retrocession Fee, accrued daily and paid weekly in arrears, as set out below:

0.5% per annum of the Gross Asset Value in respect of Class AS, AAS and AAAS Shares as at each Valuation Day,

0.75% per annum of the Gross Asset Value in respect of Class B, BB, BBB, C, CC and CCC Shares as at each Valuation Day,

1.00% per annum of the Gross Asset Value in respect of Class E, F, EE, FF, EEE and FFF Shares as at each Valuation Day.

The Retrocession Fee is payable by the Fund to the Investment Manager and subsequently paid by the Investment Manager to brokers and other counterparties (whether or not affiliated with the Investment Manager) who are responsible for the sale of these Classes of Shares. The Retrocession Fee paid by the Investment Manager to brokers and other counterparties can vary from time to time. The Investment Manager does not intend to retain any part of the Retrocession Fee.

Class A, AA and AAA Shares will not be subject to the Retrocession Fee.

#### **Administrator Fees**

The Administrator will receive fees that will be paid out of the assets of the Fund based on an agreed schedule of fees. The Administrator will also be reimbursed for all out-of-pocket expenses.

#### **Prime Broker and Custodian Fees**

The Fund will pay to MSSB and Interactive Brokers LLC customary brokerage fees as per the terms agreed in the account opening documents.

#### **Other Fees and Expenses**

The Fund will also bear its own on-going operating costs and expenses which are further disclosed in Section 5, "Fees and Operational Expenses" below.

#### **TAXATION**

On the basis of current British Virgin Islands law and practice, the Fund will not be liable to taxation in the British Virgin Islands, although tax may be due on dividends, income or gains derived from the Fund's investments and paid to the Fund.

#### **RISK FACTORS**

Investment in the Fund involves significant risks. Investors' attention is drawn to the risks outlined in Section 7, "Risk Factors".

The investor gets to earn a Premium Income writing calls while at the same time appreciate all benefits of underlying stock ownership, such as dividends and voting rights, unless he is assigned an exercise notice on the written call and is obligated to sell his shares. Using the Covered Call option strategy, however, the profit potential of Covered Call writing is limited as the investor had, in return for the Premium Income, given up the chance to fully profit from a substantial rise in the price of the underlying asset.

#### **REGULATION**

The Fund is registered as a public mutual fund under the Securities and Investment Business Act. The Directors are not currently seeking a listing of the Shares but reserve the right to do so in the future. Save as aforesaid, no regulatory filings will be made in any country and the Fund will not be qualified for public sale in any country.

#### **ANTI-MONEY LAUNDERING**

The Fund reserves the right to request such information as is necessary to verify the source of any subscription monies. The Fund may refuse to accept a Subscription Agreement and the subscription monies if an applicant for Shares delays in producing or fails to produce any information required for the purposes of verification of identity or source of funds, and in that event the Fund shall return the subscription monies (without interest and at the expense of the applicant) by wire transfer to the account from which the monies were originally sent.

#### **ADDITIONAL INFORMATION**

#### **Financial Year**

The Fund's financial year ends on 31 December of each year.

#### **Reports and Statements**

Deloitte Ltd., British Virgin Islands ("Deloitte") have been engaged as the independent auditors of the Fund. Audited financial statements must be submitted to the Financial Services Commission within six (6) months of the end of the Fund's financial year. A copy of the Fund's audited financial statements will also be sent to Shareholders. The Administrator will make available unaudited daily NAVs to Shareholders.

#### **Potential Conflicts of Interest**

Certain inherent conflicts of interest arise from the fact that the Investment Manager and its affiliates will provide management and investment management services to the Fund and may carry on investment activities for other clients, including other investment funds, client accounts and proprietary accounts in which the Fund will have no interest and whose respective investment programs may or may not be substantially similar.

#### **Material Contracts**

The Fund has entered into various contracts that the Directors consider to be material. For additional details please refer to section 10.4, "Material Contracts".

#### **Available Documents**

Copies of the documents listed in section 10.10, "Available Documents" are available upon request from the Administrator.

## 1. THE FUND

Emerging Markets Equity High Yield & Premium Income Fund Inc. is registered as a BVI business company and was incorporated with limited liability in the British Virgin Islands on 9th August 2007 under the BVI Business Companies Act, 2004 (as amended) and is empowered under its Memorandum and Articles and the laws of the BVI to issue and redeem its Shares and to carry on investment activities.

The Fund is managed by its Directors and the Directors will review the activities of the Administrator, the Investment Manager, the Prime Broker and Custodian and decide upon matters of general policy. Subject to the overall supervision of the Directors, the Administrator will calculate the NAV of the Fund and act as its registrar and transfer agent and the Investment Manager will be responsible for all investment activities of the Fund.

## 2. INVESTMENT OBJECTIVE AND STRATEGY

### 2.1 Investment Objective

The Fund's investment objective is to achieve long term capital appreciation. The Fund will seek to allocate its assets to a portfolio of listed, exchange traded equities which the investment manager believes to have the following characteristics: Semi-Monopolistic, Inelastic Demand, "quality" fundamentals and where the equities have a high dividend yield. The Fund aims to enhance the return to investors by writing Covered Calls against the underlying securities where applicable. A high yield equity or high yield stock is an equity whose dividend yield is higher than the ten-year US Treasury note. The investor gets to earn a Premium Income writing calls while at the same time appreciate all benefits of underlying stock ownership, such as dividends and voting rights, unless he is assigned an exercise notice on the written call and is obligated to sell his shares. Using the Covered Call option strategy, however, the profit potential of Covered Call writing is limited as the investor had, in return for the Premium Income, given up the chance to fully profit from a substantial rise in the price of the underlying asset.

### 2.2 Investment Strategy

The Investment Manager uses the MSCI Emerging Market Index as a reference for performance, although this index does not define the investment universe, due to the Fund's flexible investment objective. The market risk of the Fund can be comparable to that of its performance indicator but not in absolute terms. The MSCI Emerging Market Index represents the stock performance of 23 emerging economies: Brazil, Chile, China, Colombia, Czech Republic, Egypt, Greece, Hungary, India, Indonesia, Korea, Malaysia, Mexico, Morocco, Peru, Philippines, Poland, Russia, South Africa, Taiwan, Thailand, Turkey and the UAE. The index was created by Morgan Stanley Capital International (MSCI) and is designed to measure equity market performance in global emerging markets. The MSCI Emerging Market index was launched in 1988 with 10 countries in the Index. The MSCI Emerging Market Index has 800 securities in the Index.

The Fund is expected to primarily invest in exchange traded equities that the Investment Manager believes are high yielding, have Semi-Monopolistic qualities, and have Inelastic Demand and will write Covered Call options on those exchange traded equities where applicable. The Fund may also extensively use other asset classes including, but not limited to, the following: money market instruments and fixed income (Corporate and Government).

The Fund will principally invest in emerging market countries' equities and will also invest in developed market countries that have considerable exposure through operations or revenue to emerging markets. These equities will be chosen in order to assist the Investment Manager in meeting the Fund's objective and/or provide exposure to the equities targeted by the Investment Manager. As the Fund is managed on an active, discretionary basis, the asset allocation may differ substantially from that of its performance indicator (such as the MSCI Emerging Market Index), depending on the investment manager's expectations.

The Investment Manager analyses and monitors factors that it believes could alter and impact equities in developed countries and emerging markets, including, without limitation: changing economic conditions, monetary and fiscal policies, economic growth, trade and capital flows, demographics, political developments, sovereign risk and changing tax rates and regulations. The portfolio weightings are determined by the Investment Manager with the objective of achieving the best risk/reward opportunities to generate a high total return including the duration and strike of writing the Covered Calls.

There is no restriction on the Investment Manager regarding the percentage of the Fund's total assets that may be invested in any individual equity or country or type or area of investment and the investment objective imposes no obligation to invest in a fully diversified portfolio. However, the Fund will employ all investment techniques under the basis of buy and write of Covered Calls that the Investment Manager believes will help the Fund achieve its investment objectives.

The Fund will write European style Covered Calls which can only be exercised by the buyer on expiry and the intention is for these to be between four and eight weeks in length. The Fund may also use American style options which can be exercised by the buyer at any time up until expiry and/or write options that have an expiry date outside of the guidance given.

The Fund may also invest in other funds and investment vehicles ("Underlying Funds") if it is in accordance with the investment strategy of the Fund and will assist the Fund in achieving its investment objectives.

### **2.3 Leverage**

The Fund is not leveraged. The Fund aims to provide investors with 100% investment exposure, in order to achieve this the Fund may borrow to cover prepaid items such as any applicable Sales Charge and/or margin requirements for currency hedging, but any borrowing is limited to a maximum of 20% of the Net Asset Value of the Fund at the time of incurrence.

### 3. MANAGEMENT AND ADMINISTRATION

#### 3.1 The Directors

The Directors are responsible for the overall investment policies of the Fund although the day to day investment, management and administration of the Fund has been delegated to the Investment Manager and the Administrator.

The Articles provide that the remuneration to be paid to the Directors, if any, shall be such remuneration as the Directors shall determine. As at the date of this document, each Director is entitled to be paid up to a maximum of US\$15,000 per annum. The Directors are also entitled to be paid all travelling, hotel and other expenses properly incurred by them in connection with their attendance at meetings of Directors or committees of Directors, or general meetings or separate Class meetings, or otherwise in connection with the business of the Fund. However, only two Directors associated with the Investment Manager may receive remuneration at any one time. In addition, a Director may hold any other office or place of profit under the Fund (other than the office of auditor) in conjunction with such Director's office of Director for such period and on such terms as to remuneration and otherwise as the Directors may determine.

The Articles provide that no Director shall be disqualified from contracting with the Fund, either as vendor, purchaser or otherwise. Any contract or transaction entered into by or on behalf of the Fund in which any Director is in any way interested will not be voided, and any Director that is party to such contract or is so interested will not be liable to account to the Fund for any profit realised by any such contract or transaction by reason of such Director holding office or of the fiduciary relationship thereby established. A Director is at liberty to vote in respect of any contract or transaction in which such Director is interested provided that the nature of the interest of any Director or alternate Director in any such contract or transaction is disclosed by such Director immediately upon coming aware of the fact that he is interested in a transaction entered into or to be entered into by the Company. A general notice to the board of Directors that a Director is a shareholder, director, officer or employee of another named company or other person and is to be regarded as interested in any transaction with such firm or company is sufficient disclosure for the purposes of voting on a resolution in respect of a contract or transaction in which such Director has an interest, and after such general notice it is not necessary to give special notice relating to any particular transaction.

The Articles further provide that every Director and officer of the Fund (including any former Director and former officer) is entitled to be indemnified out of the assets of the Fund against any liability, action, proceeding, claim, demand, costs, damages or expenses, including legal expenses, whatsoever which they or any of them may incur as a result of any act or failure to act in carrying out their functions other than such liability (if any) that they may incur by reason of their own wilful misconduct or reckless disregard of their duties or as otherwise provided by law.

At the date of this Offering Memorandum, the Directors are:

#### **Angus S.D. Murray ~ Director**

Angus is the founder of the Investment Manager, an independently owned investment management/family office that has been managing alternative assets since 1996. In addition to being a director of the Fund and the Investment Manager, Angus is the principal fund manager and/or on the investment committee of a number of other BVI public, professional and private funds. In December 1996, Castlestone Management Incorporated was formed to advise a European family office on its alternative investment strategies. Prior to this Angus held the position as co-head of International Equities for NatWest Markets USA. During his time at NatWest Markets Angus was appointed as a Vice President and ran the Australian/New Zealand Equities department and was an Australian/New Zealand institutional equity salesperson in London. In October 1997, Angus joined Macquarie Bank's equity department in London before being appointed to be President of Macquarie Holdings (USA) Inc. Between October 1997 and March 2000, Angus held the dual responsibilities as President of Macquarie Holdings (USA) Inc. and "managing principal" of the Investment Manager. Angus resigned from Macquarie in March 2000. Angus was born in Sydney, Australia. He received a Bachelor of Financial Economics from the University of London, England.

#### **Thomas David Cumming ~ Director**

David Cumming is an independent director of the Fund and the Investment Manager, and is also a director of a number of other funds managed by the Investment Manager. David has over thirty (30) years experience in the financial services industry, most recently providing a consultancy service to Southern Cross Equities (UK) Limited, a company from which he resigned in 2010 having

previously provided advisory and dealing services to eligible counterparties and professionals for them since 2004. Prior to this David had been Managing Director of Citigroup Australia (Equities Division) (formerly known as County NatWest Australia) where he had been involved in stock broking activities as Head of the Equities Desk since 1993. Before working for Citigroup David had been a partner at A.C. Goode and Co. in London where he been working since 1980 having moved from his native Australia.

**Peter Curtin ~ Director**

Peter Curtin has over forty (40) years experience of the securities industry both in broking and investment management. Before retiring as an active fund manager with Merrill Lynch Investment Managers in March 2000 he was responsible for managing over US\$2 billion of assets. He has extensive experience in international equity markets in particular those of the Asia Pacific region. For a number of years after retirement Mr Curtin was a non-executive director of a Hong Kong based hedge fund, an AIM listed investment company and also acted as an adviser to a small family wealth office. He is also a director of a number of other funds managed by the Investment Manager. In addition he has held a number of positions, starting in 1964 as a broker's settlement clerk and working his way up to vice president/director level with large investment management businesses. Mr Curtin is a member of the Chartered Institute for Securities & Investment.

**3.2 Investment Manager**

The Fund has retained Castlestone Management Incorporated to act as its investment manager pursuant to the terms of the Investment Management Agreement.

The Investment Manager is a BVI Business Company, incorporated on 11th October 1996 in the British Virgin Islands and is registered under the BVI Business Companies Act 2004 (as amended). It is ultimately owned by the Castlestone Management Group Trust, a trust formed under the laws of the BVI, and its registered office address and principal place of business is MDE's Building, 1st Floor, Purcell Estate, P.O. Box 4064, Road Town, Tortola, British Virgin Islands.

The Investment Manager's main business is to manage the investments of mutual funds established in the BVI and it has been managing BVI mutual funds since December 1996. The Investment Manager has experience managing traditional long only equity funds, long only commodity funds, and global macro fund strategies and various other alternative strategies.

The Investment Manager is licensed by the Financial Services Commission under the Securities and Investment Business Act and holds a Category 3: Investment Management Sub-category B: Managing Mutual Funds investment business licence.

Under the terms of the Investment Management Agreement, the Directors have delegated to the Investment Manager sole authority and responsibility for the investment of the Fund's assets. The Investment Manager will supervise the day to day management of the Fund and the conduct of the administration of the Fund by the Administrator. In addition, the Investment Manager will be responsible for, without limitation:

- financial statement analysis,
- asset allocation,
- stock selection,
- on-going monitoring of investments,
- risk management,
- liquidity management,
- trading, and
- internal research and broker relations.

The Directors of the Investment Manager are:

Mr Angus Murray

Mr David Cumming

Please refer to the biographies for Mr Angus Murray and Mr David Cumming under Section 3.1, "Directors".

The appointment of the Investment Manager shall continue until the close of business on 31st December 2034 unless terminated, effective at the close of business on the last day of any financial quarter, by the Fund or the Investment Manager giving to the other not less than sixty (60) days' written notice. The Investment Management Agreement may also be terminated in certain other circumstances described therein. The Investment Manager will be entitled to receive the fees described below under Section 5, "Fees and Operational Expenses".

The Fund has agreed to indemnify the Investment Manager and/or its principals and affiliates for or against any and all liabilities of whatsoever nature which it may incur in performing its obligations under the Investment Management Agreement, including, but not limited to any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever which may be imposed on incurred by or asserted against the Investment Manager in the performance of its duties and responsibilities to the Fund, other than those liabilities resulting from gross negligence, fraud or wilful default on the part of the Investment Manager and/or its principals and affiliates, servants or agents.

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

In addition, under the terms of the Investment Management Agreement, the Investment Manager may appoint one or more investment advisors at any point in the future that it deems fit. Such investment advisors may or may not be companies' affiliated with the Investment Manager and will provide services as agreed under an investment advisory agreement, which will be solely at the discretion of the Investment Manager to enter into. The Investment Manager (and not the Fund) will be responsible for all fees payable to any appointed investment advisor(s).

### **3.3 Investment Advisor**

The Investment Manager has retained Castlestone Management LLC as an investment advisor. Castlestone Management LLC is a limited liability company, incorporated on 26 February 2001 in the state of Delaware, United States of America and it is registered as an investment advisor with the State of New Jersey. The Investment Advisor's registered office address and principal place of business is Harborside 5, 185 Hudson Street, Suite 2528, Jersey City, NJ 07311, United States of America.

Castlestone Management LLC provides assistance and services relating to certain aspects of the business of Castlestone Management Inc. On behalf of the Investment Manager, Castlestone Management LLC executes futures, ETFs, Options, FX trades across multiple funds and strategies as well as providing market research. Castlestone Management LLC also provides risk management and risk management reporting to the Investment Manager along with weekly and monthly performance reporting. Under the terms of the Investment Advisory Agreement the Investment Advisor shall advise the Investment Manager upon the manner in which it should exercise the functions, duties, powers, and discretions vested in it pursuant to the Investment Management Agreement with a view to achieving the investment objective and policies of the Fund.

The Investment Manager (and not the Fund) will be responsible for all fees payable to the Investment Advisor.

### **3.4 Administrator**

The Fund has retained Circle Investment Support Services B.V. to act as the administrator, registrar and transfer agent of the Fund, pursuant to the terms of an administration, registrar and transfer agency agreement (the "Administrative Services Agreement" or "ASA").

The Administrator is a private limited liability company, incorporated on 1st August 2000 in The Netherlands. It is an affiliate of Circle Partners, a group of financial services companies which offers fund administration, corporate finance and fiduciary management services. Circle Partners has offices in The Netherlands, Luxembourg, Curaçao, Switzerland, British Virgin Islands,

Cayman Islands, the Slovak Republic, the United States of America and Hong Kong. The Administrator's registered office address and principal place of business is Smallepad 30F, 3811 NA Amersfoort, The Netherlands.

The Administrator's main business is fund administration and it currently administers more than 200 investment funds in several jurisdictions with net assets totalling over USD 9 billion.

The Administrator is not, and is not required to be, regulated in the British Virgin Islands or The Netherlands.

Under the terms of the ASA, the Administrator will be responsible for the following matters, among others, under the general supervision of the Directors:

- communicating with Shareholders;
- maintaining the register of Shareholders;
- processing subscriptions and redemptions including conducting anti-money laundering procedures;
- preparing and maintaining the Fund's financial and accounting records and statements;
- determining the NAV of the Shares;
- preparing financial statements;
- arranging for the provision of accounting, clerical and administrative services;
- maintaining corporate records; and
- disbursing payments of fees and salaries, if any.

The Administrator shall be paid by the Fund for its services pursuant to the ASA an annual fee based on an agreed schedule of fees.

The Administrator will be indemnified out of the assets of the Fund against all liabilities, actions, proceedings, claims, costs, demands and expenses (other than out-of-pocket expenses) arising out of its proper performance under the ASA, except in respect of the Administrator's willful misfeasance, bad faith or gross negligence in the performance of its duties under the ASA.

The Administrator will not provide any investment advisory or management services to the Fund and therefore will not be in any way responsible for the Fund's performance. The Administrator will not be responsible for monitoring any investment restrictions or compliance with the investment restrictions or investment ratios and will not be liable for any breach thereof.

### **3.5 Prime Broker and Custodian**

#### **Morgan Stanley Smith Barney LLC**

The Fund has retained Morgan Stanley Smith Barney LLC ("MSSB") as the broker-dealer to facilitate the execution of securities transactions. The services provided by MSSB to the Fund include, but are not limited to, taking orders, executing trades and providing custody services.

MSSB is a limited liability company formed in the state of Delaware as a result of a joint venture between Citigroup Inc. and Morgan Stanley Inc. MSSB is registered with the Securities and Exchange Commission as a broker-dealer and is also registered as a futures commission merchant with the Commodity Futures Trading Commission. MSSB's principal place of business is 11th Floor, 1 New York Plaza, New York, NY 10014, United States of America.

MSSB and its subsidiaries offer a wide variety of financial products and provide financial services to a large and diversified group of clients, financial institutions and individuals, including financial advisory services, sales, and trading in fixed income securities and related products, foreign exchange and investment activities and new issue distribution of fixed income, equity and packaged products.

The account opening documents provide that MSSB is responsible for the safe custody of the securities or any other property or assets that the Fund owns or may acquire and of which MSSB has agreed to retain custody.

#### **Interactive Brokers LLC**

In addition to Morgan Stanley Smith Barney LLC the Fund has retained Interactive Brokers LLC as a broker-dealer to facilitate the execution of securities transactions. The services provided by Interactive Brokers LLC to the Fund include, but are not limited to, taking orders, executing trades and providing custody services.

Interactive Brokers LLC is a limited liability company incorporated in Greenwich, Connecticut, United States and is a subsidiary of Interactive Brokers Group, Inc. Interactive Brokers LLC is regulated by the US Securities and Exchange Commission and the Commodity Futures Trading Commission. The principal place of business is at One Pickwick Plaza, Greenwich, CT 06830 USA.

Interactive Brokers Group, Inc. was founded by its Chairman and CEO Thomas Peterffy. Over the last 36 years, it has grown internally to become one of the premier securities firms with over \$4.8 billion in equity capital. Interactive Brokers Group, Inc. conducts its broker-dealer and proprietary trading businesses on over 100 market destinations worldwide. In its broker dealer agency business, Interactive Brokers Group, Inc. provides direct access ("on line") trade execution and clearing services to institutional and professional traders for a wide variety of electronically traded products including stocks, options, futures, forex, bonds, CFDs and funds worldwide. Interactive Brokers Group, Inc. and its affiliates execute nearly 1,000,000 trades per day.

The Fund will pay the Prime Brokers and Custodians customary brokerage fees as per the terms agreed in the account opening documents. The Prime Brokers and Custodians and any of its respective directors, officers, employees, or agents are not responsible for the performance or solvency of the Fund.

The Prime Brokers and Custodians will be indemnified against all losses, cause of action or damages and expenses arising from or as a result of its proper performance.

The Prime Brokers and Custodians will not provide any investment advisory or management services to the Fund and therefore will not be in any way responsible for the Fund's performance. The Prime Brokers and Custodians will not be responsible for monitoring any investment restrictions or compliance with the investment restrictions or investment ratios and therefore will not be liable for any breach thereof.

#### **3.6 Corporate Oversight Committee**

The Fund has appointed a corporate oversight committee (the "Corporate Oversight Committee") to provide oversight to the design, implementation and operational effectiveness of the internal controls which are implemented by, and in respect of, the Fund and the Investment Manager. The Corporate Oversight Committee focuses on policies, procedures and generic corporate governance measures implemented by the Fund and the identification of current and perceived risks to the Fund.

The Corporate Oversight Committee has also been appointed by the Fund as the competent body for the review and approval/refusal of all fees and expenses incurred by the Fund.

As a condition to the Funds' registration and recognition as a Public Fund, and in order to minimize any perceived conflicts of interest, the Corporate Oversight Committee shall:

- at all times have at least one independent director as a member;
- exclude Mr. Angus Murray as a member;
- notify the Financial Services Commission at least seven days prior to the appointment of any person as a member of the Corporate Oversight Committee;
- notify the Financial Services Commission within seven days of any person ceasing to be a member of the Corporate Oversight Committee; and
- report bi-annually to the Commission general aspects of the Committee's activities.

In addition the Fund shall:

- seek the Corporate Oversight Committee's approval prior to engaging in any contract with any Castlestone Management Inc. related entity or any entity related to the directors of the Fund, the employees of the Investment Manager or other affiliated entities; and
- submit all fees and expenses to the Corporate Oversight Committee for its review and approval prior to payment of the said fees and expenses.

#### 4. THE SHARES

##### 4.1 Share Capital

This Fund is authorized to issue a maximum number of 6,000,000 shares comprised of the following share classes:

US Dollar: 500,000 Class AS, 500,000 Class A, 250,000 Class B, 250,000 Class C, 250,000 Class E and 250,000 Class F Shares of UD\$0.01 par value each,

Euro: 500,000 Class AAS, 500,000 Class AA, 250,000 Class BB, 250,000 Class CC, 250,000 Class EE and 250,000 Class FF Shares of €0.01 par value each, and

Sterling: 500,000 Class AAAS, 500,000 Class AAA, 250,000 Class BBB, 250,000 Class CCC, 250,000 Class EEE and 250,000 Class FFF Shares of £0.01 par value each.

For the avoidance of doubt, Class A, B, C, AA, BB, CC, AAA, BBB and CCC are now closed to subscriptions.

##### 4.2 Rights and Restrictions

The Shares have identical voting, dividend, distribution and liquidation rights within each Class. Each Share carries the right to receive notice of, attend at or vote as a member at any general meeting of the Fund, and may vote at any relevant separate Class meeting.

Subject to any rights or restrictions attached to any Shares, on a show of hands or on a poll, every member holding Shares carrying the right to vote on the matter in question who is present in person or by proxy shall have one vote for every Share of which he is the holder.

The Articles provide that, subject to the exceptions set forth below, or as otherwise required by law, all decisions of the Shareholders of the Fund will be made by the holders of a simple majority of the Shares represented at a meeting, provided that a quorum of two holders of outstanding Shares entitled to vote on the relevant matter, are present in person or by proxy. Notwithstanding the foregoing, (i) removal of a Director must be approved by an affirmative vote of two-thirds of the votes cast at a meeting of Shareholders at which more than one-half of the total number of Shares then issued and outstanding are represented; (ii) any investment advisory or management contract entered into by the Fund (other than any investment advisory or management contract entered into on behalf of the Fund by or at the direction of the Investment Manager pursuant to discretionary authority granted under the Investment Management Agreement) may not be terminated by the Fund unless such termination is approved by an unanimous vote cast at a meeting at which all the issued and outstanding Shares are represented; (iii) amendments to any offering memorandum published by the Fund from time to time in connection with the sale of Shares or the Memorandum and Articles which have, in the sole opinion of the Directors, a material, adverse effect on the rights of Shareholders of the Fund must be approved by three-quarters of the votes cast at a meeting at which not less than one-half of the issued and outstanding Shares are represented except that any amendment to decrease the vote required to terminate any investment advisory or investment management contract requires approval by a unanimous vote cast at a meeting at which all of the issued and outstanding Shares are represented; and (iv) the merger or consolidation of the Fund with another corporation or the dissolution of the Fund requires the affirmative vote of the holders of three-quarters of the Shares outstanding. Any matter referred to herein may also be adopted by resolution in writing of all the Shareholders. Except as otherwise specified herein, there are no conversion or pre-emptive rights in connection with any Shares of the Fund. All Shares of the Fund, when duly issued, will be fully paid and non-assessable.

The Articles also provide that if at any time the authorised shares are divided into different Classes of shares other than those provided for in the Memorandum of Association as initially executed, the rights attached to any existing Class (unless otherwise provided by the terms of issue of the shares of that Class) may, whether or not the Fund is being wound up, be varied with the consent in writing of the Shareholders holding interests aggregating to a majority of 75 per cent of the issued Shares of that Class which may be affected by such variation. Such consent will only be necessary in the event that the variation has a material adverse effect on the rights attaching to such share Class(es) and may otherwise be approved by a resolution of Directors, in the Directors' sole discretion. Where the rights of an existing Class of Shares are not changed, the Directors may by resolution issue such new

Class of Shares and upon such terms and conditions as they may deem appropriate and the consent of any existing Class of Shareholders is not required in such circumstances.

Unissued Shares are at the disposal of the Directors who may offer, allot, issue, grant options over or otherwise dispose of them to such persons, at such times, for such consideration and on such terms and conditions as they determine appropriate. The Fund may issue further Classes of Shares which may have different rights, privileges and terms in the future which may be denominated in different currencies. There are no pre-emption rights attaching to any Shares of the Fund.

The Fund may be voluntarily liquidated under Part XII of the BVI Business Companies Act, 2004, if it has no liabilities or is able to pay its debts as they fall due, by way of a resolution of Shareholders approving a plan of liquidation and subject to the prior written consent of the Financial Services Commission to the Fund being put into liquidation and the Financial Services Commission's approval of the appointment of the individual proposed as voluntary liquidator. The Shareholders are entitled to participate in the surplus assets of the Fund on a winding up or otherwise. Alternatively, the Fund may become subject to insolvency proceedings pursuant to the provisions of the BVI Insolvency Act, 2003 or any analogous legislation in any other jurisdiction.

#### **4.3 Transfer of Shares**

Subject to the provisions set out below, any Shareholder may transfer all or any of his Shares by a written instrument of transfer signed by the transferor and containing the name and address of the transferee. A transfer of Shares by a Shareholder is subject to the approval of the Directors and shall take effect on the registration of the transferee as the holder of the Shares being transferred in the register of Shareholders.

A transfer of a Share may not be permitted if, as the result of such transfer:

- a) the Shares are held for the benefit of a person who is a Prohibited Investor and, in the opinion of the Directors, such ownership could result in adverse tax or regulatory consequences to the Fund or any of its Shareholders; or
- b) the ownership of the Shares by the member is unlawful or may be harmful or injurious to the business or reputation of the Fund, its manager, or any investment advisor or its administrator.

Any proposed transferee must provide to the Directors such information and documents as the Directors may request, including such information as the Directors deem necessary to enable the Directors to determine that the proposed transferee is not a Prohibited Investor and to enable the Fund to comply with all applicable laws, including anti-money laundering laws.

#### **4.4 Subscription for Shares**

##### **Prohibited Investors**

Shares may not be issued or transferred, to or for the benefit of any person, firm, company or other entity that is a Prohibited Investor. A Prohibited Investor is any person, firm, company or other entity:

- a) whose acquisition or holding of Shares would
  - i. prejudice the tax status or residence of the Fund, or any of its members,
  - ii. cause the Fund, or any of its Shareholders to suffer any pecuniary, fiscal or regulatory disadvantage, or
  - iii. cause the Fund to be required to comply with any registration or filing requirements in any jurisdiction with which it would not otherwise be required to comply; or
- b) who is a US Person.

Each prospective investor will be required to certify that the Shares are not being acquired directly or indirectly for the account or benefit of a US Person.

Each prospective investor will also be required to certify that, at the time when the subscription for Shares is originated such investor is outside the United States and is outside of the United States as at the date of the execution and delivery of the Subscription Agreement.

Notwithstanding the foregoing prohibitions, the Fund may arrange or permit the private sale of a portion of the Shares to tax-exempt “accredited investors” that are “qualified purchasers” in the United States under restriction and other circumstances designed to preclude a distribution that would otherwise require registration of the Shares under the United States Securities Act of 1933, cause the Fund to become subject to the registration requirements of the United States Investment Company Act of 1940 or cause the assets of the Fund to be “plan assets” for the purposes of the United States Employee Retirement Income Security Act of 1974, as amended (“ERISA”), including presentation by such investors, prior to the delivery to them of Shares, of a letter containing specified representations and agreements.

It is the responsibility of each investor to verify that the purchase of and payment for the Shares is in compliance with all relevant laws of the investor's jurisdiction of residence.

#### **Offer Period**

Class F Shares are being offered at an initial offer price of US\$1,150 per Share, Class AAS, EE and FF Shares are being offered at an initial offer price of €1,150 per Share and Class AAAS are being offered at an initial offer price of £1,150 per Share. Such Shares will be offered thereafter at their respective Net Asset Value per Share on each Dealing Day.

The Offer Period for Class AS, E, EEE and FFF Shares has now ended and Shares in these Classes are being offered at their respective NAV per Share on the relevant Dealing Day.

For the avoidance of doubt, Class A, B, C, AA, BB, CC, AAA, BBB and CCC are now closed to subscriptions.

All subscriptions are subject to acceptance or rejection, in the sole discretion of the Directors.

#### **Minimum Initial Subscription Amount**

The minimum initial subscription amount per investor with respect to each Class of Shares is:

1,000,000 US\$, Euro or GBP for Class AS, AAS and AAAS Shares respectively,

10,000 US\$, Euro or GBP for Class E, EE and EEE Shares respectively,

10,000 US\$, Euro or GBP for Class F, FF and FFF Shares respectively,

or such other amounts as the Directors determine. All subscriptions are subject to acceptance or rejection, in the sole discretion of the Directors.

For the avoidance of doubt, Class A, B, C, AA, BB, CC, AAA, BBB and CCC are now closed to subscriptions.

#### **Completion of Subscription Agreement**

To subscribe for Shares, subscribers must submit their properly completed Subscription Agreement (together with any required additional documentation) by fax or scanned copy by email to the Fund c/o Circle Investment Support Services B.V., Investor Relations Group, facsimile number +31 (0) 33 467 38 90, email: [castlestone@circlepartners.com](mailto:castlestone@circlepartners.com) (with the executed original to follow by mail to: Investor Relations, Circle Investment Support Services B.V., Smallepad 30F, 3811 NA Amersfoort, The Netherlands) by the Cut-off Time (being 12:00 noon (GMT) on each Business Day for the following Business Day NAV) in respect of the relevant Dealing Day. If these conditions are not satisfied, then the application may be held over until the first Dealing Day following satisfaction of these conditions. Once subscription monies and a completed Subscription Agreement have been received by the Administrator and the relevant Cut-off Time has passed, the subscription is irrevocable.

With respect to certain countries, special requirements may have to be observed with respect to subscriptions. Payment in the amount of the subscription in the applicable currency should be made in accordance with the terms of the Subscription Agreement.

The Subscription Agreement to be executed and delivered by prospective subscribers contains the subscriber's agreement to indemnify and hold harmless the Fund and its Directors and officers and the Investment Manager, Investment Advisor and the Administrator and their principals against any loss, liability, cost or expense (including attorneys' fees, taxes and penalties) which may result, directly or indirectly, from any misrepresentation or breach of any warranty, condition, covenant or agreement set forth therein or in any other document delivered by the subscriber to the Fund.

As noted above, subscribers for and each transferee of Shares will be required to give certain representations and undertakings to the Fund which are contained in the Subscription Agreement.

Where a subscription for Shares is accepted, the Shares will be treated as having been issued with effect from the relevant Dealing Day notwithstanding that the subscriber for those Shares may not be entered in the Fund's register of Shareholders until after the relevant Dealing Day. The subscription monies paid by an applicant for Shares will accordingly be subject to investment risk in the Fund from the relevant Dealing Day.

The Directors may retain Share subscriptions, pending acceptance or rejection, until the Directors determine that sufficient subscriptions have been received with respect to a particular currency to enable the Fund to launch the Class of Shares for that currency. The Fund and the Administrator also reserve the right to reject any application in whole or in part, in their sole discretion, in which event the unused subscription monies will be returned to the applicant, without interest and at the risk and cost of the applicant to the account of origin. For the avoidance of doubt, subscription monies paid in respect of any subscriptions that are held over, pending acceptance or rejection, will not be entitled to receive any interest. The Directors may, in their sole discretion, vary this arrangement.

Shares of a Class will not be available for subscription during any period that the calculation of the Net Asset Value of Shares of that Class has been suspended.

All subscriptions are subject to acceptance or rejection at the sole discretion of the Directors.

#### **Manner of Payment**

Payments for subscriptions into the Fund must be made by wire-transfer. Personal checks/bank checks/cash or third party transfers cannot be accepted. The Fund must receive cleared funds by the Cut-off Time (being 12:00 noon (GMT) each Business Day for the following Business Day NAV) in respect of the relevant Dealing Day. Subscriptions for shares may not be revoked by a subscriber after the Cut-off Time.

#### **Subscription Fees and Charges**

##### Class E, EE and EEE Shares Sales Charge

A Sales Charge equal to 5% of the Subscription Price will be paid by the Fund at the time of subscription and amortised over a term of sixty (60) months against the relevant Share Class. The Sales Charge will be paid by the Fund to the Investment Manager who in its turn pays the Sales Charge to brokers and other counterparties (whether or not affiliated with the Investment Manager) who are responsible for the sale of these Classes of Shares.

The Fund may finance the Sales Charge over part or all of the sixty (60) month period by borrowing where possible through a credit facility. Class E, EE and EEE Shares may be charged interest at the lender's current interest rate on the outstanding loan balance on each Valuation Day.

The Fund may, in its sole discretion and without notice to Shareholders, reduce the percentage paid to a broker or other counterparty and amend the amortisation period to ensure that all holders of Shares in the same Class pay proportionately the same amount in respect of the Sales Charge on each Valuation Day.

For the avoidance of doubt, the Sales Charge is paid by the Fund to the Investment Manager and the Investment Manager arranges for the necessary payments to be made to the relevant persons. The Investment Manager does not intend to retain the Sales Charge for its own benefit. The Investment Manager may utilise affiliated or unaffiliated parties to process these payments.

#### Class F, FF and FFF Shares Entry Fee

An Entry Fee equal to a minimum of 1% and a maximum of 5%, the additional 1-4% being an optional sales load ("Sales Load"), of the Subscription Price may be charged in respect of subscriptions for Class F, FF and FFF Shares. The net amount will be applied in subscribing for Shares in those Classes. The Entry Fee will be paid by Fund to the Investment Manager who in its turn pays brokers and other counterparties (whether or not affiliated with the Investment Manager) who are responsible for the sale of these Classes of Shares.

For the avoidance of doubt, the Entry Fee is paid by the Fund to the Investment Manager and the Investment Manager arranges for the necessary payments to be made to the relevant persons. The Investment Manager does not intend to retain the entry fee for its own benefit.

#### **4.5 Conversion of Class B, E, BB, EE, BBB and EEE Shares**

Any Shareholder holding Class B, BB, BBB, E, EE and/or EEE Shares for a period of more than sixty (60) months (or such other period representing the term for repayment of the Sales Charge as amended by the Fund, as described above) shall have their Shares converted into such number of Class C, CC, CCC, F, FF and/or FFF Shares respectively, as determined by the Directors, with an aggregate NAV (calculated on the relevant Valuation Day) equal to the aggregate NAV (calculated on the same Valuation Day) of the Shares being converted. This conversion shall take place to ensure that the holders of the Class B, BB, BBB, E, EE and EEE Shares will not continue to be subject to any charges in connection with the Sales Charge (as described above) after a term of sixty (60) months (or such other term for repayment of the Sales Charge as amended by the Fund) from the time of subscription of such Shares.

No Entry Fee, subscription fees, conversion fees or other charges shall apply to this conversion of Class B, BB, BBB, E, EE and/or EEE Shares to Class C, CC, CCC, F, FF and/or FFF Shares, as the case may be.

#### **4.6 Dividend Policy**

The Fund does not anticipate paying any dividends on its Shares.

#### **4.7 Redemption of Shares**

The Shares may generally be redeemed on any Dealing Day. Written notice of redemption, in the form available from the Administrator, must be received by the Administrator by the Cut-off Time (being 12:00 noon (GMT) on each Business Day for the following Business Day NAV).

Redemption requests may be made by post, facsimile, or email (with original to follow promptly by post). The Shareholder's request should be sent by post addressed to the Fund, c/o Circle Investment Support Services B.V., Investor Relations Group, Smallepad 30F, 3811 NA Amersfoort, The Netherlands. If by facsimile, the request should be sent to (+31) 33 467 38 90, or if by email the request should be sent to [castlestone@circlepartners.com](mailto:castlestone@circlepartners.com).

Shares will be redeemed at the Redemption Price of the relevant Class on the Dealing Day, less any applicable Redemption Penalty and other fees and/or charges. The Redemption Price will be an amount equal to the Net Asset Value per Share of the relevant Class calculated as of Valuation Day less any Redemption Penalty (as described below).

Payment of the Redemption Price (subject to any permitted retentions, deductions or contingencies) will be made as soon as possible and generally will be made no later than ten (10) days after the relevant Dealing Day. The Directors may establish reserves or holdbacks for estimated accrued expenses, liabilities and contingencies (even if such reserves or holdbacks are not otherwise required by generally accepted accounting principles) which could reduce the amount of a distribution upon redemption. Where Shares have been acquired on more than one date, they will be redeemed on a "first in, first out" basis unless otherwise agreed by the Investment Manager and the applicable Shareholder to take into account the different investments of the underlying beneficial owners of Shares.

Shares of a Class may not be redeemed when the calculation of the Net Asset Value of Shares of that Class is suspended.

In addition, the Directors may also suspend the payment of redemption proceeds to a Shareholder if the Directors suspect or are advised that the payment of any redemption proceeds to such Shareholder may result in a breach of violation of any anti-money laundering law by any person in any relevant jurisdiction, or if such refusal is necessary to ensure compliance by the Fund, its Directors or any service provider of the Fund with any anti-money laundering law in any relevant jurisdiction.

Redemption requests are irrevocable unless the Directors determine otherwise, or if there is a suspension of the calculation of the Net Asset Value or the redemption of Shares of the relevant Class. In the event of a suspension of the calculation of the Net Asset Value or the redemption of Shares of the relevant Class, the right of a Shareholder to have its Shares of the relevant Class redeemed shall be suspended and during the period of suspension the Shareholder may withdraw its redemption request. Any withdrawal of the redemption request shall be made in writing and shall only be effective if actually received by the Fund before the termination of the suspension. Shares in respect of which a redemption request has been made and not withdrawn shall be redeemed once the suspension has ended at the Redemption Price for Shares of the relevant Class applicable on the next Dealing Day following the end of the suspension.

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

The Administrator will confirm in writing within five (5) Business Days of receipt of all redemption requests which are received in good order except where Shareholders have access to Circle Investment Support Services B.V.'s web access tool in which instance no written confirmation will be sent. Investors failing to receive such written confirmation from the Administrator within five (5) Business Days should contact the Investor Relations Department at the Administrator by email at [castlestone@circlepartners.com](mailto:castlestone@circlepartners.com), facsimile at (+31) 33 467 38 90 or by telephone at (+31) 33 467 38 80 to obtain the same. Failure to obtain such written confirmation may render instructions void.

#### **Redemption Penalty**

Any Class B, E, BB, EE, BBB or EEE Share redeemed within sixty (60) months of such Share's Dealing Day (which will be determined on a "first-in, first-out" basis, unless otherwise agreed by the Investment Manager and the applicable Shareholder to take into account the different investments of the underlying beneficial owners of Shares) will be subject to a Redemption Penalty, calculated as a percentage of the redeemed Share's Subscription Price. The applicable percentage of the redeemed Share's Subscription Price is initially 5% and declines to 0% over the sixty (60) month period from the relevant Dealing Day as shown in the table below:

<b>Number of Months after the Dealing Day</b>	<b>Percentage of Subscription Price</b>
0 – 12	5%
13 – 24	4%
25 – 36	3%
37 – 48	2%
49 – 60	1%
61+	0%

The Redemption Penalty is retained by the Fund and will be applied to repay the unamortised balance of the Sales Charge. If the Directors have, in their sole discretion, amended the percentage of the Sales Charge payable and the term for payment, then the

percentage of the redeemed Share's Subscription Price and number of months after the relevant Dealing Day that apply to the calculation of the Redemption Penalty will be amended accordingly. The Directors shall not make any changes to the Sales Charge payable that are detrimental to investors. If the amount of the Redemption Penalty that is assessed on the redemption of a Class B, E, BB, EE, BBB or EEE Share exceeds the unamortised balance of the Sales Charge with respect to that Share, the Fund will pay such excess amount to the Investment Manager and this payment should be viewed as additional compensation to the Investment Manager.

#### **Compulsory Redemption of Shares**

The Directors have the right to compulsorily redeem any holding of Shares at any time, with or without cause, upon twenty (20) days' notice to the Shareholder whose Shares are being compulsorily redeemed.

In addition, and without limitation to the foregoing, the Directors have the ability to redeem Shares compulsorily if the Shares are held for the benefit of any Prohibited Investor, or to give effect to an exchange, conversion or roll up policy.

Shares may also be compulsorily redeemed for the purpose of making shareholding adjustments in connection with the payment of any Incentive Fee payable to the Investment Manager.

In the event of a compulsory redemption, the Redemption Price will be determined as of the close of business on the compulsory redemption date (which may be any Valuation Day) specified by the Directors in its notice to the Shareholder. A Shareholder whose Shares are compulsorily redeemed will have no Shareholder rights after the close of business on the date specified by the Directors in their notice to the Shareholders. The Directors may charge any Shareholder receiving such a notice any legal, accounting or administrative costs associated with such compulsory redemption. Payment of the redemption proceeds shall be made in accordance with the procedures applicable in the circumstances when Shares are redeemed at the request of the holder.

#### **4.8 Suspension**

The Directors may at any time and from time to time suspend the calculation of the Net Asset Value of any specific Class or Shares (without affecting any other such Classes) and or the purchase and redemption of its Shares (of any one or more Classes) for the whole or any part of any period:

- a) during which any stock exchange, board of trade or other interdealer market or contract market on which any of the Fund's investments are quoted is closed, other than for ordinary holidays and weekends, or in which dealings in such stock exchange are restricted or suspended;
- b) during the existence of any state of affairs which, in the opinion of the Directors, constitutes an emergency as a result of which disposition by the Fund of investments owned by it is not reasonable or practicable, or would be seriously prejudicial, to the holders of Shares or the Fund;
- c) during any breakdown in the means of communication normally employed in determining the price or value of any of the Fund's investments, or current prices on any stock exchanges as aforesaid, or when for any other reason the prices or values of any investments owned by the Fund cannot be reasonably or promptly ascertained;
- d) during any period in which the transfer of funds involved in the realisation or acquisition of any investments by the Fund cannot, in the opinion of the Directors, be effected at normal rates of exchange; and
- e) during any period when one or more Underlying Funds in which the Fund has invested limits or restricts redemptions.

No issue or redemption of Shares of a Class will take place during any period when the calculation of the NAV or the NAV of such Class of Shares is suspended. Moreover, the Fund reserves the right to withhold payment to persons whose Shares have been redeemed (or to persons who have served a redemption notice) prior to such suspension until after the suspension is lifted. Such right will be exercised in circumstances where the Directors believe that to make such a payment during the period of suspension would materially and adversely affect and prejudice the interests of Shareholders who have not redeemed or given notice to redeem. Any such suspension shall be published by the Fund in such manner as the Directors deem appropriate to the persons likely to be affected thereby, and Shareholders requesting the redemption of their Shares by the Fund shall be so notified at the time of their request.

Any suspension of redemptions or the calculation of Net Asset Value of Shares of any one or more Classes, as the case may be, shall take effect at such time as the Directors shall declare and, thereafter, there shall be no redemptions or calculation of Net Asset Value of Shares of the relevant Class(es), as the case may be, until the Directors shall declare any such suspension to be at an end. Such suspension shall not affect the Investment Manager's entitlement to fees.

All affected Shareholders will be notified immediately by the Administrator of any suspension of redemptions or calculation of Net Asset Value of Shares of any one or more Classes, or of any reinstatement following a suspension thereof and all reasonable steps will be taken to bring any suspension to an end as soon as possible.

#### 4.9 Calculation of Net Asset Value

The Directors have delegated responsibility for valuing the Fund's investments and for the calculation of the Net Asset Value of the Shares of the Fund to the Administrator, subject to the supervision and approval of the Directors. The valuation and the calculation will be performed at the offices of the Administrator. The Administrator may consult with, and is entitled to rely upon, advice from the Investment Manager and the Fund's Directors, auditors, custodians, brokers, pricing providers and other similar parties in its determination of the value of the Fund's investments and of the Gross Asset Value of the Shares of the Fund.

The valuation of the Fund's investments and the calculation of the Net Asset Value of the Shares shall normally be made as at the close of business on each Valuation Day. Other or special valuations and calculations may be requested by the Directors from time to time in their sole discretion.

The Net Asset Value of the Fund will be equal to its total assets less its total liabilities as of the date of determination.

The Net Asset Value per Share is determined by first allocating any increase or decrease in the Gross Asset Value of the Fund (being the Net Asset Value of the Fund prior to deduction of the applicable Management Fees, Retrocession Fees and Incentive Fees, but inclusive of all other costs and charges, as described in this Offering Memorandum, properly expensed to each Class of Shares in the Fund, as applicable) among the Class or Classes of Shares pro rata in accordance with the Net Asset Value of each Class at the beginning of that period; then deducting the applicable Management Fee Retrocession Fee and Incentive Fee, and finally dividing the Net Asset Value of each Class by the number of issued Shares therein.

For the avoidance of doubt, (a) the results of the hedging policy applied by the Fund are specifically allocated to the relevant Class of Shares denominated in a currency other than the US Dollar; (b) any mismatches in hedging attributable to the currency hedge for the benefit of Shares denominated in a currency other than US Dollars, will be allocated to all Shares with the aim of maintaining equal performance across all currency Classes; and (c) any Management Fee and Retrocession Fee or any relevant Incentive Fee determined with respect to a particular Class will be debited against the Gross Asset Value of such Class.

The assets of the Fund at any date shall be valued on the accrual basis of accounting in accordance with IFRS or in accordance with the following principles:

- a) no value will be assigned to goodwill;
- b) accrued Management Fees, Incentive Fees, Retrocession Fees and other fees will be treated as liabilities;
- c) estimated annual audit and legal fees will be treated as liabilities;
- d) dividends payable on the Shares, if any, after the date as of which the total net assets are being determined to Shareholders of record prior to such date will be treated as liabilities;
- e) any contingencies for which reserves are determined to be required will be treated as liabilities;
- f) options, futures, equities and all other types of investments shall be valued in accordance with IFRS or as may otherwise be agreed by the Administrator, the Directors, the Investment Management and the Fund's auditors;
- g) in valuing the Fund's investments in Underlying Funds or other investment vehicles, or with fund managers, the Fund will be entitled to rely on the latest unaudited or audited financial statement or performance report of any such fund or investment vehicle or fund manager unless, following consultation with the Investment Manager, the Fund's auditor, independent pricing providers, market makers and other similar parties, it is determined that some other valuation is more appropriate and such valuations will be subject to the approval of the Directors. Any contingent

fees or allocations to fund managers retained by the Fund or with respect to investments in other investment entities shall be accrued at such times and in such amounts as the Fund shall determine;

- h) when no market exists for an investment or when there is no price/quote available, the investment shall be valued by the Administrator at fair value following consultation with the Investment Manager, the Fund's auditor, independent pricing providers, market makers and other similar parties, and such valuations will be subject to the approval of the Directors;
- i) when the Directors (in consultation with the Investment Manager) shall determine that the market price as determined above does not fairly represent the value of the investment, the Directors (following consultation with the Administrator, the Investment Manager and the Fund's auditor) shall value such investment in such manner as they may reasonably determine; and
- j) with reference to the points above all assets of the Fund shall be valued by the Administrator using generally accepted valuation policies and will be subject to the approval of the Directors.

The Investment Manager's involvement in determining the value of the Fund's assets may give rise to a potential conflict of interest.

Full details of the valuation policies adopted by the Fund are contained in the Fund's Valuation Policy and Guidelines, a copy of which may be obtained from the Administrator upon request to [castlestone@circlepartners.com](mailto:castlestone@circlepartners.com).

The NAV per Share will be made available on the Administrator's website for those Shareholders who have access to the Administrator's web reporting tool, shortly after each NAV is finalised by the Administrator. Shareholders who have chosen not to have access to the Administrator's web reporting tool shall be sent a statement by email or fax not less frequently than once a month.

In no event and under no circumstances shall the Directors, the Investment Manager, the Fund's auditor or the Administrator incur any individual liability or responsibility for any determination made or other action taken or omitted by them in good faith with respect to the valuation of the Fund's assets. Absent bad faith or manifest error, any valuation made in accordance with the valuation principles disclosed in this Offering Memorandum shall be binding on all persons.

## 5. FEES AND OPERATIONAL EXPENSES

### 5.1 Management Fee

Pursuant to the Investment Management Agreement, the Fund will pay to the Investment Manager a Management Fee, accrued daily and paid weekly in arrears, equal to 1.75% per annum of the Gross Asset Value of the relevant Class Shares at each Valuation Day for Class AS, A, B, C, E, F, AAS, AA, BB, CC, EE, FF, AAAS, AAA, BBB, CCC, EEE, and FFF Shares.

### 5.2 Investment Advisory Fee

Pursuant to the Investment Advisory Agreement, the Investment Manager (and not the Fund) will pay to the Investment Advisor an Investment Advisory Fee. The Investment Manager shall pay a quarterly fixed fee to the Investment Advisor at an annual rate to be agreed from time to time between the Investment Manager and the Investment Advisor as defined in the Investment Advisory Agreement.

### 5.3 Incentive Fee

#### Class A, B, C, AA, BB, CC, AAA, BBB and CCC Shares

Pursuant to the Investment Management Agreement, the Investment Manager may be entitled to receive an Incentive Fee from the Fund with respect to Class A, B, C, AA, BB, CC, AAA, BBB and CCC Shares. The Incentive Fee, calculated and accrued daily and payable weekly in arrears, will be an amount equal to 15% of the amount by which the Net Asset Value of a Class of these Shares on a Valuation Day exceeds the higher of (i) the Net Asset Value of that Class as at the last Valuation Day of the previous financial year and (ii) the highest Net Asset Value of that Class calculated during the course of the current financial year (the "High Water Mark"). If one of these Share Classes has a loss chargeable to it from one day's Net Asset Value to the following day's Net Asset Value there will be no Incentive Fee accruing until the amount of the loss previously allocated to the Net Asset Value of the Class has been recouped. Any unrecovered loss with respect to a Share that is redeemed will not be recoverable.

Following the Fund's financial year end the High Water Mark will be reset for each of these Share Classes for the next financial year. The High Water Mark is reset in respect of the first Net Asset Value of the new financial year to the last Net Asset Value of the previous financial year for each of these Share Classes. Because the High Water Mark is reset each financial year, a Shareholder may be required to pay an Incentive Fee on losses recouped from the prior financial year. The Incentive Fee is calculated and accrued daily and since prices could be volatile, the Shareholders of these Share Classes may pay an Incentive Fee on a given day and then suffer losses the following day.

#### Class AS, E, F, AAS, EE, FF, AAAS, EEE and FFF Shares

Pursuant to the Investment Management Agreement, the Investment Manager may be entitled to receive an Incentive Fee from the Fund with respect to Class AS, E, F, AAS, EE, FF, AAAS, EEE and FFF Shares. The Incentive Fee, calculated and accrued daily, will be an amount equal to 20% of all dividend income and Premium Income received by the Fund and allocable to these Share Classes, adjusted as required for international and domestic taxes payable by the Fund.

Any Incentive Fee in respect of dividend income becomes payable weekly in arrears following receipt of the respective dividend(s). Any Incentive Fee in respect of Premium Income becomes payable weekly in arrears following the expiry, exercise, or repurchase of the call option(s) from which the Premium Income was generated. If call options are repurchased prior to expiry or exercise, the Incentive Fee is payable on the net amount of Premium Income received by the Fund and allocable to these Share Classes (i.e. Premium Income received from writing the call option(s), less the Premium Income paid to repurchase the call option(s)).

For the avoidance of doubt, the Investment Manager will only receive an Incentive Fee equal to 20% of the net dividend income and Premium Income received by the Fund and allocable to these Share Classes, there will be no Incentive Fee payable to the Investment Manager in respect of any changes in the Net Asset Value of these Share Classes. The Incentive Fee for these Share Classes is not subject to a high water mark.

While the Investment Manager is entitled to receive the fees due to it in cash, the Investment Manager may elect to receive the fees by way of the issue of Shares of the Fund to the Investment Manager.

Except to the extent the Investment Manager elects to defer payment of the Management Fee and/or Incentive Fee as further described below, the Fund will pay the Management Fee and/or Incentive Fee within ten (10) calendar days after the last Net Asset Value of a given month is finalised.

#### **5.4 Retrocession Fee**

Pursuant to the Investment Management Agreement, the Fund will pay to the Investment Manager a Retrocession Fee, accrued daily and paid weekly in arrears, as set out below:

0.5% per annum of the Gross Asset Value in respect of Class AS, AAS and AAAS Shares as at each Valuation Day,

0.75% per annum of the Gross Asset Value in respect of Class B, BB, BBB, C, CC and CCC Shares as at each Valuation Day,

1.00% per annum of the Gross Asset Value in respect of Class E, F, EE, FF, EEE and FFF Shares as at each Valuation Day.

The Retrocession Fee is payable by the Fund to the Investment Manager and subsequently paid by the Investment Manager to a distributor or financial advisors, investment supermarkets, investment platforms and/or other distributor counterparties (whether or not affiliated with the Fund) who are responsible for the sale of these Classes of Shares and/or allowing the availability of these Class of Shares to be easily assessable to investors. Class A, AA and AAA Shares will not be subject to the Retrocession Fee.

This is a retrocession trail fee and is not intended to be retained by the Investment Manager; it is an industry standard method of compensation. For the avoidance of doubt, the Retrocession Fee is paid to the Investment Manager and the Investment Manager arranges for the necessary payments to distributors or financial advisors, investment supermarkets, investment platforms and/or other distributor counterparties (whether or not affiliated with the Fund) who are responsible for the sale of these Classes of Shares. The Retrocession Fee paid by the Investment Manager to brokers and other counterparties can vary from time to time. The Investment Manager does not intend to retain any part of the Retrocession Fee.

#### **5.5 Deferral of Fees**

Pursuant to the Investment Management Agreement the Investment Manager shall be due the Management Fee and any Incentive Fee at the end of each Business Day, and paid the Management Fee and any Incentive Fee at the end of each week. Notwithstanding this provision, the Investment Manager may elect to defer payment of the Management Fee and/or any Incentive Fee to the first day of any financial period following the week in which such fee was earned.

If the Investment Manager elects to defer payment of all or part of the Management Fee and/or any Incentive Fee, any such deferred amounts payable to the Investment Manager shall be treated, and the amounts eventually payable at the end of such deferral periods shall be determined, as if such deferred amounts had been invested in the Fund (or in such "Alternative Investments" as to which the Fund and the Investment Manager agree) without any charge for the Management Fee or any Incentive Fee on the day such fees would otherwise have been payable or earned (whichever is the sooner and relevant) and withdrawn as of the last day of the deferral period. The deferred fee and any appreciation or depreciation thereon shall be paid promptly after the end of the deferral period.

#### **5.6 Administrator Fees**

The Administrator receives from the Fund an administrative fee paid quarterly in advance based on an agreed schedule of fees. These fees are detailed in the Administrative Services Agreement.

#### **5.7 Prime Broker and Custodian Fees**

The Fund may pay brokerage commissions and fees to recognized securities brokers for executing and clearing transactions on behalf of the Fund. The Investment Manager has complete discretion regarding the selection of such brokers and agreeing the amount of brokerage commissions and fees paid to such brokers. Pursuant to the account with MSSB, custody is not charged as a

separate fee as this is considered as part of the brokerage service. Brokerage service fees are charged at customary rates as set out in the brokerage documents.

#### 5.8 Other Operating Fees and Expenses

The Investment Manager is responsible for the costs of providing all personnel, office space and facilities required for the performance of its services. The Fund bears all other expenses incidental to its operations and business, which include, but are not limited to:

- a) Legal and Professional: the costs of any liability insurance obtained on behalf of the Fund and the Directors; the costs of any litigation or investigation involving Fund activities; fees and expenses of the Fund's auditors, accountants, bookkeepers, legal services, company secretarial fees, Registered Agent/Office fees, middle office support and other professional expenses;
- b) Directors Fees and Expenses: please see Section 3.1, "Directors". Each Director is entitled to be paid up to a maximum of US\$15,000 per annum. The Directors are also entitled to be paid all travelling, hotel and other expenses properly incurred in the performance of their duties as Directors;
- c) Filing and Reporting Fees: the fees and expenses relating to listing the Fund's Shares on any stock exchange; all government filing, licensing and registration fees, costs of reporting and providing information to existing and prospective shareholders of the Fund; costs of holding any meetings of Shareholders of the Fund; any future cost associated with obtaining any necessary licenses or approvals in any other jurisdictions; and
- d) Investment Expenses: all investment expenses such as commissions, research fees (including research related travel and lodging), interest on margin accounts and other indebtedness, brokerage fees, custodial fees, and all other expenses reasonably related to the purchase, sale, or transmittal of the Fund's assets.

The Fund will also bear the following fees and expenses:

- e) Marketing Expenses: which includes the cost of printing and the distribution of marketing documents and promotional literature, fees for services rendered by marketing companies, conference sponsorships, associated promotional expenses, cost of fund rating provisions, and marketing-related travel and lodging incurred directly or indirectly by the Investment Manager;
- f) Distribution and Servicing Fees: Fees may be paid to distribution and servicing companies and may include the use of consultancy and advisor firms. The firms may be employed to aid in the marketing and placement of the funds into distribution platforms and fund network sand may include, but are not limited to, firms who maintain distribution and client relationships by presenting the Fund to the identified intermediaries, arranging and attending conferences, providing updates and training on the fund's investment strategy and performance in order to obtain commitments to place assets with the Fund, in addition handle all intermediary queries keeping client informed of all fund information required to increase and maintain investments that aid in the placement of the Fund into distribution platforms and fund networks. The Distribution and Servicing Fees payable by the Fund in respect of Class A, B, C, AA, BB, CC, AAA, BBB and CCC Shares and shall not exceed 5% of the NAV of the mentioned Class in any financial year and in respect Class AS, E, F, AAS, EE, FF, AAAS, EEE and FFF Shares shall not exceed 1.25% of the NAV of the mentioned Classes in any financial year.

To the extent any expenses are incurred by the Investment Manager and/or service provider on behalf of the Fund and one or more other investment vehicles or accounts managed or advised by the Investment Manager and/or service provider, the Investment Manager will allocate expenses between or among the Fund and such investment vehicles and/or managed accounts managed by it based upon the extent to which such expenses are reasonably attributable to the Fund and/or such investment vehicles and/or accounts, as determined in the Investment Manager's sole discretion.

The Fund may incur the above expenses via companies in which the Directors, as well as directors and/or officers of the Investment Manager may have a commercial interest. In addition, the Directors as well as directors and/or officers of the Investment Manager

may be subject to a conflict of interest in determining whether to incur the above expenses through such companies. Please refer to Section 10.3, "Potential Conflicts of Interest" below, in relation to such expenses.

## 6. TAXATION

Investors should consult their professional advisers on the potential tax consequences of subscribing for, purchasing, holding or redeeming Shares under the laws of their country of citizenship, domicile or residence.

As is the case with any investment, there can be no guarantee that the tax position or proposed tax position prevailing at the time an investment in the Fund is made will endure indefinitely. The summary is based on the assumption that the Fund is owned, managed and operated as contemplated. This summary only considers laws existing at the time advice was taken. No representation is made or intended by the Fund: (i) that changes in such laws or their application or interpretation will not be made in the future; or (ii) that the United States Internal Revenue Service ("IRS") or other tax authorities will agree with the interpretation described below as applied to the method of operation of the Fund. Persons interested in subscribing for the Fund's Shares should consult with, and rely solely upon, their own tax advisor with respect to the tax consequences, including the income tax consequences, if any, to them of the purchase, holding, redemption (involuntary or not), sale or transfer of Shares. This summary is of a general nature only and is not intended to be, nor shall it be construed to be, legal or tax advice to any particular investor.

A withholding tax, also called a retention tax, is a government requirement for the payer of an item of income to withhold or deduct tax from the payment, and pay that tax to the government. In most jurisdictions, withholding tax applies to employment income. Many jurisdictions also require withholding tax on payments of interest or dividends. In most jurisdictions, there are additional withholding tax obligations if the recipient of the income is resident in a different jurisdiction, and in those circumstances withholding tax sometimes applies to royalties, rent or even the sale of real estate. Governments use withholding tax as a means to combat tax evasion, and sometimes impose additional withholding tax requirements if the recipient has been delinquent in filing tax returns or in industries where tax evasion is perceived to be common.

### International withholding

Most countries require that payers of certain amounts, especially interest, dividends, and royalties, to foreign payees withhold income tax from such payment and pay it to the government. Payments of rent may be subject to withholding tax or may be taxed as business income. The amounts may vary by type of income. A few jurisdictions treat fees paid for technical consulting services as royalties subject to withholding of tax. Income tax treaties may reduce the amount of tax for particular types of income paid from one country to residents of the other country.

Some countries require withholding by the purchaser of real property. The U.S. also imposes a 10% withholding tax on the gross sales price of a U.S. real property interest unless advance IRS approval is obtained for a lower rate. Canada imposes similar rules for 25% withholding, and withholding on sale of business real property is 50% of the price, but may be reduced on application.

The European Union has issued directives prohibiting taxation on companies by one member state of dividends from subsidiaries in other member states, except in some cases interest on debt obligations, or royalties received by a resident of another member nation. See also European Union withholding tax.

Procedures vary for obtaining reduced withholding tax under income tax treaties. Procedures for recovery of excess amounts withheld vary by jurisdiction. In some, recovery is made by filing a tax return for the year in which the income was received. Time limits for recovery vary greatly.

Taxes withheld may be eligible for a foreign tax credit in the payee's home country.

### 6.1 British Virgin Islands

The Fund is not subject to any income, withholding or capital gains taxes in the British Virgin Islands. No capital or stamp duties are levied in the British Virgin Islands on the issue, transfer or redemption of Shares.

Shareholders will not be subject to any income, withholding or capital gains taxes in the British Virgin Islands, with respect to the Shares of the Fund owned by them and dividends received on such Shares, nor will they be subject to any estate or inheritance taxes in the British Virgin Islands.

Although the Fund is not subject to tax in the British Virgin Islands, the Fund may be liable for any taxes which may be withheld at source in other countries in respect of income or gains derived from its investments.

An annual government license fee is payable by the Fund, and is currently US\$1,100. In addition, a public mutual fund license registration fee, currently US\$1,500, is payable on an annual basis.

## **6.2 EU Savings Directive**

As of July 1, 2005, the EU Savings Directive (the "EUSD") became effective. The EUSD requires withholding of tax on interest paid to certain residents of the European Union in certain limited circumstances. Payments from the Fund should generally not be subject to the EUSD withholding tax and the EUSD should therefore have little or no impact on the Fund or its investors due to their investments in the Fund. However, because of complexities and uncertainties in the law and certain possible application of the tax on payments through paying agents or nominees, the tax might apply with respect to certain investors who are resident in certain EU member states and associated territories. Investors should consult with, and rely solely upon, their own legal advisors about the possible application of the EUSD withholding tax to payments to them based on their particular facts and circumstances.

## **6.3 United States**

In general, the United States federal income taxation of the Fund depends in material part upon whether the Fund is considered to be "engaged in a trade or business within the United States" within the meaning of the Internal Revenue Code of 1986, as amended (the "Code"). Although no assurance can be given in this regard, it is expected that the Fund's activities should not constitute a United States trade or business based on the safe harbour for solely buying and selling certain commodities for one's own account under Section 864 of the Code and, accordingly, that the Fund generally should not be subject to the regular United States income tax on its income. If the Fund was considered to be engaged in a United States trade or business, the Fund would be subject to United States federal income and branch profits tax on some or all of its income. Assuming that the Fund is not considered to be engaged in a United States trade or business, the Fund will not be subject to any United States federal income tax on its capital gains from the sale of commodities, securities, or stocks or interests thereon. Although capital gains from the sale of commodities, securities or stocks for one's own account should generally not be subject to United States federal withholding tax or tax on net income, income from the sale of certain stocks or securities classified as United States real property interests within the meaning of Section 897 of the Code may be subject to United States net income tax and withholding thereof.

Assuming that the Fund is not considered to be engaged in a United States trade or business, the only United States federal income tax which will be payable by the Fund on its income, if any, from dividends and interest is the 30% withholding tax applicable to dividends and certain interest income considered to be from sources within the United States.

Shareholders, as long as they are neither citizens nor residents of the United States nor engaged in a trade or business in the United States, will not be subject to any United States federal income, withholding, capital gains, estate or inheritance taxes with respect to the Shares owned by them or dividends received on such Shares. Special rules may apply in the case of certain non-US Shareholders that, for example, are former citizens or long-term residents of the United States, are foreign insurance companies that hold, or are deemed to hold, Shares in connection with their United States businesses, or have direct or indirect US owners, which are not tax-exempt entities, and are controlled foreign corporations, passive foreign investment companies or corporations which accumulate earnings to avoid United States federal income tax. A Shareholder should consult his own advisor with respect to the tax consequences, if any, of his ownership of Shares of the Fund.

### **IRS Circular 230 Notice**

Pursuant to IRS regulations, the Fund hereby informs you that: (i) any tax advice contained herein is not intended and was not written to be used, and cannot be used, by any taxpayer, for the purposes of avoiding penalties that may be imposed on the taxpayer under the US Internal Revenue Code; (ii) any such advice was written to support the promotion or marketing of the Shares described in this Offering Memorandum; and (iii) each taxpayer should seek advice based on the taxpayer's particular circumstances from an independent tax advisor.

### **US Foreign Account Tax Compliance Act**

Under the US Foreign Account Tax Compliance Act ("US FATCA"), the United States may impose a withholding tax of 30% on certain US sourced gross amounts not effectively connected with a U.S. trade or business paid to certain Foreign Financial Institutions, including the Fund, unless the requisite information reporting requirements are complied with. The Fund will use reasonable efforts to satisfy any obligations imposed on it in order to avoid the imposition of this withholding tax (except with respect to the interest of "Recalcitrant Account Holders" as described in §1.1471-5(g)(2) of FATCA).

#### **The British Virgin Islands Financial Institution Reporting Regime and FATCA**

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

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

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

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

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

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

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

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

- (i) the Fund (or its agent) may be required to disclose to the BVI ITA certain confidential information in relation to the investor, including but not limited to the investor's name, address, tax identification number (if any), social security number (if any) and certain information relating to the investor's investment;
- (ii) the BVI ITA may be required to automatically exchange information as outlined above with the IRS, HMRC and other foreign fiscal authorities;

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

Each prospective investor in the Fund should consult their own tax advisor regarding the requirements under US FATCA and the equivalent regime in the United Kingdom with respect to their own situation.

#### 6.4 The Netherlands

The fact that the Fund's Administrator performs certain back-office functions on behalf of the Fund in The Netherlands is not likely to cause the Fund to be subject to taxation in The Netherlands.

In view of the number of different jurisdictions the laws of which may be applicable to Shareholders, no attempt is made in this Offering Memorandum to summarise the possible local tax consequences of the acquisition, holding or disposal of Shares. Investors should consult their professional advisers on the possible tax, exchange control or other consequences of buying, holding, selling or redeeming (involuntarily or not) Shares under the laws of their country of citizenship, residence or domicile.

#### 6.5 The Common Reporting Standard

The British Virgin Islands is one of multiple jurisdictions which have agreed to the automatic exchange of financial account information on the basis of the standard published by the Organisation for Economic Co-operation and Development (the "Common Reporting Standard" or the "CRS"). Financial institutions resident in jurisdictions which have agreed to the CRS, should report certain account holder information to their local tax authorities who will then exchange such information with jurisdictions where account holders are tax residents. It can provide timely information on non-compliance where tax has been evaded, particularly where tax administrations have had no previous indications of non-compliance.

For the purposes of efficiency, the CRS was deliberately built on the framework of FATCA and replicates many of its principles, although there is no withholding tax regime or requirement for reporting financial institutions to register with Foreign Tax Authorities (as defined below). Furthermore, certain CRS client classification, due-diligence and reporting requirements differ from or are more expansive to those deriving from FATCA. Further intergovernmental agreements will therefore be entered into with other third countries by the British Virgin Islands government from time to time to enable reporting to such third countries' tax authorities ("Foreign Tax Authorities") as provided in the CRS.

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

- (i) the Fund is considered to be a reporting financial institution under the CRS and the Fund (or its agent) will be required to disclose to the competent tax authority of the British Virgin Islands certain confidential information in relation to the Shareholder, including but not limited to the Shareholder's name, address, tax identification number (if any), social security number (if any) and certain information relating to the Shareholder's investment;
- (ii) the competent tax authority of the British Virgin Islands will be required to automatically exchange information as outlined above with the Foreign Tax Authorities;

- (iii) the Fund (or its agent) will be required to disclose to the Foreign Tax Authorities certain confidential information when registering with such authorities and if such authorities contact the Fund (or its agent directly) with further enquiries;
- (iv) the Fund may require the Shareholder to provide additional information and/or documentation which the Fund will be required to disclose to the competent tax authority of the British Virgin Islands;
- (v) in the event a Shareholder does not provide the requested information and/or documentation, whether or not that actually leads to breach of the applicable laws and regulations by the Fund, a risk for the Fund or the Fund's Shareholders being subject to withholding tax or penalties under the relevant legislative or intergovernmental regimes, the Fund reserves the right to take any action and/or pursue all remedies at its disposal including, without limitation, compulsory redemption or withdrawal of the Shareholder concerned;
- (vi) no Shareholder affected by any such action or remedy shall have any claim against the Fund (or its agent) for any form of damages or liability as a result of actions taken or remedies pursued by or on behalf of the Fund in order to comply with the CRS, any further intergovernmental agreements or any of the laws and regulations related to the CRS; and
- (vii) all information to be reported under CRS will be treated as confidential and such information shall not be disclosed to any persons other than the competent tax authority of the British Virgin Islands and the Foreign Tax Authorities or as otherwise required by law.

Shareholders should ensure that their tax affairs are compliant with the laws and regulations applicable in their jurisdiction(s) of residence and/or citizenship (as applicable).

## 7. RISK FACTORS

Investors should be aware that the value of Shares may fall as well as rise. The Fund may be deemed a speculative investment and is not intended as a complete investment program.

Investment in the Fund involves significant risks. Whilst it is the intention of the Investment Manager to implement strategies which are designed to minimise potential losses, there can be no assurance that these strategies will be successful. It is possible that an investor may lose a substantial proportion or all of its investment in the Fund. As a result, each prospective investor should carefully review this Offering Memorandum and carefully consider whether it can afford to bear the risks of investing in the Fund. Each prospective investor should carefully review the information and matters contained or referred to in this Offering Memorandum, the Subscription Agreement, the Memorandum and Articles and the latest financial statements of the Fund. The following discussion of risk factors does not purport to be a complete explanation of the risks involved in investing in the Fund.

A prospective or continuing investor should not invest in the Fund unless satisfied that it and/or its investment representative or professional adviser has/have asked for and received all information which would enable it or both of them to evaluate the risks in terms of an investment or continued investment in the Fund.

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

### 7.1 Investment Risks

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

### 7.2 Liquidity and Settlement Risks

The Fund will be exposed to a credit risk with parties with whom it trades and will also bear the risk of settlement default. Market practices in relation to the settlement of certain securities transactions and the custody of assets could provide increased risks.

### 7.3 Emerging Market Risks

Investing in emerging markets involves additional risks and special considerations not typically associated with investing in other more established economies or securities markets. These factors may result in losses to the Fund and include the following:

- **Political and Economic Factors:** Emerging markets are at an early stage of development and may experience significant economic imbalances and financial instability. High rates of inflation and interest, currency depreciation and other economic, political and social uncertainties, exchange control regulations, a history of government and private sector debt defaults, significant government influence on the economies, relatively less developed financial and market systems, taxation, social instability, diplomatic developments (including war) and the limited liquidity and higher price volatility of the related securities markets may result in substantial losses to the Fund. In addition, many emerging market countries have had a history of political instability that has included military coups d'état and different governmental regimes with changing policies. Certain emerging market countries have seen significant levels of terrorist activity, with escalating acts of violence and attendant damage to property and the economy.
- Further, the economies of emerging markets generally are heavily dependent upon international trade and, accordingly, have been, and may continue to be, adversely affected by trade barriers, exchange controls, managed adjustments in relative currency values and other protectionist measures imposed or negotiated by the countries with which they trade. These economies also have been and may continue to be adversely affected by economic conditions in the countries with which they trade. The economies of certain of these countries may be based, predominantly, on only a few industries and may be vulnerable to changes in trade conditions and may have higher levels of debt or inflation.

- **Credit Factors:** Securities of emerging market issuers often are not rated at all for creditworthiness and are considered to be speculative and involve greater price volatility than securities of issuers in more established securities markets. Emerging market debt instruments may be characterised by a low credit quality with a correspondingly high risk of payment delays or of default by the issuer. Due to the political and economic factors discussed above, emerging market issuers may find it more difficult to refinance debt securities as they become due.
- **Market liquidity and Volatility:** Emerging countries securities markets are generally smaller than more developed securities markets. The securities traded in such markets are generally less liquid, commissions are higher and securities prices are generally more volatile than securities of comparable companies in non-emerging markets. When seeking to sell emerging market securities, little or no market may exist for the securities. Further, emerging markets may be significantly influenced by large investors trading substantial blocks of securities. They may also be significantly influenced by changes in the sentiment and perceptions of market participants without regard to fundamental factors.
- **Restrictions on Foreign Investment:** Substantial limitations may exist in certain emerging market countries with respect to the ability to repatriate income, capital or the proceeds of sales of securities by foreign investors. In addition, if there is deterioration in an emerging market country's balance of payments, or for other reasons, an emerging market country may impose restrictions on foreign capital remittances abroad. With respect to any emerging market country, there is the possibility of nationalisation, expropriation or confiscatory taxation, imposition of withholding or other taxes on dividends, interest, capital gains or other income and limitations on the removal of funds or other assets of the Fund which could affect adversely the economies of such countries or the value of the Fund's investments in those countries. In addition, certain emerging market countries, political regimes and entities are already subject to and may become the subject of various sanctions regimes including, but not limited to, United Nations, European Union and the US Office of Foreign Assets Control. These sanctions regimes may impact the availability of investment opportunities to the Fund.
- **Availability of information:** Publicly available research on countries and their economics is not as common in emerging market countries as it is in highly developed countries. As a consequence, fewer research reports are available on emerging market countries than on highly developed countries. Therefore, less information may be available with respect to emerging market securities than with respect to securities of highly developed countries, making it more difficult for the Investment Manager to evaluate the strength and quality of the available securities of emerging market issuers, and more difficult to evaluate the strength and quality of the issuers themselves.
- **Tax and other Legal Factors:** The policy environment of emerging markets is often fluid and unpredictable and this may result in sudden adverse changes in tax treatment or laws or regulations affecting investments. Settlement, clearing and registration procedures as well as national legal and accounting infrastructure may be underdeveloped enhancing the risks of error, fraud, or legal challenges and reducing the degree of investor protection. In certain emerging markets, the process of legal and regulatory reform may not be proceeding at the same pace as market developments which could result in investment risk. Legislation to safeguard the rights of private ownership may not yet be in place in certain areas, and there may be the risk of conflict among local, regional and national requirements. In certain cases, the laws and regulations governing investments in securities may not exist or may be subject to inconsistent or arbitrary appreciation or interpretation. Both the independence of judicial systems and their immunity from economic, political or nationalistic influences remain largely untested in many countries.
- **Accounting Standards:** Issuers based in emerging markets are not generally subject to uniform accounting and financial reporting standards, practices and requirements comparable to those applicable to issuers based in developed countries, therefore potentially increasing the risk of fraud or other deceptive practices. The quality and reliability of official data and statistics published by government or securities exchanges in emerging markets may not accurately reflect the actual circumstances being reported.

#### **7.4 Derivative Instruments**

To the extent the Fund invests in swaps, derivative or synthetic instruments, repurchase agreements or other over-the-counter transactions or, non-developed countries securities, the Fund may take a credit risk with regard to parties with whom it trades and may also bear the risk of settlement default. These risks may differ materially from those entailed in exchange-traded transactions which generally are backed by clearing organisation guarantees, daily marking-to-market and settlement, and segregation and minimum capital requirements applicable to intermediaries. Transactions entered directly between two counterparties generally do not benefit from such protections and expose the parties to the risk of counterparty default. While it is expected that all securities and other assets deposited with custodians or brokers will be clearly identified as being assets of the Fund and where possible segregated and hence the Fund should not be exposed to a credit risk with regard to such parties, it may not always be possible to achieve this and there may be practical or time problems associated with enforcing the Fund's rights to its assets in the case of an insolvency of any such party.

#### **7.5 Swap and Other Derivative Trading**

The Fund from time to time may trade swaps. Swap contracts are not traded on exchanges; rather, banks and dealers act as principals in the swap market. As a result, the Fund will be subject to the risk of the inability or refusal to perform with respect to such contracts on the part of the counterparties with which the Fund trades. The swap market is generally not regulated by any US or non-US governmental authority. Speculative position limits are not applicable to swap transactions, although the counterparties with which the Fund will deal may limit the size or duration of positions available to the Fund as a consequence of credit considerations. Additionally, swaps may be illiquid and participants in the swap market are not required to make continuous markets in the swap contracts they trade.

#### **7.6 Certain Risks Relating to Market Conditions in Developed Markets**

The financial markets have exhibited increased volatility. Recent events and uncertainty have resulted in vast fluctuations in market prices on a daily basis. Market participants may react quickly to unconfirmed reports or information and as a result there may be drastic unexpected market movements, up or down, in short periods of time. While this may create opportunities to identify undervalued investments, it also may make it more difficult to anticipate or predict future market movements. Certain investments may have to be held for longer periods of time until their value potential can be realised, if at all. Changes in government regulations may impact investment and trading opportunities in ways that are hard to anticipate.

In addition, as the Fund may invest in Underlying Funds that may be subject to substantial redemption requests or to the extent that the Fund itself receives substantial redemption requests, such redemptions by investors within a short period of time could require the Underlying Fund manager or the Investment Manager, as applicable, to liquidate positions more rapidly than would otherwise be desirable, which could adversely affect the value of the Fund (directly or indirectly through its investment in the Underlying Fund). The resulting reduction in the Underlying Fund's or the Fund's assets could make it difficult to recoup any losses due to a reduced equity base.

These types of market conditions, including volatility and illiquidity, together with governmental responses and potential responses to these conditions, may adversely impact the profitability of certain strategies, and/or adversely impact the ability of Underlying Funds to execute their investment and trading strategies profitably.

#### **7.7 Equity Securities**

The Fund may engage in trading equity securities. Market prices of equity securities as a group have dropped dramatically in a short period of time on several occasions in the past, and they may do so again in the future. In addition actual and/or perceived accounting regularities may cause dramatic price declines in the equity securities of companies reporting such irregularities or which are the subject of rumours of accounting irregularities. These factors may adversely affect the Fund and, consequently, the NAV per Share.

### **7.8 Market Risk**

The profitability of a significant portion of the Fund's investment program depends to a great extent on correct assessments of the future course of price movements of emerging and global capital markets and currencies as well as securities and other investments. There can be no assurance that the Investment Manager will be able to accurately predict these price movements.

The securities markets have in recent years been characterised by great volatility and unpredictability. With respect to the investment strategy utilised by the Fund, there is always some, and often a significant, degree of market risk.

### **7.9 Investments in Underlying Funds; Layering of Fees and Expenses**

Under certain circumstances, the Fund's ability to invest in Underlying Funds may be disadvantageous to Shareholders as compared with maintaining investments directly in the underlying investments. In addition to the fees charged to the Fund by the Underlying Fund's, the fees charged by the Fund add an extra layer of fees that a Shareholder would not incur if it were able to invest directly into the Underlying Fund. Also, the Fund bears a double layer of expenses, the expenses of the Fund and the expenses of the Underlying Fund.

### **7.10 Non-US Securities**

The Fund will allocate its assets to invest in securities of companies domiciled or operating in one or more non-US countries. Investing in these securities involves considerations and possible risks not typically involved in investing in securities of companies domiciled and operating in the United States, including instability of some non-US governments, the possibility of expropriation, limitations on the use or removal of funds or other assets, changes in governmental administration or economic or monetary policy (in the United States or elsewhere) or changed circumstances in dealings between nations. The application of non-US tax laws (e.g., the imposition of withholding taxes on dividend, interest or other payments) or confiscatory taxation may also affect investment in non-US securities. Higher expenses may result from investment in non-US securities than would from investment in US securities because of the costs that must be incurred in connection with conversions between various currencies and non-US brokerage commissions that may be higher than in the United States. Non-US securities markets also may be less liquid, more volatile and less subject to governmental supervision than in the United States. Investments in non-US countries could be affected by other factors not present in the United States, including lack of uniform accounting, auditing and financial reporting standards and potential difficulties in enforcing contractual obligations.

### **7.11 Fixed Income**

The Fund may invest directly and indirectly (via Underlying Funds) in debt instruments, including notes, bonds, debentures and asset-backed instruments (collectively, "fixed income securities") issued by corporate or governmental entities. These may be un-rated or lower-rated securities which may have greater risks in some respects than the investment risks incurred by an investment in securities which are rated in higher categories by qualified rating agencies. The Fund may also purchase fixed income securities, both secured and unsecured, of companies in reorganization or undergoing financial restructuring. Such fixed income securities would normally be sold by financial institutions (such as banks or insurance companies) or by governmental entities on a basis which does not provide the purchaser with recourse against the seller. Some fixed income securities purchased by the Fund may have long maturities. The purchase of fixed income securities involves a risk as to the creditworthiness of the issuer and a possibility that the investment may be lost.

### **7.12 Currency Risk**

The investments of the Fund that are denominated in a currency other than the base currency of the Fund are subject to the risk that the value of a particular currency will change in relation to one or more other currencies. Among the factors that may affect currency rates are trade balances, the level of short-term interest rates, differences in relative values of similar assets in different currencies, long-term opportunities for investment and capital appreciation and political developments. The Investment Manager may but is not obligated to try to hedge these risks by investing in currencies, currency futures contracts and options thereon, forward currency exchange contracts, or any combination thereof. The extent to which a foreign currency exposure will be hedged

will be determined by the Investment Manager in its absolute discretion. It may not always be possible to completely hedge against such currency risks, nor can there be any assurances that such strategies will be implemented, or if implemented, be successful.

Many emerging markets have underdeveloped capital market structures where the risks associated with holding currency are significantly greater than in other, more developed markets. Currency exchange rates are highly volatile and subject to severe event risks, as the political situation with regard to the relevant foreign government may itself be volatile. Moreover, if the cash flow of the assets is contingent, it may be difficult to quantify the attendant cross-currency risk, compounding the risk of changes in underlying currencies by the other risks in the portfolio. Correlations between these risks are difficult to quantify and, therefore, difficult to hedge. An inaccurate estimation of the correlation may lead to a faulty hedge and a consequent move in the portfolio. It should also be noted that, in highly volatile markets, predictions of correlation based on historical data can diverge dramatically from observed market moves.

### **7.13 Options**

The investor gets to earn a Premium Income writing calls while at the same time appreciate all benefits of underlying stock ownership, such as dividends and voting rights, unless he is assigned an exercise notice on the written call and is obligated to sell his shares. Using the Covered Call option strategy, however, the profit potential of Covered Call writing is limited as the investor had, in return for the Premium Income, given up the chance to fully profit from a substantial rise in the price of the underlying asset.

Purchasing put and call options as well as writing such options are highly specialised activities and entail greater than ordinary investment risks, especially when such options are not used as a hedge or are uncovered. In particular, in purchasing put and call options there is a risk that the entire premium paid for the option may be lost should the option expire out-of-the-money, and therefore become valueless. Writing or selling options carries an open-ended risk should a position remain open contrary to adverse movement of the underlying investment.

Because option premiums paid or received by an investor will be small in relation to the market value of the investments underlying the options, buying and selling put and call options can result in large amounts of leverage. As a result, the leverage offered by trading in options could cause an investor's asset value to be subject to more frequent and wider fluctuations than would be the case if the investor did not invest in options.

However the Fund does not intend to purchase put or call options.

The Fund intends to only write Covered Call options. This generates Premium Income for the fund in addition to the income received from the dividends. The risk is that writing Covered Calls does limit (for the duration of the option) the potential upside for the return on the stock. The writer of a Covered Call option is looking for a steady or slightly rising stock price for at least the term of the option. This strategy is unlikely to be appropriate for a very bearish or a very bullish investor.

### **7.14 Futures Contracts**

The Fund and the Underlying Funds may invest in equity index, interest rate or other futures contracts and may have other investments in futures or other interests. Futures markets may be highly volatile and are influenced by factors such as changing supply and demand relationships, government programs and policies, national and international political and economic events and changes in interest rates.

The low margin or premiums normally required in such trading may provide a large amount of leverage, and a relatively small change in the price of a security or contract can produce a disproportionately larger profit or loss. There is no assurance that a liquid secondary market will exist for futures contracts or options purchased or sold on futures contracts, and contracts may be required to be maintained until exercise or expiration, which could result in losses. Many futures exchanges limit the amount of fluctuation permitted in contract prices during a single trading day. Once the daily limit has been reached in a particular contract, no trades may be made that day at a price beyond that limit. Contract prices could move to the daily limit for several consecutive trading days permitting little or no trading, thereby preventing prompt liquidation of futures and options on futures positions,

potentially subjecting the Fund to substantial losses. Investing in futures contracts or options on futures contracts, is a highly specialised investment activity entailing greater than ordinary investment risk.

#### **7.15 Small Capitalisation Investments**

At any given time, the Fund may have significant investments in smaller-to-medium sized companies of a less seasoned nature whose securities are traded in the over-the-counter market. These "secondary" securities often involve significantly greater risks than the securities of larger, better-known companies.

#### **7.16 Loans of Securities**

Pursuant to master securities lending agreements or similar agreements, the Fund or Underlying Funds may lend securities from its portfolio to brokers, dealers and financial institutions and receive collateral in the form of cash and/or securities in an amount equal to or greater than the current market value of the loaned securities, including any accrued interest or dividend receivable.

It should be noted that the prime brokers may lend the Fund's or an Underlying Fund's securities to third parties without notice to the Fund or the Underlying Fund and without providing any collateral to the Fund or the Underlying Fund. If a broker makes such loans of securities from the Fund's or the Underlying Fund's account, the Fund or the Underlying Fund, as applicable, may not be able to vote such securities. In addition, if a broker were to become insolvent in the United States, the Fund or the Underlying Fund, as applicable, would not have a claim against any specific assets of such broker, but would have a claim against the pool of assets held for the benefit of such broker's customers. Jurisdictions outside of the United States may not provide any similar rights to the Fund or the Underlying Fund.

#### **7.17 Multiple Investment Managers**

It is possible that one or more of the fund managers or other managers of the Underlying Funds (including the Investment Manager) may, at any time, take opposite positions in the same financial instrument. It is also possible that the fund managers (including the Investment Manager) and other managers retained by the Fund may on occasion be competing with each other for similar positions at the same time. Also, a manager (including the Investment Manager) may take positions for its other clients which may be opposite to positions taken for the Underlying Fund in which the Fund invests.

#### **7.18 Incentive Fee**

The Investment Manager may be entitled to receive an Incentive Fee with respect to Class AS, E, F, AAS, EE, FF, AAAS, EEE and FFF Shares which is calculated as 20% of net dividend and Premium Income received by the Fund allocable to those Classes, during periods when the Net Asset Value of the Fund may be declining.

As the Incentive Fee is based on the amount of dividend income and Premium Income received by the Fund, the Investment Manager may favour investment decisions which generate greater income over those which may result in a greater total return. The Investment Manager will need to manage this potential conflict of interest and ensure that all investment decisions are made solely for the benefit of the Fund.

The payment of a fee to the Investment Manager based on a percentage of the Fund's net profits in respect of classes A, B, C, AA, BB, CC, AAA, BBB and CCC may create an incentive for the Investment Manager to cause the Fund to make investments that are riskier or more speculative than would be the case if this fee were not paid. In addition, because the "high water mark" is reset each financial year, an Incentive Fee may be payable to the Investment Manager even though Shareholders may not have experienced an increase in the NAV of the Shares since the last time an Incentive Fee was paid. Details of the Incentive Fee are set out in Section 5, "Fees and Operational Expenses".

#### **7.19 Subscription Risk**

Where a subscription for Shares is accepted, the Shares will be treated as having been issued with effect from the relevant Dealing Day notwithstanding that the subscriber for those Shares may not be entered in the Fund's register of members until after the

relevant Dealing Day. The subscription monies paid by a subscriber for Shares will accordingly be subject to investment risk in the Fund from the relevant Dealing Day.

#### **7.20 Limited Liquidity**

Although Shareholders may generally redeem Shares daily such redemptions may be subject to suspensions, in addition Shares are not freely transferable.

In addition, a Class B, E, BB, EE, BBB and EEE Share will be subject to a Redemption Penalty if such Share is redeemed within sixty (60) months of its Dealing Day. A subscription for Shares should be considered only by persons financially able to maintain their investment and who can afford a substantial loss to their investment. Details of the Redemption Penalty are set out in Section 4.7, "Redemption of Shares".

#### **7.21 Portfolio Valuation**

Because of overall size, concentration in particular markets and maturities of positions held by the Fund, the value at which its investments can be liquidated may differ, sometimes significantly, from the valuations arrived at by the Administrator. In addition, the timing of liquidations may also affect the values obtained on liquidation. Securities to be held by the Fund may routinely trade with bid-ask spreads that may be significant. At times, third-party pricing information may not be available for certain positions held by the Fund and/or erroneous prices may be published by the administrators or investment managers of Underlying Funds. In addition, the Fund may hold loans or privately placed securities for which no public market exists. Valuations by the Administrator will be conclusive and binding on all investors.

In addition, with respect to the Fund's investments in Underlying Funds, the value of such investments will be calculated by reference to the net asset value of the Underlying Funds. The procedures for the calculation of the net asset value of the Underlying Funds may not correspond to the method of calculation adopted by the Fund. In addition, the dates on which the Underlying Funds and the Fund calculate their respective net asset values may not coincide. As a result, the calculation of the Fund's Net Asset Value may be made on the basis of the net asset values for the Underlying Funds which are either estimated or historic. Such estimated net asset values and historic net asset values may vary significantly from the actual value of the net assets of the Underlying Funds on the Valuation Day. Such variations may not be reflected in the calculation of the Net Asset Value by the Fund, which, among other things, could result in the Management Fee, the Incentive Fee and the Retrocession Fee representing a discount or a premium.

#### **7.22 Counterparty and Settlement Risk**

The Fund is subject to the risk of the inability of any counterparty to perform with respect to transactions, whether due to insolvency, bankruptcy or other causes.

Many emerging markets have different clearance and settlement procedures from developed countries. For many emerging markets' instruments there is no central clearing mechanism of settling rates and no central depository or custodian for the safe keeping of securities. The registration, record-keeping and transfer of instruments may be carried out manually, which may cause delays in the recording of ownership. Increased settlement risk may increase counterparty and other risk. Certain markets may experience periods when settlement dates are extended. Moreover, certain markets have experienced periods when settlements did not keep pace with the volume of transactions which may result in settlement difficulties. Because of the lack of standardised settlement procedures, settlement risk in emerging markets is more prominent than in more mature markets.

#### **7.23 Business Risk**

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

#### **7.24 Concentration of Investments**

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

In addition, Underlying Funds in which the Fund may invest may acquire significant positions in the same instrument, resulting in an inadvertent concentration by the Fund in such investment. This possible lack of diversification may subject the investments of the Fund to more rapid change in value than would be the case if the assets of the Fund were more widely diversified.

#### **7.25 Fund Expenses**

The expenses of the Fund may be a higher percentage of net assets than would be found in other investment entities. Strategies utilized by the Fund may require frequent trading and, as a result, portfolio turnover and brokerage commission expenses may significantly exceed those of other investment entities of comparable size. In addition, the fact that the Fund is responsible for a broad array of expenses as further described in this Offering Memorandum under 5, "Fees and Operational Expenses", including research-related travel and lodging, marketing expenses including marketing related travel and lodging and payments to distribution companies may cause the expenses of the Fund to be higher than the expenses of similar funds.

#### **7.26 Reliance on Investment Manager**

The profitability of a significant portion of the Fund's investment program depends to a great extent on correct assessments of the future course of price movements of chosen investments. There can be no assurance that the Investment Manager will be able to accurately predict these price movements. The success of the Fund will be dependent on the efforts of the Investment Manager. The prior performance of the Fund may not be indicative of the future performance of the Fund since different economic conditions, financial climates and investment opportunities exist compared to previous years.

Furthermore, investors should not rely on the performance of any other fund and/or account managed by the Investment Manager because in addition to changes resulting from different economic conditions, financial climates and investment opportunities compared to previous years, the investment strategy of the Fund may be different from the investment strategy of the other funds and/or accounts managed by the Investment Manager.

#### **7.27 Portfolio Hedging**

The Investment Manager may use, but is not limited to using the following instruments; futures, forwards, swaps (including credit default swaps), equities, options and contracts for difference to hedge against downward movements in the value of a Fund's portfolio, either by reference to specific securities or markets to which the Fund may be exposed. The Investment Manager may also take out hedges against changes in interest or currency rates or credit spreads which would have an impact on the Fund. Any attempt by the Investment Manager to hedge any or all exposures is on a best efforts basis and the Investment Manager provides no guarantee that such technique will be successful.

#### **7.28 Share Class Hedging**

As the Fund will operate in US Dollars, the Investment Manager may, where practicable, seek to hedge the currency exposure of any Class of Shares denominated in a currency other than US Dollars. However, there is no guarantee that any such currency hedging will be successful. Any gains or losses of any such currency hedging will be attributed proportionately to all Classes of Shares.

Forward foreign exchange contracts, or other suitable instruments, may also be used more specifically to hedge the value of certain classes of Shares in the Fund against changes in the exchange rate between the currency of denomination of the class of Shares and the base currency of the Fund. Any attempt by the Investment Manager to hedge any or all exposures is on a best efforts basis and the Investment Manager provides no guarantee that such technique will be successful.

### **7.29 Indemnification**

The Memorandum and Articles of the Fund contain broad indemnification provisions that, subject to applicable law, require the Fund to hold the Directors harmless from any losses or costs incurred by them except to the extent such losses or costs arose from their wilful misconduct or reckless disregard of their duties or as otherwise prohibited by law.

The Investment Management Agreement contains broad indemnification provisions that require the Fund to hold the Investment Manager harmless from any losses or costs incurred by it except to the extent caused by its fraud, wilful default or gross negligence.

### **7.30 Contagion Risk Factor**

The Fund has the power to issue Shares in Classes. The Articles provide for the manner in which the liabilities are to be attributed across the various Classes (liabilities are generally to be attributed to the specific Class in respect of which the liability was incurred, unless the Directors determine otherwise or as otherwise set out in this Offering Memorandum). However, the Fund is a single legal entity. Shareholders of one or more Classes of Shares may be compelled to bear the liabilities incurred in respect of other Classes which such Shareholders do not themselves own if there are insufficient assets in that other Class to satisfy those liabilities. Accordingly, there is a risk that the liabilities of one Class may not be limited to that particular Class and may be required to be paid out of one or more other Classes.

### **7.31 Handling of Mail**

Mail addressed to the Fund and received at its registered office will be forwarded unopened to the forwarding address supplied by the Fund to be dealt with. None of the Fund, its Directors, officers, advisors or service providers (including the organisation which provides registered office services in the British Virgin Islands) will bear any responsibility for any delay howsoever caused in mail reaching the forwarding address. In particular the Directors will only receive, open or deal directly with mail which is addressed to them personally (as opposed to mail which is addressed just to the Fund).

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

### **7.32 Compliance with US Reporting and Withholding Requirements**

In order to avoid being subject to US withholding tax, both US investors and non-US investors are likely to be required to provide information regarding themselves and the underlying ultimate beneficial owners (if relevant). In this regard the British Virgin Islands and US governments have signed an intergovernmental agreement with respect to the implementation of FATCA.

Prospective investors should consult their own tax advisor with regard to US federal, state, local and non-US tax reporting and certification requirements associated with an investment in the Fund.

The Fund will endeavour to satisfy the requirements imposed on the Fund by FATCA to avoid the imposition of FATCA withholding tax. However, there can be no guarantees or assurances that the Fund will comply with all the requirements imposed by FATCA. In the event that the Fund is not able to comply with the requirements imposed by FATCA and the Fund does suffer US withholding tax on its investments as a result of non-compliance, the Net Asset Value may be affected and the Fund may suffer a loss as a result of the same.

The Fund will endeavour to satisfy the requirements imposed on the Fund by CRS. However, there can be no guarantees or assurances that the Fund will comply with all the requirements imposed by CRS. In the event that the Fund fails to fulfil the reporting obligations imposed by CRS, the Fund will face financial penalties and in severe cases, criminal law proceedings.

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

## 8. REGULATION

The Fund is a "Public Fund" within the meaning of the Securities and Investment Business Act and is registered with the Financial Services Commission under this act. Such registration does not involve an examination of the merits of an investment in the Fund and does not entail substantive supervision of the investment performance or portfolio constitution of the Fund by the Financial Services Commission. There is no financial obligation or compensation scheme imposed on or by the Financial Services Commission in favour of or available to the investors in the Fund.

The Fund's registration and recognition as a Public Fund is subject to certain conditions which include, among others, the following:

- (a) the Fund is prohibited from investing into or holding shares in any Castlestone Management Inc. related fund or entity;
- (b) the Fund is prohibited from issuing any loans or credit facility to a director or employee (or related entity of these individuals) of the Fund, employees of the Investment Manager, or Castlestone Management Inc. affiliated entity;
- (c) the conditions relating to the Corporate Oversight Committee, as set out under Section 3.5 "Corporate Oversight Committee" above; and
- (d) report bi-annually to the Commission general details of the Fund's financials and activities.

The Securities and Investment Business Act requires the Fund to file a copy of this Offering Memorandum with the Financial Services Commission. If any of the information required by the Securities and Investment Business Act to be disclosed in this Offering Memorandum ceases to be accurate in a material particular, the Securities and Investment Business Act requires the Fund to register an amended Offering Memorandum with the Financial Services Commission within fourteen (14) days of the occurrence of the change and, when registered, distribute a copy of the amended Offering Memorandum to each investor in the Fund. The Securities and Investment Business Act also requires the Fund to maintain records sufficient to show and explain its transactions and to enable its financial position to be determined with reasonable accuracy and to prepare financial statements which must be audited in accordance with generally accepted accounting standards by an auditor who has been approved by the Financial Services Commission under the Securities and Investment Business Act. The audited financial statements of the Fund must be signed by a Director and submitted to the Financial Services Commission, in the prescribed form, within six (6) months of the end of the Fund's financial year, together with such other documents as the Financial Services Commission may require.

The Securities and Investment Business Act also requires the Fund to appoint a custodian who is functionally independent of the Fund's Investment Manager or Administrator. In this regard please see information contained in this Offering Memorandum relating to the Prime Broker and Custodian, who hold the assets of the Fund, in Section 3, "Management and Administration". As an entity regulated under the Securities and Investment Business Act, the Fund is subject to the supervision of the Financial Services Commission, which is authorised by the Securities and Investment Business Act and the Financial Services Commission Act, 2001 (as amended) to direct the Fund to furnish information or provide access to any records, books or other documents which it deems necessary to ascertain compliance with the Securities and Investment Business Act, the Mutual Funds Regulations 2010 (as amended), the Public Funds Code 2010 and any other regulations made pursuant to the Securities and Investment Business Act and British Virgin Islands financial services legislation.

The Fund's certificate of registration may be cancelled or made subject to conditions if, inter alia, the Fund has breached the Securities and Investment Business Act, the Mutual Funds Regulations 2010, or any subsidiary legislation or conditions of its certificate, has been convicted of an offence, is carrying on business in a manner detrimental to its investors or to the public interest, or is declared bankrupt or is being wound-up or dissolved.

### 8.1 Investors' Rights

The Securities and Investment Business Act provides that in the event this Offering Memorandum, or any amendment hereto, contains a misrepresentation relating to any of the disclosures required under section 48(1)(b) of the Securities and Investment Business Act, a person who purchased Shares of the Fund pursuant to such Offering Memorandum or amendment, is deemed to have relied upon the misrepresentation and shall have the rights provided in section 52 of the Securities and Investment Business Act, namely, to exercise a right of action for (i) the rescission of the purchase, or (ii) damages, jointly and severally against the Fund and every Director who, while aware of the misrepresentation, or would have been aware of the misrepresentation had he

made reasonable investigation consistent with his duties, authorised the signing of or approved the Offering Memorandum or any amendment hereto and consented to its publication and filing or caused it to be signed or published and filed, unless it be proven that the purchaser knew of the misrepresentation at the time of purchase. This statutory right of action is in addition to and without derogation from any other right such purchaser may have at law. For the purposes of the Securities and Investment Business Act, "misrepresentation" means an untrue or misleading statement with respect to any of the disclosures required under section 48(1)(b) of the Securities and Investment Business Act, or an omission to disclose any of the disclosures required.

## 9. ANTI-MONEY LAUNDERING

In order to comply with legislation or regulations aimed at the prevention of money laundering and terrorist financing, the Fund is required to adopt and maintain anti-money laundering procedures, and may require subscribers to provide evidence to verify their identity and source of funds. Where permitted, and subject to certain conditions, the Fund may also delegate the maintenance of its anti-money laundering procedures (including the acquisition of due diligence information) to a suitable person.

The Fund, and the Administrator on the Fund's behalf, reserve the right to request such information as is necessary to verify the identity of a subscriber, unless in any particular case the Directors, or the Administrator on the Fund's behalf, are satisfied that an exemption applies under the Anti-Money Laundering Regulations 2008 and the Anti-Money Laundering and Terrorist Financing Code of Practice 2008 (as amended) (the "Code of Practice"). Depending on the circumstances of each application, a detailed verification of identity might not be required where:

- a) the applicant makes the payment for their investment from an account held in the applicant's name at a recognised financial institution;
- b) the applicant is regulated by a recognised regulatory authority and is based or incorporated in, or formed under the law of, a recognised jurisdiction; or
- c) the application is made through an intermediary which is regulated by a recognised regulatory authority and is based in or incorporated in, or formed under the law of a recognised jurisdiction and an assurance is provided in relation to the procedures undertaken on the underlying investors.

For the purposes of these exceptions, recognition of a financial institution, regulatory authority or jurisdiction will be determined in accordance with the Code of Practice by reference to those jurisdictions recognised by the Financial Services Commission as having equivalent anti-money laundering regulations.

Each prospective investor that is an individual will be required to represent in the Subscription Agreement that, amongst other things, he is not, nor is any person or entity controlling, controlled by or under common control with the prospective investor, a "Prohibited Investor" as defined in the Subscription Agreement (generally, a person involved in money laundering or terrorist activities, including those persons or entities that are included on any relevant lists maintained by the US Treasury Department's Office of Foreign Assets Control, any senior foreign political figures, their immediate family members and close associates, and any foreign shell bank).

Further, each prospective investor which is an entity will be required to represent in the Subscription Agreement that, amongst other things: (i) it has carried out thorough due diligence to establish the identities of its beneficial owners; (ii) it reasonably believes that no beneficial owner is a "Prohibited Investor"; (iii) it holds the evidence of such identities and status and will maintain such information for at least five years from the date of its complete redemption from the Fund; and (iv) it will make available such information and any additional information that the Fund may request. Moreover, the Memorandum and Articles contain restrictions on the ownership of Shares in the Fund by Prohibited Investors which include "US Persons" and "Prohibited Investor" as defined therein.

In the event of delay or failure on the part of the subscriber in producing any information required for verification purposes, the Fund, or the Administrator on the Fund's behalf, may refuse to accept the application, in which case any funds received will be returned without interest and at the cost of the applicant to the account from which they were originally debited.

The Fund, and the Administrator on the Fund's behalf, also reserve the right to refuse to make any redemption payment or distribution to a Shareholder or to make such payment only to the account from which the corresponding subscription funds were paid if the Directors or the Administrator suspect or are advised that the payment of redemption proceeds to such Shareholder might result in a breach of applicable anti-money laundering or other laws or regulations by any person in any relevant jurisdiction, or if such refusal is considered necessary or appropriate to ensure the compliance by the Fund or the Administrator with any such laws or regulations in any applicable jurisdiction.

If any person resident in the British Virgin Islands knows or suspects or has reasonable grounds for knowing or suspecting that another person is engaged in criminal conduct or is involved with terrorism or terrorist property and the information for that knowledge or suspicion came to their attention in the course of business in the regulated sector, the person will be required to

report such knowledge or suspicion to the Financial Investigation Agency of the British Virgin Islands pursuant to the Code of Practice and the Financial Services Commission. Such a report shall not be treated as a breach of confidence or of any restriction upon the disclosure of information imposed by any enactment or otherwise.

The Fund and its agents (including the Administrator, Investment Manager and Investment Advisor) will not incur any liability for adhering to the Fund's responsibilities under its anti-money laundering program, and will be indemnified by the subscriber for any losses which the Fund or its principals or agents may incur for doing so.

## 10. ADDITIONAL INFORMATION

### 10.1 Financial Year

The Fund's financial year ends on 31 December of each year.

### 10.2 Reports and Statements

Deloitte Ltd. have been engaged as the independent auditors of the Fund. The audited financial statements must be submitted to the Financial Services Commission within six (6) months of the end of the Fund's financial year. A copy of the Fund's audited financial statements will also be sent to Shareholders. The Administrator will also make available unaudited daily NAVs to Shareholders.

Since Shares may be sold by the Fund during the course of a financial year, the Articles provide for financial periods, which are portions of a financial year, for the purpose of allocating net profits and net losses of the Shares. A new financial period will commence on the first day of each financial year, the date next following the date of any redemption of Shares, the date of any sale of Shares and the date established by the Directors for determining the record ownership of the Fund's Shares for the payment of dividends, and the prior financial period will terminate on the date immediately preceding the first day of a new financial period.

All financial statements, notices and other documents will be sent, in the case of joint holders of Shares, to the holder who is named first in the register of Shareholders of the Fund at his registered address.

### 10.3 Potential Conflicts of Interest

Investors' attention is drawn to the following potential conflicts of interest:

The Investment Manager, its holding company, its holding company's shareholders, any subsidiaries of its holding company and any of their directors, officers, employees, agents and affiliates ("Interested Parties" and each, an "Interested Party") may be involved in other financial, investment or other professional activities which may on occasion cause conflicts of interest with the Fund. These include management of other funds, purchases and sales of securities, investment and management advisory services, brokerage services, and serving as directors, officers, advisers, or agents of other funds or other companies. In particular it is envisaged that the Investment Manager may be involved in advising other investment funds which may have similar or overlapping investment objectives to or with the Fund. The Investment Manager may provide services to third parties similar to those provided to the Fund and shall not be liable to account for any profit earned from any such services. Where a conflict arises the Investment Manager will endeavour to ensure that it is resolved fairly. In relation to the allocation of investment opportunities to different clients, including the Fund, the Investment Manager may be faced with conflicts of interest with regard to such duties but will ensure that investment opportunities in those circumstances will be allocated fairly. The Fund may also incur expenses, as detailed in this Offering Memorandum, via companies in which the Directors, as well as directors and/or officers of the Investment Manager and the Investment Advisor may have a commercial interest.

To the extent legally permissible, the Investment Manager is authorised to combine purchase or sale orders on behalf of the Fund together with orders for other funds and accounts managed by the Investment Manager and allocate the assets that are so purchased or sold, generally on an average price basis, among the Fund and such other funds and accounts.

The Investment Manager and/or any company affiliated with it may enter into portfolio transactions for or with the Fund either as agent, in which case they may receive and retain customary brokerage commissions and/or cash commission rebates, or deal as a principal with the Fund in accordance with normal market practice subject to such commissions being charged at rates which do not exceed customary full service brokerage rates.

The Investment Manager and/or any company affiliated with it reserves the right to effect transactions by or through the agency of another person with whom the Investment Manager and/or any company affiliated with it have an arrangement under which that party will from time to time provide to or procure for the Investment Manager and/or any company affiliated with it goods, services or other benefits (such as research and advisory services, computer hardware associated with specialised software or research services and performance measures) the nature of which is such that their provision can reasonably be expected to benefit the Fund as a whole and may contribute to an improvement in the performance of the Fund or of the Investment Manager

and/or any company affiliated with it in providing services to the Fund and for which no direct payment is made but instead the Investment Manager and/or any company affiliated with it undertake to place business with that party.

The Fund or any wholly-owned subsidiary on behalf of the Fund, may acquire securities from, or dispose of securities to, any Interested Party or any investment fund or account advised or managed by any such person, but only with the approval of one of the Directors. Any Director or Interested Party may hold Shares and deal with them as it thinks fit. An Interested Party may buy, hold and deal in any investments for its own account notwithstanding that similar investments may be held by the Fund or any subsidiary for the account of the Fund.

Any Interested Party may contract or enter into any financial or other transaction with any Shareholder or with any entity any of whose securities are held by or for the account of the Fund, or be interested in any such contract or transaction. Furthermore, any Interested Party may receive commissions and benefits which it may negotiate in relation to any sale or purchase of any investments of the Fund affected by it for the account of the Fund and which may or may not be for the benefit of the Fund.

Certain of the Directors are also directors and/or officers of the Investment Manager and the fiduciary duties of the Directors may compete with or be different from the interests of the Investment Manager. Angus Murray and David Cumming are Directors of the Fund as well as directors of the Investment Manager.

In certain circumstances the Investment Manager or its principals may find it necessary or desirable to incur or fund unexpected expenses or other amounts as part of the Investment Manager's rendering services to or for the Fund. The Investment Manager may have the Fund advance funds needed to enable the Investment Manager to pay such amounts, provided such advance is on terms and subject to documentation (providing for repayment of such advance) that is reasonably acceptable to the Directors.

In certain circumstances the Investment Manager or its principals may find it necessary or desirable to incur or fund unexpected expenses or other amounts as part of the Investment Manager's rendering services to or for the Fund. The Investment Manager may have the Fund advance funds needed to enable the Investment Manager to pay such amounts, provided such advance is on terms and subject to documentation (providing for repayment of such advance) that is reasonably acceptable to the Directors.

The Investment Advisor, its directors, officers, employees, agents and affiliates ("Interested Parties" and each, an "Interested Party") may be involved in other financial, investment or other professional activities which may on occasion cause conflicts of interest with the Fund.

The Investment Advisor may provide services to third parties similar to those provided to the Fund and shall not be liable to account for any profit earned from any such services. Where a conflict arises the Investment Advisor will endeavour to ensure that it is resolved fairly.

Certain of the Directors are also directors and/or shareholders of the Investment Advisor and the fiduciary duties of the Directors may compete with or be different from the interests of the Investment Advisor. Angus Murray is Director of the Fund as well as the sole shareholder of the Investment Advisor.

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

The Fund will establish, implement and maintain a conflicts of interest policy with the aim of identifying and preventing conflicts of interest, or potential conflicts of interest. Where a conflict of interest does arise in respect of the Fund, the Directors will endeavour to ensure that it is resolved fairly.

#### **10.4 Material Contracts**

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

- a) the Investment Management Agreement dated 12th October 2010, between the Fund and the Investment Manager pursuant to which the Investment Manager was appointed, subject to the overall supervision of the Directors, to manage the Fund's investments and affairs and distribute Shares in the Fund;
- b) the Investment Advisory Agreement between the Investment Manager and the Investment Advisor pursuant to which the Investment Advisor was appointed;

- c) the Administration, Registrar and Transfer Agency Agreement dated 1st October 2009, between the Fund and the Administrator, pursuant to which the Administrator was appointed to provide certain administrative services to the Fund, as amended;
- d) the account opening documents dated 18th November 2010, between the Fund and Morgan Stanley Smith Barney LLC pursuant to which Morgan Stanley Smith Barney LLC was appointed to provide broker services and Citigroup Global Markets Inc. will provide securities and commodities merchant services to the Fund.
- e) the account opening documents between the Fund and Interactive Brokers LLC pursuant to which Interactive Brokers LLC was appointed to provide custodian and broker services.
- f) the Legal Service Agreement dated 3rd October 2011, between the Investment Manager and Client Services (Global) Ltd. pursuant to which Client Services (Global) Ltd. was appointed to carry out legal services to the Fund;
- g) the Marketing Service Agreement dated 3rd October 2011, between the Investment Manager and Client Services (Global) Ltd. pursuant to which Client Services (Global) Ltd. was appointed to carry out marketing services to the Fund;
- h) the Distribution and Service Agreement dated 3rd October 2011, between the Investment Manager and Client Services (Global) Ltd. pursuant to which Client Services (Global) Ltd. was appointed to carry out sales and distribution services to the Fund; and
- i) the Middle Office Service Agreement dated 3rd October 2011, between the Investment Manager and Client Services (Global) Ltd. pursuant to which Client Services (Global) Ltd. was appointed to carry out middle office services to the Fund.

#### **10.5 Client Services (Global) Ltd.**

Client Services (Global) Ltd. is a company, incorporated in the England and Wales. Its main business activity is to provide non-regulated services to various funds. The Investment Manager has retained Client Services (Global) Ltd. in order to provide the following services. Client Services (Global) Ltd. receives from the Investment Manager a Services fee paid monthly based on an agreed schedule of fees. The Investment Manager seeks reimbursement from the Fund in accordance with section 5.8. These fees are detailed in each agreement:

- a) Legal. The Legal Services provided by Client Services (Global) Ltd. to the Fund include, but are not limited to, drafting and revising subscriptions documents, offering documents, board resolutions and any other formal agreement. Client Services (Global) Ltd. also liaise with the Legal Counsel, Administrator, Auditor and with the FSC in the BVI.
- b) Marketing. The Marketing Services provided by Client Services (Global) Ltd. to the Fund include, but are not limited to, formatting of quarterly management reports, arranging for the translation of fund material, sourcing and arranging for promotional materials and research and data collection for the Fund Manager (production of charts, graphs etc.).
- c) Distribution and Service. The Distribution Services provided by Client Services (Global) Ltd. to the Fund include, but are not limited to, presenting the Fund to the identified intermediaries, obtaining commitments from the identified intermediaries to placing assets within the Fund, handling all intermediary queries and providing detailed reports to the Manager on a monthly basis. The Distribution Service is committed to building and managing relationships with platform providers and Life Company platform providers and overseeing relationships with "Multi-managers" such as private banks and discretionary portfolio investment manager.
- d) Middle Office Services. The Middle Office Services provided by Client Services (Global) Ltd. to the Fund include, but are not limited to, daily trade reconciliations and liaison with front office and third party brokers to address any discrepancies, cash forecasts to identify future requirements to help maintain sufficient liquidity within the fund, stock reconciliations at each valuation date, identify and notify the Manager of any currency exposure on the Fund and production of all relevant supporting documentation required for cash transfer instructions to the Custodian.

Prior to 1 January 2016 the company operated under the name Client Services S.A., a company incorporated in the British Virgin Islands. Client Services & Support Ltd ultimately purchased Client Services S.A. and on 1 January 2016 the company was restructured. As a result, the activities previously handled by Client Services S.A. were transferred to Client Services (Global) Ltd., a wholly owned subsidiary of Client Services & Support Ltd.

#### **10.6 Restriction on Auditor's Liability**

The Fund has entered into an engagement letter with Deloitte Ltd. as the Fund's statutory auditors, which will plan and execute the field work on the audit. The Fund agrees to release and indemnify Deloitte Ltd., its personnel, agents, and any independent contractors engaged by Deloitte Ltd., from any claims or liability (whether direct or indirect, in contract, tort or otherwise) to the Fund or third parties, respectively, arising out of the services performed under the engagement letter, to the extent the claims or liability are attributable to any fraudulent acts or omissions, misrepresentations or wilful default by management, directors, employees of the Fund or those authorized to perform management activities for the Fund.

Deloitte Ltd's maximum liability to the Fund for any reason relating to the services under the engagement letter shall not exceed an amount equal to three times the fees paid to Deloitte Ltd. for the services or work product giving rise to liability, except to the extent fully and finally determined by a court of competent jurisdiction and no longer subject to appeal to have resulted directly from fraudulent acts or omissions, misrepresentations or wilful default by Deloitte Ltd.

To the extent that any provision of the constitutional documents of the Fund provides for an indemnity, release or any other limitation or exclusion on liability for the benefit of auditors of the Fund, such a provision shall be incorporated as a separate express term of the engagement letter and may be relied upon by Deloitte Ltd.

#### **10.7 British Virgin Islands Legal Counsel**

Maples and Calder acts as British Virgin Islands legal counsel to the Fund. In connection with the Fund's offering of Shares and subsequent advice to the Fund, Maples and Calder will not be representing Shareholders. No independent legal counsel has been retained to represent the Shareholders. Maples and Calder's representation of the Fund is limited to specific matters as to which it has been consulted by the Fund. There may exist other matters that could have a bearing on the Fund as to which Maples and Calder has not been consulted. In addition, Maples and Calder does not undertake to monitor compliance by the Investment Manager and its affiliates with the investment program, valuation procedures and other guidelines set forth herein, nor does Maples and Calder monitor on-going compliance with applicable laws. In connection with the preparation of this Offering Memorandum, Maples and Calder's responsibility is limited to matters of British Virgin Islands law and it does not accept responsibility in relation to any other matters referred to or disclosed in this Offering Memorandum. In the course of advising the Fund, there are times when the interests of Shareholders may differ from those of the Fund. Maples and Calder does not represent the Shareholders' interests in resolving these issues. In reviewing this Offering Memorandum, Maples and Calder has relied upon information furnished to it by the Fund and has not investigated or verified the accuracy and completeness of information set forth herein concerning the Fund.

#### **10.8 Directors' Interests**

Director Service contracts have been entered into between each Director and the Fund (each, a "Service Contract"). Each Service Contract is subject to renewal on an annual basis. Each party to a Service Contract may terminate the Service Contract by giving three (3) months' prior written notice, and the Director may terminate the Service Contract with immediate effect in the event that the Fund has materially breached the terms of the Service Contract.

On termination of the appointment of a Director under the Service Contract, the Director shall be entitled to receive all fees, disbursements and other monies accrued due up to the date of such termination or those incurred on behalf of the Fund in any business related to the Fund completed by the Director after such date if pre-agreed by the Fund, but shall not be entitled to compensation in respect to the termination.

The Director shall not be liable for any loss or damage suffered by the Fund under the Service Contract except in the case of negligence, fraud, or wilful default of the Director or the breach of such other standard of liability imposed on Directors by the Articles of Association or any applicable law.

Save as disclosed elsewhere in this Offering Memorandum:

- a) no Director has any interest, direct or indirect, in the promotion of or in any assets which have been or are proposed to be acquired or disposed of by, or issued to, the Fund;
- b) no Director is materially interested in any contract or arrangement subsisting at the date hereof which is unusual in its nature or significant in relation to the business of the Fund; and
- c) no Director (nor any spouse or child under 18 of a Director nor any connected person of a Director) has any interest, direct or indirect, in the share capital of the Fund. Such persons may acquire Shares on the same terms as other investors.

**Angus Murray**

Mr. Murray is a director of Castlestone Management Incorporated, the Investment Manager of the Fund. Mr. Murray is also a director of Castlestone International Inc., the shareholder of Castlestone Management Incorporated. Castlestone International Inc. is wholly-owned by Harney Westwood & Riegels as trustees on behalf of the Castlestone Management Group Trust, a discretionary trust, the sole beneficiary of which is currently William Murray (Mr. Murray's son). Mr. Murray is not a beneficiary and is precluded as a beneficiary. Mr. Murray is the sole shareholder of Castlestone Management LLC, the Investment Advisor to the Fund.

**Peter Curtin**

Mr Curtin declared he has no conflict of interests in respect of the Fund.

**David Cumming**

Mr Cumming is also a director of Castlestone Management Incorporated, the Investment Manager of the Fund.

At the date of this Offering Memorandum Angus Murray and David Cumming are both directors of the Investment Manager. All of the Directors serve on the board of directors of other funds managed by the Investment Manager.

**10.9 Confidential Information**

The Fund shall be entitled to retain any information it receives in such manner as it shall, in its absolute discretion, consider appropriate. The Fund reserves the right to engage such agents as, in its absolute discretion, it shall consider appropriate for the purpose of complying with its obligations pursuant to applicable laws and regulations.

The Fund, the Administrator and the Investment Manager will treat information received from investors as confidential and will not disclose such information other than:

- a) to their professional advisers or other service providers, whether within or without the British Virgin Islands, where the Fund, the Administrator or the Investment Manager (as applicable) considers such disclosure necessary or appropriate in the normal course of business or to enable them to conduct their affairs; or
- b) where such disclosure is required by any applicable law or order of any court of competent jurisdiction or pursuant to any direction, request or requirement (whether or not having the force of law) of any central bank, governmental or other regulatory or taxation agency authority.

By subscribing for Shares, an investor is deemed to consent to any such disclosure.

#### 10.10 Available Documents

This Offering Memorandum is not intended to provide a complete description of the Funds Memorandum of Articles of Association or the contracts or the agreements with the Investment Manager, Administrator, Registrar and Transfer Agent and other counterparties herein. Copies of the following documents are available for inspection by the shareholder free of charge at any time during normal business hours on any Business Day at the offices of c/o Maples Corporate Services (BVI) Limited at P.O. Box 173, Kingston Chambers, Road Town, Tortola, British Virgin Islands. Copies may be obtained from the Administrator upon request at [Castlestone@circlepartners.com](mailto:Castlestone@circlepartners.com).

- a) the Memorandum and Articles of Association of the Fund,
- b) the Business Companies Act 2004 (as amended),
- c) the material contracts listed in section 10.4, and
- d) the most recent annual report of the Fund

This Offering Memorandum is issued on and effective from 9 February 2017 and is registered with the Financial Services Commission pursuant to the provisions of the Securities and Investment Business Act, 2010 the Mutual Fund Regulations, 2010 and the Public Funds Code 2010. This Offering Memorandum replaces the previous offering memorandum of the Fund dated 25 July 2016, 1 June 2015, 6 March 2015 and 1 November 2013.

**Written inquiries relating to the Fund should be addressed to Emerging Markets Equity High Yield & Premium Income Fund Inc., c/o Circle Investment Support Services B.V., Investor Relations Group, Smallepad 30F, 3811 NA Amersfoort, The Netherlands.**