

# ALIQOT GOLD BULLION INC.

(a British Virgin Islands business company)

## OFFERING MEMORANDUM

6 December 2018

An offering of up to 150,000 Class A Shares, 100,000 Class AA Shares, 100,000 Class AAA Shares, 150,000 Class AF Shares, 100,000 Class AAF Shares, 100,000 Class AAAF Shares, 100,000 Class B Shares, 100,000 Class C Shares, 100,000 Class CC Shares, 100,000 Class CCC Shares, 100,000 Class CS Shares, 100,000 Class CCS Shares, 100,000 Class CCCS Shares and 100,000 Class CF Shares.

Class CCS Shares are being offered at an initial offer price of €1,150 per Share and thereafter at their net asset value ("NAV") on the relevant Dealing Day.

Class A, AA, AAA, AF, AAF, AAAF, B, C, CC, CCC, CF, CS, and CCCS Shares are being offered at their respective NAV on the relevant Dealing Day.

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

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

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

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

### **FOR INFORMATION PURPOSES ONLY**

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

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**Attention: Investor Relations Group**

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

**Attention: Investor Relations Group**

## **NOTICE**

This document has been prepared in connection with an offer of Shares in Aliquot Gold Bullion Inc. Shares may be issued or redeemed on any Dealing Day at the relevant Net Asset Value per Share in the manner described below under Section 4.4, "Subscription for Shares" and Section 4.7, "Redemption of Shares".

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

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

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

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

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

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

### **Registration in the British Virgin Islands**

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

### **Restrictions on Distribution**

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

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

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

This Offering Memorandum is issued, and effective from, 6 June 2018, and is registered with the Financial Services Commission pursuant to the provisions of the Securities and Investment Business Act, 2010, the Mutual Fund Regulations, 2010 and the Public Funds Code, 2010 on 6 June 2018.

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## **DIRECTORY**

### **Directors of the Fund**

Angus S.D. Murray  
Peter Curtin  
Thomas David Cumming

### **Investment Advisor**

Castlestone Management LLC  
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185 Hudson Street, Suite 2528  
Jersey City, NJ 07311  
United States of America

### **Registered Office**

c/o Maples Corporate Services (BVI) Limited  
P.O. Box 173  
Road Town, Tortola, VG1110  
British Virgin Islands

### **Legal Advisers**

to the Fund as to matters of British Virgin Islands law  
Maples and Calder  
11<sup>th</sup> Floor  
200 Aldersgate Street  
London EC1A 4HD  
United Kingdom

### **Auditor**

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Road Town, Tortola, VG1110  
British Virgin Islands

### **Investment Manager**

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

### **Administrator, Registrar and Transfer Agent**

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

### **Authorised Representative**

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

### **Bank**

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

### **Custodian**

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

## DEFINITIONS

<b>"Administrator"</b>	means Circle Investment Support Services B.V, or the person, firm or corporation appointed, and from time to time acting, as administrator of the Fund.
<b>"Articles"</b>	means the articles of association of the Fund, as amended from time to time.
<b>"Business Day"</b>	means any day normally treated as a business day in the UK and The Netherlands.
<b>"British Virgin Islands" or "BVI"</b>	means the British Overseas Territory of the British Virgin Islands.
<b>"Class"</b>	means a class of Shares.
<b>"Custodian"</b>	means VP Bank (BVI) Ltd., or the person, firm or corporation appointed, and from time to time acting, as custodian of the Fund.
<b>"Cut-off Time"</b>	means 12:00 noon (GMT) on each Business Day for the following Business Day NAV.
<b>"Dealing Day"</b>	means, 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>	means the directors for the time being of the Fund.
<b>"Distribution and Servicing Fee"</b>	means 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>	means a fee equal to 1% of the Subscription Price which reduces the investment amount on the Dealing Day in respect of certain classes of Shares as further described in this Offering Memorandum.
<b>"Euro" or "€"</b>	means the lawful currency of the European Union.
<b>"Euro Share"</b>	means a Class AA Share, Class AAF Share, Class CC Share or Class CCS Share of €0.01 par value in the Fund.
<b>"Financial Services Commission"</b>	means the Financial Services Commission of the British Virgin Islands.
<b>"Fund"</b>	means Aliquot Gold Bullion Inc.
<b>"GBP"</b>	means the lawful currency of the United Kingdom.
<b>"Gross Asset Value"</b>	means the Net Asset Value prior to deduction of the applicable Management Fees and Retrocession Fees
<b>"IFRS"</b>	means International Financial Reporting Standards.
<b>"Investment Advisor"</b>	means Castlestone Management LLC or the person, firm or corporation appointed, and from time to time acting as investment advisor.
<b>"Investment Advisory Agreement"</b>	means the agreement by which the Investment Manager has appointed the Investment Advisor to provide investment advisory services.

<b>"Investment Management Agreement"</b>	means the agreement by which the Fund has appointed the Investment Manager to manage the Fund's investments.
<b>"Investment Manager"</b>	means Castlestone Management Incorporated or the person, firm or corporation appointed, and from time to time acting, as investment manager of the Fund.
<b>"LBMA"</b>	means London Bullion Markets Association.
<b>"Management Fee"</b>	means the management fee payable by the Fund to the Investment Manager.
<b>"Memorandum"</b>	means the memorandum of association of the Fund, as amended from time to time.
<b>"Net Asset Value" or "NAV"</b>	means the value of the assets less the liabilities of the Fund calculated in accordance with the Articles and this Offering Memorandum.
<b>"Net Asset Value per Share"</b>	means the Net Asset Value of a Share of a Class calculated in accordance with the Articles and this Offering Memorandum.
<b>"Offer Period"</b>	means the period during which the Shares of any Class are offered at their initial offer price, as further described herein, commencing on such date and closing on such date as the Directors in their absolute discretion shall determine.
<b>"Prohibited Investor"</b>	means a person who is not eligible to acquire or hold Shares, directly or indirectly, as determined from time to time by the Directors and as described in this Offering Memorandum.
<b>"Redemption Penalty"</b>	means, in respect of Class AF Shares, Class AAF Shares and Class AAAF Shares, the unamortised balance of the Sales Charge as described in this Offering Memorandum.
<b>"Redemption Price"</b>	means the Net Asset Value per Share of the relevant Class calculated on the relevant Valuation Day.
<b>"Retrocession Fee"</b>	means the fee payable by the Fund to the Investment Manager in accordance with the Investment Management Agreement and subsequently paid to brokers and other counterparties responsible for the sale of certain Classes of Shares, as further described in this Offering Memorandum.
<b>"Sales Charge"</b>	means a charge in respect of certain classes of Shares, as further described in this Offering Memorandum.
<b>"Securities and Investment Business Act"</b>	means the British Virgin Islands Securities and Investment Business Act, 2010 (as amended).
<b>"Share"</b>	means a US Dollar Share, Euro Share or Sterling Share in the capital of the Fund having the rights designated in the Articles and to which this Offering Memorandum relates.
<b>"Shareholder"</b>	means a person who is registered on the register of Shareholders of the Fund as a holder of a Share.
<b>"Sterling" or "£"</b>	means the lawful currency of the United Kingdom.



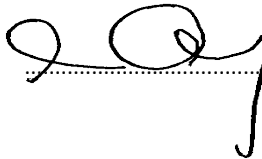
<b>"Sterling Share"</b>	means a Class AAA Share, Class AA AF Share, Class CCC Share or Class CCCS Share of £0.01 par value in the Fund.
<b>"Subscription Agreement"</b>	means the subscription agreement and revocable proxy that each Shareholder must complete prior to initial investment.
<b>"Subscription Price"</b>	means the price at which Shares of the relevant Class are issued being the Net Asset Value per Share on the relevant Dealing Day.
<b>"United States" or "US"</b>	means the United States of America, each state therein, the Commonwealth of Puerto Rico and each territory and possession of the United States of America and place subject to its jurisdiction.
<b>"US Dollar" or "US\$"</b>	means the lawful currency of the United States of America.
<b>"US Dollar Share"</b>	means a Class A, AF, B, C, CS or CF Share of US\$0.01 par value in the Fund.
<b>"US Person"</b>	means (i) any United States citizen or a resident of the United States of America (as defined for purposes of the Federal income tax laws of the United States); (ii) any corporation, partnership, trust or other legal entity organised or created under the laws of any United States jurisdiction; (iii) any organisation or entity controlled, directly or indirectly, by a person or persons described in (i) or (ii) or of which such person or persons described in (i) or (ii) are known to be the owners, directly or indirectly, of a majority of the beneficial interests therein; (iv) any organisation or entity or any branch or agency thereof the income of which is subject to United States income tax regardless of the source of such income.
<b>"Valuation Day"</b>	means, in relation to any Class of Share, each Business Day or such other days as may from time to time be determined by the Directors to be the days upon which the Net Asset Value per Share is calculated.

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

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

**DIRECTOR'S APPROVAL**

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

 Angus Murray, Director for the Board of Directors.

## **SUMMARY**

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

## **THE FUND**

Aliquot Gold Bullion Inc. is registered as a BVI business company, and was incorporated with limited liability in the British Virgin Islands on 22nd September 2003 under the BVI Business Companies Act 2004 (as amended).

## **INVESTMENT OBJECTIVE AND STRATEGY**

The investment objective of the Fund is to seek capital appreciation by investing the Fund's assets primarily in gold bullion. The Fund's exposure to and ownership of bullion will be achieved primarily via allocated/segregated and unallocated/collective custody accounts. The Fund is traded in one investment portfolio with, where necessary, currency hedges for those Share Classes not denominated in the US Dollar.

The Fund will generally, where necessary, purchase and sell gold bullion at the 3pm (GMT) "LBMA Gold Price PM". Notwithstanding the above, the Fund's Directors may change the trading times for bullion (where this is possible) when they deem it to be in the best interests of the Fund's Shareholders, but only for operational reasons (for example, as a result of a delay in the availability of funds) and not for the purpose of obtaining a better trading price for bullion.

All Shares will invest primarily in allocated/segregated gold.

## **MANAGEMENT AND ADMINISTRATION**

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

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

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

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

VP Bank (BVI) Ltd. has been retained by the Fund as Custodian.

## **THE SHARES**

The Fund is authorised to issue a maximum number of 1,500,000 Shares comprised of the following share classes:

US Dollar:	150,000 Class A, 150,000 Class AF, 100,000 Class B, 100,000 Class C, 100,000 Class CS and 100,000 Class CF Shares of US\$0.01 par value each,
Euro:	100,000 Class AA, 100,000 Class AAF, 100,000 Class CC and 100,000 Class CCS Shares of €0.01 par value each, and
Sterling:	100,000 Class AAA, 100,000 Class AA AF, 100,000 Class CCC and 100,000 Class CCCS Shares of £0.01 par value each.

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

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

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

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

10,000 US\$ for Class A, AF, B and C Shares,

10,000 Euro for Class AA, AAF and CC Shares,

10,000 GBP for Class AAA, AAAF and CCC Shares,

500,000 US\$ for Class CF Shares,

1,000,000 US\$, Euro or GBP for Class CS, CCS and CCCS 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.

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

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

#### **Subscription for Shares**

Class CCS Shares are being offered at an initial offer price of €1,150 per Share and thereafter at their Net Asset Value on the relevant Dealing Day.

The Offer Period for Class A, AA, AAA, AF, AAF, AAAF, B, C, CC, CCC, CF, CS and CCCS Shares has now ended and Shares in these Classes are being offered at their respective Net Asset Value per Share on the relevant Dealing Day.

#### **Subscription Charges**

##### **Sales Charge**

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

##### **Entry Fee**

In respect of subscriptions for Class A, AA, AAA and B 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 by the Fund to the Investment Manager who in turn pays brokers and other counterparties (whether or not affiliated with the Investment Manager) who are responsible for the sale of these Classes of Shares.

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

#### **Dividend Policy**

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

#### **Redemption of Shares**

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

The redemption of Shares of a Class will be suspended whenever the calculation of the Net Asset Value of Shares of that Class is suspended. Where Shares have been acquired on more than one date, they will be redeemed on a "first in, first out" basis unless

otherwise agreed by the Investment Manager and the applicable Shareholder to take into account the different investments of the underlying beneficial owners of Shares.

Any Class AF, AAF or AAAF 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. Please see Section 4.7, "Redemption of Shares" for further details.

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

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

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

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

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

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

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

#### **FEES AND OPERATING EXPENSES**

##### **Management Fee**

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

2.00% per annum of the Gross Asset Value in respect of the Class A, AA, AAA, AF, AAF, AAAF and B Shares as at each Valuation Day;

1.25% per annum of the Gross Asset Value in respect of the Class C, CC and CCC Shares as at each Valuation Day;

0.25% per annum of the Gross Asset Value in respect of the Class CS, CCS and CCCS Shares as at each Valuation Day; and

1.20% per annum of the Gross Asset Value in respect of the Class CF Shares as at each Valuation Day.

##### **Incentive Fee**

The Investment Manager does not charge an incentive fee.

##### **Retrocession Fee**

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

1.50% per annum of the Gross Asset Value in respect of Class A, AA, AAA, AF, AAF, AAAF and B Shares as at each Valuation Day,

0.50% per annum of the Gross Asset Value in respect of Class C, CC and CCC Shares as at each Valuation Day.

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

Class CF, CS, CCS and CCCS Shares will not be subject to the Retrocession Fee.

#### **Administrator Fee**

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.

#### **Custodian Fee**

The Fund will pay to the Custodian such fees as may be agreed from time to time and as set out in the schedule to the VP Bank (BVI) Ltd. Custody Agreement

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

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

#### **TAXATION**

On the basis of current British Virgin Islands law and practice, the Fund will not be liable to taxation in the British Virgin Islands.

#### **RISK FACTORS**

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

#### **REGULATION**

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

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

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

#### **ADDITIONAL INFORMATION**

##### **Financial Year**

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

##### **Reports and Statements**

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

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

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

**Material Contracts**

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

**Available Documents**

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

## **1. THE FUND**

Aliquot Gold Bullion Inc. is registered as a BVI business company and was incorporated with limited liability in the British Virgin Islands on 22nd September 2003 under the International Business Companies Act, which was replaced by BVI Business Companies Act, 2004 (as amended) and is empowered under its Memorandum and Articles and the laws of the BVI to issue and redeem its Shares and to carry on investment activities.

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



## 2. INVESTMENT OBJECTIVE AND STRATEGY

### 2.1 Investment Objective

The investment objective of the Fund is to achieve capital appreciation by investing the Fund's assets primarily in gold bullion. The Fund's exposure to and ownership of bullion will be achieved primarily via allocated/segregated and unallocated/collective custody accounts and accordingly the Fund should be viewed as a long investment in gold.

The Fund is traded in one investment portfolio with, where necessary, currency hedges for those Share Classes not denominated in the US Dollar. The Fund's Directors may change the trading time for bullion set forth below when it deems it to be in the best interests of the Shareholders, but only for operational reasons (for example, as a result of a delay in the availability of funds) and not for the purpose of obtaining a better trading price for bullion. The Fund will generally, where necessary, buy and sell gold bullion only at the 3pm (GMT) "LBMA Gold Price PM".

### 2.2 Investment Strategy

The investment program followed by the Fund may include: (i) buying and/or selling of bullion via allocated/segregated and unallocated/collective custody accounts, (ii) trading in commodity futures contracts, commodity option contracts and other commodity interests, (iii) borrowing money from brokerage firms and banks on a demand basis to buy investments in excess of capital, and (iv) investing in swap agreements (commodity swaps), forward contracts, warrants, and any other financial instruments of any and all types which exist now or are hereafter created.

Until investments of the type described above are made (or, otherwise at the discretion of the Investment Manager), the Investment Manager may invest the Fund's assets in certificates of deposit, money market funds or other cash equivalents.

The Fund will employ all investment techniques that the Investment Manager believes will help the Fund achieve its investment objectives.

### 2.3 Investment Terminology

**Allocated/Segregated Metals Accounts:** These accounts are opened when a customer requires metal to be physically segregated and needs a detailed list of weights and assays. The client has full title to the metal in the account, with the dealer holding it on the client's behalf as a custodian. Clients' holdings are identified in a weight list of bars showing the unique bar number, gross weight, the assay or fineness of each bar and its fine weight. Credits or debits to the holding will be effected by physical movements of bars to or from the client's physical holding.

**Assay:** The testing of gold to determine its fineness or purity.

**Bullion:** Gold in the form of ingots for bulk use.

**LBMA Gold Price:** The LBMA Gold price auction takes place twice daily by ICE Benchmark Administration (IBA) at 10:30 and 15:00 with the price set in US dollars per fine troy ounce. The LBMA Gold Price was launched on the 20th March 2015 to replace the historic London Gold Fix. ICE Benchmark Administration provide the auction platform, methodology as well as overall independent administration and governance for the LBMA Gold Price, with the LBMA holding the intellectual property rights. The chairperson sets the starting price and the price for each round in line with current market conditions and the activity in the auction. Participants then enter their buy and sell orders by volume (i.e. number of ounces). The price discovery process is in US Dollars but participants may, if they wish, request to settle in different currencies. If the net volume of all participants fall within the pre-determined tolerance at the end of a round (i.e. the imbalance is set at 10,000 oz.), the auction will be complete, with all volume tradeable at that price. Netting of orders is processed automatically for participants with all house and client orders, plus any share of the imbalance, contributing to their final net volume. This net volume is then matched against other participants to produce trades with immediate trade confirmations.

**London Bullion Market Association (LBMA):** The LBMA is an international trade association, representing the London market for gold and silver bullion which has a global client base. This includes the majority of the gold-holding central banks, private sector investors, mining companies, producers, refiners and fabricators. The on-going work of the Association covers a number of areas, among them refining standards, trading documentation and the development of good trading practices. The maintenance of the

Good Delivery List, including the accreditation of new refiners and the regular retesting of listed refiners, is the most important core activity of the LBMA.

**London Bullion Market:** A two way market place in which investors can sell or buy both gold and silver. Market makers mainly quote prices in US Dollars per troy ounce for spot and forward delivery. Forward prices and options quoted by market makers enable producers and industrial consumers to hedge their future commitments and provide access for investors and speculators.

**Market Making Members of the London Bullion Market Association:** The three products relevant to LBMA market making are Spot (S), Forwards (F) and Options (O). There are fourteen LBMA Market Makers who provide the service in one, two or all three products. They are required to make markets by quoting two way prices in both gold and silver to the other Market Makers in the same products. Market Makers offering spot, forwards and options are known as Full Market Makers and those providing only one or two of the products are known simply as Market Makers.

The five Full Market Makers quoting prices in all three products are Citibank NA, Goldman Sachs International, HSBC, JPMorgan Chase Bank and UBS AG. The nine LBMA Market Makers who provide two way pricing in either one or two products are Bank of Nova Scotia -ScotiaMocatta (S, F), Barclays Bank Plc (S), BNP Paribas SA (F), ICBC Standard Bank (S), Merrill Lynch International (S,O), Morgan Stanley & Co International Plc (S,O), Societe Generale (S), Standard Chartered Bank (S, O) and Toronto-Dominion Bank (F).

**Purity of Gold:** The purity of gold is expressed by its fineness (parts per 1,000) or by the karat (or carat in Europe) scale (i.e., Fine gold 1,000 = 24 Karat, Fine gold 750 = 18 Karat).

**Standard Gold Bar:** 1 gold bar weighing approximately 400 ounces or 12.5 kilograms and having a minimum fineness of 995 parts per 1,000 pure gold.

**Unallocated/Collective Custody Metals Accounts:** These are accounts where specific bars are not set aside and the customer has a general entitlement to the metal. It is the most convenient, cheapest and most commonly used method of holding metal. Transactions may be settled by credits or debits to the account while the balance represents the indebtedness between the two parties. Credit balances on the account do not entitle the creditor to specific metal bars, but are backed by the general stock of the bullion dealer with whom the account is held. The client is an unsecured creditor. Should the client wish to receive actual metal, this is done by 'allocating' specific bars or equivalent bullion product, the fine content of which is then debited from the allocated/segregated account.

**Weight of gold:** Gold can be measured in troy ounces, grams, or in penny weight. 1 oz. (troy) = 31.10 grams; 1 oz. (troy) = 20 dwt (20 penny weight); 1.55 grams = 1 dwt (1 penny weight) and 1 kilogram = 32.1507 oz. (troy).

## **2.4 Leverage**

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

### 3. MANAGEMENT AND ADMINISTRATION

#### 3.1 The Directors

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

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

The Articles provide that no Director shall be disqualified from contracting with the Fund, either as vendor, purchaser or otherwise. Any contract or transaction entered into by or on behalf of the Fund in which any Director is in any way interested will not be voided, and any Director that is party to such contract or is so interested will not be liable to account to the Fund for any profit realised by any such contract or transaction by reason of such Director holding office or of the fiduciary relationship thereby established. A Director is at liberty to vote in respect of any contract or transaction in which such Director is interested provided that the nature of the interest of any Director or alternate Director in any such contract or transaction is disclosed by such Director immediately upon coming aware of the fact that he is interested in a transaction entered into or to be entered into by the 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 other than such liability (if any) that they may incur by reason of their own wilful misconduct or reckless disregard of their duties or as otherwise provided by law.

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

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

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

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

David Cumming is an independent director of the Fund and the Investment Manager, and is also a director of a number of other funds managed by the Investment Manager. David has over thirty (30) years experience in the financial services industry, most recently providing a consultancy service to Southern Cross Equities (UK) Limited, a company from which he resigned in 2010 having previously provided advisory and dealing services to eligible counterparties and professionals for them since 2004. Prior

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

#### **Peter Curtin ~ Director**

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

### **3.2 Investment Manager**

The Fund has retained Castlestone Management Incorporated to act as its investment manager pursuant to the terms of an investment management agreement (the "IMA").

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

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

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

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

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

The Directors of the Investment Manager are:

Mr Angus Murray

Mr David Cumming

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

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

The Fund has agreed to indemnify the Investment Manager and/or its principals and affiliates for or against any and all liabilities of whatsoever nature which it may incur in performing its obligations under the IMA, 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 or incurred by or asserted against the Investment Manager in the performance of its duties and responsibilities to the Fund, other than those liabilities resulting from gross negligence, fraud or wilful default on the part of the Investment Manager and/or its principals and affiliates, servants or agents.

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

In addition, under the terms of the IMA, the Investment Manager may appoint one or more investment advisors at any point in the future that it deems fit. Such investment advisors may or may not be companies' affiliated with the Investment Manager and will provide services as agreed under an investment advisory agreement, which will be solely at the discretion of the Investment Manager to enter into. The Investment Manager (and not the Fund) will be responsible for all fees payable to any appointed investment advisor(s), however future investment advisors may expense certain items to the Fund as further described under Section 5, "Fees and Operational Expenses".

### **3.3 Investment Advisor**

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

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

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

### **3.4 Administrator**

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

The Administrator is a private limited liability company, incorporated on 1 August 2000 in The Netherlands. It is an affiliate of Circle Partners, a group of financial services companies which offers fund administration, corporate finance and fiduciary management services. Circle Partners has offices in The Netherlands, Luxembourg, Curaçao, Switzerland, British Virgin Islands, Cayman Islands, the Slovak Republic, the United States of America and Hong Kong. The Administrator's registered office address and principal place of business is Smallepad 30F, 3811 MG Amersfoort, The Netherlands.

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

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

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

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

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

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

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 trading decisions of the Fund (all of which will be made by the Investment Manager and/or Investment Advisor or portfolio manager under the supervision of the Investment Manager), 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. The Administration Agreement also provides for indemnification of the Administrator and its directors, officers, employees and/or duly appointed agents against all costs, liabilities, actions, proceedings, claims, demands, costs or expenses whatsoever (other than those resulting from wilful default, gross negligence or fraud on its part or on the part of its directors, officers or employees) which may be imposed on, incurred by or asserted against the Administrator in performing its obligations or duties thereunder.

The Administrator is a service provider to the Fund and, as such, bears no responsibility for the content of this Offering Memorandum, the investments of the Fund, the performance of the Fund or any other fund in which they invest nor any matter other than as specified in the ASA.

The Administrator will not be responsible for ensuring that the investment transactions comply with the investment objectives and policies set forth in this Offering Memorandum. Additionally, the Directors of the Fund and not the Administrator are responsible for monitoring of any investment restrictions.

### **3.5 Custodian**

The Fund has appointed VP Bank (BVI) Ltd. ("VP Bank") to act as a custodian to the Fund pursuant to the general terms and conditions of the Custody Account Agreement (the "VP Bank Custody Agreement").

The Custodians principal place of business is VP Bank House, 156 Main Street, PO Box 3463, Road Town, Tortola VG1110, British Virgin Islands.

Founded in 1995, VP Bank (BVI) Ltd was the first VP Bank subsidiary established outside of Europe. The Bank holds a full banking licence in the British Virgin Islands and offers the full range of private banking services to high-net-worth individuals, intermediaries and asset managers worldwide.

VP Bank is a fully licensed bank with a general banking license under the Banks and Trust Companies Act, 1990 and an investment business license under the Securities and Investment Business Act, 2010 and subject to the Law of the British Virgin Islands.

VP Bank may appoint agents, sub-custodians or delegates ("Correspondents") to perform any of its duties, including the custody and safekeeping of Precious Metals comprising the account balance. VP Bank will use reasonable care in the appointment of any Correspondent. VP Bank will not be liable for any loss suffered by the Fund as a result of any act or omission or insolvency of any Correspondent, except to the extent directly resulting from VP Banks' fraud, negligence or bad faith in the appointment of the Correspondent.

The Custodian will be indemnified, under the terms of the VP Bank Custody Agreement, out of the assets of the Fund against all costs and expense, damages, liabilities and losses which they may suffer or incur, directly or indirectly in connection with the VP Bank Custody Agreement except to the extent that such sums are due directly to VP Banks' negligence, wilful default or fraud in the performance of its duties, and in which case VP Banks' liability will not exceed the aggregate market value of the account balance at the time of such negligence, fraud or wilful default.

### **3.6 Corporate Oversight Committee**

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

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

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

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

In addition the Fund shall:

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

## 4. THE SHARES

### 4.1 Share Capital

The Fund is authorised to issue a maximum number of 1,500,000 Shares comprised of the following share classes:

US Dollar:	150,000 Class A, 150,000 Class AF, 100,000 Class B, 100,000 Class C, 100,000 Class CS and 100,000 Class CF Shares of US\$0.01 par value each.
Euro:	100,000 Class AA, 100,000 Class AAF, 100,000 Class CC and 100,000 Class CCS Shares of €0.01 par value each.
Sterling:	100,000 Class AAA, 100,000 Class AAAF, 100,000 Class CCC and 100,000 Class CCCS Shares of £0.01 par value each.

### 4.2 Rights and Restrictions

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

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

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

The Articles also provide that if at any time the authorised shares are divided into different Classes of shares other than those provided for in the Memorandum of Association as initially executed, the rights attached to any existing Class (unless otherwise provided by the terms of issue of the shares of that Class) may, whether or not the Fund is being wound up, be varied with the consent in writing of the Shareholders holding interests aggregating to a majority of 75 per cent of the issued Shares of that Class which may be affected by such variation. Where the rights of an existing Class of Shares are not changed, the Directors may by resolution issue such new Class of Shares and upon such terms and conditions as they may deem appropriate and the consent of any existing Class of Shareholders is not required in such circumstances. Any exercise by the Directors of their discretion to change the Dealing Day or Valuation Day in accordance with the Articles shall not amount to a variation if the rights of Shareholders for the purpose of the Articles.

Unissued Shares are at the disposal of the Directors who may offer, allot, issue, grant options over or otherwise dispose of them to such persons, at such times, for such consideration and on such terms and conditions as they determine appropriate. The Fund



may issue further Classes of Shares which may have different rights, privileges and terms in the future which may be denominated in different currencies. There are no pre-emption rights attaching to any Shares of the Fund.

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

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

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

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

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

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

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

##### **Prohibited Investors**

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

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

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

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

Notwithstanding the foregoing prohibitions, the Fund may arrange or permit the private sale of a portion of the Shares to tax-exempt "accredited investors" that are "qualified purchasers" in the United States under restriction and other circumstances designed to preclude a distribution that would otherwise require registration of the Shares under the United States Securities

Act of 1933, cause the Fund to become subject to the registration requirements of the United States Investment Company Act of 1940 or cause the assets of the Fund to be “plan assets” for the purposes of the United States Employee Retirement Income Security Act of 1974, as amended (“ERISA”), including presentation by such investors, prior to the delivery to them of Shares, of a letter containing specified representations and agreements.

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

#### **Offer Period**

Class CCS Shares are being offered at an initial offer price of €1,150 per Share during the Offer Period and will be offered thereafter on each Dealing Day at the relevant Net Asset Value per Share on the Dealing Day.

The Offer Period for Class A, AA, AAA, AF, AAF, AAAF, B, C, CC, CCC, CF, CS and CCCS Shares has now ended, and Shares in these classes are being offered at their respective Net Asset Value per Share on the relevant Dealing Day.

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

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

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

10,000 US\$ for Class A, AF, B and C Shares,

10,000 Euro for Class AA, AAF and CC Shares,

10,000 GBP for Class AAA, AAAF and CCC Shares,

500,000 US\$ for Class CF Shares,

1,000,000 US\$, Euro or GBP for Class CS, CCS and CCCS 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.

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

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

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

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

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

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

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

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

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

#### **Manner of Payment**

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

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

##### Class AF, AAF and AAAF Shares Sales Charge

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

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

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

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

##### Class A, AA, AAA and B 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 A, AA, AAA and B 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 Manager who in its turn pays brokers and other counterparties (whether or not affiliated with the Investment Manager) who are responsible for the sale of these Classes of Shares.

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

#### **4.5 Conversion of Class AF Shares, Class AAF Shares and Class AAAF Shares**

Any Shareholder holding Class AF, AAF and AAAF 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) will be invited, on an individual basis on the expiry of that period, to have their Shares converted into such number of Class A, AA and/or AAA 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 invitation to convert Shares is intended to ensure that the holders of the Class AF, AAF and AAAF Shares will not continue to be subject to any charges in connection with the Sales Charge (as described above) after a term of sixty (60) months (or such other term for repayment of the Sales Charge as amended by the Fund) from the time of subscription of such Shares.

No Entry Fee, subscription fees, conversion fees or other charges shall apply to this conversion of Class AF, AAF and/or AAAF Shares to Class A, AA and/or AAA Shares, as the case may be.

#### **4.6 Dividend Policy**

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

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

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

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

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 will be an amount equal to the Net Asset Value per Share of the relevant Class calculated as of the Valuation Day less any Redemption Penalty (as described below).

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

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

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

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

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

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

#### **Redemption Penalty**

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

Number of months after the Dealing Day	Percentage of Subscription Price
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 AF, AAF and AAAF Shares exceeds the unamortised balance of the Sales Charge with respect to that Share, the Fund will pay such excess amount to the Investment Manager and this payment should be viewed as additional compensation to the Investment Manager.

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

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

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

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

#### **4.8 Suspension**

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

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

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

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

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

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

The Directors have delegated responsibility for valuing the Fund's investments and for the calculation of the Net Asset Value of the Shares of the Fund to the Administrator, subject to the supervision and approval of the Directors. The valuation and the calculation will be performed at the offices of the Administrator. The Administrator may consult with, and is entitled to rely upon,

advice from the Investment Manager and the Fund's Directors, auditors, custodians, brokers, pricing providers and other similar parties in its determination of the value of the Fund's investments and of the 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 daily as per 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 and Retrocession Fees, but inclusive of all other costs and charges, as described in this Offering Memorandum, properly expensed to each Class of Shares in the Fund, as applicable) among the Class or Classes of Shares pro rata in accordance with the Net Asset Value of each Class at the beginning of that period; then deducting the applicable Management Fee and Retrocession Fee and finally dividing the Net Asset Value of each Class by the number of outstanding 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 determined with respect to a particular Class will be debited against the Gross Asset Value of such Class.

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

- (a) no value will be assigned to goodwill;
- (b) accrued Management Fees, Retrocession Fees and other fees will be treated as liabilities;
- (c) estimated annual audit and legal fees will be treated as liabilities;
- (d) dividends payable on the Shares, if any, after the date as of which the total net assets are being determined to Shareholders of record prior to such date will be treated as liabilities;
- (e) any contingencies for which reserves are determined to be required will be treated as liabilities;
- (f) gold bullion will be valued at the 3:00 p.m. (GMT) "LBMA Gold Price PM" on each Valuation Day;
- (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 Management and the Fund's auditors;
- (h) in valuing the Fund's investments in money market funds or other investment vehicles, or with fund managers, the Fund will be entitled to rely on the latest unaudited or audited financial statement or performance report of any such fund or investment vehicle or fund manager unless, following consultation with the Investment Manager, the Fund's auditor, independent pricing providers, market makers and other similar parties, it is determined that some other valuation is more appropriate and such valuations will be subject to the approval of the Directors. Any contingent fees or allocations to fund managers retained by the Fund or with respect to investments in other investment entities shall be accrued at such times and in such amounts as the Fund shall determine;
- (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 Manager, the Fund's auditor, independent pricing providers, market makers and other similar parties, and such valuations will be subject to the approval of the Directors;
- (j) when the Directors (in consultation with the Investment Manager) shall determine that the market price as determined above does not fairly represent the value of the investment, the Directors (following consultation with the Administrator, the Investment Manager and the Fund's auditor) shall value such investment in such manner as they may reasonably determine; and

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

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

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

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



## **5. FEES AND OPERATING EXPENSES**

### **5.1 Management Fee**

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

2.00% per annum of the Gross Asset Value in respect of Class A, AF, AA, AAF, AAA, AAAF and B Shares as at each Valuation Day,

1.25% per annum of the Gross Asset Value in respect of Class C, CC and CCC Shares as at each Valuation Day,

0.25% per annum of the Gross Asset Value in respect of Class CS, CCS and CCCS Shares as at each Valuation Day and

1.20% per annum of the Gross Asset Value in respect of Class CF Shares as at each Valuation Day.

### **5.2 Investment Advisory Fee**

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

### **5.3 Incentive Fee**

The Investment Manager does not charge an Incentive Fee.

### **5.4 Retrocession Fee**

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

1.50% per annum of the Gross Asset Value in respect of Class A, AF, AA, AAF, AAA, AAAF and B Shares as at each Valuation Day,

0.50% per annum of the Gross Asset Value in respect of Class C, CC and CCC Shares as at each Valuation Day

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

Class CS, CF, CCS and CCCS Shares will not be subject to the Retrocession Fee.

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

### **5.5 Deferral of Fees**

The Investment Management Agreement provides that the Investment Manager shall be due the Management Fee and the Retrocession Fee at the end of each Business Day, and paid the Management Fee and the Retrocession Fee at the end of each calendar month. Notwithstanding this provision, the Investment Manager may, as further described below, elect to defer payment of the Management Fee and/or Retrocession Fee to the first day of any financial period following the week in which such fee was earned.

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

#### **5.6 Administrator Fees**

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

#### **5.7 Custodian Fees**

The Fund will pay to the Custodian such fees as agreed from time to time, as set out in the schedule to the VP Bank Custody Agreement. Details of any changes to charges will be advised in writing no less than 30 days before becoming effective. The Fund will also pay to the Custodian all costs, charges and expenses incurred by them in connection with the performance of their duties.

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

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

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

The Fund will also bear the following fees and expenses:

- e) Marketing Expenses, which includes the cost of printing and the distribution of marketing documents and promotional literature, fees for services rendered by marketing companies, conference sponsorships, associated promotional expenses, cost of fund rating provisions, and marketing-related travel and lodging incurred directly or indirectly by the Investment Manager.

To the extent any expenses are incurred by the Investment Manager and/or service provider on behalf of the Fund and one or more other investment vehicles or accounts managed or advised by the Investment Manager and/or service provider, the Investment Manager will allocate expenses between or among the Fund and such investment vehicles and/or managed accounts

based upon the extent to which such expenses are reasonably attributable to the Fund and/or such investment vehicles and/or accounts, as determined in the Investment Manager's sole discretion.

The Fund may incur the above expenses via companies in which the Directors, as well as directors and/or officers of the Investment Manager may have a commercial interest. In addition, the Directors as well as directors and/or officers of the Investment Manager may be subject to a conflict of interest in determining whether to incur the above expenses through such companies. Please refer to Section 10.3, "Potential Conflicts of Interest" below, in relation to such expenses.

## **6. TAXATION**

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

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

### **6.1 British Virgin Islands**

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

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

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

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

### **6.2 EU Savings Directive**

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

### **6.3 United States**

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

withholding tax or tax on net income, income from the sale of certain stocks or securities classified as United States real property interests within the meaning of Section 897 of the Code may be subject to United States net income tax and withholding thereof.

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

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

#### **IRS Circular 230 Notice**

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

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

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

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

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

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

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

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

to their US FATCA status, to withholding agents to avoid the imposition of the US FATCA withholding tax (currently at the rate of 30%).

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

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

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

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

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

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

#### **6.4 The Netherlands**

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

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

## 6.5 The Common Reporting Standard

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

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

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

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

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

## **7. RISK FACTORS**

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

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

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

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

### **7.1 Investment Risks**

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

### **7.2 Investment and Trading Risks**

All commodities related investments risk a loss of capital. No guarantee or representation is made that the Fund's trading program will be successful. The Fund's trading program may utilize such techniques as trading in options contracts, other derivatives, and forward contracts, which practices can, in certain circumstances, increase any adverse impact to which the Fund may be subject. The Fund will attempt to assess the risk factors set forth in this section of the Offering Memorandum, and others, in determining the extent of any positions it may take in relevant commodity instruments, and the price it is willing to pay for such instruments but such risks cannot be eliminated.

### **7.3 Liquidity and Settlement Risks**

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

### **7.4 Gold Trading Risk**

Trading in gold bullion is a speculative activity. Market prices for such metal may fluctuate sharply over short periods of time due to such factors as changes in inflation or expectations regarding inflation; the availability of precious metal supplies; bullion sales by governments and central banks; investment speculation; cyclical economic conditions; political events and economic and monetary policies of various countries. Gold production may be affected by actions of and changes in governments and many of the sources of precious metals are countries that have the potential for instability. The market for precious metals is relatively limited and generally unregulated. Consequently, the gold markets are often volatile, and an investment in the Fund may be more volatile than other types of investments.

The Fund invests primarily in gold bullion. Since such investments will not generate any investment income, the sole source of return from such investments will be from gains realized on sales of bullion, and a negative return would be realized to the extent that bullion is sold at a loss. Bullion may incur storage costs which are higher than similar custody fees paid on financial assets.



## **7.5 Risks of Owning Bullion**

The Fund may be exposed to risks associated with owning gold bullion, including the risk that part or all of the Fund's bullion could be lost, damaged or stolen. Access to the Fund's bullion could also be restricted by natural events (such as an earthquake) or human actions (such as a terrorist attack). Any of these events may adversely affect an investment in the Fund. Also, the Investment Manager and the Fund's Custodian(s) may not independently verify the fineness or weight of the bullion, and if the bullion does not meet applicable standards, the bullion may not be permitted to be used to settle trades.

## **7.6 Sales of Gold by the Official Sector**

The official sector consists of central banks, other governmental agencies and multi-lateral institutions that buy, sell and hold gold as part of their reserve assets. Collectively, the official sector holds about 20% of all gold ever mined, most of which is held in vaults and is not bought, sold, leased or swapped or otherwise traded in the open market. In the early 1990's a significant amount of gold was being sold by the official sector which after the creation of the European Central Bank was identified as a significant risk to Gold prices leading to a 1999 Central Bank Gold Agreement, under which 15 of the world's major central banks (including the European Central Bank) agreed to limit the level of their gold sales and lending to the market in a given year. On 19 May 2014, the European Central Bank and 20 other European central banks announced the signing of the fourth Central Bank Gold Agreement. This agreement, which applies as of 27 September 2014, will last for five years and the signatories have stated that they currently do not have any plans to sell significant amounts of gold. However, if post September 2019, there is no such renewal and economic, political or social conditions or pressures require the official sector to liquidate its gold assets at the same time or in an uncoordinated manner, the demand for gold might not be sufficient to absorb this increased supply. In this case, the price of gold could decline significantly, which may adversely affect any investments in gold.

## **7.7 Widening of Interest Rate Differentials**

A combination of rising money interest rates (to the extent that market conditions change and interest rates rise) and a continuation of the current low cost of borrowing gold could improve the economics of selling gold forward. This could result in an increase in hedging by gold mining companies and short selling by speculative interests, which would negatively affect the price of gold and could adversely impact the investment program of the Fund.

## **7.8 Hard Assets**

The production and marketing of hard assets may be affected by the policies of, actions taken by, and therefore changes to, of and in governments. In addition, hard assets and hard asset securities may be cyclical in nature. During periods of economic or financial instability, hard asset securities may be subject to broad price fluctuations, reflecting volatility of energy and basic materials prices and possible instability of supply of various hard assets. In addition, hard asset companies may also be subject to the risks generally associated with extraction of natural resources, such as the risks of mining and oil drilling, and the risks of the hazards associated with natural resources, such as fire, drought, increased regulatory and environmental costs, and others. Hard asset securities may also experience greater price fluctuations than the relevant hard asset. In periods of rising hard asset prices, such securities may rise at a faster rate, and conversely, in time of falling hard asset prices, such securities may suffer a greater price decline. All of these factors might compound the risks of trading derivatives over such hard assets.

## **7.9 Irrevocable Purchase Commitment**

With respect to all Classes of Shares, there may be a delay from the date that an investor's subscription becomes irrevocable to the date that the Fund's purchase of bullion with respect to such subscription is actually executed. Regardless of any events that occur in this interim period which may affect the price of bullion, the Investment Manager is not required to suspend the Fund's bullion purchases relating to committed subscriptions. Since no adjustments will be made to the Fund's bullion purchase program in response to price increases, an investor's purchase of bullion through the Fund could be at an unfavourable price which was not foreseen at the time of the investor's subscription commitment.

#### **7.10 Derivative Instruments**

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

#### **7.11 Swap and Other Derivative Trading**

The Fund from time to time may trade swaps. Swap contracts are not traded on exchanges; rather, banks and dealers act as principals in the swap market. As a result, the Fund will be subject to the risk of the inability or refusal to perform with respect to such contracts on the part of the counterparties with which the Fund trades. The swap market is generally not regulated by any US or non-US governmental authority. Speculative position limits are not applicable to swap transactions, although the counterparties with which the Fund will deal may limit the size or duration of positions available to the Fund as a consequence of credit considerations. Additionally, swaps may be illiquid and participants in the swap market are not required to make continuous markets in the swap contracts they trade. The Investment Manager may also trade other types of over-the-counter derivative contracts on behalf of the Fund. While each type of derivative contract may have unique features, they will all involve similar risks to those described above with respect to swaps.

#### **7.12 Custody Risk**

Bullion owned by the Fund through unallocated/collective custody accounts generally will not be identified as being assets of the Fund; accordingly, the Fund will be exposed to a credit risk with respect to such accounts.

#### **7.13 Commodity Brokers May Fail**

Under US CFTC regulations, futures commission merchants, such as a commodity broker, are required to maintain customers' assets in a segregated account. If the Fund's commodity broker fails to do so, in the event of a commodity broker's bankruptcy, the Fund may be subject to a risk of loss of the funds on deposit. In addition, under certain circumstances, such as the inability of another customer of the commodity broker or the commodity broker itself to satisfy substantial deficiencies in the other customer's account, the Fund may be subject to a risk of loss of its assets on deposit with such commodity broker. In the case of any bankruptcy or customer loss, the Fund might recover, even with respect to property specifically traceable to the Fund, only a pro-rata share of all property available for distribution to all of the commodity broker's customers.

#### **7.14 Lack of Diversification**

The Fund's investments will not be diversified among issuers, areas or types of securities. This lack of diversification may subject the investments of the Fund to more rapid change in value than would be the case if the assets of the Fund were diversified.

#### **7.15 Market Risk**

The profitability of the Fund's investment program depends to a great extent on the future course of price movements of gold.

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

#### **7.16 Borrowing Risk**

The Fund may borrow to cover prepaid items such as any applicable Sales Charge and/or margin requirements for currency hedging, as the Fund aims to provide investors with 100% investment exposure. The use of borrowing may increase the Fund's investment risk and carries with it associated interest and repayment costs to the Fund. Where the interest and repayment costs are greater than the income and gains made by the Fund, the Net Asset Value of the Shares may decrease more rapidly than would otherwise be the case. Borrowing is limited to a maximum of 20% of the Net Asset Value of the Fund at the time of incurrence.

#### **7.17 Currency Risk**

The investments of the Fund that are denominated in a currency other than the base currency of the Fund are subject to the risk that the value of a particular currency will change in relation to one or more other currencies. Among the factors that may affect currency rates are trade balances, the level of short-term interest rates, differences in relative values of similar assets in different currencies, long-term opportunities for investment and capital appreciation and political developments. The Investment Manager may but is not obligated to try to hedge these risks by investing in currencies, currency futures contracts and options thereon, forward currency exchange contracts, or any combination thereof. To what extent a foreign currency exposure will be hedged will be determined by the Investment Manager in its absolute discretion. It may not always be possible to completely hedge against such currency risks, nor can there be any assurances that such strategies will be implemented, or if implemented, will be successful.

#### **7.18 Options**

Purchasing put and call 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.

#### **7.19 Futures Contracts**

The Fund may invest in commodity futures or other commodity interests from time to time. Trading in futures may involve substantial risks and futures markets may be highly volatile.

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

#### **7.20 Commodity and Futures Contracts Trading Risk**

Commodity futures markets (including financial futures) are highly volatile and are influenced by factors such as changing supply and demand relationships, government programs and policies, national and international political and economic events and

changes in interest rates. Because of the low margin deposits normally required in commodity futures trading, a high degree of leverage is typical of a commodity futures trading account. As a result, a relatively small price movement in a commodity futures contract may result in substantial losses to the trader. Commodity futures trading may also be illiquid. Certain commodity exchanges do not permit trading in particular futures contracts at prices that represent a fluctuation in price during a single day's trading beyond certain set limits. If prices fluctuate during a single day's trading beyond those limits, which conditions have in the past sometimes lasted for several days in certain contracts, the Fund could be prevented from promptly liquidating unfavourable positions and thus be subject to substantial losses. Investing in futures contracts, options or commodities is a highly specialized investment activity entailing greater than ordinary investment risk.

#### **7.21 Subscription Risk**

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

#### **7.22 Limited Liquidity**

Shares are not freely transferable and although Shareholders may generally redeem Shares daily such redemptions may be subject to suspensions.

In addition, a Class AF, AAF and AAAF Share will be subject to a Redemption Penalty if such Share is redeemed within sixty (60) months of its Dealing Day. A subscription for Shares should be considered only by persons financially able to maintain their investment and who can afford a substantial loss to their investment.

#### **7.23 Portfolio Valuation**

To the extent that the Fund invests in instruments for which market quotations are not readily available, the valuation of such instruments will be determined by the Administrator at fair value following consultation with the Investment Manager, the Fund's auditor, independent pricing providers, market makers and other similar parties, and such valuations will be subject to the approval of the Directors of the Fund. Once such valuations have been so approved, they will be final and conclusive as to all parties.

#### **7.24 Counterparty and Settlement Risk**

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

To the extent the Fund invests in bullion (particularly with respect to unallocated/collective custody accounts), swaps, derivative or synthetic instruments, repurchase agreements or other over-the-counter transactions or, in certain circumstances, non-US securities, the Fund may take a credit risk with regard to parties with whom it trades and may also bear the risk of settlement default. These risks may differ materially from those entailed in exchange-traded transactions which generally are backed by clearing organization guarantees, daily marking-to-market and settlement, and segregation and minimum capital requirements applicable to intermediaries. Transactions entered directly between two counterparties generally do not benefit from such protections and expose the parties to the risk of counterparty default.

#### **7.25 Business Risk**

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

#### **7.26 Fund Expenses**

The expenses of the Fund may be a higher percentage of net assets than would be found in other investment entities. The fact that the Fund is responsible for expenses as further described in this Offering Memorandum under Section 5 “Fees and Operating Expenses”, including accounting, auditing, fees and expenses of the directors of the Fund and legal expenses and certain fees and expenses to the Investment Manager, the Administrator (as defined below) and other service providers of the Fund may cause the expenses of the Fund to be higher than the expenses of similar funds.

#### **7.27 Reliance on Investment Manager**

The success of the Fund will be dependent on the efforts of the Investment Manager. The prior performance of the Fund may not be indicative of the future performance of the Fund since different economic conditions, financial climates and investment opportunities exist compared to previous years.

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

#### **7.28 Portfolio Hedging**

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

#### **7.29 Share Class Hedging**

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

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

#### **7.30 Indemnification**

The Memorandum and Articles of the Fund contain broad indemnification provisions that, subject to applicable law, require the Fund to hold each Director harmless from any losses or costs incurred by them provided he acted honestly and in good faith and with a view to the best interests of the Fund, and the person had no reasonable cause to believe that his conduct was unlawful.

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

#### **7.31 Contagion Risk Factor**

The Fund has the power to issue Shares in Classes. The Articles provide for the manner in which the liabilities are to be attributed across the various Classes (liabilities are generally to be attributed to the specific Class in respect of which the liability was

incurred, unless the Directors determine otherwise or as otherwise set out in this Offering Memorandum). However, the Fund is a single legal entity. Shareholders of one or more Classes of Shares may be compelled to bear the liabilities incurred in respect of other Classes which such Shareholders do not themselves own if there are insufficient assets in that other Class to satisfy those liabilities. Accordingly, there is a risk that the liabilities of one Class may not be limited to that particular Class and may be required to be paid out of one or more other Classes.

### **7.32 Handling of Mail**

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

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

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

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

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

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

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

## **8. REGULATION**

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

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

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

The Securities and Investment Business Act requires the Fund to file a copy of this Offering Memorandum with the Financial Services Commission. If any of the information required by the Securities and Investment Business Act to be disclosed in this Offering Memorandum ceases to be accurate in a material particular, the Securities and Investment Business Act requires the Fund to register an amended Offering Memorandum with the Financial Services Commission within fourteen (14) days of the occurrence of the change and, when registered, distribute a copy of the amended Offering Memorandum to each investor in the Fund.

The Securities and Investment Business Act also requires the Fund to maintain records sufficient to show and explain its transactions and to enable its financial position to be determined with reasonable accuracy and to prepare financial statements which must be audited in accordance with generally accepted accounting standards by an auditor who has been approved by the Financial Services Commission under the Securities and Investment Business Act. The audited financial statements of the Fund must be signed by a Director, and submitted to the Financial Services Commission, in the prescribed form, within six (6) months of the end of the Fund's financial year, together with such other documents as the Financial Services Commission may require.

The Securities and Investment Business Act also requires the Fund to appoint a custodian who is functionally independent of the Fund's Investment Manager or Administrator, in this regard please see information contained in this Offering Memorandum relating to the Custodian, who hold the assets of the Fund in Section 3, "Management and Administration".

As an entity regulated under the Securities and Investment Business Act, the Fund is subject to the supervision of the Financial Services Commission, which is authorised by the Securities and Investment Business Act and the Financial Services Commission Act, 2001 (as amended) to direct the Fund to furnish information or provide access to any records, books or other documents which it deems necessary to ascertain compliance with the Securities and Investment Business Act, the Mutual Funds Regulations 2010 (as amended), the Public Funds Code 2010 and any other regulations made pursuant to the Securities and Investment Business Act and British Virgin Islands financial services legislation.

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

### **8.1 Investors' Rights**

The Securities and Investment Business Act provides that in the event this Offering Memorandum, or any amendment hereto, contains a misrepresentation relating to any of the disclosures required under section 48(1)(b) of the Securities and Investment Business Act, a person who purchased Shares of the Fund pursuant to such Offering Memorandum or amendment, is deemed to

have relied upon the misrepresentation and shall have the rights provided in section 52 of the Securities and Investment Business Act, namely, to exercise a right of action for (i) the rescission of the purchase, or (ii) damages, jointly and severally against the Fund and every Director who, while aware of the misrepresentation, or would have been aware of the misrepresentation had he made reasonable investigation consistent with his duties, authorised the signing of or approved the Offering Memorandum or any amendment hereto and consented to its publication and filing or caused it to be signed or published and filed, unless it be proven that the purchaser knew of the misrepresentation at the time of purchase. This statutory right of action is in addition to and without derogation from any other right such purchaser may have at law. For the purposes of the Securities and Investment Business Act, "misrepresentation" means an untrue or misleading statement with respect to any of the disclosures required under section 48(1)(b) of the Securities and Investment Business Act, or an omission to disclose any of the disclosures required.



## **9. ANTI-MONEY LAUNDERING**

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

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

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

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

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

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

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

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

If any person resident in the British Virgin Islands knows or suspects or has reasonable grounds for knowing or suspecting that another person is engaged in criminal conduct or is involved with terrorism or terrorist property and the information for that

knowledge or suspicion came to their attention in the course of business in the regulated sector, the person will be required to report such knowledge or suspicion to the Financial Investigation Agency of the British Virgin Islands pursuant to the Code of Practice and the Financial Services Commission. Such a report shall not be treated as a breach of confidence or of any restriction upon the disclosure of information imposed by any enactment or otherwise.

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

## **10. DATA PRIVACY**

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 [info@circlepartners.com](mailto:info@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.

## **11. ADDITIONAL INFORMATION**

### **11.1 Financial Year**

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

### **11.2 Reports and Statements**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

#### **11.4 Material Contracts**

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

- a) the Investment Management Agreement (as amended from time to time) between the Fund and the Investment Manager pursuant to which the Investment Manager was appointed, subject to the overall supervision of the Directors, to manage the Fund's investments and affairs and to distribute Shares in the Fund;
- b) the Investment Advisory Agreement between the Investment Manager and the Investment Advisor pursuant to which the Investment Advisor was appointed;
- c) the Administration, Registrar and Transfer Agency Agreement (as amended from time to time) between the Fund and the Administrator, pursuant to which the Administrator was appointed to provide certain administrative services to the Fund, as amended;

- d) the VP Bank Custody Agreement between the Fund and VP Bank (BVI) Ltd. pursuant to which VP Bank (BVI) Ltd. was appointed, to provide custodial services to the Fund;
- e) the Legal Service Agreement dated 3<sup>rd</sup> October 2011 between the Investment Manager and Client Services (Global) Ltd. pursuant to which Client Services (Global) Ltd. was appointed to carry out legal services to the Fund;
- f) the Marketing Service Agreement dated 3<sup>rd</sup> October 2011 between the Investment Manager and Client Services (Global) Ltd. pursuant to which Client Services (Global) Ltd. was appointed to carry out marketing services to the Fund; and
- g) the Middle Office Service Agreement dated 3<sup>rd</sup> October 2011 between the Investment Manager and Client Services (Global) Ltd. pursuant to which Client Services (Global) Ltd. was appointed to carry out middle office services to the Fund.

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

Client Services (Global) Ltd. is a company, incorporated in England and Wales. Its main business activity is to provide non-regulated services to various funds. The Investment Manager has retained Client Services (Global) Ltd. in order to provide the following services. Client Services (Global) Ltd. receives from the Investment Manager a Services fee paid monthly based on agreed schedule of fees. The Investment Manager seeks reimbursement from the Fund in accordance with section 5.7. These fees are detailed in each agreement:

- (a) Legal. The Legal Services provided by Client Services (Global) Ltd. to the Fund include, but are not limited to, drafting and revising subscriptions documents, offering documents, board resolutions and any other formal agreement. Client Services (Global) Ltd. also liaise with the Legal Counsel, Administrator, Auditor and with the FSC in the BVI.
- (b) Marketing. The Marketing Services provided by Client Services (Global) Ltd. to the Fund include, but are not limited to, formatting of quarterly management reports, arranging for the translation of fund material, sourcing and arranging for promotional materials and research and data collection for the Fund Manager (production of charts, graphs etc).
- (c) Middle Office Services. The Middle Office Services provided by Client Services (Global) Ltd. to the Fund include, but are not limited to, daily trade reconciliations and liaison with front office and third party brokers to address any discrepancies, cash forecasts to identify future requirements to help maintain sufficient liquidity within the fund, stock reconciliations at each valuation date, identify and notify the Manager of any currency exposure on the Fund and production of all relevant supporting documentation required for cash transfer instructions to the Custodian.

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

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

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

Baker Tilly (BVI) Ltd. maximum liability to the Fund for any reason relating to the services under the engagement letter shall not exceed an amount equal to three times the fees paid to Baker Tilly (BVI) Ltd. for the services or work product giving rise to liability,

except to the extent fully and finally determined by a court of competent jurisdiction and no longer subject to appeal to have resulted directly from fraudulent acts or omissions, misrepresentations or wilful default by Baker Tilly (BVI) Ltd.

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

#### **11.7 British Virgin Islands Legal Counsel**

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

#### **11.8 Directors' Interests**

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

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

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

Save as disclosed elsewhere in this Offering Memorandum:

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

#### **Angus Murray**

Mr Murray is a director of Castlestone Management Incorporated, the Investment Manager of the Fund. Mr. Murray is also a director of Castlestone International Inc., the shareholder of Castlestone Management Incorporated. Castlestone International Inc. is wholly-owned by Harney Westwood & Riegels as trustees on behalf of the Castlestone Management Group Trust, a



discretionary trust, the sole beneficiary of which is currently William Murray (Mr. Murray's son). Mr. Murray is not a beneficiary and is precluded as a beneficiary. Mr. Murray is the sole shareholder of Castlestone Management LLC, the Investment Advisor to the Fund.

**Peter Curtin**

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

**David Cumming**

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

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

**11.9 Confidential Information**

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

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

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

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

**11.10 Available Documents**

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

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

This Offering Memorandum is issued, and effective from, 6 June 2018 and was registered with the Financial Services Commission pursuant to the provisions of the Securities and Investment Business Act, 2010 the Mutual Fund Regulations, 2010 (as amended) and the Public Funds Code, 2010. This Offering Memorandum replaces the previous offering memoranda of the Fund registered with the Financial Services Commission and issued on 30 March 2017, 21 December 2016, 25 July 2016, 6 March 2015, 6 June 2014, 6 March 2014 and 1 November 2013.

**Written inquiries relating to the Fund should be addressed to Aliquot Gold Bullion Inc, c/o Circle Investment Support Services B.V., Investor Relations Group, Smallepad 30F, 3811 MG Amersfoort, The Netherlands.**