

## OFFERING MEMORANDUM

Private offering of redeemable non-voting participating shares of

## LOW VOLATILITY INCOME FUND INC.

(an exempted company incorporated with limited liability under the laws of the Cayman Islands under registration number MC-312235)

**CASTLESTONE MANAGEMENT LLC**  
(INVESTMENT ADVISOR)

Date: 5 October 2018

*Please read this Offering Memorandum carefully before investing. It contains important information about the Low Volatility Income Fund Inc. If you are in any doubt about the contents of this document you should consult your accountant, legal advisor or other independent professional advisor.*

*This offering has not been underwritten or guaranteed by any institution or body.*

## IMPORTANT INFORMATION

The Directors, whose names appear in this Offering Memorandum, 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 import of such information. The Directors accept responsibility accordingly.

### Reliance on Offering Memorandum

The Shares are offered solely on the basis of the information and representations contained in this Offering Memorandum and any further information given or representations made by any person may not be relied upon as having been authorised by the Fund or the Directors. Neither the delivery of this Offering Memorandum nor the allotment or issue of Shares shall under any circumstances create any implication that there has been no change in the affairs of the Fund since the date hereof.

### Forward Looking Statements

Certain statements in the Offering Memorandum constitute “forward-looking statements”. When used in this Offering Memorandum or in any marketing material, the words “project”, “anticipate”, “believe”, “estimate”, “expect”, and similar expressions are generally intended to identify forward-looking statements. Such forward-looking statements, including the intended actions and performance objectives for the Fund, involve known and unknown risks, uncertainties and other important factors that could cause the actual results, performance or achievements of the Fund to differ materially from any future results, performance or achievements expressed or implied by such forward-looking statements. All forward-looking statements in this Offering Memorandum or in any marketing material speak only as of the date hereof. The Fund and the Directors expressly disclaim any obligation or undertaking to disseminate any updates or revisions to any forward-looking statement contained herein to reflect any change in its expectation with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

### Restrictions on Distribution

**Generally:** The distribution of this Offering Memorandum and the offering of Shares may be restricted in certain jurisdictions. The information below is for general guidance only, and it is the responsibility of any person or persons in possession of this Offering Memorandum and wishing to make an application for Shares to inform themselves of and observe all applicable laws and regulations of any relevant jurisdiction. Such persons should also inform themselves of any applicable legal requirements, exchange control regulations and taxes in the countries of their respective citizenship, residence or domicile.

This Offering Memorandum does not constitute an offer or solicitation to any person in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it would be unlawful to make such offer or solicitation. This Offering Memorandum does not constitute an offer or solicitation to invest in any alternative investment fund mentioned herein other than the Fund.

This Offering Memorandum has been prepared solely for the information of the person to whom it has been delivered by or on behalf of the Fund, and should not be reproduced or used for any other purpose.

### ***Distribution in the European Economic Area***

In relation to each member state of the European Economic Area (each an “EEA Member State”) which has implemented AIFMD, this Offering Memorandum may only be distributed and Shares may only be offered or placed in an EEA Member State to the extent that: (1) the Fund is permitted to be marketed in the relevant EEA Member State in accordance with AIFMD (as implemented into the local law/regulation of the relevant EEA Member State); or (2) this Offering Memorandum may otherwise be lawfully distributed and the Shares may otherwise be lawfully offered or placed in that EEA Member State (including at the initiative of the investor).

In relation to each EEA Member State which, at the date of this Offering Memorandum, has not implemented AIFMD, this Offering Memorandum may only be distributed and Shares may only be offered or placed to the extent that this Offering Memorandum may be lawfully distributed and the Shares may lawfully be offered or placed in that EEA Member State (including at the initiative of the investor).

In addition, the following restrictions apply to the distribution of this Offering Memorandum:

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

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**United States:** The Shares have not been and will not be registered under the Securities Act of 1933 of the United States, as amended (the “1933 Act”) or the securities laws of any of the states of the United States. The Shares may not be offered, sold or delivered directly or indirectly in the United States or to or for the account or benefit of any “US Person”. The Shares are being offered outside the United States to persons who are not US Persons pursuant to the exemption from registration under Regulation S under the 1933 Act.

The Fund will not be registered under the United States Investment Company Act of 1940 (as amended) (the “1940 Act”).

The Shares are suitable only for sophisticated investors who do not require immediate liquidity for their investments, for whom an investment in the Fund does not constitute a complete investment programme and who fully understand and are willing to assume the risks involved in the Fund’s investment programme. The Fund’s investment practices, by their nature, may be considered to involve a substantial degree of risk. Subscribers for Shares must represent that they are acquiring the Shares for investment.

The Shares have not been filed with or approved or disapproved by any regulatory authority of the United States or any state thereof, nor has any such regulatory authority passed upon or endorsed the merits of this offering or the accuracy or adequacy of this Offering Memorandum. Any representation to the contrary is unlawful. There will be no public offering or any other type of offering of the Shares in the United States.

This Offering Memorandum has been prepared solely for the information of the person to whom it has been delivered by or on behalf of the Fund, and should not be reproduced or used for any other purpose.

#### Registration in the Cayman Islands

The Fund will be registered as an administered mutual fund with the Cayman Islands Monetary Authority under Section 4(1)(b) of the Mutual Funds Law (2015 Revision) of the Cayman Islands. No Cayman Islands authority has commented upon the contents of this Offering Memorandum or the merits of an investment in the Shares. Moreover, the investment activities of the Fund will not be regulated or otherwise overseen by the Cayman Islands Government.

ALTHOUGH THE FUND WILL BE REGISTERED UNDER CAYMAN ISLANDS LAW AS AN ADMINISTERED MUTUAL FUND, NEITHER THE CAYMAN ISLANDS MONETARY AUTHORITY (“CIMA”) NOR THE CAYMAN ISLANDS GOVERNMENT SUPERVISES THE INVESTMENT ACTIVITIES OR THE CONSTITUTION OF THE FUND’S PORTFOLIO, ALTHOUGH CIMA DOES HAVE THE POWER TO INVESTIGATE THE ACTIVITIES OF THE FUND IN CERTAIN CIRCUMSTANCES. NEITHER CIMA NOR ANY OTHER GOVERNMENTAL AUTHORITY IN THE CAYMAN ISLANDS HAS COMMENTED ON OR APPROVED THE TERMS OR MERITS OF THIS OFFERING MEMORANDUM.

#### Risk Factors

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

**If you are in any doubt about the contents of this Offering Memorandum you should consult your professional financial advisor.**

## DIRECTORY

### Investment Advisor

Castlestone Management LLC  
Harborside 5, 185 Hudson Street  
Suite 2544, 25<sup>th</sup> Floor  
Jersey City, NJ 07311  
USA

### Directors

Angus S.D. Murray  
Peter Curtin  
Thomas David Cumming

### Broker/Dealer

Interactive Brokers LLC  
One Pickwick Plaza  
Greenwich, CT 06830  
USA

### Administrator Registrar and Transfer Agent

Circle Investment Support Services (Cayman) Limited  
Governors Square  
23 Lime Tree Bay Avenue  
West Bay Road  
P.O. Box 30746  
George Town  
KY1-1203  
Cayman Islands

### Bank

The Northern Trust International Banking Corporation  
Harborside Financial Centre, Plaza 10  
Jersey City, NJ 07311  
USA

### Auditors

Baker Tilly (Cayman) Ltd.  
Governors Square  
23 Lime Tree Bay Avenue  
P.O. Box 888  
Grand Cayman – KY1-1103  
Cayman Islands

### Legal Advisors to the Fund - USA

Murray LLP\*  
305 Broadway, 7<sup>th</sup> Floor  
New York, NY 10007  
USA

### Legal Advisors to the Fund – Cayman Islands

Solomon Harris Attorneys-at-Law  
3<sup>rd</sup> Floor, First Caribbean House  
George Town, P.O. Box 199  
Grand Cayman, KY1-1004  
Cayman Islands

### Registered Office

AMS Corporate Services (Cayman) Limited  
Governors Square  
23 Lime Tree Bay Avenue  
West Bay Road  
P.O. Box 30746  
George Town KY1-1203  
Cayman Islands

### Holder of Management Shares

Castlestone International Inc.  
c/o Maples Corporate Services (BVI) Limited  
Kingston Chambers  
P.O. Box 173  
Road Town, Tortola  
British Virgin Islands

**\*Murray LLP is independently owned by Attorneys licensed in New York. Murray LLP does not have any relation to the Fund Director and Managing Principal of the Investment Advisor, Angus Murray. The name similarity is purely coincidental.**

## DEFINITIONS

<b>“1933 Act”</b>	the Securities Act of 1933 of the United States, as amended;
<b>“1940 Act”</b>	the United States Investment Company Act of 1940 (as amended);
<b>“Administrator”</b>	Circle Investment Support Services (Cayman) Limited;
<b>“Advisors Act”</b>	the US Investment Advisors Act of 1940, as amended;
<b>“AIFM”</b>	an alternative investment fund manager, as defined under AIFMD;
<b>“AIFMD”</b>	Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on Alternative Investment Fund Managers;
<b>“Articles”</b>	the Articles of Association of the Fund;
<b>“Auditor”</b>	Baker Tilly (Cayman) Ltd.;
<b>“Broker”</b>	Interactive Brokers, LLC;
<b>“Business Day”</b>	any day normally treated as a business day in the United Kingdom and the Netherlands;
<b>“Class”</b>	a class of shares in the Fund;
<b>“Code”</b>	the United States Internal Revenue Code of 1986, as amended;
<b>“Covered Call”</b>	an options strategy whereby a party 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 a party 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”;
<b>“Cut-off Time”</b>	12:00 noon (GMT) on each Business Day for the following Business Day NAV;
<b>“Dealing Day”</b>	each Business Day following the respective NAV calculation or such other days as may from time to time be determined by the Directors;
<b>“Directors”</b>	the members of the board of directors of the Fund for the time being and any duly constituted committee thereof and any successors to such members as may be appointed from time to time;
<b>“Distribution and Servicing Fee”</b>	a fee payable by the Fund under an agreement for distribution and servicing services as further described in this Offering Memorandum;
<b>“Entry Fee”</b>	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;
<b>“Euro” or “€”</b>	the lawful currency of the European Union;
<b>“Euro Share”</b>	non-voting participating share designated as a Class AAS Share, Class AA Share, Class BB Share, Class CC Share, Class DD Share or Class EE Share of €0.01 par value each in the Fund;
<b>“Management Shares”</b>	voting shares of par value US\$1.00 in the Fund;

<b>“Fund”</b>	Low Volatility Income Fund Inc.;
<b>“Fund Documents”</b>	the Offering Memorandum, the Investment Advisory Agreement, the Articles and any other material documents of the Fund;
<b>“GBP”</b>	the lawful currency of the United Kingdom;
<b>“Gross Asset Value”</b>	the Net Asset Value prior to deduction of the applicable Management Fees, Retrocession Fees and Incentive Fees;
<b>“High Yield Equity”</b>	a stock whose dividend is relatively higher than the market average or the yield on the US ten-year treasury note;
<b>“IFRS”</b>	International Financial Reporting Standards;
<b>“Incentive Fee”</b>	the incentive fee payable by the Fund to the Investment Advisor;
<b>“Inelastic Demand”</b>	when the demand for a good or service is unaffected by changes to the price of that good or service;
<b>“Initial Offer Period”</b>	the period during which Shares are or were offered for subscription at a fixed price;
<b>“Investment Advisor”</b>	Castlestone Management LLC;
<b>“Management Fee”</b>	the management fee payable by the Fund to the Investment Advisor;
<b>“Net Asset Value” or “NAV”</b>	the net asset value of the Fund or a Class Account, as the case may be, as determined in accordance with the Articles;
<b>“Net Asset Value per Share”</b>	the Net Asset Value of the relevant Class Account divided by the number of Shares of the relevant Class in issue or deemed to be in issue;
<b>“Non-United States Person”</b>	(a) a natural person who is not a resident of the United States, (b) a partnership, corporation or other entity other than an entity organised principally for passive investment (in respect of which paragraph (d) below applies), organised under the laws of a non-US jurisdiction and which has its principal place of business in a non-US jurisdiction, (c) an estate or trust, the income of which is not subject to United States income tax regardless of source, (d) an entity organised principally for passive investment such as a pool, investment company or other similar entity; and (e) a pension plan for employees, officers or principals of an entity organised and with its principal place of business outside the United States;
<b>“Premium Income”</b>	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 obligation) to exercise the option at a fixed price;
<b>“Redemption Day”</b>	each Business Day and such other day or days as the Directors may from time to time determine;
<b>“Redemption Fee”</b>	the fee payable to the Fund by each Shareholder who elects to redeem shares prior to the full amortisation of Organisational Expenses by the Fund;
<b>“Redemption Penalty”</b>	in respect of Class B Shares, Class BB Shares, Class BBB Shares, D Shares, Class DD Shares, Class DDD Shares and Class EEEE Shares, the unamortised balance of the Sales Charge as described in this Offering Memorandum;
<b>“Redemption Price”</b>	the price per Share at which Shares are redeemed calculated in the manner described herein;
<b>“Retrocession Fee”</b>	the fee payable by the Fund to the Investment Advisor in accordance with the Investment Advisory 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>	a charge in respect of certain classes of Shares, as further described in this Offering Memorandum;
<b>“SEC”</b>	the Securities and Exchange Commission of the United States;
<b>“Semi-Monopolistic”</b>	a company that holds a natural advantage over competitors due to high barriers of entry within a specific market;
<b>“Service Providers”</b>	the Advisor, the Administrator, the Broker, the Auditors, the Legal Advisors and the Registered Office Provider, each of which provides services to the Fund;
<b>“Shareholder”</b>	a person recorded as a holder of Shares in the Fund’s register of shareholders;
<b>“Share(s)”</b>	an US Dollar Share, Euro Share, Sterling Share and Yen Share of the Fund as the case may be;
<b>“Sterling” or “£”</b>	the lawful currency of the United Kingdom;
<b>“Sterling Share”</b>	non-voting participating share designated as a Class AAAS Share, Class AAA Share, Class BBB Share, Class CCC, Class DDD or Class EEE Share of £0.01 par value each in the Fund;
<b>“Subscription Day”</b>	each Business Day and/or such other day or days as the Directors may from time to time determine;
<b>“Subscription Price”</b>	the price per Share at which Shares are issued following the close of the relevant Initial Offer Period or the fixed price during the Initial Offer Period;
<b>“United States” or “US”</b>	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>	the lawful currency of the United States of America;
<b>“US Dollar Share”</b>	non-voting participating share designated as a Class AS Share, Class A Share, Class B Share, Class C Share, Class D Share or Class E Share of US\$0.01 par value each in the Fund;
<b>“US Person”</b>	a person who is a US person within the meaning of the Code and within the meaning of Regulation S under the 1933 Act;
<b>“Valuation Day”</b>	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.
<b>“Yen” or “¥”</b>	the lawful currency of the European Union;
<b>“Yen Share”</b>	non-voting participating share designated as a Class CCCC Share or Class EEEE Share of ¥0.01 par value each in the Fund;

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 of the principal features of the Fund and should be read in conjunction with the full text of this Offering Memorandum.

## **THE FUND**

The Fund is an exempted company incorporated with limited liability in the Cayman Islands on 8 June 2016 as an open-ended investment company and, as such, has power to issue and redeem Shares at the relevant Subscription Price and the relevant Redemption Price respectively. No application has been made to list the Shares on any stock exchange. No secondary market in the Shares is expected to exist or develop. Shareholders are subject to restrictions on the redemption and transfer of Shares.

## **REGULATION**

The Fund will be registered as an administered mutual fund under section 4(1)(b) of the Mutual Funds Law, (2015 Revision) of the Cayman Islands (the "Mutual Funds Law") with the Cayman Islands Monetary Authority ("CIMA"). Neither CIMA nor any other governmental or regulatory authority in the Cayman Islands or elsewhere has passed or will pass upon or approve this Offering Memorandum (this "Memorandum") or the offering of the Shares. The Fund will provide CIMA with a summary of the terms of the offering of Shares as well as details of service providers to the Fund. The Fund will also file audited financial statements and certain prescribed information with CIMA on an annual basis. The Fund is also obliged to make certain regulatory reports and pay fees to CIMA.

The Fund must notify CIMA of any material changes in the terms of the offering, including certain changes to the terms of the offering, material agreements, this Offering Memorandum and/or service providers.

## **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 Advisor believes to have low levels of volatility. The Fund aims to generate an additional source of income by collecting a premium received by writing Covered Calls against underlying securities. The Fund will invest in individual equities of the United States that assist the Investment Advisor in meeting the Fund's objective and/or provide exposure to the equities targeted by the Investment Advisor. The Fund may invest in equities in other Developed and Emerging Markets that also assist the Investment Advisor in meeting the Fund's objective and/or provide exposure to the equities targeted by the Investment Advisor. As the Fund is managed on an active, discretionary basis, the asset allocation may differ substantially from that of well-known performance indicators or benchmarks (such as the S&P 500), depending on the Investment Advisor's expectations.

The Fund may also 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 investment program followed by the Fund may include investing the Fund's assets in exchange traded funds, certificates of deposit, money market funds, other cash equivalents or any other investment instrument which the Investment Advisor believes will help the Fund meet its investment objective.

There is no guarantee that the Fund will achieve its investment objective.



## **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 LLC, a Delaware limited liability company, has been appointed as the Investment Advisor. The Investment Advisor 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.

Circle Investment Support Services (Cayman) Limited 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.

Interactive Brokers LLC has been retained by the Fund as the broker-dealer and custodian to facilitate the execution of securities transactions, taking orders, executing trades and providing custody services.

## **THE SHARES**

The Fund is authorized to issue a maximum number of 4,439,797 Shares comprised of the following share classes:

US Dollar:	300,000 Class AS Shares, 240,000 Class A Shares, 240,000 Class B Shares, 240,000 Class C Shares 240,000 Class D Shares and 240,000 Class E Shares of US\$0.01 par value each;
Euro:	264,861 Class AAS Shares, 211,889 Class AA Shares, 211,889 Class BB Shares, 211,889 Class CC Shares, 211,889 Class DD Shares and 211,889 Class EE Shares of €0.01 par value each;
Sterling:	227,493 Class AAAS Shares, 197,146 Class AAA Shares, 197,146 Class BBB Shares, 197,146 Class CCC Shares, 197,146 Class DDD Shares and 197,146 Class EEE Shares of £0.01 par value each.
Yen:	201,134 Class CCCC Shares and 201,134 Class EEEE Shares of ¥0.01 par value each.

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

The Directors shall have the right to designate any unissued Shares to any of the above classes or new classes as they shall determine.

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.

## **SUBSCRIPTIONS**

Class AS, A, B, C, D and E Shares will be offered at an initial offer price of \$1,150 per Share, Class AAS, AA, BB, CC, DD and EE Shares will be offered at an initial offer price of €1,150 per Share, Class AAAS, AAA, BBB, CCC, DDD and EEE Shares will be offered at an initial offer price of £1,150 per Share and Class CCCC and EEEE Shares will be offered at an initial offer price of ¥115,000 per Share during the relevant Initial Offer Period. The Directors may extend or shorten any Initial Offer Period at their discretion.

Following the close of the relevant Initial Offer Period, Shares are or will be available for subscription on each Subscription Day at the relevant Subscription Price.

The Directors may from time to time close the Fund or any Class of Shares to new subscriptions on such basis and on such terms as the Directors may in their absolute discretion determine.

The Directors of the Fund may reject any application to subscribe for Shares in their sole discretion.

Prospective investors should determine which Class of Shares meets their needs the best, including currency and fee terms. They should consult with their own professional advisors as to the suitability of a subscription in the Fund.

## MINIMUM INVESTMENT

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

10,000,000 US\$, Euro or GBP for Class AS, AAS and AAAS Shares respectively,

1,000,000 US\$, Euro or GBP for Class A, AA and AAA Shares respectively,

10,000 US\$, Euro or GBP for Class B, BB and BBB Shares respectively,

10,000 US\$, Euro or GBP for Class C, CC and CCC Shares respectively,

10,000 US\$, Euro or GBP for Class D, DD and DDD Shares respectively,

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

1,000,000 Yen for Class CCCC and EEEE 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.

## RESTRICTIONS ON SALE OR TRANSFER

Shares may only be offered, sold, or transferred to investors who are not Ineligible Applicants as described under "Subscriptions" below. Shares may not be generally held by or transferred to US Persons.

## SUBSCRIPTION CHARGES

### Sales Charge

In respect of subscriptions for Class B, D, BB, DD, BBB, DDD and EEEE 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 Advisor who in its turn pays the Sales Charge to brokers and other counterparties (whether or not affiliated with the Investment Advisor) who are responsible for the sale of these Classes of Shares.

### Entry Fee

In respect of subscriptions for Class C, E, CC, EE, CCC, EEE and CCCC Shares only, an Entry Fee 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 will be charged. The net amount will be applied in subscribing for Shares in those Classes. The Entry Fee will be paid to the Investment Advisor who in its turn pays brokers and other counterparties (whether or not affiliated with the Investment Advisor) 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.

## 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 Advisor and the applicable Shareholder to take into account the different investments of the underlying beneficial owners of the Shares.

Any Class B, D, BB, DD, BBB, DDD or EEEE Share redeemed within sixty (60) months of the 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.

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

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 the Fund's known and anticipated liabilities, reserves for contingencies and a charge to defray the transactional costs and expenses deemed likely to be incurred in liquidating investments.

Redemption payments from the Fund will only be made by wire-transfer. In-specie redemptions are not permitted.

Shares may be compulsorily redeemed at the discretion of the Directors.

## 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 each Class of 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 Advisor and the Fund's Directors, 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 Advisory Agreement, the Fund will pay to the Investment Advisor 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 Share at each Valuation Day for Class AS, A, B, C, D, E, AAS, AA, BB, CC, DD, EE, AAAS, AAA, BBB, CCC, DDD, EEE, CCCC and EEEE.

### Incentive Fee

Pursuant to the Investment Advisory Agreement, the Investment Advisor may be entitled to receive an Incentive Fee from the Fund with respect to Class A, B, C, D, E, AA, BB, CC, DD, EE, AAA, BBB, CCC, DDD, EEE, CCCC and EEEE Shares.

No Incentive Fee is payable in respect of Class AS, AAS and AAAS Shares.

### Retrocession Fee

Pursuant to the Investment Advisory Agreement, the Fund will pay to the Investment Advisor 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 A, AA and AAA Shares as at each Valuation Day,

1.00% per annum of the Gross Asset Value in respect of Class B, C, D, E, BB, CC, DD, EE, BBB, CCC, DDD, EEE, CCCC and EEEE Shares as at each Valuation Day.

The Retrocession Fee is payable by the Fund to the Investment Advisor and subsequently paid by the Investment Advisor to brokers and other counterparties (whether or not affiliated with the Investment Advisor) who are responsible for the sale of the relevant Classes of Shares. The Retrocession Fee paid by the Investment Advisor to brokers and other counterparties can vary

from time to time. The Investment Advisor does not intend to retain any part of the Retrocession Fee.

Class AS, AAS and AAAS 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 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 "Fees and Expenses" below.

### **DIVIDEND POLICY**

It is not envisaged that any income or gains will be distributed by the Fund by way of dividends. This does not preclude the Directors from declaring a dividend at any time in the future if they consider it appropriate to do so. To the extent that a dividend may be declared, it will be paid in compliance with any applicable laws.

### **DISTRIBUTION POLICY**

With the Director's discretion the Fund will make distributions to the holders of any Class D, E, DD, EE, DDD and EEE Share. If a distribution is declared, any distribution in respect of any participating share class will be paid on a semi-annual basis. The holders of the respective share class will be entitled to distribution as the Directors may from time to time declare.

No distribution shall exceed the amount recommended by the Directors.

### **REPORTS AND FINANCIAL STATEMENTS**

Annual financial statements of the Fund will be made up to 31 December in each year (except for the first period which was an extended financial year to 31 December 2017). An annual report and the audited financial statements of the Fund will be sent to Shareholders as soon as practicable and in any event within six months of the financial year end.

### **TAXATION**

On the basis of current Cayman Islands law, the Fund will not be liable to taxation in the Cayman Islands. The Fund is required to pay certain fees to the Cayman Islands Monetary Authority and to the Registrar of Companies as well as certain other regulatory fees that may be assessed from time to time.

Prospective applicants for Shares should consult their own advisors as to the particular tax consequences of their proposed investment in the Fund.

### **ANTI-MONEY LAUNDERING**

The Fund reserves the right to request such information as is necessary to verify the source of any subscription monies or party to which a redemption payment is to be made. 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. As the Fund will only be operational during part of 2016, the first financial year of the Fund was an extended financial year and has ended on December 31, 2017.

#### **Reports and Statements**

Baker Tilly (Cayman) Ltd. have been engaged as the independent auditors of the Fund. Audited financial statements must be submitted to the Cayman Islands Monetary Authority 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 Advisor and its affiliates will provide management and investment advisory 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 20 of "General and Statutory information".

## **INVESTMENT OBJECTIVES**

### **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 Advisor believes to have low levels of volatility. The Fund aims to generate an additional source of income by collecting a premium received by writing one or more Covered Calls against underlying securities. The Fund will invest in individual equities of the United States that assist the Investment Advisor in meeting the Fund's objective and/or provide exposure to the equities targeted by the Investment Advisor. The Fund may invest in equities in other Developed and Emerging Markets also assist the Investment Advisor in meeting the Fund's objective and/or provide exposure to the equities targeted by the Investment Advisor. As the Fund is managed on an active, discretionary basis, the asset allocation may differ substantially from well-known performance indicators or benchmarks (such as the S&P 500), depending on the Investment Advisor's expectations.

The Fund may also 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 investment program followed by the Fund may include investing the Fund's assets in exchange traded funds, certificates of deposit, money market funds, other cash equivalents or any other investment instrument which the Investment Advisor believes will help the Fund meet its investment objective.

There is no guarantee that the Fund will achieve its investment objective.

### **BORROWING AND 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.

### **CHANGES TO THE INVESTMENT OBJECTIVE**

The Fund's investment objective and investment approach may be amended by the Directors in consultation with the investment advisor. Such an amendment will not require the consent of the Shareholders, and the Investment Advisor will promptly notify the Shareholders of any such alteration, and update this Offering Memorandum accordingly. Decisions taken by the Directors are to be taken in the best interest and on behalf of the Fund in keeping with their fiduciary responsibilities to the Fund.

## **GENERAL**

The Fund may authorize the Investment Advisor to disclose information relating to the Fund's portfolio investments to certain investors in the Fund, subject to such investors agreeing not to disclose such information to any third party.

### **INVESTMENT ADVISOR**

Castlestone Management LLC, a Delaware limited liability company, has been appointed as the Investment Advisor pursuant to the terms of the Investment Advisory Agreement. The Investment Advisor 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 is ultimately owned by Angus Murray and is a registered investment advisor in the State of New Jersey. The principal address of Castlestone Management LLC is Harborside 5, 185 Hudson Street, suite 2544, 25<sup>th</sup> Floor, Jersey City, NJ 07311, United States of America.

The Investment Advisor's main business is to manage the investments of mutual funds established in the Cayman Islands. The Investment Advisor 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.

Under the terms of the Investment Advisory Agreement, the Directors have delegated to the Investment Advisor sole authority and responsibility for the investment of the Fund's assets. The Investment Advisor 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 Advisor 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 Managing Principal of the Investment Advisor is Mr Angus Murray.

The appointment of the Investment Advisor shall continue until the close of business on 31st December 2029 except that either party may terminate the Investment Advisory Agreement effective at the close of business on the last day of any month by giving the other party not less than sixty (60) days written notice subject to, in the case of termination of the Investment Advisory Agreement by the Fund, the unanimous consent of the holders of all issued shares. The Investment Advisory Agreement may also be terminated in certain other circumstances described therein. The Investment Advisor will be entitled to receive the fees described below under "Fees and Expenses".

The Fund has agreed to indemnify the Investment Advisor 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 Advisory 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 Advisor in the performance of its duties and responsibilities to the Fund, other than those liabilities resulting from negligence, fraud or wilful default on the part of the Investment Advisor and/ or its principals and affiliates, servants or agents.

The Investment Advisor and/or its principals or affiliates may serve as investment advisor to various other entities and managed accounts. Accordingly, the Investment Advisory Agreement specifically recognises that the Investment Advisor and/or its principals or affiliates may be or become associated with other investment entities and engage in investment advisory for others. Except to the extent necessary to perform their obligations under the Investment Advisory Agreement the Investment Advisor 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.

## **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 Advisor 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. 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. 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 Fund. 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 provided that they acted honestly and in good faith with a view to the best interests of the Fund.

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

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

Angus is managing principal of the Investment Advisor. Angus is also the founder of Castlestone Management Inc., an independently owned investment management/family office that has been managing alternative assets in the British Virgin Islands since 1996. In addition to being a director of the Fund, managing principal of the Investment Advisor and the founder of Castlestone Management Inc., Angus is the principal fund manager and/or on the investment committee of a number of other BVI public funds and he has also been director of various 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 Advisor. 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 Castlestone Management Inc., and is also a director of a number of other number of other BVI public funds managed by Castlestone Management Inc. 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 advisor to a small family wealth office. He is also a director of a number of other number of other BVI public funds managed by Castlestone Management Inc. 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.

Each Director is duly registered under the Directors Registration and Licensing Law, 2014 of the Cayman Islands.

**ADMINISTRATOR**

The Fund has appointed Circle Investment Support Services (Cayman) Limited as administrator, registrar and transfer agent. The Administrator is an affiliate of Circle Partners, an international group providing management, accounting and corporate finance services to private clients, companies and institutions from its offices in The Netherlands, the British Virgin Islands, the Cayman Islands, Curaçao, Luxembourg, the Slovak Republic, Switzerland, Hong Kong and the United States of America.

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

Pursuant to the administration, registrar and transfer agency agreement (the "Administration Agreement") between the Administrator and the Fund, the Administrator is responsible, inter alia, for the following matters under the general supervision of the Board of Directors:

- communicating with shareholders;
- maintaining the registers of Shares;
- administrative processing of subscriptions, redemptions and transfers of Shares
- preparing and maintaining the Fund's financial and accounting records and statements;
- arranging for settlement of the costs of the Fund being in conformity with regulatory requirements;



- determining the Net Asset Value of the Shares (on a daily basis);
- preparing financial statements;
- arranging for the provision of accounting, clerical and administrative services;
- performing all due diligence in respect of the identity of investors and their source of funds in accordance with schedules 3 and 4 of the Administration Agreement;
- maintaining corporate records;
- disbursing payments of fees, if any;
- provide services in relation to the United States Foreign Account Tax Compliance Act; and
- provide services in relation to the Organisation for Economic Co-operation and Development Standard for Automatic Exchange of Financial Account Information – Common Reporting Standard.

It should be noted that in providing services as an administrator, the Administrator does not act as a guarantor of the Shares herein described. Moreover, the Administrator is not responsible for any investment decisions of the Fund (all of which will be made by the Investment Advisor) or the effect of such investment decisions on the performance of the Fund. The Administrator shall not, in any way and at any time, be involved with any investment decision to be made on behalf of the Fund, nor with the execution thereof. According to section 1.05 of the Administration Agreement, the Fund agrees that the Administrator shall have full power and discretion to delegate one or more of the administration duties to any director or designated officer of Circle Partners or to an affiliated company of Circle Partners.

Further, the Administrator will not be responsible for verifying that the Investment Objective and Investment Restrictions are being adhered to by the Fund and/or the Investment Advisor.

The Administrator and its directors, officers, employees, agents and nominees and their respective personal representatives, successors in title and estates shall be indemnified and held harmless by the Fund against all liability, loss, damage, claims, actions, accounts, proceedings, demands and any costs and expenses whatsoever which may be incurred or suffered by the Administrator arising out of its appointment except where the same shall arise through the willful misfeasance, bad faith or gross negligence of the Administrator.

Inquiries concerning the Fund (including information concerning subscription and redemption procedures and current Net Asset Value) should be directed to the Administrator at: [investors.nl@circlepartners.com](mailto:investors.nl@circlepartners.com).

The Administrator provides the principal office of the Fund in the Cayman Islands, in accordance with section 4(1)(b) of the Mutual Funds Law (2015 Revision).

The Fund reserves the right to change the administration arrangements described above by agreement with the Administrator and/or in its discretion to appoint an alternative administrator. The Administrator is a third party service provider and is not responsible for any of the trading or investment decisions of the Fund (all of which are made by the Investment Advisor).

## **BROKER**

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 conducts its broker/dealer and proprietary trading businesses on over 100 market destinations worldwide. In its broker dealer agency business, IB 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 and its affiliates execute nearly 1,000,000 trades per day.

The Fund will pay to 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 and agents are not responsible for the performance or solvency of the Fund.

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.

The Fund may appoint additional brokers from time to time as the Directors deem fit.

## **SHARES**

The offering of Shares in this Offering Memorandum only relates to non-voting participating shares of the Fund. The authorized capital of the Fund is as follows:

The Fund is authorized to issue a maximum number of 4,439,797 Shares comprised of the following share classes:

US Dollar: 300,000 Class AS Shares, 240,000 Class A Shares, 240,000 Class B Shares, 240,000 Class C Shares 240,000 Class D Shares and 240,000 Class E Shares of US\$0.01 par value each;

Euro: 264,861 Class AAS Shares, 211,889 Class AA Shares, 211,889 Class BB Shares, 211,889 Class CC Shares, 211,889 Class DD Shares and 211,889 Class EE Shares of €0.01 par value each;

Sterling: 227,493 Class AAAS Shares, 197,164 Class AAA Shares, 197,164 Class BBB Shares, 197,164 Class CCC Shares, 197,164 Class DDD Shares and 197,164 Class EEE Shares of £0.01 par value each.

Yen: 201,134 Class CCCC Shares and 201,134 Class EEEE Shares of ¥0.01 par value each.

Each Shareholder will have the right to participate in the profits of the Fund on a pro rata basis with the other Shareholders of the same class. Shareholder meetings may be called by the Directors or requisitioned by Shareholders holding Shares having a net asset value of at least three-quarters of the aggregate net asset value of the Shares in issue. The Fund will not, and is not required, to hold annual general meetings.

The Shares of the Fund shall:

- (a) participate in the profits and losses of the Fund;
- (b) have no voting rights (except in the limited circumstances described below);
- (c) be subject to any restrictions and obligations set forth herein and in the Memorandum and Articles of Association; and
- (d) may be redeemed.

As the Shares have no voting rights they will not have the ability to vote to amend the Articles and nor will they have the right to appoint or remove Directors or any other service provider. Only the holders of the Management Shares will have the right to make such determinations. The Management Shares are currently held by Circle Investment Support Services (Cayman) Limited. The Fund may increase or reduce its authorized share capital, divide all or any of its share capital into shares of smaller amount or combine all or any of its share capital into shares of larger amount. The Directors will have the right to create further share classes on different terms to those offered herein.

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

Each Management Share shall:

- (a) not participate in the profits of the Fund;
- (b) have voting power with one vote per share;
- (c) not be redeemable except at the election of the Fund in accordance with the Articles.

The Shares will have no right to participate or vote at any meeting of the shareholders, except in circumstances where the business to be discussed at the meeting includes matters reserved to Shareholders such as a material adverse change to the rights attaching to Shares. There are no conversion or pre-emptive rights attached to the Shares. All Shares of the Fund, when duly issued, will be fully paid and non-assessable.

The Shares will be issued in registered entry form only. No Share certificates evidencing ownership will be issued. The Administrator will issue standard confirmations representing any subscription in the Fund.

### **Conversion of Class B, D, BB, DD, BBB, DDD and EEEE Shares**

Any Shareholder holding Class B, D, BB, DD, BBB, DDD and/or EEEE 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, E, CC, EE, CCC, EEE and/or CCCC 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 of Shares is intended to ensure that the holders of the Class B, D, BB, DD, BBB, DDD and EEEE Shares will not continue to be subject to any charges in connection with the Sales Charge (as described above) after 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, D, BB, DD, BBB, DDD and/or EEEE Shares respectively to Class C, E, CC, EE, CCC, EEE and/or CCCC Shares, as the case may be.

## **SUBSCRIPTIONS**

### **Offer**

Class AS, A, B, C, D and E Shares are being offered at an initial offer price of US\$1,150 per Share, Class AAS, AA, BB, CC, DD and EE Shares are being offered at an initial price of €1,150 per Share, Class AAAS, AAA, BBB, CCC, DDD and EEE Shares are being offered at an initial offer price of £1,150 per Share and Class CCCC and EEEE Shares will be offered at an initial offer price of ¥115,000 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.

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

The Directors may extend or shorten the Initial Offer Period at their discretion.

The Directors may from time to time close the Fund or any Class of Shares to new subscriptions on such basis and on such terms as the Directors may in their absolute discretion determine.

### **Procedure**

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: [investors.nl@circlepartners.com](mailto:investors.nl@circlepartners.com) (with the executed original to follow by mail to: Investor Relations, Circle Investment Support Services B.V., Smallepad 30F, 3811 MG Amersfoort, The Netherlands) 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. If these conditions are not satisfied, then the application may be held over until the next Dealing Day following satisfaction of these conditions. Once subscription monies and a completed Subscription Agreement have been received by the Administrator and the relevant time on the 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 of the subscription amount 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 Advisor, any future 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.

#### **Minimum Investment**

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

10,000,000 US\$, Euro or GBP for Class AS, AAS and AAAS Shares respectively,

1,000,000 US\$, Euro or GBP for Class A, AA and AAA Shares respectively,

10,000 US\$, Euro or GBP for Class B, BB and BBB Shares respectively,

10,000 US\$, Euro or GBP for Class C, CC and CCC Shares respectively,

10,000 US\$, Euro or GBP for Class D, DD and DDD Shares respectively,

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

1,000,000 Yen for Class CCCC and EEEE 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.

#### **Manner of Payment**

Payments for subscriptions into the Fund must be made by wire-transfer. Payments must ordinarily be made from a bank account in the name of the person or entity subscribing for Shares. 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.

#### **Ineligible Applicants**

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

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

Shares may not be issued or transferred to any US Person.

Investors must warrant on the application form that they have the knowledge, expertise and experience in financial matters to evaluate the risks of investing in the Fund, are aware of the risks inherent in investing in the assets in which the Fund will invest and the method by which these assets will be held and/or traded, and can bear the loss of their entire investment in the Fund. Any transferee of Shares will be required to warrant in like terms before any transfer is registered.

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

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

##### Class B, D, BB, DD, BBB, DDD and EEEE 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 Advisor who in its turn pays the Sales Charge to brokers and other counterparties (whether or not affiliated with the Investment Advisor) 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 B, D, BB, DD, BBB, DDD and EEEE 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 Advisor and the Investment Advisor arranges for the necessary payments to be made to the relevant persons. The Investment Advisor does not intend to retain the Sales Charge for its own benefit. The Investment Advisor may utilise affiliated or unaffiliated parties to process these payments.

**Class C, E, CC, EE, CCC, EEE and CCCC 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 C, E, CC, EE, CCC, EEE and CCCC Shares. The net amount will be applied in subscribing for Shares in those Classes. The Entry Fee will be paid by the Fund to the Investment Advisor who in its turn pays brokers and other counterparties (whether or not affiliated with the Investment Advisor) 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 Advisor and the Investment Advisor arranges for the necessary payments to be made to the relevant persons. The Investment Advisor does not intend to retain the Entry Fee for its own benefit.

**Form of Shares**

All the Shares will be registered shares and will only be issued in registered form, meaning that a Shareholder's entitlement will be evidenced by an entry in the Fund's register of Shareholders, as maintained by the Administrator, and not by a share certificate.

**Suspension**

The Directors may declare a suspension of the determination of Net Asset Value and hence the issue of Shares in certain circumstances as described herein. No Shares will be issued during any such period of suspension.

**Anti-Money Laundering**

The Fund is required to comply with the anti-money laundering ("AML") and countering the financing of terrorism ("CFT") legislation of the Cayman Islands. The Fund has outsourced the maintenance of its AML/CFT policies and procedures to the Administrator, which is subject to the AML/CFT regime of the Netherlands, as permitted by, and in accordance with the requirements of, the Anti-Money Laundering Regulations (2018 Revision) (as amended, the "AMLRs"). In accordance with Cayman Islands law, the Fund will be regarded as compliant with the AMLRs and the Guidance Notes on the Prevention and Detection of Money Laundering and Terrorist Financing in the Cayman Islands (December 2017), if the Administrator complies with the AML/CFT procedures required by the AML/CFT regime of the Cayman Islands.

The Fund has appointed an Anti-Money Laundering Compliance Officer ("AMLCO"), as required by the AMLRs, to ensure the Fund's compliance with the AMLRs. The Fund has also appointed a Money Laundering Reporting Officer ("MLRO") and a Deputy Money Laundering Reporting Officer ("DMLRO" and, together with the AMLCO and the MLRO, the AML Officers), to whom reports of suspicious activity will be made and who will ensure that suspicious activity is disclosed to the Financial Reporting Authority of the Cayman Islands ("FRA") where required by the AMLRs. Each of the AML Officers is an employee of the Administrator. Investors wishing to obtain further information regarding the AML Officers should contact the Administrator.

As part of the Fund's and the Administrator's responsibility for the prevention of money laundering and terrorism financing, the Fund and the Administrator (including their affiliates, subsidiaries or associates) will require a detailed verification of each applicant's identity and the source of payment.

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. The Fund, and the Administrator on the Fund's behalf also reserve the right to request such identification evidence in respect of a transferee of Shares. In the event of delay or failure by a subscriber or transferee to produce any information required for verification purposes, the Fund, or the Administrator on the Fund's behalf, may refuse to accept the application or (as the case may be) to register the relevant transfer and (in the case of a subscription for Shares) any funds received will be returned without interest to the account from which the monies 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 otherwise than to the account from which the corresponding subscription funds were paid if the Fund or the Administrator suspect or is advised that the payment might result in a breach or violation of any applicable AML/CFT or other laws or regulations by any person in any relevant jurisdiction, or 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 relevant jurisdiction. In no event will the Fund or the Administrator make any redemption payment or distribution to any account that is not in the name of the registered shareholder of Shares.

If any person resident in the Cayman Islands knows, 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 or other trade, profession, business or employment, the person will be required to report such knowledge or suspicion to (i) the FRA, pursuant to the Proceeds of Crime Law (2018 Revision) of the Cayman Islands if the disclosure relates to criminal conduct or money laundering, or (ii) a constable or the FRA, pursuant to the Terrorism Law (2018 Revision) of the Cayman Islands, if the disclosure relates to involvement with terrorism or terrorist financing and property. 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.

By subscribing for Shares, applicants consent to the disclosure by the Fund, the Administrator and the AML Officers of any information about them to supervisory authorities, regulatory bodies and other relevant persons or agencies upon request in connection with AML and CFT matters both in the Cayman Islands and in other jurisdictions.

The Fund is subject to sanctions obligations which restrict it from dealing with certain persons or persons that are located or domiciled in certain countries. The Fund will require each applicant to represent that they and their beneficial owners/controllers and other connected persons are not (a) named on, or deal with persons named on, lists of prohibited entities and individuals maintained by the US Treasury Department's Office of Foreign Assets Control, the United Kingdom ("UK") or the European Union ("EU"), or (b) operationally based or domiciled in a country or jurisdiction in relation to which sanctions have been issued by the UK, the EU or the United Nations (collectively, the "Sanctions Lists"). Where an applicant or a Shareholder appears on a Sanctions List, the Fund, or the Administrator on the Fund's behalf, must take steps to comply with the relevant sanctions obligations and may be required to cease any further dealings with that person or their shareholding.

Notwithstanding the above, a Shareholder that is a pension fund will not be required to provide to the Administrator information relating to its pension beneficiaries unless required by the Fund or the Administrator in relation to FATCA, CRS or any other similar legislation and/or regulations.

## **REDEMPTIONS**

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 MG 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 [investors.nl@circlepartners.com](mailto:investors.nl@circlepartners.com).

A redemption request, once given, is irrevocable save with the consent of the Directors (which may be withheld in their absolute discretion) or as specified in "General and Statutory Information".

### **Redemption Proceeds**

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

In addition, a Redemption Fee reflecting a redeeming Shareholder's pro rata share of all unamortised Organisational Expenses, incurred by the Fund, in the event that a Shareholder redeems his Shares prior to the full amortisation of Organisational Expenses by the Fund (see page 28, "Amortisation of Organisational Costs" below), will be payable. Any Redemption Fee payable will be deducted from the redemption proceeds due to a Shareholder and set off against the outstanding unamortized Organisational Expenses.

The Directors of the Fund may reduce the redemption proceeds (including, for the avoidance of doubt, the proceeds of any compulsory redemption) in respect of, and/or any other distribution payable to, any Shareholder in the circumstances described under "Taxation – FATCA and Similar Measures".

### **Settlement**

Payment of the Redemption Price (subject to any permitted retentions, deductions or contingencies) will be made as soon as possible and in any event 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 Advisor and the applicable Shareholder to take into account the different investments of the underlying beneficial owners of Shares.

Shareholders will generally be removed from the register of Shareholders prior to or upon redemption proceeds being paid. Insofar as investors remain as Shareholders until such time as the relevant Net Asset Value per Share has been calculated and the register of Shareholders is updated, investors will be treated as creditors for the redemption proceeds and any dividend which has been declared in respect of their Shares prior to the relevant Redemption Day, rather than Shareholders, from the relevant Redemption Day, and will rank accordingly in the priority of the Fund's creditors. Furthermore, during this period, investors will not have rights as a Shareholder, save the right to receive the Redemption Price and any dividend which has been declared in respect of their Shares prior to the relevant Redemption Day and, in particular, will not have the right to receive notice of, attend or vote at any meetings of the Fund.

Redemption payments from the Fund will only be made by wire-transfer. In-specie redemptions are not permitted.

### **Suspension**

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

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.

### **Compulsory Redemptions**

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 Ineligible Applicant, 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 Advisor.

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 Shareholder.

### **Anti-Money Laundering**

Investors should note that the Directors and/or the Administrator may refuse to accept a redemption request (or process the redemption request, as the case may be) if it is not accompanied by such additional information as they, or the Administrator, may reasonably require. This power may, without limitation to the generality of the foregoing, be exercised where proper information has not been provided for money laundering verification purposes as described under "Subscriptions".

### **Redemption Penalty**

Any Class B, D, BB, DD, BBB, DDD or EEEE 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 Advisor 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 a Share's

Subscription Price is initially 5% and declines to 0% over sixty (60) months 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, D, BB, DD, BBB, DDD or EEEE Share exceeds the unamortised balance of the Sales Charge with respect to that Share, the Fund will pay such excess amount to the Investment Advisor and this payment should be viewed as additional compensation to the Investment Advisor.



## 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 Advisor 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 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, Incentive Fees and Retrocession Fees, but inclusive 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.

Dividends and premium would be regarded as gross income, which after fees would be reinvested and the Fund would rebalance in accordance with Investment Advisors' portfolio allocation.

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) Organisational Expenses (as defined below) will be amortised over a period of sixty (60) months from the date the Fund commenced operations (unless such treatment results in adverse regulatory consequences in which case the Fund shall be entitled to expense such items on a current basis for financial statement purposes);
- (c) accrued Management Fees, Incentive Fees, Retrocession Fees and other fees will be treated as liabilities;
- (d) estimated annual audit and legal fees will be treated as liabilities;
- (e) 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;
- (f) any contingencies for which reserves are determined to be required will be treated as liabilities;
- (g) 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 Advisor and the Fund's auditors;
- (h) 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 Advisor, 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;
- (i) 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 Advisor, 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;
- (j) when the Directors (in consultation with the Investment Advisor) 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 Advisor and the Fund's auditor) shall value such investment in such manner as they may reasonably determine; and

- (k) 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 Advisor'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 [investors.nl@circlepartners.com](mailto:investors.nl@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 Advisor, 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.**

## FEES AND EXPENSES

### Management Fee

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

In the event that the determination of Net Asset Value is suspended as set out under "Temporary Suspension of Net Asset Value calculations and of issues and redemptions of Shares" in General and Statutory Information", the Management Fee as of each Valuation Day during the period of suspension will be determined by reference to the Net Asset Value as of the Valuation Day following the end of that period, and Management Fees with regards to that period will be paid following the end of that period. Subject thereto, the Management Fee accrues on a daily basis and is paid monthly in arrears.

### Incentive Fee

Pursuant to the Investment Advisory Agreement, the Investment Advisor may be entitled to receive an Incentive Fee from the Fund with respect to Class A, B, C, D, E, AA, BB, CC, DD, EE, AAA, BBB, CCC, DDD, EEE, CCCC and EEEE 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 those Classes of Shares, 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 (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 Advisor will only receive an Incentive Fee equal to 20% of the net dividend income and premium income received by the Fund, there will be no Incentive Fee payable to the Investment Advisor in respect of any changes in the Net Asset Value of the Fund. The Incentive Fee is not subject to a high water mark.

### Retrocession Fee

Pursuant to the Investment Advisory Agreement, the Fund will pay to the Investment Advisor 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 A, AA and AAA Shares,

1% per annum of the Gross Asset Value in respect of Class B, BB, BBB, C, CC, CCC, D, DD, DDD, E, EE, EEE, CCCC and EEEE Shares.

The Retrocession Fee is payable by the Fund to the Investment Advisor and subsequently paid by the Investment Advisor to a distributor or financial advisors, investment supermarkets, investment platforms or/and 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 the Class of Shares to be easily assessable to investors. This is a retrocession trail fee and is not intended to be

retained by the Investment Advisor; it is an industry standard method of compensation. The Retrocession Fee paid by the Investment Advisor to brokers and other counterparties can vary from time to time.

#### **Administrator**

The Administrator receives from the Fund an administrative fee paid quarterly in advance based on an agreed schedule of fees.

The Administrator is also reimbursed by the Fund for any reasonable out-of-pocket expenses or costs necessarily incurred in the performance of its duties, including the costs of any reporting to Shareholders that the Fund may request for the benefit of Shareholders.

#### **Broker**

The Fund may pay brokerage commissions and fees to recognized securities brokers for executing and clearing transactions on behalf of the Fund. The Investment Advisor has complete discretion regarding the selection of such brokers and agreeing the amount of brokerage commissions and fees paid to such brokers. Brokerage service fees are charged at customary rates as set out in the brokerage documents.

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

The Investment Advisor 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/registered office fees, middle office support and other professional expenses;
- (b) Directors Fees and Expenses: please see page 14, "Directors". Each Director is entitled to such remuneration as the Directors shall determine. 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 Advisor; and
- (f) Distribution and Servicing Fees: fees may be paid to distribution and servicing companies and may include the use of consultancy and advisors' firms. The firms may be employed to aid in the marketing and placement of the funds into distribution platforms and fund networks and 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, D, E, AA, BB, CC, DD, EE, AAA, BBB, CCC, DDD, EEE, CCCC and EEEE Shares shall not exceed 1.25% of their combined NAV in any financial year. For the avoidance of doubt, Class AS, AAS and AAAS and their combined NAV will not be subject to the distribution and servicing fees and are excluded from the aforementioned calculation.

To the extent any expenses are incurred by the Investment Advisor and/or any future investment advisor or service provider on

behalf of the Fund and one or more other investment vehicles or accounts managed or advised by the Investment Advisor and/or any future investment advisor or service provider, the Investment Advisor 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 Advisor'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 Advisor and any future investment advisor, may have a commercial interest. In addition, the Directors as well as directors and/or officers of the Investment Advisor may be subject to a conflict of interest in determining whether to incur the above expenses through such companies. Please refer to "*Conflicts of Interest*" below, in relation to such expenses.

#### **DIVIDEND POLICY**

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

#### **DISTRIBUTION POLICY**

At the sole discretion of the Directors the Fund will make distributions to the holders of any Class D, E, DD, EE, DDD and EEE Share. If a distribution is declared, any distribution in respect of any participating share class will be paid on a semi-annual basis. The holders of the respective share class will be entitled to distribution as the Directors may from time to time declare.

The Directors will request that any distribution amount is calculated over two six month periods, January to June and July to December of each year. The calculation period will determine the distribution amount. The distribution date shall be approximately one week after the calculation period.

No distribution shall exceed the amount recommended by the Directors.

#### **REPORTS AND FINANCIAL STATEMENTS**

The financial year of the Fund will end on 31 December in each year.

An annual report and audited financial statements for the Fund in respect of each financial year prepared in accordance with International Financial Reporting Standards ("IFRS") will be sent to Shareholders as soon as practicable and in any event within six months of the end of the Fund's financial year. The first audited financial statements were extended to cover the period from the date of the Fund's commencement of operations until 31 December 2017.

No audited financial statements have been prepared in respect of the Fund at the initial date of this Offering Memorandum.

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.

#### **MUTUAL FUNDS LAW**

The Fund is regulated under the Mutual Funds Law. CIMA has supervisory and enforcement powers to ensure compliance with the Mutual Funds Law. Regulation under the Mutual Funds Law entails, inter alia, the filing of prescribed details and audited accounts annually with CIMA. As a regulated administered mutual fund under Section 4 (1) (b) of the Mutual Funds Law, CIMA may at any time instruct the Fund to have its accounts audited and to submit them to CIMA within such time as CIMA specifies. Failure to comply with these requests by CIMA may result in substantial fines on the part of the Directors, as applicable, and may result in CIMA applying to the court to have the Fund wound up.

The Fund is not subject to supervision in respect of their investment activities by CIMA or any other governmental authority in the Cayman Islands, although CIMA does have power to investigate the activities of the Fund in certain circumstances. Neither CIMA nor any other governmental authority in the Cayman Islands has commented upon or approved the terms or merits of this Memorandum. There is no investment compensation scheme available to Shareholders in the Cayman Islands.

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

## **REQUESTS FOR INFORMATION**

The Fund, or any of its or their directors or agents domiciled in the Cayman Islands, may be compelled to provide information, subject to a request for information made by a regulatory or governmental authority or agency under applicable law; e.g., by CIMA, either for itself or for a recognized overseas regulatory authority, under the Monetary Authority Law (2013 Revision), or by the Tax Information Authority, under the Tax Information Authority Law (2013 Revision) or Reporting of Savings Income information (European Union) Law (2007 Revision) and associated regulations, agreements, arrangements and memoranda of understanding. Disclosure of confidential information under such laws will not be regarded as a breach of any duty of confidentiality and, in certain circumstances, the Fund and any of its or their directors or agents, may be prohibited from disclosing that the request has been made. The Fund may also be required to provide information regarding Shareholders to U.S. governmental and regulatory authorities, including the SEC and the U.S. Internal Revenue Service.

The Fund may also be required to report to the Cayman Islands authorities (and the IRS with respect to reporting obligations arising under FATCA or in compliance with law to any other tax authority) about the Shareholder's holdings in the Fund.

## **CONFLICTS OF INTEREST**

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

The Investment Advisor 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, advisors, or agents of other funds or other companies. In particular, it is envisaged that the Investment Advisor may be involved in advising other investment funds which may have similar or overlapping investment objectives to or 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. In relation to the allocation of investment opportunities to different clients, including the Fund, the Investment Advisor 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 Advisor, may have a commercial interest.

To the extent legally permissible, the Investment Advisor 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 Advisor 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 Advisor 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 Advisor 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 Advisor 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 Advisor 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 Advisor 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 Advisor 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.

In certain circumstances the Investment Advisor or its principals may find it necessary or desirable to incur or fund unexpected expenses or other amounts as part of the Investment Advisor's rendering services to or for the Fund. The Investment Advisor may have the Fund advance funds needed to enable the Investment Advisor 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.

As the Incentive Fee is based on the amount of dividend income and premium income received by the Fund, the Investment Advisor may favour investment decisions which generate greater income over those which may result in a greater total return. The Investment Advisor 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 Management Shares are held by Castlestone International Inc., for which Angus Murray and Edward Groweg are the directors. 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 (Angus Murray's son). Angus Murray is not a beneficiary and is precluded as a beneficiary.

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, managing and/or 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.

## **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. Prospective investors and holders of Shares before investing should ensure that they have sufficient money to cover ordinary living expenses for themselves and their family and enough money for other known liabilities and expenses before making an investment or continuing to invest.

Investment in the Fund involves significant risks. Whilst it is the intention of the Investment Advisor 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 advisor 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:

### **Absence of US Regulation**

The Fund is not required, and does not intend, to register as an investment company under the 1940 Act, in reliance upon an exception available to privately offered investment funds. Accordingly, the provisions of the 1940 Act (which may provide certain regulatory safeguards to investors) are not applicable to the Fund. As a result, certain protections of the 1940 Act will not be afforded to the Fund or its shareholders. Among other provisions, the 1940 Act requires investment companies to have at least a majority of its directors qualify as "disinterested", regulates the relationship between the investment company and its advisor, requires investor approval before fundamental investment policies can be changed and imposes certain requirements relating to the custody of a fund's securities. The Fund may maintain accounts at brokerage firms that may not separately segregate the Fund's securities, as would be required in the case of registered investment companies. The Fund is not subject to the US Sarbanes-Oxley Act of 2002, and accordingly the Fund will not be subject to the provisions thereof relating to, among other things, internal accounting controls.

### **Amortisation of Organisational Costs**

The Fund's initial offering expenses, initial marketing costs including travel, lodging, printing, software, relevant Distribution and Servicing Fees (as described above), legal fees and general expenses related to marketing ("Organisational Expenses") of approximately \$65,000 are being amortised over a period of up to sixty (60) months from the date the Fund commences operations. In the event that such treatment results in adverse regulatory consequences, the Fund shall be entitled to expense such items on a current basis for financial statement purposes. The Fund may, however, continue to amortise such expenses for purposes of calculating the Fund's NAV (which affects subscription and redemption allocations). The Fund is amortising its

Organisational Expenses because it believes such treatment is more equitable than expensing the entire amount of the Organisational Expenses in the Fund's first year of operation, as is required by IFRS. This may result in the Fund's audited financial statements being qualified in this regard.

A Redemption Fee calculated on a redeeming Shareholder's pro rata share of all unamortised or unreimbursed Organisational Expenses incurred by the Fund will be payable by that Shareholder in the event that a Shareholder redeems his Shares prior to the full amortisation of Organisational Expenses by the Fund. Any Redemption Fee payable will be deducted from the Redemption Price.

#### **Availability of Investment Strategies**

The success of the Fund's investment activities depends on the ability of the Investment Advisor to identify overvalued and undervalued investment opportunities and to exploit price discrepancies in the financial markets, as well as to assess the import of data that may affect the financial markets. Identification and exploitation of the investment strategies to be pursued by the Fund involves a high degree of uncertainty. No assurance can be given that the Investment Advisor will be able to locate suitable investment opportunities in which to deploy all of the Fund's assets or to exploit discrepancies in the securities and derivatives markets. A reduction in liquidity or the pricing inefficiency of the markets in which the Fund seeks to invest, as well as other market factors, will reduce the scope for the Fund's investment strategies.

The Fund may be adversely affected by unforeseen events involving such matters as changes in interest rates or the credit status of an issuer, forced redemptions of securities or acquisition proposals, break-up of planned mergers, unexpected changes in relative value, short squeezes, inability to short stock or changes in tax treatment.

#### **Broad Indemnification and Exculpation**

The Fund has entered into and/or will enter into various agreements and other documents which may contain provisions broadly limiting the liability of the Investment Advisor and other service providers, and counterparties and provide broad indemnification and exculpation to such persons. The Fund's assets may then be subject to claims for indemnity that could be material and could have an adverse effect on the Fund's returns. Notwithstanding anything in this Offering Memorandum to the contrary, no provision of this Offering Memorandum (or any of the various agreements and documents referenced herein) shall be construed so as to provide for the indemnification or exculpation of any party (including, the Investment Advisor or their affiliates) for any liability (including liability under US federal securities laws which, under certain circumstances, impose liability even on persons that act in good faith), to the extent (but only to the extent) that such indemnification or exculpation would be in violation of applicable law, but shall instead be construed so as to effectuate such provision to the fullest extent permitted by law.

#### **Business Risk**

There can be no assurance that the Fund will achieve its investment objective. There is no operating history by which to evaluate its likely future performance. The investment results of the Fund are reliant upon the success of the Investment Advisor.

#### **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.

#### **Counterparty Risk**

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

#### **Cross Class Liabilities**

Although the Articles require the establishment of separate Class Accounts for each Class of Shares and the attribution of assets and liabilities to the relevant Class Account, in the event that there is more than one Class in issue, and if the liabilities of a Class exceed its assets, creditors of the Fund may have recourse to the assets attributable to the other Classes.

#### **Currency Exposure**

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 Advisor 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. To what extent a foreign currency exposure will be hedged will

be determined by the Investment Advisor 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.

#### **Automatic Exchange of Tax Information**

The Cayman Islands has implemented a legal and regulatory regime that the Organisation for Economic Co-operation and Development ("OECD") has recognised as generally complying with internationally agreed standards for transparency and exchange of information for tax purposes. Furthermore, the Cayman Islands is currently treated by the OECD as a jurisdiction that has substantially implemented the internationally agreed tax standard (as developed by the OECD in co-operation with non-OECD countries and endorsed by G20 Finance Ministers and by the United Nations Committee of Experts on International Co-operation in Tax Matters). The implementation of this standard, which requires automatic exchange of information in all tax matters for the administration and enforcement of domestic tax law without regard to a domestic tax interest requirement or bank secrecy for tax purposes, has involved the Cayman Islands entering into a number of bilateral tax information exchange agreements, and also the enactment of a unilateral mechanism for the Cayman Islands to provide relevant information on request to certain other specified jurisdictions.

Consequently, the Fund, or any of its directors or agents domiciled in the Cayman Islands, may be compelled to provide information, subject to a request for information made by a regulatory or governmental authority or agency under applicable law, such as by the Cayman Islands Monetary Authority, either for itself or for a recognised overseas regulatory authority, under the Monetary Authority Law (2013 Revision), or by the Cayman Islands Tax Information Authority (the "Cayman TIA"), under the Tax Information Authority Law (2014 Revision) or Reporting of Savings Income Information (European Union) Law (2014 Revision) and associated regulations, agreements, arrangements and memoranda of understanding. Disclosure of confidential information under such laws will not be regarded as a breach of any duty of confidentiality and, in certain circumstances, the Fund and its directors or agents may be prohibited from disclosing that the request has been made.

Accordingly, each Shareholder should be aware that in accordance with such arrangements (as extended or varied from time to time to comply with then current international standards, to the extent adopted by the Cayman Islands or any other relevant jurisdiction), relevant information concerning it and/or its investment in the Fund may be provided to any relevant tax authority.

#### **General Economic and Market Conditions**

The success of the Fund's activities will be affected by general economic and market conditions, such as interest rates, availability of credit, inflation rates, economic uncertainty, changes in laws, trade barriers, currency exchange controls and national and international political circumstances. These factors may affect the level and volatility of securities prices and the liquidity of the Fund's investments. Volatility or illiquidity could impair the Fund's profitability or result in losses.

#### **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 Cayman 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).

#### **Highly Volatile Markets**

The prices of derivative instruments, including options prices, are highly volatile. Price movements of forward contracts and other derivative contracts in which the Fund may invest are influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary, and exchange control programmes and policies of governments, and national and international political and economic events and policies. In addition, governments from time to time intervene, directly and by regulation, in certain markets. Such intervention is often intended directly to influence prices and may, together with other factors, cause all of such markets to move rapidly in the same direction because of, among other things, interest rate fluctuations. The Fund is also subject to the risk of the failure of any of the exchanges on which its positions trade or of their clearing houses.



### **Illiquidity**

There is no active secondary market for the Shares and it is not expected that such a market will develop.

### **Incentive Fee**

The Investment Advisor may be entitled to receive an Incentive Fee with respect to Class A, B, C, D, E, AA, BB, CC, DD, EE, AAA, BBB, CCC, DDD, EEE, CCCC and EEEE 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 Advisor may favour investment decisions which generate greater income over those which may result in a greater total return. The Investment Advisor will need to manage this potential conflict of interest and ensure that all investment decisions are made solely for the benefit of the Fund.

### **Information, Reporting and Side Arrangements**

Subject to applicable law, the Investment Advisor and/or the Fund may, in their sole discretion, negotiate and enter into agreements or other arrangements ("Side Arrangements") with certain Shareholders including, without limitation, those deemed to involve a significant or strategic relationship, that will result in different terms of investment in the Fund from the terms applicable to other Shareholders. As a result of such Side Arrangements, certain Shareholders may receive additional or different information, reporting and/or other benefits which other Shareholders will not receive. Such information and reporting may provide the recipient greater insights into the Fund's activities than is included in standard reports to Shareholders, thereby enhancing the recipient's ability to make investment decisions with respect to the Fund and with respect to the investment of its own assets. Except as described in this Offering Memorandum or as required by law or regulation, none of the Investment Advisor or the Fund are required to notify any or all of the other Shareholders of any such arrangements or any of the rights and/or terms or provisions thereof, nor is the Investment Advisor or the Fund required to offer such additional and/or different rights and/or terms to any or all of the other Shareholders. As a result, Shareholders which have entered into Side Arrangements may be able to act on additional information (for example, to request redemptions) that other Shareholders do not receive.

### **Investment Management Risk**

The investment performance of the Fund is substantially dependent on the services of key individuals at the Investment Advisor. In the event of the death, incapacity, departure, insolvency or withdrawal of any of these key individuals, the performance of the Fund may be adversely affected.

### **Liquidity and Market Characteristics**

In some circumstances, investments may be relatively illiquid making it difficult to acquire or dispose of them at the prices quoted on the various exchanges. Accordingly, the Fund's ability to respond to market movements may be impaired and the Fund may experience adverse price movements upon liquidation of its investments. Settlement of transactions may be subject to delay and administrative uncertainties.

### **Market Crisis and Governmental and Regulatory Intervention**

The global financial markets continue to undergo pervasive and fundamental disruptions which have led to extensive and unprecedented governmental and regulatory intervention. Such intervention has in certain cases been implemented on an "emergency" basis without much or any notice with the consequence that some market participants' ability to continue to implement certain strategies or manage the risk of their outstanding positions has been suddenly and/or substantially eliminated. Given the complexities of the global financial markets and the limited time frame within which governments and regulators have been able to take action, these interventions have sometimes been unclear in scope and application, resulting in confusion and uncertainty which in itself has been materially detrimental to the efficient functioning of such markets as well as previously successful investment strategies.

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

### **Market Disruptions**

The Fund may incur major losses in the event of disrupted markets and other extraordinary events which may affect markets in a way that is not consistent with historical pricing relationships. The risk of loss from a disconnection with historical prices is compounded by the fact that in disrupted markets many positions become illiquid, making it difficult or impossible to close out

positions against which the markets are moving. The financing available to the Fund from its banks, dealers and other counterparties will typically be reduced in disrupted markets. Such a reduction may result in substantial losses to the Fund. In the past, a sudden restriction of credit by the dealer community has resulted in forced liquidations and major losses for a number of investment funds and other vehicles. Because market disruptions and losses in one sector can cause ripple effects in other sectors, many investment funds and other vehicles suffered heavy losses even though they were not necessarily heavily invested in credit-related investments. In addition, market disruptions caused by unexpected political, military and terrorist events may from time to time cause dramatic losses for the Fund and such events can result in otherwise historically low-risk strategies performing with unprecedented volatility and risk. A financial exchange may from time to time suspend or limit trading. Such a suspension could render it difficult or impossible for the Fund to liquidate affected positions and thereby expose it to losses. There is also no assurance that off-exchange markets will remain liquid enough for the Fund to close out positions.

#### **Net Asset Value Considerations**

The Net Asset Value per Share is expected to fluctuate over time with the performance of the Fund's investments. A Shareholder may not fully recover his initial investment when he chooses to redeem his Shares or upon compulsory redemption if the Net Asset Value per Share at the time of such redemption is less than the Subscription Price paid by such Shareholder.

#### **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.

#### **Broker Insolvency**

The Fund is at risk of the Broker entering into an insolvency procedure. During such a procedure (which may last many years) the use by the Fund of assets held by or on behalf of the Broker may be restricted and accordingly (a) the ability of the Investment Advisor to fulfil the investment objective may be severely constrained, (b) the Fund may be required to suspend the calculation of the Net Asset Value and as a result subscriptions for and redemptions of Shares, and/or (c) the Net Asset Value may be otherwise affected. During such a procedure, the Fund is likely to be an unsecured creditor in relation to certain or all assets and accordingly the Fund may be unable to recover such assets from the insolvent estate of the Prime Broker in full, or at all.

#### **Regulatory Risks**

The regulatory and tax environment for financial instruments is evolving and may be subject to modification by government or judicial action which may adversely affect the value of the investments held by the Fund. The effect of any future regulatory or tax change on the Fund is impossible to predict.

Market disruptions and the dramatic increase in the capital allocated to alternative investment strategies during the past decade have led to increased governmental as well as self-regulatory scrutiny of the financial services industry in general. Certain legislation proposing greater regulation of the industry, such as the recently-enacted Dodd-Frank Act, is considered periodically by the US Congress, as well as by the governments of non-US jurisdictions. It is impossible to predict what, if any, changes in the regulations applicable to the Fund, the Investment Advisor, the markets in which the Fund trades and invests or the

counterparties with which it does business may be instituted in the future. Any such laws or regulations may materially adversely affect the Fund's ability to continue to pursue its investment objective and adhere to its investment guidelines, as described herein, as well as require increased transparency as to the identity of the Shareholders.

The Dodd-Frank Act seeks to regulate markets, market participants and financial instruments that previously have been unregulated and substantially alters the regulation of markets, market participants and financial instruments. Because many provisions of the Dodd-Frank Act require rulemaking by the applicable regulators before becoming fully effective and the Dodd-Frank Act mandates multiple agency reports and studies (which could result in additional legislative or regulatory action), it is difficult to predict the impact of the Dodd-Frank Act on the Fund, the Investment Advisor and the markets in which the Fund trades and invests or the counterparties with which it does business. The Dodd-Frank Act could result in certain investment strategies in which the Fund engages or may have otherwise engaged becoming non-viable or non-economic to implement. The Dodd-Frank Act and regulations adopted pursuant to the Dodd-Frank Act may materially adversely affect the Fund's ability to continue to pursue its investment objective and adhere to its investment guidelines as described herein.

In addition, securities and futures markets are subject to comprehensive statutes, regulations and margin requirements. Regulators and self-regulatory organizations, including but not limited to the CFTC, and exchanges are authorised to take extraordinary actions in the event of market emergencies including, for example, the retroactive implementation of speculative position limits or higher margin requirements, the establishment of daily price limits and the suspension of trading. The regulation of swaps, futures and/or other derivative transactions and funds that engage in such transactions is an evolving area of law and is subject to modification by governmental, regulatory and judicial actions. The effect of any future regulatory change on the Fund could be substantial and adverse including, for example, increased compliance costs, the prohibition of certain types of trading and/or the inhibition of the Fund's ability to continue to pursue its investment objective and adhere to its investment guidelines as described herein.

#### **Tax Considerations**

The Fund may be subject to withholding, capital gains or other taxes on income and/or gains arising from its investment portfolio, including without limitation taxes imposed by the jurisdiction in which the issuer of securities held by the Fund is incorporated, established or resident for tax purposes. The Fund may also incur or bear transaction or other similar taxes in respect of the actual or notional amount of any acquisition, disposal or transaction relating to its investment portfolio, including without limitation taxes imposed by the jurisdiction in which the issuer of securities held by the Fund or the counterparty to a transaction involving the Fund is incorporated, established or resident for tax purposes. Where the Fund invests in securities or enters into transactions that are not subject to withholding, capital gains, transaction or other taxes at the time of acquisition, there can be no assurance that tax may not be withheld or imposed in the future as a result of any change in applicable laws, treaties, rules or regulations or the interpretation thereof. The Fund may not be able to recover such tax and so any change could have an adverse effect on the Net Asset Value of the Shares.

Where the Fund chooses or is required to pay taxation liabilities and/or account for reserves in respect of taxes that are or may be payable in respect of current or prior periods by the Fund (whether in accordance with current or future accounting standards), this would have an adverse effect on the Net Asset Value of the Shares. This could cause benefits or detriments to certain Shareholders, depending on the timing of their entry to and exit from the Fund.

#### **Trade Execution Risk**

Many of the trading techniques used by the Investment Advisor require the rapid and efficient execution of transactions. Inefficient execution can eliminate the small pricing differentials which the Investment Advisor will attempt to exploit. The potentially adverse impact of inefficient trade executions will be increased by the Fund's potentially high turnover rate.

#### **Transaction Costs**

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

**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 advisors before deciding to invest in the Fund.**

## TAXATION

The following is based on the Fund's understanding of certain aspects of the law and practice currently in force in the Cayman Islands and the United States. There can be no guarantee that the tax position or proposed tax position at the date of this Offering Memorandum or at the time of an investment will endure indefinitely.

***Investors should consult their professional advisors on the possible tax and other consequences of their subscribing for, purchasing, holding, selling, exchanging or redeeming Shares under the laws of their country of incorporation, establishment, citizenship, residence or domicile.***

### Cayman Islands

The Fund expects to obtain from the Governor-in-Cabinet of the Cayman Islands an undertaking that, in accordance with section 6 of the Tax Concessions Law (2011 Revision), for a period of 20 years from the date of the undertaking no laws of the Cayman Islands imposing any tax on profits, income, gains or appreciation shall apply to the Fund and that no tax in the nature of estate duty or inheritance tax shall be payable on the shares, debentures or other obligations of the Fund.

Under current Cayman Islands law no tax will be charged in the Cayman Islands on profits or gains of the Fund and dividends (if any) of the Fund will be payable to Shareholders resident outside the Cayman Islands without deduction of tax. No stamp duty is levied in the Cayman Islands on the transfer or redemption of Shares. An annual registration fee is payable by the Fund in the Cayman Islands which is calculated by reference to the nominal amount of its authorised share capital.

### United States Federal Income Taxation

The Fund should not be subject to US federal income taxes on any US source income or gains from its trading (except in respect of any dividends received in the course of such trading) provided that it does not engage in a trade or business within the US to which such income or gains are effectively connected. Dividends or substitute dividends will be subject to a 30 per cent US withholding tax if paid by US corporations or otherwise arise from US sources. Pursuant to a safe harbour under the United States Internal Revenue Code of 1986, as amended, a non-US corporation which trades stock or securities or commodities for its own account should not be treated as engaged in a trade or business within the US provided that the non-US corporation is not a dealer in stock or securities or commodities. The Fund intends to conduct its business in a manner so as to meet the requirements of this safe harbour. If the activities of the Fund are not covered by the foregoing safe harbour, there is a risk that the Fund (but not any investor) will be required to file a US federal income tax return for such year and pay tax at full US corporate income tax rates as well as an additional 30 per cent branch profits tax.

The Fund should not be subject to US federal income or withholding tax on US source interest income (other than in the case of certain contingent interest or interest received from a borrower of 10 per cent or more of the equity of which is owned by the Fund, neither of which the Fund anticipates receiving) provided that it is not engaged in a trade or business within the US to which such interest income is effectively connected, and provided that its interest-bearing securities qualify as registered obligations and that it periodically supplies a US Internal Revenue Service Form W-8BEN-E or its equivalent.

The Fund will not elect to be treated as a partnership for US federal income tax purposes.

### FATCA and Similar Measures

The Cayman Islands have signed a Model 1 inter-governmental agreement with the United States (the "US-Cayman IGA") to give effect to the United States Foreign Account Tax Compliance Act provisions contained in sections 1471 to 1474 of the United States Internal Revenue Code and US Treasury Regulations promulgated thereunder (together, as amended from time to time, "FATCA"). Pursuant to the US-Cayman IGA and the related Cayman Islands legislation, regulations and guidance, the Fund is required to report certain information about "Specified US Persons" (as defined in the US-Cayman IGA) that own, directly or indirectly, an interest in the Fund. If the Fund does not comply with these obligations, it may be subject to a 30 per cent withholding tax on certain payments to it of US source income (including interest and dividends) (from 1 July 2014) and proceeds from the sale of property that could give rise to US source interest or dividends (from 1 January 2019), and to financial penalties or other sanctions under the relevant Cayman Islands legislation (each a "FATCA Deduction").

Under the terms of the current US-Cayman IGA, the Fund will not generally be required to withhold tax on payments made to an account holder (i.e. a Shareholder) or to close recalcitrant accounts. The Fund will be required to report certain information in respect of any "Specified US Persons" to the Cayman Islands Tax Information Authority (the "Cayman TIA") and the Cayman TIA will exchange this information, on an automatic basis annually, with the US Internal Revenue Service.

While the Fund will seek to satisfy their obligations under the US-Cayman IGA and the associated implementing legislation in the Cayman Islands to avoid the imposition of any FATCA Deductions, the ability of the Fund to satisfy such obligations will depend on receiving relevant information and/or documentation about each Shareholder and the direct and indirect beneficial owners of the

Shares (if any). There can be no assurance that the Fund will be able to satisfy such obligations. If a Shareholder, or any related party, causes the Fund to suffer a FATCA Deduction or other financial penalty, cost, expense or liability, or the Fund is required to make a FATCA Deduction from such Shareholder, the Fund will use commercially reasonable endeavours to take any action available to it to ensure that the FATCA Deduction or other financial penalty and associated costs, expenses and liabilities are economically borne by such Shareholder. Such action may (without limitation) include the compulsory redemption of any Shares held by such Shareholder and the Fund reducing or refusing to make payment to such Shareholder of any redemption or dividend proceeds.

The Cayman Islands have also signed an inter-governmental agreement with the United Kingdom (the "UK-Cayman IGA") that imposes similar requirements to the US-Cayman IGA and enacted legislation to implement the UK-Cayman IGA in the Cayman Islands. Under the terms of the UK-Cayman IGA, 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 Cayman TIA, which will exchange such information, on an automatic basis annually, with UK HM Revenue & Customs.

#### The Common Reporting Standard

The Cayman Islands are 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 Cayman 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 Cayman 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 Cayman 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 Cayman 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 Cayman 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).

#### EU Savings Directive

Under EU Council Directive 2003/48/EC of 3 June 2003 on taxation of savings income in the form of interest payments (the "Directive"), dividends and other distributions of income made by the Fund and payment of the proceeds of sale and/or redemption of Shares, may (depending on the investment portfolio of the Fund) be subject to the withholding tax and/or information providing regime imposed by the Directive, where payment is made to a Shareholder who is an individual resident in a Member State of the European Union for the purposes of the Directive (or a "residual entity" established in a Member State) by a paying agent resident in another such Member State. A withholding tax regime is being operated for a transitional period by Austria, although Shareholders can notify their paying agent to provide information about the payments to the Austrian tax authority rather than withhold tax. The rate of withholding tax in Austria is 35 per cent. Certain dependent and associated territories and "third countries" have, or are proposing to introduce, an equivalent withholding tax and/or information providing regime ("equivalent legislation") in respect of payments made through a paying agent established in such jurisdictions. The Cayman Islands operate an information providing regime whereas certain dependent and associated territories and other "third country" jurisdictions (including Switzerland) operate a withholding tax regime.

Under the terms of the relevant equivalent legislation and/or bilateral agreements entered into, or proposed to be entered into, by the Cayman Islands, the Directive or relevant equivalent legislation applies to a fund established in the Cayman Islands only if, unlike the Fund, it is registered under Section 5 of the Mutual Funds Law (2015 Revision) of the Cayman Islands and so is equivalent to a UCITS. Accordingly, it appears that the Cayman Islands, Ireland, the United Kingdom and Switzerland do not regard the Directive as applicable to the Fund, so that a paying agent established in those jurisdictions would not have any obligations under the Directive. It is unclear whether other jurisdictions will adopt the same interpretation of the Directive or the Cayman Islands' classification of Cayman Islands mutual funds.

The European Council on 24 March 2014 adopted a new directive amending the Directive, with a view to closing existing loopholes and eliminating tax evasion. These changes, which are material, in particular relate to the scope of, and mechanisms implemented by, the Directive, including the categorisation of the Fund for such purposes. On 10 November 2015, the European Council adopted a further directive repealing the Directive with effect from 1 January 2016, subject to transitional arrangements.

#### Other Jurisdictions

Income and capital gains received by the Fund from sources outside the Cayman Islands, the United Kingdom and the United States may give rise to withholding or other taxes imposed by other jurisdictions.

#### General

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

#### **DATA PROTECTION**

The Fund and the Investment Manager respect and protect the Shareholders' rights to privacy and its personal data or personal data of individuals related to the Shareholders (the "Personal Data"). The Fund will process the Personal Data in accordance with the provisions of the European General Data Protection Regulation ("GDPR") and other applicable privacy laws.

The following types of Personal data may be processed by the Fund:

- a) Name, address, e-mail address, telephone number and other contact information;
- b) Date and place of birth;
- c) Nationality;
- d) Gender;
- e) Copies of identity documents (such as passport, national ID card, driver's license or employee identification numbers);
- f) Source of wealth;
- g) Utility bills and/or bank statements;
- h) Tax residency; and

- i) Investment amount.

The Fund collects, controls and processes personal data as follows:

- The Fund collects personal Data directly from Shareholders for the purposes of investments in the Fund and/or to meet certain legal requirements;
- The Fund collects and processes Personal Data from publicly accessible sources such as the internet, social networks, World-Check or commercial or any other available registers; and
- The Fund may receive Personal Data from third parties in connection with the applicable legal requirements.

The Personal Data may be collected, recorded, stored, adapted, transferred or otherwise processed and used by the Fund acting as a data controller, the Administrator, acting as joint controller, the board members, the service providers and the financial intermediaries (including their respective advisers, auditors, delegates, agents and service providers) and any other subsidiary or affiliated company that is part of the group of companies of the Fund and the other recipients of the Personal Data.

The Personal Data may be processed for the purposes of the organisation and operation of the Fund, account and distribution fee administration, and to comply with legal obligations under applicable company law, anti-money laundering and terrorism financing identification, tax identification and, as the case may be, reporting, under the EUSD, FATCA, Council Directive 2011/16/EU on administrative cooperation in the field of taxation (as amended by Council Directive 2014/107/EU), CRS or any other exchange of tax information regimes to which the Fund may be subject to from time to time, maintaining the register of Shareholders processing subscription, redemption and conversion orders and payments of dividends to Shareholders to provide client related services for fraud prevention purposes, to manage litigation, for accounting and marketing purposes (relating to the products and services of the Fund or any of the member of its group or affiliates) and to the extent required to comply with the applicable laws and regulations.

Each Shareholder, including the individual related to the Shareholder, who's Personal Data has been processed has the following rights:

- a) To access the processed Personal Data;
- b) To request a copy of the processed Personal Data;
- c) To ask to update and correct or rectify any outdated or incorrect Personal Data;
- d) To request a deletion of his Personal Data, to the extent that the Fund has no legal and/or regulatory obligations to keep such Personal Data;
- e) To, at times, ask to restrict the processing of his/her Personal Data;
- f) To object at any time to the processing of his/hers Personal Data for any direct marketing and related profiling purposes by the Fund.

Any Shareholder who would like to exercise any of the above rights can contact either the Fund or the Administrator at [investors.nl@circlepartners.com](mailto:investors.nl@circlepartners.com).

In addition to the aforementioned, each Shareholder has a right to make a complaint with the local supervisory authority in relation to the way the Fund is processing the Personal Data or the way the Fund is handling his/her rights.

## **GENERAL AND STATUTORY INFORMATION**

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

### **1 The Fund**

The Fund was incorporated with limited liability in the Cayman Islands on 8 June 2016 as an exempted company under the provisions of the Companies Law (2015 Revision) of the Cayman Islands. Its constitution is defined in its Memorandum and Articles of Association.

The Fund will be registered as an administered mutual fund under Section 4(1)(b) of the Mutual Funds Law (2015 Revision) of the Cayman Islands and will comply with the provisions of that law. The fact that it has been registered should not, however, be taken to imply that the Cayman Islands Government accepts any responsibility for overseeing or regulating its investment activities.

## **2 Share capital of the Fund**

The Fund has an authorised share capital of USD 19,430.05 and EUR 13,243.06 and GBP 12,132.23 and JPY 4,022.68 divided into 443,005 Management Shares of US\$0.01 par value each and 4,439,797 Shares comprised of the following share classes:

US Dollar: 300,000 Class AS Shares, 240,000 Class A Shares, 240,000 Class B Shares, 240,000 Class C Shares 240,000 Class D Shares and 240,000 Class E Shares of US\$0.01 par value each;

Euro: 264,861 Class AAS Shares, 211,889 Class AA Shares, 211,889 Class BB Shares, 211,889 Class CC Shares, 211,889 Class DD Shares and 211,889 Class EE Shares of €0.01 par value each;

Sterling: 227,493 Class AAAS Shares, 197,146 Class AAA Shares, 197,146 Class BBB Shares, 197,146 Class CCC Shares, 197,146 Class DDD Shares and 197,146 Class EEE Shares of £0.01 par value each.

Yen: 201,134 Class CCCC Shares and 201,134 Class EEEE Shares of ¥0.01 par value each.

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

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

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

## **3 Rights of the Management Shares**

The holder of the Management Shares has the exclusive right (to the exclusion of the holders of the Shares) to receive notice of, attend and vote at general meetings of the Fund. The holder of each Management Share shall, on a poll, have the right to one vote for each such share registered in its name. The holders of Management Shares shall also have the right to pass a special resolution for the winding up of the Fund and in a winding up to repayment of capital but shall confer no other right to participate in the profits or assets of the Fund. The Management Shares carry no dividend or redemption rights.

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

## **4 Rights of the Shares**

The Shares carry an equal right to such dividends and other distributions as the Directors may declare. The holders of Shares do not have the right to receive notice of, attend or vote at general meetings of the Fund (including, without limitation, in respect of resolutions to appoint or remove directors of the Fund) but may vote at a separate class meeting convened in accordance with the Articles. On a winding-up, the Shares are entitled, in priority to the Management Shares, to the return of the capital paid up thereon and the surplus assets of the Fund attributable to each Class of Shares will be distributed among the holders of Shares of that Class according to the number of such Shares held by each of them.

## **5 Change in share capital**

The holder of the Management Shares may increase or reduce the Fund's authorised share capital, divide all or any of the Fund's share capital into shares of smaller amount or combine all or any of the Fund's share capital into shares of larger amount, all in accordance with the Companies Law (2015 Revision) as amended from time to time.

For so long as the authorised share capital is divided into different classes of shares, the rights attached to any class may be varied by consent in writing of holders of not less than three quarters of the issued shares of that class or with the sanction of a special resolution (a three quarters majority of votes cast) passed at a general meeting of the holders of the shares of that class and for such purposes the Directors may treat two or more classes of shares as forming one class if they consider that all such classes would be affected in the same way by the proposals under consideration but in any other case shall treat them as separate classes. Any action taken by the holders of the Management Shares in accordance with their rights under the Articles will be deemed not to vary the rights attaching to any class of shares.

## **6 Transfer of Shares**

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



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

Shareholders wishing to transfer Shares must sign the transfer in the exact name or names in which the Shares are registered, indicate any special capacity in which they are signing and supply all other required details. The completed form of transfer, duly stamped if applicable, together with such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer, must be sent to the Administrator. The transfer shall take effect upon the registration of the transferee in the register of Shareholders. If the transferee is not already a Shareholder, he will be required to complete an application form and provide applicable due diligence documentation.

The Directors may decline to register a transfer of Shares without giving any reason therefor.

## **7 Temporary suspension of Net Asset Value calculations and of issues and redemptions of Shares**

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

- a) any period (other than ordinary holiday or customary weekend closings) when any market is closed which is the main market for a significant part of the Fund's investments, or when trading thereon is restricted or suspended;
- b) any period when any emergency exists as a result of which disposal by the Fund of investments which constitute a substantial portion of its assets is not practically feasible;
- c) any period when for any reason the prices of a material portion of the investments of the Fund cannot be reasonably, promptly or accurately ascertained by the Fund;
- d) any period when due to conditions of market turmoil or market illiquidity it is not possible, in the opinion of the Directors, to determine the fair value of the assets of the Fund;
- e) any period when remittance of monies which will, or may be, involved in the realisation of, or in the payment for, investments of the Fund cannot, in the opinion of the Directors, be carried out at normal rates of exchange; or
- f) any period when proceeds of the sale or redemption of the Shares cannot be transmitted to or from the Fund's account.

No Shares will be issued or redeemed on any Subscription Day or Redemption Day (as the case may be) when the determination of Net Asset Value is suspended. In such a case, a Shareholder may withdraw his application for Shares or redemption request provided that a withdrawal notice is actually received by the Administrator before the suspension is terminated, except that an application for Shares may not be withdrawn if issues of Shares are suspended on a date following the Subscription Day upon which the application for such Shares is deemed to be effective. Unless withdrawn, Share applications and redemption requests will be acted upon on the first Subscription Day or Redemption Day (as the case may be) after the suspension is lifted at the relevant Subscription Price or Redemption Price (as the case may be) prevailing on that Subscription Day or Redemption Day (as the case may be).

Notice of the suspension and its termination will be given to all persons who have applied for or requested redemption of Shares. Where possible, all reasonable steps will be taken to bring any period of suspension to an end as soon as possible.

## **8 Publication of prices**

The Directors may apply to newspapers or periodicals for publication of the Net Asset Value per Share at their discretion. The most recent Net Asset Value per Share is available from the Administrator on request.

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.

## **9 Compulsory redemption**

The Directors have the right to require the compulsory redemption of all or part of the Shares held by or for the benefit of a Shareholder at any time without giving any reason therefor.

When the Directors become aware that a Shareholder (A) has become an Ineligible Applicant; (B) is holding Shares in breach of any law or regulation or otherwise in circumstances having or which may have adverse regulatory, tax, legal, pecuniary or material administrative disadvantages for the Fund or its Shareholders including, but not limited to, a situation in which investment in the Fund by Benefit Plan Investors is significant; (C) is holding Shares less than such minimum number as the

Directors may from time to time determine; or (D) has failed to provide any information or declaration required by the Directors within ten days of being requested to do so, the Directors may either (i) direct such Shareholder to redeem or to transfer the relevant Shares to a person who is qualified or entitled to own or hold such Shares; or (ii) redeem the relevant Shares.

#### **10 Notification of change of investor status**

Shareholders are required to notify the Fund and the Administrator immediately in writing if at any time they become US Persons or hold Shares for the account or benefit of US Persons.

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

#### **11 Legal implications of investment in the Fund**

The main legal implications of the contractual relationship entered into for the purpose of investment in the Fund are as follows:

- a) By submitting an application form to the Administrator, the investor makes an offer to subscribe for Shares which, once it is accepted by the Fund, has the effect of a binding contract. The terms of this contract are governed by the application form, read together with the Offering Memorandum.
- b) Upon the issue of Shares, an investor becomes a member of the Fund, and the Memorandum of Association and the Articles of the Fund take effect as a statutory contract between the Shareholders and the Fund.
- c) The Articles of the Fund may only be amended by way of a special resolution of the holder of the Management Shares in accordance with the Companies Law (2015 Revision) of the Cayman Islands.
- d) a Shareholder's liability to the Fund will generally be limited to the amount, if any, unpaid on the Shares held by that Shareholder.
- e) The Memorandum of Association of the Fund, the Articles of the Fund and the application form are each governed by and construed in accordance with the laws of the Cayman Islands.

Although there is no statutory enforcement in the Cayman Islands of judgments obtained in a foreign jurisdiction (other than judgments rendered by an Australian superior court which may be enforced under the Foreign Judgments Reciprocal Enforcement Law (1996 Revision) of the Cayman Islands), a judgment imposing a liability to pay a liquidated sum obtained in a foreign jurisdiction will be recognised and enforced in the courts of the Cayman Islands at common law, without any re-examination of the merits of the underlying dispute, provided such judgment satisfies certain criteria.

None of the agreements appointing the Investment Advisor, the Administrator, the Broker, the Auditor, the Legal Advisors or any of the Fund's other service providers provides for any third party rights for investors.

In the absence of a direct contractual relationship between a Shareholder and a service provider, Shareholders generally have no direct rights against that service provider and there are only limited circumstances in which a Shareholder may potentially bring a claim against that service provider. Instead, the proper claimant in an action in respect of which a wrongdoing is alleged to have been committed against the Fund by the relevant service provider is, prima facie, the Fund.

#### **12 Directors' interests**

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

- a) There are no existing or proposed service agreements between the Fund and any of the Directors.
- b) No shareholding qualification for Directors is required under Cayman Islands law. The Directors or companies of which they are officers or employees, including the Investment Advisor, may, however, subscribe for Shares. Their applications for Shares will rank pari passu with all other applications.
- c) Save as disclosed herein, no Director has any interest, direct or indirect, in the promotion of or in any assets which are proposed to be acquired, disposed of by or leased to the Fund and no Director has a material interest in any contract or arrangement entered into by the Fund which is unusual in nature or conditions or significant in relation to the business of the Fund, nor has any Director had such an interest since the Fund was incorporated.

#### **13 Directors' remuneration**

The Articles of the Fund provide that the remuneration of the Directors in respect of services rendered or to be rendered to the Fund shall be determined from time to time by a resolution of the Directors. Each of the Directors is currently entitled to receive a fee from the Fund in respect of the Fund, although such fee may be increased by resolution of the Directors at any time including, without limitation, to take account of additional board meetings. Any such increased fees will be stated in the subsequent audited financial statements of the Fund. The Directors may also be paid all travelling, hotel and other expenses properly incurred by them in attending and returning from meetings of the Directors or any committee of the Directors or general meetings of the Fund or in connection with the business of the Fund.

#### **14 Transactions with Directors**

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

#### **15 Retirement of Directors**

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

#### **16 Borrowing**

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.

#### **17 Meetings**

As an exempted company under Cayman Islands law, the Fund is not required to hold an annual general shareholders meeting. Such a meeting may, however, be convened at the discretion of the Directors. Only the holder of the Management Shares has the right to attend and vote at general meetings of the Fund.

#### **18 Indemnity**

The Directors and other officers of the Fund are entitled to be indemnified by the Fund against all expenses (including legal fees), losses or liabilities which they sustain or incur in or about the execution of their duties, other than those arising out of their negligence, wilful default or actual fraud. The determination of the Directors in this respect is, in the absence of actual fraud, conclusive unless a question of law is involved.

#### **19 Other Service Providers**

##### Auditor

The Fund has entered into an engagement letter with Baker Tilly (Cayman) Ltd., the Fund's statutory auditors, whereby the Auditor agrees to provide annual audit services to the Fund and to audit the Fund's financial statements (the "Engagement Letter"). Under the terms of the Engagement Letter the liability of Auditor will be limited. Typically, such limitations include a limitation to a multiple of a number of years' fees paid to the Auditor.

##### Legal Advisors

Solomon Harris is legal advisor to the Fund as to matters of Cayman Islands law.

Murray LLP is legal advisor to the Fund as to matters of international law. It should be noted that Murray LLP is independently owned by Attorneys licensed to practise law in New York. Murray LLP has no relation to the Fund Director and Managing Principal of the Advisor, Angus Murray. The name similarity is purely coincidental.

The legal advisors' representation of the Fund and the Investment Advisor (each, where applicable) and their affiliates is limited to those specific matters upon which it has been consulted. There may exist other matters which would have a bearing on the Fund, the Investment Advisor or any of their affiliates upon which the legal advisors have not been consulted. The legal advisors do not undertake to monitor the compliance of the Fund and the Investment Advisor with any investment program, valuation

procedures, and other guidelines set out herein, nor does it monitor compliance with applicable laws. Additionally, the legal advisors rely upon information furnished to them by the Fund, the Investment Advisor and do not investigate or verify the accuracy and completeness of information set out herein concerning the Fund, the Investment Advisor other service providers, and their affiliates and personnel. The Legal Advisors do not represent the interests of the Shareholders or prospective investors in the Fund. No Attorney-Client relationship is formed between the Legal Advisors and any Shareholder or prospective investor in the Fund.

## **20 Material contracts**

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

- a) the Investment Advisory Agreement dated 22 August 2016 between the Fund and the Investment Advisor pursuant to which the Investment Advisor 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 Administration, Registrar and Transfer Agency Agreement dated 31 August 2016 between the Fund and the Administrator, pursuant to which the Administrator was appointed to provide certain administrative services to the Fund;
- c) 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.
- d) the Legal Service Agreement dated 22 August 2016 between the Investment Advisor and Client Services (Global) Ltd. pursuant to which Client Services (Global) Ltd. was appointed to carry out legal services to the Fund;
- e) the Marketing Service Agreement dated 22 August 2016 between the Investment Advisor and Client Services (Global) Ltd. pursuant to which Client Services (Global) Ltd. was appointed to carry out marketing services to the Fund;
- f) the Distribution and Service Agreement dated 22 August 2016 between the Investment Advisor 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
- g) the Middle Office Service Agreement dated 22 August 2016 between the Investment Advisor and Client Services (Global) Ltd. pursuant to which Client Services (Global) Ltd. was appointed to carry out middle office services to the Fund;

## **21 Winding up**

The Fund may voluntarily wind up and dissolve by a special resolution of the holder of the Management Shares.

## **22 Documents available for inspection**

Copies of the Offering Memorandum, the Memorandum and Articles of Association of the Fund and the latest annual report of the Fund may be obtained, free of charge, upon request at the registered office of the Fund.

## **23 Miscellaneous**

- a) Save as disclosed herein, no amount or benefit has been paid or given, or is intended to be paid or given, to any promoter.
- b) No share or loan capital of the Fund is under option or has been agreed conditionally or unconditionally to be put under option or has been issued or is proposed to be issued for a consideration other than cash.
- c) The Fund is not, or has not been since its incorporation, engaged in any litigation or arbitration and the Directors are not aware of any litigation or arbitration or claims pending or threatened against the Fund.
- d) The Fund has no subsidiaries (except any trading subsidiaries through which the Fund may invest, as described under "Investment Approach") and no employees.

## **GENERAL INQUIRIES**

Written inquiries relating to the Fund should be addressed to Low Volatility Income Fund Inc. c/o Circle Investment Support Services (Cayman) Limited, Governors Square, P.O. Box 30746, Seven Mile Beach, Grand Cayman, KY1-1203, Cayman Islands or by e-mail to [investors.nl@circlepartners.com](mailto:investors.nl@circlepartners.com).