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**PRIVATE PLACEMENT MEMORANDUM**

*22 August 2025\**

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**DCAP Funds SPC**

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(An exempted company incorporated in the Cayman Islands and registered as a segregated portfolio company limited by shares on 3 January 2023)

**PRIVATE OFFERING**

**Participating, Non-Voting Shares**

**at the Subscription Price**

**as set out in the applicable Supplement**

Investment Manager:

**DCAP Ltd**

**This Private Placement Memorandum is strictly confidential and is supplied for the exclusive use of the recipient. Under no circumstances should it be copied or distributed to any other person other than the recipient's accounting, investment, legal, tax or other advisers.**

THIS PRIVATE PLACEMENT MEMORANDUM DOES NOT CONSTITUTE AN OFFER TO SELL OR A SOLICITATION OF AN OFFER TO SUBSCRIBE FOR SEGREGATED PORTFOLIO SHARES IN THE FUND IN ANY JURISDICTION OR TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH AN OFFER OR SALE. AN INVESTMENT IN THE FUND IS SPECULATIVE AND IS NOT INTENDED AS A COMPLETE INVESTMENT PROGRAM. THIS PRIVATE PLACEMENT MEMORANDUM SHALL NOT BE REDISTRIBUTED, REPRODUCED, DISPLAYED IN THE PUBLIC, USED OR CIRCULATED, IN WHOLE OR IN PART, FOR ANY OTHER PURPOSE.

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## DCAP FUNDS SPC

### DIRECTORY

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#### Registered Office of the Fund

c/o Hermes Corporate Services Ltd.  
Fifth Floor, Zephyr House  
122 Mary Street, George Town  
P.O. Box 31493, Grand Cayman KY1-1206  
Cayman Islands

#### Directors of the Fund

##### **Anna Patrice Goubault**

c/o Calderwood  
4th Floor, Century Yard  
Cricket Square, George Town  
P.O. Box 31162, Grand Cayman KY1-1205  
Cayman Islands

##### **Charles Michael Thomas**

c/o Calderwood  
4th Floor, Century Yard  
Cricket Square, George Town  
P.O. Box 31162, Grand Cayman KY1-1205  
Cayman Islands

#### Senior Officers of the Investment Manager

##### **Claudio Schneider Blank, CEO**

##### **Sebastian Steib, Managing Director**

c/o DCAP Ltd  
Löwenstrasse 29  
8001 Zürich  
Switzerland

#### Investment Manager of the Fund

##### **DCAP Ltd**

Löwenstrasse 29  
8001 Zürich  
Switzerland

#### Administrator, Transfer Agent, and Registrar

*Please see details in applicable Supplement*

#### Auditor

##### **BDO Cayman Ltd.**

Building #3, 2nd Floor  
23 Lime Tree Bay, Governors Square  
P.O. Box 31118  
Grand Cayman KY1-1205  
Cayman Islands

**Prime Broker**

*Please see details in applicable Supplement*

**Execution Broker**

*Please see details in applicable Supplement*

**Custodian and Bank**

*Please see details in applicable Supplement*

**Digital Asset Prime Broker / Custodian**

*Please see details in applicable Supplement*

**Cayman Islands Legal Counsel**

**Loeb Smith Attorneys**

Suite 329, 10 Market Street  
Camana Bay, Grand Cayman KY1-9006  
Cayman Islands

## IMPORTANT INFORMATION

This Private Placement Memorandum is distributed on a confidential basis in connection with a private placement of the Segregated Portfolio Shares in the capital of DCAP Funds SPC, a Cayman Islands exempted company incorporated with limited liability and registered as a segregated portfolio company (the “Fund”). None of the Segregated Portfolio Shares of the Fund will be issued to any person other than a person to whom a copy of this Private Placement Memorandum is provided. In addition, separate Supplements (as hereinafter defined) will be published in respect of each Segregated Portfolio (as hereinafter defined) and the associated Class (as hereinafter defined) of Segregated Portfolio Shares (as hereinafter defined) created by the Fund in respect of a Segregated Portfolio.

No person receiving a copy of this Private Placement Memorandum in any jurisdiction may treat the same as constituting an invitation to him, her, or it, unless in the relevant jurisdiction such an invitation may lawfully be made to him without compliance with any registration or other legal requirements.

The non-voting, participating shares with par value of US\$1.00 each (“**Segregated Portfolio Shares**”) to be issued through each Segregated Portfolio, which may be denominated in U.S. Dollars, available for purchase by prospective investors are offered only on the basis of the information and representations contained in this Private Placement Memorandum and the relevant Supplement(s), and any other information given or representations made by any person should not be considered as being authorised by the Fund and should not be relied on.

The Directors, whose name appears on page 5, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this Private Placement Memorandum is in accordance with the facts and does not omit anything likely to affect materially the import of such information. The Directors accept responsibility accordingly.

Certain information contained in this Private Placement Memorandum constitutes “forward-looking statements,” which can be identified by the use of forward-looking terminology such as “may,” “will,” “should,” “expect,” “anticipate,” “project,” “estimate,” “intend,” “continue,” or “believe,” or the negatives thereof or other variations thereon or comparable terminology. Due to various risks and uncertainties, including those set forth in “Risk Factors,” actual events or results or the actual performance of the Fund may differ materially from those reflected or contemplated in such forward-looking statements.

The contents of this Private Placement 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 Segregated Portfolio Shares and prospective investors should consult their professional advisers accordingly.

This Private Placement Memorandum is intended solely for the use of the person to whom it has been delivered for the purpose of evaluating a possible investment by the recipient in the Segregated Portfolio Shares. It is not to be reproduced in any form or manner nor is it to be distributed or disclosed to any other persons (other than professional advisers of the prospective investor).

No person is authorised to give any information or make any representation or warranty, express or implied, not contained in this Private Placement Memorandum and, if given or made, any such information or representation or warranty, express or implied, may not be relied upon as having been authorised by any person.

By accepting receipt of this Private Placement Memorandum, each prospective investor agrees not to duplicate or to furnish copies of this Private Placement Memorandum to persons other than such offeree's accounting, investment, legal, tax or other advisers and agrees to return this Private Placement Memorandum to the Fund promptly after such time as such offeree is no longer considering an investment in Segregated Portfolio Shares.

### **RELIANCE ON PRIVATE PLACEMENT MEMORANDUM**

Only Segregated Portfolio Shares are offered pursuant to this Private Placement Memorandum. The Segregated Portfolio Shares are offered solely on the basis of the information and representations contained in this Private Placement Memorandum and any further information given or representations made by any person may not be relied upon as having been authorised by the Fund or its Directors. No person has been authorised in connection with this offering to give any information or to make any representations other than as contained in this Private Placement Memorandum. Statements in this Private Placement Memorandum are made as of the date hereof. Neither the delivery of this Private Placement Memorandum nor the allotment or issue of Segregated Portfolio Shares, under any circumstances, create any implication that there has been no change in the affairs of the Fund since the date hereof. The information contained in this Private Placement Memorandum has been compiled from sources believed to be reliable. The Fund does not assume any obligation to correct or update the historical or forward-looking information contained in this Private Placement Memorandum.

**This Private Placement Memorandum is provided for information only and is not intended to be, and must not be, taken as the basis for an investment decision. In making an investment decision, prospective investors must rely on their own examination of the Fund and the terms of the offering, including the merits and risks involved, as reflected in the documents referred to herein. Prospective investors are not to construe the contents of this Private Placement Memorandum as constituting tax, financial, investment, or legal advice. Prior to purchasing any Segregated Portfolio Shares, a prospective purchaser should consult with his, her, or its own legal, business and tax advisors to determine the appropriateness and consequences of an investment in the Fund for such purchaser and arrive at an independent evaluation of such investment. Disclosure of past performance of the Investment Manager of the Fund or any of their respective team members is not predictive of future results and should not be relied upon in making an investment decision. The Segregated Portfolio Shares are suitable only for sophisticated investors for whom an investment in the Fund does not constitute a complete investment program and who fully understand, are willing to assume, and have the financial resources necessary to withstand the risks involved in the investment program in which the Fund will engage. Only Eligible Investors (as defined herein or in the applicable Supplement in respect of each Segregated Portfolio) may apply for the Segregated Portfolio Shares that are the subject of this offering.**



**THE SEGREGATED PORTFOLIO SHARES INVOLVE SIGNIFICANT RISK AND ARE SUITABLE ONLY FOR INVESTORS OF SUBSTANTIAL MEANS WHO HAVE NO NEED FOR IMMEDIATE LIQUIDITY IN THEIR INVESTMENTS. SEE "RISK FACTORS" HEREIN. IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE ISSUER AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED.**

#### **REGULATION IN THE CAYMAN ISLANDS**

THE FUND FALLS WITHIN THE DEFINITION OF A "MUTUAL FUND" IN TERMS OF THE MUTUAL FUNDS ACT (AS REVISED) OF THE CAYMAN ISLANDS (THE "**MUTUAL FUNDS ACT**"). THE FUND IS REGISTERED WITH THE CAYMAN ISLANDS MONETARY AUTHORITY ("**CIMA**") PURSUANT TO SECTION 4(3) OF THE MUTUAL FUNDS ACT. AS A SECTION 4(3) MUTUAL FUND, THE MINIMUM INITIAL INVESTMENT BY AN INVESTOR IN THE FUND IS NOT LESS THAN US\$100,000. THE FUND IS SUBJECT TO THE SUPERVISION OF CIMA AND IS REQUIRED TO FILE THIS PRIVATE PLACEMENT MEMORANDUM AND DETAILS OF ANY CHANGES THAT MATERIALLY AFFECT ANY INFORMATION IN THIS PRIVATE PLACEMENT MEMORANDUM AND ANY SUPPLEMENT WITH CIMA WITHIN 21 DAYS OF SUCH CHANGES TAKING EFFECT.

ADDITIONALLY, THE FUND IS REQUIRED TO FILE ANNUALLY WITH CIMA ACCOUNTS AUDITED BY A FIRM OF AUDITORS ON THE LIST OF CIMA APPROVED AUDITORS, TOGETHER WITH A RETURN CONTAINING PARTICULARS SPECIFIED BY CIMA, WITHIN SIX (6) MONTHS OF THE FUND'S FINANCIAL YEAR END OR WITHIN SUCH EXTENSION OF THAT PERIOD AS CIMA MAY ALLOW. A PRESCRIBED FEE IS REQUIRED TO BE PAID ANNUALLY IN RESPECT OF THE CONTINUED REGISTRATION OF THE FUND AND EACH OF ITS SEGREGATED PORTFOLIOS WITH CIMA.

THE FUND'S ACTIVITIES ARE NOT APPROVED OR GUARANTEED BY CIMA OR BY THE CAYMAN ISLANDS GOVERNMENT AND NEITHER CIMA NOR THE CAYMAN ISLANDS GOVERNMENT HAS ANY OBLIGATION TO ANY INVESTOR AS TO THE PERFORMANCE OR CREDIT WORTHINESS OF THE FUND. CIMA SHALL NOT BE LIABLE FOR ANY LOSSES OR DEFAULT OF THE FUND OR FOR THE CORRECTNESS OF ANY OPINIONS OR STATEMENTS EXPRESSED IN THIS PRIVATE PLACEMENT MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.

A MUTUAL FUND LICENCE ISSUED OR A FUND REGISTERED BY THE CAYMAN ISLANDS MONETARY AUTHORITY DOES NOT CONSTITUTE AN OBLIGATION OF THE AUTHORITY TO ANY INVESTOR AS TO THE PERFORMANCE OR CREDITWORTHINESS OF THE FUND.

FURTHERMORE, IN ISSUING SUCH A LICENCE OR IN REGISTERING A FUND, CIMA SHALL NOT BE LIABLE FOR ANY LOSSES OR DEFAULT OF THE FUND OR FOR THE CORRECTNESS OF ANY OPINIONS OR STATEMENTS EXPRESSED IN ANY PROSPECTUS OR OFFERING DOCUMENT.

NEITHER CIMA NOR ANY OTHER GOVERNMENTAL AUTHORITY IN THE CAYMAN ISLANDS HAS COMMENTED UPON OR APPROVED THE TERMS OR MERITS OF THIS DOCUMENT. THERE IS NO INVESTMENT COMPENSATION SCHEME AVAILABLE TO INVESTORS IN THE CAYMAN ISLANDS.

THIS PRIVATE PLACEMENT MEMORANDUM MAY BE TRANSLATED INTO OTHER LANGUAGES. WHERE THIS PRIVATE PLACEMENT MEMORANDUM HAS BEEN SO TRANSLATED AND ANY AMBIGUITY OR INCONSISTENCY ARISES BETWEEN THE ENGLISH VERSION OF THIS PRIVATE PLACEMENT MEMORANDUM AND A VERSION OF THE PRIVATE PLACEMENT MEMORANDUM TRANSLATED INTO ANOTHER LANGUAGE, THE PROVISIONS OF THE ENGLISH VERSION SHALL PREVAIL. ALL DISPUTES AS TO THE TERMS SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE CAYMAN ISLANDS.

THIS PRIVATE PLACEMENT MEMORANDUM IS BASED ON LAW AND PRACTICE CURRENTLY IN FORCE IN THE CAYMAN ISLANDS AND IS SUBJECT TO CHANGES THERETO.

### RESTRICTIONS ON DISTRIBUTION

**Generally:** The distribution of this Private Placement Memorandum and the offering of Segregated Portfolio Shares may be restricted in certain jurisdictions. The information below is for general guidance only, and it is the responsibility of any person or persons in possession of this Private Placement Memorandum and wishing to make an application for Segregated Portfolio Shares to inform themselves of and observe all applicable laws and regulations of any relevant jurisdiction. Such persons should also inform themselves of any applicable legal requirements, exchange control regulations and taxes in the countries of their respective citizenship, residence, or domicile. This Private Placement Memorandum does not constitute an offer or solicitation to any person in any jurisdiction in which such offer or solicitation is not authorized or to any person to whom it would be unlawful to make such offer or solicitation.

**Cayman Islands:** No offer or invitation may be made to the public in the Cayman Islands to subscribe for Segregated Portfolio Shares. This Private Placement Memorandum shall not constitute an offer, invitation, or solicitation to any member of the public in the Cayman Islands to subscribe for any Segregated Portfolio Shares. Interests in the Fund may be beneficially owned by persons resident, domiciled, established, incorporated, or registered pursuant to the laws of the Cayman Islands.

The Fund, however, will not undertake business with the public in the Cayman Islands other than so far as may be necessary for the carrying on of the business of the Fund exterior to the Cayman Islands. “Public” for these purposes does not include (i) any limited liability company registered under the Limited Liability Companies Act (As Revised), (ii) any exempted company or ordinary non-resident company registered under the Cayman Islands Companies Act (As Revised), (iii) a foreign company registered pursuant to Part IX of the Cayman Islands Companies Act (As Revised), (iv) any such company acting as general partner of a partnership registered under Section 9(1) of the Cayman Islands Exempted Limited Partnership Act (As Revised), (v) any director or officer of the same acting in such capacity, or (vi) the trustee of any trust registered or capable of registration under Section 74 of the Trusts Act (As Revised) acting in such capacity.

**China:** No invitation to offer, or offer for, or sale of, the Segregated Portfolio Shares will be made to the public in China (which, for such purposes, does not include the Hong Kong or Macau Special Administrative Regions or Taiwan) or by any means that would be deemed public under the laws and regulations of China. None of the Private Placement Memorandum, applicable Supplement, subscription

documents or any other materials issued by or on behalf of the Fund has been submitted to or approved by the China Securities Regulatory Commission or any other relevant governmental authorities in China. The Segregated Portfolio Shares may only be offered or sold to experienced and professional Chinese investors who are capable of identifying and tolerating the risks and who will consult their advisers and take all relevant factors into account before making an investment. Further, no legal or natural persons of China may directly or indirectly purchase any of the Segregated Portfolio Shares, or any beneficial interest therein, without obtaining all the prior governmental approvals that are required, whether statutory or otherwise. Persons who come into possession of this Private Placement Memorandum are required by the Fund and its representatives to observe these restrictions.

**European Economic Area:** In relation to each member state of the European Economic Area (the “**EEA**”) which has implemented the Alternative Investment Fund Managers Directive (“**AIFMD**”), this Private Placement Memorandum may only be distributed and Segregated Portfolio Shares may only be offered or placed in a member state to the extent that: (i) the Fund is permitted to be marketed to professional investors in that member state pursuant to AIFMD (as implemented into local law); or (ii) this Private Placement Memorandum may otherwise be lawfully distributed and Segregated Portfolio Shares may otherwise be lawfully offered or placed in that member state (including at the initiative of investors).

In relation to each member state of the EEA which, as at the date of this Private Placement Memorandum, has not implemented AIFMD, this Private Placement Memorandum may only be distributed, and Segregated Portfolio Shares may only be offered or placed to the extent that this Private Placement Memorandum may be lawfully distributed, and Segregated Portfolio Shares may lawfully be offered or placed in that member state (including at the initiative of investors).

**Hong Kong:** WARNING: THE CONTENTS OF THIS DOCUMENT HAVE NOT BEEN REVIEWED BY ANY REGULATORY AUTHORITY IN HONG KONG. YOU ARE ADVISED TO EXERCISE CAUTION IN RELATION TO THE OFFER. IF YOU ARE IN ANY DOUBT ABOUT ANY OF THE CONTENTS OF THIS DOCUMENT, YOU SHOULD OBTAIN INDEPENDENT PROFESSIONAL ADVICE.

As this Private Placement Memorandum issued by or on behalf of the Fund has not been approved by the Securities and Futures Commission in Hong Kong:

- (a) a Segregated Portfolio Shareholder must be a “professional investor” (as such term is defined in Part I of Schedule 1 to the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (“**SFO**”) and the regulations thereunder, or the issue of this Private Placement Memorandum is made in circumstances that do not constitute an invitation to the public for the purposes of the SFO;
- (b) the Segregated Portfolio Shares in a Segregated Portfolio of the Fund have been offered to them in the manner contemplated in the subscription documents, the applicable Supplement and this Private Placement Memorandum and in circumstances which do not result in the document being a “prospectus” as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) (“**Companies Winding Up**”).

**Ordinance**”) and do not constitute an offer or an invitation to the public for the purposes of the Companies Winding Up Ordinance; and

- (c) the Segregated Portfolio Shareholder has not been issued and does not possess for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Segregated Portfolio Shares in a Segregated Portfolio of the Fund which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Segregated Portfolio Shares which are or are intended to be disposed of only to persons outside Hong Kong and only to professional investors.

**Japan:** Investors should note that no public offering of Segregated Portfolio Shares in the Fund may be made in Japan unless a securities registration statement pursuant to Articles 4 and 5 of the Securities and Exchange Law of Japan (“**SEL**”) has been filed with the Director of Kanto Local Finance Bureau of the Ministry of Finance of Japan and a registration pursuant to the Law concerning Investment Trusts and Investment Corporations of Japan as amended (“**Investment Trust Law**”) has been filed with the Commissioner of the Financial Services Agency of Japan. The Investment Manager has not filed and has no intention to file, such securities registration statements for a public offering in Japan. Accordingly, neither the Segregated Portfolio Shares nor any interest therein may be offered or sold, directly or indirectly, in Japan or to, or for the benefit of, any Japanese person or to others for re-offering or resale, directly or indirectly, in Japan or to any Japanese person except under circumstances which will result in compliance with all applicable laws, regulations and guidelines promulgated by the relevant Japanese governmental and regulatory authorities and in effect at the relevant time. For this purpose, “Japanese person” means any person resident in Japan, including any corporation or other entity organized under the laws of Japan.

**Singapore:** The offer or invitation of the Segregated Portfolio Shares which is the subject of this Private Placement Memorandum does not relate to a collective investment scheme which is authorized under Section 286 of the Securities and Futures Act, Chapter 289 of Singapore (the “**SFA**”) or recognised under Section 287 of the SFA. The Fund is not authorized or recognised by the Monetary Authority of Singapore (the “**MAS**”) and Segregated Portfolio Shares are not allowed to be offered to the retail public. Each of this Private Placement Memorandum, applicable Supplement and any other document or material issued in connection with the offer or sale is not a prospectus as defined in the SFA. Accordingly, statutory liability under the SFA in relation to the content of prospectuses would not apply. You should consider carefully whether the investment is suitable for you.

This Private Placement Memorandum has not been registered as a prospectus with MAS. Accordingly, this Private Placement Memorandum and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of Segregated Portfolio Shares may not be circulated or distributed, nor may Segregated Portfolio Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 304 of the SFA, (ii) to a relevant person pursuant to Section 305(1), or any person pursuant to Section 305(2), and in accordance with the conditions, specified in

Section 305 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where Segregated Portfolio Shares are subscribed or purchased under Section 305 by a relevant person which is:

- (A) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (B) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six (6) months after that corporation or that trust has acquired the Segregated Portfolio Shares pursuant to an offer made under Section 305 except:

- (1) to an institutional investor or to a relevant person defined in Section 305(5) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 305A(3)(i)(B) of the SFA;
- (2) where no consideration is or will be given for the transfer;
- (3) where the transfer is by operation of law;
- (4) as specified in Section 305A(5) of the SFA; or
- (5) as specified in Regulation 36 of the Securities and Futures (Offers of Investments) (Collective Investment Schemes) Regulations 2005 of Singapore.

**Switzerland:** The offer and marketing of Segregated Portfolio Shares in Switzerland will be exclusively made to, and directed at, qualified investors (the "Qualified Investors"), as defined in Article 10(3) and (3ter) of the Swiss Collective Investment Schemes Act ("CISA") and its implementing ordinance. Accordingly, the Fund has not been and will not be registered with the Swiss Financial Market Supervisory Authority. This Fund and/or any other offering or marketing materials relating to the Segregated Portfolio Shares may be made available in Switzerland solely to Qualified Investors. In respect of its offer and marketing in Switzerland to qualified investors who have opted-out pursuant to Article 5(1) of the Swiss Federal Act on Financial Services and without any portfolio management or advisory relationship with a financial intermediary pursuant to Article 10(3ter) CISA, the Fund has appointed a Swiss Representative and a Swiss Paying Agent. The Swiss Paying Agent is Banque Cantonale de Genève. The Swiss Representative until 31 December 2023 is Carnegie Fund Services Ltd, and from 1 January 2024, the Swiss Representative will be REYL & Cie Ltd.

The Swiss Representative is intended to act as a contact point for Swiss investors in their dealings with the Fund. The Swiss Paying Agent may handle subscriptions and redemptions by Swiss investors.

Neither of the agreements appointing the Swiss Representative and the Swiss Paying Agent provides for any third-party rights for investors. This Private Placement Memorandum and the Articles of the Fund, as well as the annual and semi-annual reports may be obtained free of charge from the Swiss Representative.

### **Additional Information for Investors in Switzerland**

The Fund has not been and shall not be approved by the Swiss Financial Market Supervisory Authority (FINMA) as a foreign collective investment scheme pursuant to Article 120 of the Swiss Collective Investment Scheme Act of 23 June 2006, as amended (“**CISA**”). The Fund is only intended for qualified investors in Switzerland as set out under Article 10 paragraphs 3 and 3ter of the CISA, respectively professional clients as defined in Article 4 paragraphs 3 to 5 and Article 5 paragraphs 1 and 4 of the Swiss Financial Services Act of 15 June 2018, as amended (“**FinSA**”) (“**Swiss Qualified Investors**”). Recipients of the document in Switzerland should not pass it to anyone without first consulting their legal or other appropriate professional adviser, or the Representative (as defined below).

#### **1. Representative**

Until the 31st of December 2023, the representative in Switzerland is Carnegie Fund Services Ltd, Rue du Général-Dufour 11, 1204 Geneva.

From the 1st of January 2024, the representative in Switzerland is REYL & Cie Ltd, Rue du Rhône 4, 1204 Geneva.

#### **2. Paying Agent**

The Swiss Paying Agent is Banque Cantonale de Genève, 17, quai de l’Île, 1204 Geneva, Switzerland.

#### **3. Place Where the Relevant Documents May Be Obtained**

This Private Placement Memorandum, the applicable Supplement, Articles (as defined below) and the annual reports of the Fund may be requested without cost at the offices of the Swiss Representative.

#### **4. Payment of Retrocessions and Rebates**

##### Retrocessions

The Fund and its agents may pay retrocessions as remuneration for distribution activity in respect of Segregated Portfolio Shares in Switzerland. Retrocessions are deemed to be payments paid by the Fund and its agents to eligible third parties for distribution activities in respect of Segregated Portfolio Shares in Switzerland. This remuneration may be deemed payment for the following services in particular:

Sales promotions and introductions with potential clients, the organization of road shows and/or fund fairs, assistance in making applications, forwarding of subscription, conversion and redemption orders,

providing investors with the Fund's documents, verification of identification documents and the performance of due diligence tasks as well as keeping documentary records.

Retrocessions are not deemed to be rebates even if they are ultimately passed on, in full or in part, to the investors.

Information on the receipt of retrocessions is governed by the relevant provisions of the Federal Act on Financial Services (FinSA). Thus, the recipients of the retrocessions must ensure transparent disclosure and expressly inform investors in advance, namely before the provision of the financial service or the conclusion of the contract, unsolicited and free of charge, about the type and scope of the compensation they may receive for distribution, so that investors can relinquish such compensation. If the amount cannot be determined in advance, the recipients of the retrocessions shall inform investors of the calculation parameters and the ranges.

On request, the recipients of retrocessions must disclose the amounts they effectively received.

The law of the domicile of the Fund does not provide for additional rules which are stricter than the Swiss rules concerning retrocessions.

#### Rebates

In the case of distribution activity in Switzerland, the Fund and its agents may pay, upon request, rebates directly to investors. The purpose of rebates is to reduce the fees and/or costs incurred by the investor in question. Rebates are permitted provided that (i) they are paid from fees received by the Fund and its agents and therefore do not represent an additional charge on the fund assets, (ii) they are granted on the basis of objective criteria, and (iii) all investors who meet these objective criteria and demand rebates are also granted these within the same timeframe and to the same extent.

The objective criteria for the granting of rebates by the Fund and its agents are as follows:

- the volume subscribed by the investor or the total volume they hold in the collective investment scheme or, where applicable, in the product range of the promoter;
- the amount of the fees generated by the investor;
- the investment behaviour shown by the investor (e.g. expected investment period);
- the investor's willingness to provide support in the launch phase of a collective investment scheme.

At the request of the investor, the Fund and or its agents must disclose to the investor, free of charge, the specific amounts relevant to the granted rebate.

The law of the domicile of the Fund does not provide for additional rules which are stricter than the Swiss rules concerning rebates.

#### 5. Place of Performance and Jurisdiction

In respect of the Segregated Portfolio Shares offered in Switzerland, the place of performance is at the registered office of the Swiss Representative. The place of jurisdiction is the registered office of the Swiss Representative or the registered office or place of residence of the investor.

**Taiwan:** The Fund has not been registered with or authorised by the Securities and Futures Bureau of the Taiwan Financial Supervisory Commission (“**FSC**”) and accordingly may not be offered to the public in Taiwan. Accordingly, no general advertisement or public solicitation in respect of the Segregated Portfolio Shares may take place in Taiwan. The Segregated Portfolio Shares in the Fund may be offered or distributed by way of a private placement in Taiwan to certain qualified investors pursuant to the relevant provisions and requirements of the Securities Investment Trust and Consulting Law (“**SITC Law**”), Articles 52 to 54 of the Regulations Governing Offshore Funds (the “**Regulations**”) and by virtue of an order issued by the FSC pursuant to Article 11 of the SITC Law. Accordingly, any offer of Segregated Portfolio Shares by way of private placement must comply fully with the applicable laws and regulations in Taiwan. Any recipient of this Private Placement Memorandum shall not distribute it or otherwise promote the Fund in Taiwan and no person in Taiwan other than the person to whom the copy of this Private Placement Memorandum has been addressed may treat the same as constituting an invitation to him to invest.

**United Kingdom:** This Private Placement Memorandum is not available to the general public in the United Kingdom. The Fund is not a recognized collective investment scheme for the purposes of the Financial Services and Markets Act 2000 as amended of the United Kingdom (the “**Act**”). The promotion of the Fund and the distribution of this Private Placement Memorandum in the United Kingdom is accordingly restricted by law. This Private Placement Memorandum is being issued in the United Kingdom by the Fund where permitted by applicable law and regulation and by Financial Risk Management Limited (which is regulated by the Financial Conduct Authority of the United Kingdom (the “**FCA**”)) to persons who are of a kind to whom the Fund may lawfully be promoted by a person authorised under the Act by virtue of the Financial Services and Markets Act 2000 (Promotion of Collective Investment Schemes) (Exemptions) Order 2001 and Annex 5 to Chapter 3 of the FCA’s Conduct of Business Sourcebook or as otherwise permitted by applicable law and regulation. The Fund is not regulated by the FCA, and investors may not have the benefit of the Financial Services Compensation Scheme of the United Kingdom and other protections afforded by the Act or any of the rules and regulations made thereunder.

**United States:** The Segregated Portfolio Shares have not been and will not be registered under the United States Securities Act of 1933, as amended (the “**1933 Act**”) or the securities laws of any of the States of the United States. The Segregated Portfolio Shares may not be offered, sold, or delivered directly or indirectly in the United States or to or for the account or benefit of any “**U.S. Person**” except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the 1933 Act and any applicable state laws.

The Segregated Portfolio Shares are being offered outside the United States pursuant to the exemption from registration under Regulation S under the 1933 Act and inside the United States in reliance on Regulation D promulgated under the 1933 Act and Section 4(a)(2) thereof.



The Fund has not been and will not be registered under the United States Investment Company Act of 1940, as amended (the "**1940 Act**") since Segregated Portfolio Shares will only be sold to U.S. Persons who are "qualified purchasers", as defined in the 1940 Act. Each subscriber for Segregated Portfolio Shares that is a U.S. Person will be required to certify that it is both an "accredited investor" and a "qualified purchaser", in each case as defined under applicable US federal securities laws.

There is no public market for the Segregated Portfolio Shares and no such market is expected to develop in the future. The Segregated Portfolio Shares offered hereby are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under the 1933 Act and applicable state securities laws pursuant to registration or exemption therefrom.

Pursuant to an exemption from registration as a commodity pool operator set forth in United States Commodity Futures Trading Commission (the "**CFTC**") Rule 4.13(a)(3), the Investment Manager is not required to register, and is not registered, as a commodity pool operator under the United States Commodity Exchange Act, as amended (the "**CEA**"). The Fund may only accept subscriptions from US investors who are accredited investors, as defined in Regulation D under the 1933 Act, certain family trusts and certain persons affiliated with the Investment Manager. At all times, the Fund will utilise commodity interest positions such that either (1) no more than 5% of its assets are used to establish commodity interest positions or (2) the aggregate net notional value of its commodity interest positions does not exceed 100% of the Fund's liquidation value.

Consequently, unlike a registered commodity pool operator, the Investment Manager is not required to provide subscribers for Segregated Portfolio Shares with a disclosure document or a certified annual report. This Private Placement Memorandum has not been, and is not required to be, filed with the CFTC, and the CFTC has not reviewed or approved this Private Placement Memorandum or the offering of Segregated Portfolio Shares.

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

This Private Placement Memorandum does not constitute an offer or solicitation in any state or other jurisdiction in which an offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation.

This Private Placement Memorandum has not been and will not be filed with or approved or disapproved by any regulatory authority of the United States or any State thereof, nor has any such regulatory authority passed upon or endorsed the merits of this offering or the accuracy or adequacy of this Private Placement Memorandum. Any representation to the contrary is unlawful. There will be no public offering of the Segregated Portfolio Shares in the United States.

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

## DEFINITIONS

In this Private Placement Memorandum, the following expressions shall bear the following meanings:

<b>Affiliate</b>	Means, with respect to the Investment Manager, any other person that, directly or indirectly, Controls, is Controlled by or is under common Control with the Investment Manager, and any shareholder, member, or partner of the Investment Manager.
<b>Articles</b>	Means the Amended and Restated Memorandum and Articles of Association of the Fund as amended in accordance with the Companies Act from time to time.
<b>Base Currency of Fund</b>	Means the currency of the United States of America.
<b>Base Currency of Segregated Portfolio</b>	Has the meaning ascribed to such term in the applicable Supplement.
<b>Board</b>	Means the Directors constituting the board of directors of the Fund for the time being in accordance with the Articles and any duly constituted committee of the relevant board and any successors thereto.
<b>Bitcoin</b>	Means a protocol which implements a highly available, public, and decentralized ledger; bitcoin transactions are verified by network nodes through cryptography and recorded in a public distributed ledger called a blockchain.
<b>Business Day</b>	Means as defined in the relevant Supplement relating to a Segregated Portfolio.
<b>CIMA</b>	Means the Cayman Islands Monetary Authority.
<b>Class</b>	Means any class of Segregated Portfolio Shares in the capital of the Fund and issued through a Segregated Portfolio and includes any separate designation of Segregated Portfolio Shares within each such class.

<b>Companies Act</b>	Means the Companies Act (As Revised) of the Cayman Islands as amended from time to time.
<b>Control</b>	Means the power or authority, whether exercised or not, to direct the business, management and policies of the Investment Manager, directly or indirectly, or by effective control whether through the ownership of voting securities, by contract or otherwise, which power or authority shall conclusively be presumed to exist upon possession of beneficial ownership or power to direct the vote of more than fifty percent (50%) of the votes entitled to be cast at a meeting of the members or shareholders of the Investment Manager or power to control the composition of the board of directors of the Investment Manager; the terms “ <b>Controlled</b> ” and “ <b>Controlling</b> ” have the meaning correlative to the foregoing;
<b>Designated Investment</b>	Has the meaning ascribed to such term herein unless otherwise specifically defined in the applicable Supplement.
<b>Directors</b>	Means the directors of the Fund, for the time being or, as the case may be, the directors assembled as a board or as a committee thereof and “ <b>Director</b> ” means any one of the Directors.
<b>Eligible Investors</b>	Means (i) persons who are not U.S. Persons subject to U.S. Federal and/or State taxes, (ii) certain U.S. tax-exempt entities (subject to their receipt and reading of a separate supplementary offering memorandum and subscription package for U.S. tax-exempt investors) and (iii) other persons approved by the Board.
<b>Ethereum</b>	Means a decentralized, open source blockchain with smart contract functionality.
<b>Financial Year End</b>	The Fund’s Financial Year End shall end on 31 December each year with the first Financial Year End of the Fund concluding on 31 December 2023.
<b>Fund</b>	Means DCAP Funds SPC, an exempted company incorporated in the Cayman Islands with limited liability and registered as a segregated portfolio company on 3 January 2023 with company number: 396641, established to operate as an investment fund.
<b>General Asset</b>	Means an asset of the Fund which is not a Segregated Portfolio Asset.
<b>General Creditor</b>	Means a creditor of the Fund who is not a Segregated Portfolio Creditor.

<b>Gross Negligence</b>	Means a standard of conduct beyond negligence whereby a person acts with reckless disregard for the consequences of his action or inaction.
<b>IFRS</b>	Means International Financial Reporting Standards issued by the International Accounting Standards Board.
<b>Investment Manager</b>	Means DCAP Ltd, with registered address at Löwenstrasse 29, 8001 Zurich, Switzerland.
<b>Lock-up Periods</b>	Means one or more lock-up periods as determined by the Directors in respect of redemptions of Segregated Portfolio Shares from a Segregated Portfolio during which period or periods redemptions are not permitted or are restricted, details of which are set out in the relevant Supplement relating to the applicable Segregated Portfolio.
<b>Management Fee</b>	Has the meaning ascribed to such term in the relevant Supplement for a Segregated Portfolio in respect of which a management fee will be received by the Investment Manager from the Fund against the Net Asset Value of the relevant Segregated Portfolio Shares.
<b>Management Shareholder</b>	Has the meaning ascribed to such term herein (see Capitalization in the Summary section on page 25).
<b>Management Shares</b>	Has the meaning ascribed to such term herein (see Capitalization in the Summary section on page 25).
<b>Principal</b>	The sole principal of the Investment Manager is Claudio Schneider Blank.
<b>Redemption Price</b>	Means the price per Segregated Portfolio Share at which Segregated Portfolio Shares are redeemed calculated in the manner described in the Supplement applicable for the relevant Segregated Portfolio.
<b>Register of Members</b>	The register of members (including any branch register) of the Fund to be maintained in accordance with the Companies Act.
<b>Registered Office Service Provider</b>	Hermes Corporate Services Ltd., Fifth Floor, Zephyr House, 122 Mary Street, George Town, P.O. Box 31493, Grand Cayman KY1-1206, Cayman Islands.
<b>Segregated Portfolio</b>	Means each separate segregated portfolio of the Fund.
<b>Segregated Portfolio Asset</b>	Means the assets of the Fund held within or on behalf of a Segregated

	Portfolio.
<b>Segregated Portfolio Creditor</b>	Means a creditor of a Segregated Portfolio.
<b>Segregated Portfolio Shareholder</b>	Means a registered holder of Segregated Portfolio Shares in the Register of Members.
<b>Segregated Portfolio Shares</b>	Means the non-voting, participating shares issued through the account of a Segregated Portfolio and carrying such rights as are stated in the Fund's Articles and in the Supplement applicable for the relevant Segregated Portfolio.
<b>Subscription Date</b>	Has the meaning ascribed to such term in the relevant Supplement.
<b>Subscription Price</b>	Means the price per Segregated Portfolio Share at which Segregated Portfolio Shares in the relevant Class are issued on each Subscription Date calculated in the manner described in the Supplement applicable for the relevant Segregated Portfolio.
<b>Series</b>	Means any series of a Class of Segregated Portfolio Shares into which Shares (or a separate class of Shares) may be subdivided.
<b>Shares</b>	Means any shares in the share capital of the Fund, including the Management Shares and the Segregated Portfolio Shares.
<b>Supplement</b>	Means any supplementary publication (accompanying this Private Placement Memorandum) issued by the Fund relating to the issue of Segregated Portfolio Shares through the account of a Segregated Portfolio which sets out the specific terms of the offering of Segregated Portfolio Shares by the relevant Segregated Portfolio.
<b>US\$ or U.S. Dollar</b>	Means the lawful currency of the United States.
<b>U.S. or United States</b>	Means the United States of America, its territories and possessions including the States and the District of Columbia.
<b>U.S. Person</b>	Means any individual or entity that would be a U.S. Person under Regulation S of the 1933 Act. The Regulation S definition of U.S. Person includes: (a) any natural person resident in the United States; (b) any partnership or corporation organized or incorporated under the laws of the United States; (c) any estate of which any executor or administrator is a U.S. Person; (d) any trust of which any trustee is a U.S. Person; (e) any agency or branch of a foreign entity located in the United States; (f) any non-discretionary account or similar account

(other than an estate or trust) held by a dealer or other fiduciary for the benefit or account of a U.S. Person; (g) any discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary organized, incorporated, or (if an individual) resident in the United States; and (h) any partnership or corporation if: (i) organized or incorporated under the laws of any foreign jurisdiction; and (ii) formed by a U.S. Person principally for the purpose of investing in securities not registered under the Act, unless it is organized or incorporated, and owned, by accredited investors (as defined in Rule 501(a) under the 1933 Act) who are not natural persons, estates or trusts.

Any U.S. citizen or “resident alien” within the meaning of U.S. income tax laws as in effect from time to time. Currently, the term “resident alien” is defined under U.S. income tax laws to generally include any individual who (i) holds an Alien Registration Card (a “green card”) issued by the U.S. Citizenship and Immigration Services or (ii) meets a “substantial presence” test. The “substantial presence” test is generally met with respect to any current calendar year if (i) the individual was present in the U.S. on at least 31 days during such year and (ii) the sum of the number of days on which such individual was present in the U.S. during the current year, 1/3 of the number of such days during the first preceding year, and 1/6 of the number of such days during the second preceding year, equals or exceeds 183 days.

With respect to persons other than individuals: (i) a corporation or partnership created or organized in the United States or under the laws of the United States or any state; (ii) a trust where (a) a U.S. court is able to exercise primary supervision over the administration of the trust and (b) one or more U.S. Persons have the authority to control all substantial decisions of the trust; and (iii) an estate which is subject to U.S. tax on its worldwide income from all sources.

#### USDC

USD Coin is a digital stablecoin which is issued by regulated financial institutions and backed by fully reserved assets, and equivalent on a 1:1 basis for U.S. Dollars. USDC is governed by Centre, a membership-based consortium that sets technical, policy and financial standards for stablecoins. Investors can find out more at [www.centre.io](http://www.centre.io).

#### USDT

Tether is a cryptocurrency that is hosted on the Ethereum and Bitcoin blockchains, among others.

**Valuation Date**

As defined in the relevant Supplement relating to a Segregated Portfolio.

**Valuation Point**

As defined in the relevant Supplement relating to a Segregated Portfolio.

## SUMMARY OF TERMS

This summary of the Private Placement Memorandum and certain provisions of the Articles is intended only for quick reference and is qualified in its entirety by reference to the more detailed information appearing elsewhere in this Private Placement Memorandum, and to the Articles, copies of which are available upon request.

### Organization and Investment Objective of the Fund

DCAP Funds SPC is a Cayman Islands exempted company incorporated with limited liability and registered as a segregated portfolio company on 3 January 2023, established to operate as an investment fund. **All references herein to the Fund shall include references to its Segregated Portfolios.** The Fund will invest substantially all of the net proceeds of the sale of its Segregated Portfolio Shares to various investment strategies employed through Segregated Portfolios.

The overall objective of the Fund is to generate absolute returns. The primary objective of each Segregated Portfolio of the Fund is stated in the Supplement applicable to that Segregated Portfolio. There can be no assurance that the Fund will achieve its investment objective.

The business of the Fund and its Segregated Portfolios includes the realisation and distribution of the Fund's and each Segregated Portfolio's assets to Segregated Portfolio Shareholders during a wind down of the Fund's or a Segregated Portfolio's operations.

There is no restriction or limitation on the duration of the Fund.

### Registered Office and Register of Members

The Registered Office Service Provider provides registered office services to the Fund in the Cayman Islands and such services include providing the Fund's registered office address and the maintenance of corporate records for the Fund which are required by Cayman Islands law to be kept and maintained in the Cayman Islands. The Registered Office Service Provider charges a fixed annual fee for providing these services to the Fund. In addition, the Registered Office Service Provider is entitled to recover out-of-pocket expenses.

Segregated Portfolio Shares will be issued only in registered form. Certificates representing Segregated Portfolio Shares will not be issued. The Administrator maintains the official



register of Segregated Portfolio Shares of the Fund at its offices.

### Board of Directors

The Directors of the Fund are currently Anna Patrice Goubault and Charles Michael Thomas. The Directors will be responsible for the supervisory oversight and control of the Fund but not actively be involved in, the Fund's trading activities. Pursuant to Cayman Islands law when exercising their powers or performing their duties, the Directors shall act honestly and in good faith with a view to the best interests of the Fund. The Fund has delegated the management of its assets to the Investment Manager including the determination of the Fund's general investment policies, and for procuring all investment management and administrative services required in connection therewith. The Directors will review the operations and investment performance of the Fund. See "*ORGANIZATION OF THE FUND - Directors of the Fund*" on page 45.

### Investment Manager

The Fund's investment manager is DCAP Ltd ("**Investment Manager**"), with registered address at Löwenstrasse 29, 8001 Zurich, Switzerland.

In addition to the Fund, the Investment Manager and/or its Affiliates may manage other investment vehicles and accounts. The Investment Manager and/or its Affiliates may agree to terms with such other investment vehicles or accounts, or with the investors in such other investment vehicles or accounts, that differ from the terms entered into with the Fund.

The Investment Manager is licensed as a portfolio manager pursuant to art. 24 para. 2 letter a in conjunction with art. 17 para. 1 of the Financial Institutions Act ("**FinIA**"), by the Swiss Financial Market Supervisory Authority ("**FINMA**") and affiliated with the supervisory organisation AOS Schweizerische Aktiengesellschaft für Aufsicht.

The Investment Manager conducts and manages the business of the Fund. The Investment Manager will direct the investment activities of the Segregated Portfolios of the Fund and will have primary responsibility for implementing its

trading and investment strategies, guidelines, and restrictions. See “*INVESTMENT MANAGER*” on page 53.

## Capitalization

The Fund has an authorised share capital of US\$50,000 divided into 100 voting, non-participating, non-redeemable shares having par value of US\$1.00 each (the “**Management Shares**”) and 49,900 non-voting, participating shares having a par value of US\$1.00 each issued through the account of one or more Segregated Portfolios. Each holder of Management Shares shall be a “**Management Shareholder**” and each holder of Segregated Portfolio Shares shall be a “**Segregated Portfolio Shareholder.**”

Subject to the requirements of Cayman Islands law and the Articles and the specific terms set out in each Supplement, the Directors of the Fund may from time to time by resolution increase or modify its Classes of Segregated Portfolio Shares issued through each Segregated Portfolio and/or create additional Segregated Portfolios with such rights, privileges, restrictions, and conditions as the Directors may determine. Subject to the requirements of the Articles and the specific terms set out in each Supplement, each Class of Segregated Portfolio Shares issued through a Segregated Portfolio is issued in multiple series which vary according to fee agreements or other factors determined by the Directors (“**Series**”), but which otherwise have identical rights and duties within their corresponding Class, sharing pro rata in all or a specified portion of the relevant Segregated Portfolio’s income, investment profits and losses, and expenses.

## Management Shares

The Management Shares shall be issued through the general account of the Fund and are held by the Investment Manager. The Management Shares are non-redeemable with voting rights and having no economic rights in the profits of any Segregated Portfolio of the Fund but will have the right to a return of the paid-up share capital issued through the Fund’s general account in respect of such Management Shares after all Segregated Portfolio Shares in the capital of the Fund have been redeemed or repurchased in accordance with the terms of the applicable Supplement. The Management Shares have voting rights in respect of, among other things: (a) voting on all or any proposed variation to the rights of Management Shares and (b) vote to pass resolutions (including, without limitation, special resolutions) on the winding up and

dissolution of the Fund after the redemption or repurchase in accordance with the terms of the applicable Supplement of all the Segregated Portfolio Shares in the capital of the Fund. The Management Shares will be issued within the general capital of the Fund and will not be issued in respect of any Segregated Portfolio of the Fund.

## Offering

Subject to all terms set forth herein, the Fund is offering Segregated Portfolio Shares through one or more Segregated Portfolios, with such minimum initial investment amount as is set out in the Supplement for each Segregated Portfolio (always subject to minimum initial investment amount requirements of the Mutual Funds Act) (the “**Offering**”). The Board in its sole discretion may modify the minimum initial investment amounts subject to the applicable requirements of the Mutual Funds Act. Subject to the specific requirements of each Segregated Portfolio set out in any Supplement relating to that Segregated Portfolio, the Segregated Portfolio Shares will be offered through one or more Segregated Portfolios of the Fund in different Series of a Class relating to the applicable Segregated Portfolio and sold at the discretion of the Board as set out in the applicable Supplement.

Shares of each Class of a Segregated Portfolio will be offered for sale at the purchase price per Share set out in the applicable Supplement (the “**Offer Price**”). In the sole discretion of the Board, Segregated Portfolio Shares may also be purchased through an in-kind contribution of securities (e.g., shares, stocks, bonds, and swaps) to the Fund in respect of a Segregated Portfolio.

The Fund may establish additional Segregated Portfolios (and more than one Class of Segregated Portfolio Shares may be established in relation to each Segregated Portfolio) in the discretion of the Directors. Segregated Portfolio Shares of a Class of Shares in a Segregated Portfolio may be subject to terms and conditions that differ from the terms and conditions applicable to Segregated Portfolio Shares of other classes in that Segregated Portfolio or Segregated Portfolio Shares in other Segregated Portfolios.

Upon acceptance of an investor’s subscription for Segregated Portfolio Shares of a Segregated Portfolio, and the issuance of such Segregated Portfolio Shares, a subscriber will become a

Segregated Portfolio Shareholder of the relevant Segregated Portfolio of the Fund. The Fund on behalf of a Segregated Portfolio may at the free discretion of the Board accept or reject all or part of any subscription.

There is no minimum dollar amount of aggregate investor subscriptions the Fund must accept to commence operations.

Unless the Directors otherwise determine, there is no restriction on the available number of Segregated Portfolio Shares in respect of each Segregated Portfolio, in accordance with the Fund's authorised share capital, that may be sold. The Fund may terminate or suspend the offering of Segregated Portfolio Shares in any Segregated Portfolio, in whole or in part, at any time or from time to time, or in respect of any jurisdiction.

Subject to the terms of the applicable Supplement, Series of Segregated Portfolio Shares in a Segregated Portfolio may be combined with other Series from time to time as determined by the Board for administrative reasons.

### Eligible Investors

Prospective shareholders in a Segregated Portfolio of the Fund must be Eligible Investors. See "DEFINITIONS" on page 18.

### Supplements for a Segregated Portfolio

The Fund may publish or issue a Supplement in respect of offering Segregated Portfolio Shares attributable to a Segregated Portfolio, which may set forth the rights, powers, duties, obligations, privileges terms, conditions and restrictions attached to the Segregated Portfolio Shares of such Segregated Portfolio and other information, characteristics, and risks in relation to such Segregated Portfolio. An investor in a Segregated Portfolio must read this Private Placement Memorandum in conjunction with the Supplement of such Segregated Portfolio. In the event of any inconsistency or conflict between this Private Placement Memorandum and the Supplement in respect of a Segregated Portfolio, the Supplement shall prevail as in respect of such Segregated Portfolio. A Supplement may be updated from time to time.

### Use of Proceeds

Substantially all of the proceeds received by the Fund in respect of a Segregated Portfolio from the issuance of Segregated Portfolio Shares in respect of that Segregated

Portfolio will be used by the Segregated Portfolio in its investment program as set out in the applicable Supplement for the Segregated Portfolio.

**Administrator**

The administrator, registrar and transfer agent appointed to a Segregated Portfolio shall be set out in the applicable Supplement.

**Prime Broker**

The Fund may appoint one or more prime brokers pursuant to the terms of certain brokerage agreements entered into for and on behalf of each of the Segregated Portfolios.

**Custodian**

The Fund may appoint custodians which will be responsible for the safe keeping of the Fund's assets pursuant to the terms of certain custody agreements entered into for and on behalf of each of the Segregated Portfolios.

**Net Asset Value of Shares**

The Net Asset Value of each Segregated Portfolio of the Fund will be equivalent to that Segregated Portfolio's gross assets less its gross liabilities as of any date of calculation. The Net Asset Value will be calculated in accordance with the terms set out in the applicable Supplement.

**Dissolution of the Fund**

The Fund may be placed into voluntary liquidation on a resolution of the holder of Management Shares.

**Redemptions**

Any redemption terms applicable to the Segregated Portfolio Shares of a Segregated Portfolio shall be as set out in the applicable Supplement. See "REDEMPTION AND TRANSFER OF THE FUND'S SEGREGATED PORTFOLIO SHARES" on page 67.

**Suspensions**

Subject to the terms of the applicable Supplement, the Directors may declare a suspension of the determination of Net Asset Value (and the applicable Valuation Date) of the Fund or a Segregated Portfolio, and/or the issue of Segregated Portfolio Shares (and the applicable Subscription Date) in respect of the Fund or a particular Segregated Portfolio, and/or the redemption of Segregated Portfolio Shares (and the applicable Redemption Date) in respect of the Fund or a particular Segregated Portfolio, and/or the payment of any amount to a redeeming Segregated Portfolio Shareholder in connection with the redemption of Segregated Portfolio Shares (even if Valuation Dates and Redemption Dates are not postponed) in respect of the Fund or a particular Segregated

Portfolio for the whole or any part of any period in certain circumstances. See *"NET ASSET VALUATION - Suspension of Determination of Net Asset Value and Redemption"* on page 62.

#### Termination of Segregated Portfolio

The Directors may cause one or more Segregated Portfolios or a Class or Classes in relation thereto (as the case may be) to be terminated if they consider such action to be in the best interest of the Segregated Portfolio Shareholders of the relevant Segregated Portfolio and, in particular, if any of the following events shall occur:

in respect of a Segregated Portfolio, at any time on or after the Valuation Date, the aggregate Net Asset Value of the outstanding Segregated Portfolio Shares of the Segregated Portfolio falls below such amount as disclosed in the relevant Supplement; or

any law is passed which renders it illegal or in the opinion of the Investment Manager impracticable or inadvisable to continue a Segregated Portfolio; or

The Investment Manager is of the opinion, in its sole and absolute discretion, that it is impracticable or inadvisable to continue a Segregated Portfolio.

Termination of any Segregated Portfolio shall be by prior notice in writing from the Directors to the Segregated Portfolio Shareholders of the relevant Segregated Portfolio(s) which will indicate the reasons for and the procedure of the liquidation of the Segregated Portfolio.

On such termination, the relevant Net Asset Value(s) shall be calculated in accordance with the Articles and the applicable Supplement.

#### Management Fee

Any Management Fee applicable to a Segregated Portfolio will be set out in the Supplement applicable to such Segregated Portfolio.

#### Performance Fee

Any performance-based fee chargeable in respect of a Series and Classes of Segregated Portfolio Shares ("**Performance Fee**") will be set out in the Supplement applicable to such Segregated Portfolio.

## Subscription Fee

Any subscription fee applicable to Segregated Portfolio Shares issued to an investor will be set out in the Supplement applicable to such Segregated Portfolio (“**Subscription Fee**”).

The Directors may reach agreement with the Investment Manager to reduce or waive any applicable Management Fee and/or any applicable Performance Fee and/or any applicable Subscription Fee with respect to Segregated Portfolio Shareholders as they may determine in their discretion, and the Board may declare separate Classes of Segregated Portfolio Shares for such purpose. See “*FEES AND EXPENSES*” on page 68.

## Side Letters

The Fund and/or the Investment Manager, in respect of any Segregated Portfolio, may from time to time enter into side letter arrangements (the “**Side Letters**”) with one or more prospective investors and/or current Shareholders whereby in consideration for agreeing to invest certain amounts in the relevant Segregated Portfolio and other consideration deemed material by the Fund in respect of the Segregated Portfolio, such investors and/or current Segregated Portfolio Shareholders may be granted favourable rights not afforded to other Segregated Portfolio Shareholders or investors, generally. Such rights may include but are not limited to one or more of the following: special rights to make future investments in one or more Segregated Portfolios of the Fund, other investment vehicles or managed accounts, as appropriate; special redemption rights, relating to frequency, notice and/or other terms; rights to receive reports from the Fund in respect of a Segregated Portfolio on a more frequent basis or that include information not provided to other Segregated Portfolio Shareholders (including, without limitation, more detailed information regarding positions); rights relating to preferential terms with respect to Management Fee, Performance Fee, redemption, minimum investment amounts, and such other rights as may be negotiated between the Fund in respect of a Segregated Portfolio and such investors. While these altered or supplemental terms and/or additional or different rights are considered preferential, the Investment Manager has assessed the terms and rights offered by similarly situated funds and has determined that providing such terms and rights is competitive as compared to such other funds. The Directors will not be required to notify the other Segregated Portfolio Shareholders of any such

agreement or any of the rights and/or terms or provisions thereof, nor will the Directors be required to offer such additional and/or different terms or rights to any other Segregated Portfolio Shareholder. The other Segregated Portfolio Shareholders will have no recourse against the Fund in respect of the relevant Segregated Portfolio, the Investment Manager and/or any of their respective affiliates in the event that certain Segregated Portfolio Shareholders receive additional and/or different rights and/or terms as a result of such Side Letters. The Fund may, in respect of a relevant Segregated Portfolio, enter into such agreements without the consent of or notice to the existing Segregated Portfolio Shareholders of that Segregated Portfolio. The Directors may enter into any such agreement with any Segregated Portfolio Shareholder at any time in their sole discretion.

#### **Designated Investments (Side Pockets)**

Notwithstanding anything to the contrary herein, the Fund may in certain instances, in relation to one or more Segregated Portfolios, invest a portion of its assets in securities or other financial instruments which are difficult to value and not readily marketable or should be held until the resolution of a special event or circumstance, or are unlisted and privately held. Additionally, the Investment Manager may determine that, for various reasons, an Investment that initially was not a Designated Investment should be deemed to be a Designated Investment. Each Designated Investment will be represented by a class of participating shares to be created and designated by the Directors, to be known as "**Class S Shares**", and designated to the relevant Segregated Portfolio. Class S Shares are allocated only to those investors that are Segregated Portfolio Shareholders at the time a Designated Investment is made. Class S Shares are not available for redemption or distribution until the Designated Investment represented by such class or sub-class of Class S Shares is sold or realised.

The Fund may, at any time and in its sole discretion, designate (side-pocket) an Investment of a Segregated Portfolio, directly or indirectly held by or to be acquired by the Fund as a "**Designated Investment**" in the following situations:

the Fund may be able to create or participate in a catalyst for value realisation through the exertion of influence or control



over management and the direction of the company being invested in;

there exists any state of affairs which the Fund believes constitutes a period of illiquidity or volatility or there exists conditions which may constitute a state of emergency, and as a result of which (a) in the sole discretion of the Fund, disposal of a substantial part of the investment would not be reasonably practicable and may prejudice the Segregated Portfolio Shareholders of the Fund or relevant Segregated Portfolio or (b) it is not reasonably practicable for the Fund to determine the fair value of the investment;

the investment is not readily marketable; or

for any other reason in the sole discretion of the Directors in consultation with the Investment Manager.

A Segregated Portfolio Shareholder will not be permitted to elect whether or not it participates in a Designated Investment. In general, one or more classes of Class S Shares of the relevant Segregated Portfolio will be issued to represent each Designated Investment made by the Fund. At the time a Designated Investment is purchased or designated, a pro rata portion of Segregated Portfolio Shares (other than Class S Shares) having an aggregate Net Asset Value equal to the fair value (which may be cost) of the Designated Investment will be exchanged for one or more new classes of Class S Shares which represents the Designated Investment, and such exchanges will be treated as a redemption of the relevant Class of Segregated Portfolio Shares exchanged. Any Management Fee, Performance Fee, or expenses attributable to the Segregated Portfolio Shares being exchanged may in the Investment Manager's sole discretion become due upon such exchange. Each Designated Investment will be valued at fair value (which may be cost). A Segregated Portfolio Shareholder will only participate in Designated Investments that are designated as such while such person is a Segregated Portfolio Shareholder in the Fund (of Segregated Portfolio Shares other than Class S Shares).

If after a particular Designated Investment is acquired or designated as such by the Investment Manager, an additional

Designated Investment from the same issuer or otherwise substantially related to the particular Designated Investment (a "**Follow-On Investment**") is acquired by the Fund, the Investment Manager may, in its sole discretion, treat the Follow-On Investment as relating to the original Designated Investment and, therefore, issue Class S Shares related to the Follow-On Investment solely to holders of Class S Shares who initially participated in the original Designated Investment.

If, in the sole discretion of the Investment Manager, a Designated Investment (or a portion thereof) is no longer or should no longer be treated as a Designated Investment, the Designated Investment may be deemed to have been sold at fair value.

Unless otherwise determined by the Directors, upon the realisation of a Designated Investment (a "**Realisation Event**"), all (or, if only a portion of the Designated Investment is realised or deemed realised, a portion) of a Segregated Portfolio Shareholder's Class S Shares attributable to such Designated Investment will be redeemed and exchanged back through the issuance of new Segregated Portfolio Shares of the original class from which the Class S Shares had been exchanged. Any appreciation or depreciation from such realised Designated Investment will be taken into account in determining the fees with respect to such original class of Segregated Portfolio Shares. Unless otherwise determined by the Directors, the exchange of Segregated Portfolio Shares will occur as of the next Subscription Date following the occurrence of the Realisation Event.

#### **Rights of Class S Shares**

If Class S Shares designated to a Segregated Portfolio are created and designated, the holders of Class S Shares shall, subject to the provisions of the Articles:

- (a) if and for so long as there are Management Shares in issue and outstanding, not be entitled to any votes in respect of such Class S Shares except in relation to a class meeting;
- (b) be entitled to such dividends and distributions as the Directors may from time to time declare;

(c) in the event of a winding-up or dissolution of the Fund, whether voluntary or involuntary or for the purposes of a reorganisation or otherwise or upon any distribution of capital, be entitled, after payment of all creditors and the return of the par value of the Segregated Portfolio Shares to the holders in each Segregated Portfolio thereof, *pari passu* with the holder of Management Shares, to an amount equal to the par value of such Class S Shares and thereafter to all the surplus assets, out of the relevant Segregated Portfolio, properly attributable to the relevant class or sub-class of Class S Shares, in proportion to the number of Class S Shares held;

(d) be subject to redemption, repurchase or conversion of such Class S Shares as provided in the Articles at the option of the Fund, but, notwithstanding any other provision of this Private Placement Memorandum or the applicable Supplement or the Articles, not be entitled to be redeemed, repurchased, or converted at the option of the holder.

#### **Limitation on Class S Share Redemptions**

Redemptions by Segregated Portfolio Shareholders may only be made with respect to Segregated Portfolio Shares other than Class S Shares. Thus, a Segregated Portfolio Shareholder who wishes to redeem all of its Segregated Portfolio Shares will generally be required to continue to participate in any Designated Investment in respect of which it holds Class S Shares as of the date of its redemption until the particular Designated Investment is sold or deemed to have been sold (and by way of clarification, the Designated Investment will continue to be subject to expenses, any Management Fee and Performance Fee).

#### **Transfers**

The Fund, in respect of any Segregated Portfolio, will not register the transfer of any Segregated Portfolio Shares without prior written consent of the Directors. The Directors retain the right to refuse to register any transfer of Segregated Portfolio Shares at their discretion.

The Directors may decline to register any transfer of Segregated Portfolio Shares unless an application for the transfer of such Segregated Portfolio Shares is accompanied by such evidence as the Directors may reasonably require to show the transfer would not result in those Segregated

Portfolio Shares being held by (i) any person in breach of the law or requirements of any country, any governmental or other regulatory authority or any stock exchange on which any of the Segregated Portfolio Shares of the Fund may be listed or (ii) any person or persons in circumstances which, in the opinion of the Directors, might result in the Fund incurring any liability to taxation or suffering any other pecuniary disadvantage which the Fund might not otherwise have incurred or suffered.

A transferee must make the same representations as is required of subscribers. There is currently no public market for resale of Segregated Portfolio Shares, and none is expected to develop.

#### **No Stock Exchange listing of Shares**

No application has been made to list the Segregated Portfolio Shares on any stock exchange.

The Directors reserve the right to list the Segregated Portfolio Shares of the Fund on a recognized Stock Exchange at the discretion of the Directors at a future time of their choosing.

#### **Details of the Principal Rights and Restrictions attaching to Segregated Portfolio Shares**

Any subscription is, once made, irrevocable on the part of an investor and the Directors retain the right to reject any subscription and need not provide any reason for any such rejection.

The Fund's Memorandum and Articles of Association may be amended by the Management Shareholder. The Investment Manager is the sole Management Shareholder of the Fund. The Management Shareholder carries the right to vote on all matters at a general meeting of the Fund, including the right to amend the Articles of the Fund in its sole discretion (other than to alter any rights attaching to the Segregated Portfolio Shares offered by the Fund or to make a material change the investment objectives and policy of a Segregated Portfolio of the Fund which can only be approved by a majority in interests of the relevant Segregated Portfolio Shareholders).

Except for any side letter arrangements which may be permissible between the Fund and individual Segregated Portfolio Shareholders, every Segregated Portfolio Share has equal rights and privileges with every other Segregated Portfolio Share within its Class. In the event of liquidation or dissolution of a Segregated Portfolio, the net assets of the

Segregated Portfolio will be distributed proportionally among all the outstanding Segregated Portfolio Shares issued through the account of that Segregated Portfolio.

The Directors may in respect of a Segregated Portfolio, in their discretion, make distributions in kind wholly or in part of securities (e.g., shares, stocks, bonds, and swaps but not digital assets) to any Segregated Portfolio Shareholder in that Segregated Portfolio. Distributions in-kind and redemptions in-kind in the form of digital assets are not permitted under any circumstances.

No Segregated Portfolio Shareholder shall have the right, however, to require distributions in property other than cash. Any redemption in kind wholly or in part of securities (e.g., shares, stocks, bonds, and swaps but not digital assets) approved by the Directors will seek to treat all investors fairly and will not materially prejudice the interests of the remaining Segregated Portfolio Shareholders.

In the circumstances stated in this Private Placement Memorandum, the Directors, in their sole and absolute discretion, may suspend the valuation of a Segregated Portfolio's assets, and/or the right or obligation to honour redemption requests (including the right to receive redemption proceeds), and/or extend the period for payment on redemption. The Directors have reserved the right, in their sole discretion and without notice, to require any Segregated Portfolio Shareholder to redeem entirely from the Fund, for any reason or no reason.

The Fund reserves the right to reject a subscription application, for any reason, in whole or in part, in which event the subscription monies or any balance thereof will be returned to the applicant by transfer to the applicant's designated account or by wire, without interest and at the applicant's risk.

Upon acceptance by the Fund of an investor's Subscription Application and clearance of the investor's funds in an amount equal to or in excess of the required minimum investment, an investor will be credited with the appropriate number of Segregated Portfolio Shares upon the Register of Members of

the Fund maintained by the Administrator. Fractional shares will be issued to six (6) decimal points.

## Dividends

Payment of any dividends in respect of each Segregated Portfolio will be at the discretion of the Directors and the Directors may determine that funds from that Segregated Portfolio available for dividends should be retained by the Segregated Portfolio for future investment.

## Material Provisions of Law and Regulations in the Cayman Islands governing the investors' interest in the Fund

The material provisions of law and regulations in the Cayman Islands which govern investors' interest in the Fund are set out in various places in this Private Placement Memorandum. For example:

1. The Fund falls within the definition of a "mutual fund" in terms of the Mutual Funds Act. The Fund is registered as a regulated mutual fund under Section 4(3) of the Mutual Funds Act. The consequences of such registration are set out herein. (See heading "*Regulation of the Fund*" on page 51).
2. Each Segregated Portfolio Shareholder is entitled by Cayman Islands law to a copy of the Fund's Private Placement Memorandum and Articles but as disclosed elsewhere herein (see sub-section "*Access to Information*" below in this section), Segregated Portfolio Shareholders' access to information and documents from the Fund are limited.
3. There is no investment compensation scheme available to investors in the Cayman Islands. There is no separate legal representation provided by the Fund for investors considering an investment in the Fund.

## Expenses

*Organizational and Initial Offering Costs.* All expenses of the Offering and organization of the Fund (including legal and other expenses) ("**Organizational Expenses**") shall be paid by the Investment Manager but the Investment Manager will be entitled to be reimbursed for the total costs and expenses of establishing the Fund upon the production of invoices in respect of the same addressed to the Fund) and such costs and expenses of establishing the Fund will be divided proportionately among the Fund's Segregated Portfolios and will be payable out of the proceeds of the initial issue of Segregated Portfolio Shares. These costs and expenses will be amortised on a straight-line basis over a period of sixty (60)

months from the date following the initial offer of Segregated Portfolio Shares as determined by the Directors. The Directors may shorten the period over which such costs and expenses are amortised.

*Transactional and Related Costs.* Subject to the terms of the applicable Supplement of a Segregated Portfolio, each Segregated Portfolio of the Fund will pay all expenses of its operations and business, including, but not limited to, investment-related expenses (*e.g.*, brokerage commissions, clearing and settlement charges, custodial fees, interest expenses, expenses relating to consultants, brokers or other professionals or advisors who provide research, advice or due diligence services with regard to investments, appraisal fees and expenses, and investment banking expenses); research costs and expenses (including fees for news, quotation and similar information and pricing services); legal expenses (including, without limitation, the costs of on-going legal advice and services, all costs and expenses related to or incurred in connection with the Investment Manager's compliance obligations under applicable securities and investment adviser laws arising out of its relationship to the Fund, as well as extraordinary legal expenses, such as those related to litigation or regulatory investigations or proceedings); any Management Fee; accounting fees and audit expenses; tax preparation expenses and any applicable tax liabilities (including transfer taxes and withholding taxes); other governmental charges or fees payable by the Fund; director and officer and/or errors and omissions liability insurance premiums or fiduciary liability insurance premiums for directors, officers and personnel of the Investment Manager; costs of printing and mailing reports and notices; and other similar expenses related to the relevant Segregated Portfolio, as the Investment Manager determines in its sole discretion.

Each Segregated Portfolio will pay substantially all the administrative expenses and costs of its own operation, as well as the costs of the continuing offering of Segregated Portfolio Shares.

### **Selling Commissions**

The Investment Manager may pay or authorise the payment of selling commissions and/or referral fees in connection with the offering of the Segregated Portfolio Shares, such that

portion of any Performance Fee chargeable and/or any Management Fee chargeable may be remitted to registered broker dealers or their representatives introducing Segregated Portfolio Shareholders to the Fund, or the Investment Manager may use its own resources to compensate third parties for such introductions. The Investment Manager may also direct brokerage from a Segregated Portfolio's trades to broker-dealers which introduce Segregated Portfolio Shareholders to the Fund, subject to applicable laws.

### **Principal Risk Factors and Conflicts of Interest**

An investment in any Segregated Portfolio of the Fund is speculative and involves a high degree of risk. Segregated Portfolio Shares are intended for sale to a limited number of experienced and sophisticated investors. Investors must be willing to bear the risks of this investment, including the possible loss of all or a substantial part of their investment. In addition, there are a number of conflicts of interest in the structure and operation of the Fund. See “

CERTAIN RISK FACTORS” on page 71 and “

CONFLICTS OF INTEREST” on page 114.

### **Tax and Regulatory Matters**

Under current Cayman Islands law, the Fund and its Segregated Portfolio Shareholders are not subject to income tax, capital gains tax, or withholding tax. Certain dividend income and certain capital gains income realized by a Segregated Portfolio of the Fund may be subject to income or withholding taxes in the source jurisdiction. Potential investors interested in the purchase of Segregated Portfolio Shares should inform themselves as to the tax consequences, if any, in their own countries, which might be relevant to the purchase, holdings, repurchase, redemption or transfer of Segregated Portfolio Shares. See “TAX CONSIDERATIONS” on page 116.

### **Leverage**

The intention in relation to leverage or borrowing and any specific borrowing restrictions for each Segregated Portfolio (if any) will be set out in the applicable Supplement.

### **Information to Shareholders**

The Fund's books of account (i.e., its financial statements) will be audited as at each Financial Year End by a firm of auditors on the list of auditors approved by CIMA selected by the Directors. However, the Fund may choose to (i) seek an audit



waiver from CIMA in respect of the period from registration of the Fund to its first Financial Year End if such period is six (6) months or less, or (ii) extend its first Financial Year End to a period not exceeding eighteen (18) months from registration with CIMA. Audited financial statements will generally be kept by the Fund, in accordance with IFRS. Annual accounts prepared in accordance with IFRS (or such other accounting principles as may be specified in a particular Segregated Portfolio's Supplement) shall be made up to each Financial Year End (or such other date as may be specified in a particular Segregated Portfolio's Supplement) in respect of each Segregated Portfolio. Accounts of each Segregated Portfolio will be prepared in the Base Currency of Segregated Portfolio.

The financial reporting frequency and other performance details of the Fund and each relevant Segregated Portfolio of the Fund will be disclosed in the Supplement applicable to the relevant Segregated Portfolio.

#### **Access to Information**

The amount of information available to investors is limited. The general nature of the strategies employed by the Investment Manager are as stated herein, and the specific details of the execution of such strategies will not be disclosable to investors. The Fund will not be obligated, nor will it be inclined to disclose arrangements, agreements, or information (including, but not limited to, any agreements, arrangements, or payments made by the Investment Manager to third parties e.g., finder's fees, commissions, and retrocessions) relating to third parties other than the information detailed in the Articles and the information disclosed in the audited financial statements of the Fund.

#### **Subscription Procedure**

The subscription procedure applicable to each Segregated Portfolio is set out in the Supplement applicable to that Segregated Portfolio.

The distribution of this Private Placement Memorandum and the offering of Segregated Portfolio Shares may be restricted in certain jurisdictions. It is the responsibility of any person or persons in possession of this Private Placement Memorandum and wishing to make application for Segregated Portfolio Shares to inform themselves of, and to observe, all applicable laws and regulations of any relevant jurisdiction. Prospective applicants for Segregated Portfolio Shares should inform

themselves as to legal requirements also applying and any applicable exchange control regulations and applicable taxes in the countries of their citizenship, residence, or domicile.

This Private Placement Memorandum does not constitute an offer or solicitation to any person in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it would be unlawful to make such offer or solicitation.

### Segregated Portfolio Shares

The Fund's Articles provides that the Segregated Portfolio Shares shall have the following rights and restrictions:

The holders of Segregated Portfolio Shares shall not be entitled to receive notice of and attend and vote at any general meeting of the Fund.

Subject to the specific terms set out in the applicable Supplement, Segregated Portfolio Shares may be redeemable in accordance with the provisions of the Articles.

In a winding up or other return of capital, the holders of the Segregated Portfolio Shares shall have the right to repayment of the amount of capital paid on them out of the assets of the Segregated Portfolio ("**Segregated Portfolio Assets**") of the relevant Segregated Portfolio Shares held by them.

Subject to the Companies Act, the restrictions contained in this sub-paragraph 4 and at the absolute discretion of the Directors, a dividend may be declared and paid to the holders of any Segregated Portfolio Shares out of the profits of the Fund which relate to the relevant Segregated Portfolio or out of any other account of the Fund (including, to the extent permitted by the Companies Act, from the share premium account) which relates to the relevant Segregated Portfolio, but for the avoidance of any doubt no dividend may be declared and paid to the holders of Segregated Portfolio Shares of one Segregated Portfolio out of the profits of the Fund which relate to another Segregated Portfolio or out the general assets of the Fund ("**General Assets**") or out of any other account (including, to the extent permitted by the Companies Act, from the share premium account) which relates to another Segregated Portfolio.

Segregated Portfolio Shares may be issued through the account of different Segregated Portfolios, each Segregated Portfolio representing the capital contribution or contributions made by the Segregated Portfolio Shareholders of that Segregated Portfolio and designated by a distinguishing number or such other distinguishing feature as the Directors may from time to time determine and including within its name the words "Segregated Portfolio". Each Segregated Portfolio shall be a segregated portfolio as described in Section 216 of the Companies Act and accordingly the assets and liabilities of the Fund held within or on behalf of any one Segregated Portfolio shall be segregated from the assets and liabilities of the Fund held within or on behalf of any other Segregated Portfolio or from assets and liabilities of the Fund not held within any Segregated Portfolio. All profits of the Fund and any share premium or other account, which relate to a particular Segregated Portfolio shall be held on behalf of that Segregated Portfolio and may only be used for the purposes of that Segregated Portfolio. All fees, costs and expenses of the Fund which relate to a particular Segregated Portfolio shall be discharged out of the assets of that Segregated Portfolio and may not be discharged out of other assets of the Fund, whether held on behalf of another Segregated Portfolio or otherwise. Except as otherwise provided in the Articles, each Segregated Portfolio Shares in a Segregated Portfolio shall rank equally in priority and preference with every other Segregated Portfolio Shares in that same Segregated Portfolio.

The Directors shall identify, segregate, and keep segregated each asset as either a General Asset or as a Segregated Portfolio Asset and shall identify, in the case of a Segregated Portfolio Asset the Segregated Portfolio to which it is allocated and each liability as being that of a General Creditor or of a Segregated Portfolio Creditor and, in the case of a Segregated Portfolio Creditor, the Segregated Portfolio of which such person is a creditor. The liabilities of a Segregated Portfolio shall be satisfied by the Segregated Portfolio Assets allocated to such Segregated Portfolio only and a Segregated Portfolio Creditor shall not have any right of recourse to the General Assets of the Fund.

Subject to the provisions of and the restrictions contained in the Companies Act and the terms of the applicable

Supplement, the Segregated Portfolio Shares of any Segregated Portfolio may be redeemed either out of profits or out of capital of the Fund which relate to that Segregated Portfolio or, in the case of any premium payable on the redemption, out of the share premium account relating to that Segregated Portfolio and for the avoidance of doubt, neither the profits nor the capital of the Fund nor any share premium account which does not relate to the relevant Segregated Portfolio may be used to redeem the Segregated Portfolio Shares of that Segregated Portfolio.

## ORGANIZATION OF THE FUND

The Fund is a Cayman Islands segregated portfolio company incorporated with limited liability on 3 January 2023, established to operate as an investment fund. The registered office of the Fund is at c/o Hermes Corporate Services Ltd., Fifth Floor, Zephyr House, 122 Mary Street, George Town, P.O. Box 31493, Grand Cayman KY1-1206, Cayman Islands. The Fund's Articles provide that the Fund's objectives are unrestricted, and the Fund shall have full power to and authority to carry out any objective not prohibited by law.

The Fund is structured as a segregated portfolio company to offer holders of Segregated Portfolio Shares the opportunity to tailor the allocation of the capital commitments to each of several Segregated Portfolios. Additional Segregated Portfolios may be established to enable shareholders to invest in Segregated Portfolios.

As a condition to an investment in the Fund, each Segregated Portfolio Shareholder will be required to enter into a subscription application ("**Subscription Application**") with the Fund for and on behalf of the relevant Segregated Portfolio indicating the precise percentage of their subscription amount to be allocated to each of the Fund's Segregated Portfolios.

### **Directors of the Fund**

The Board of Directors of the Fund presently consists of Anna Patrice Goubault and Charles Michael Thomas. The Directors will be responsible for the supervisory oversight and control of the Fund, but not be active in the Fund's investment activities. The Directors will, however, review the operations and investment performance of the Fund.

### **Anna Patrice Goubault**

Ms. Goubault serves as an independent member of the Boards of Directors or Governance Boards of investment funds and related structures. She is currently an independent director with Calderwood, a fund governance and compliance firm in the Cayman Islands. Ms. Goubault also currently serves as a member of the Cayman Islands Monetary Authority's Board of Directors, which is the group of industry professionals that provides oversight and strategic direction to the Cayman Islands Monetary Authority.

Prior to joining Calderwood in 2021, Ms. Goubault served as an independent financial services regulatory and legal consultant from 2018 to 2021. Among other engagements, she advised the Cayman Islands Ministry of Financial Services on the development of several pieces of financial services legislation, including legislation relating to compliance with the global standards on economic substance and the enhancements to the domestic regulatory regime for investment funds.

From 2008 to 2017, Ms. Goubault was an attorney at Maples, an international law firm in the Cayman Islands and, prior to that, Ogier in the Cayman Islands. At both firms, she focused on matters concerning fund structuring, establishment, ongoing legal and regulatory compliance, fund governance and the establishment and operation of investment management entities in the Cayman Islands.

Ms. Goubault is an honors graduate in law from the University of Liverpool, England and completed her Professional Practitioner's Course (Cayman Islands) with Queen's University Belfast. Ms. Goubault qualified as an attorney in the Cayman Islands in 2005. Prior to that she received a Bachelor of Science in Economics from Loyola University.

### **Charles Michael Thomas**

Mr. Thomas has worked with many of the industry's leading investment managers and prominent financial institutions during that time and has more than 20 years of experience in the financial services sector.

Prior to joining Calderwood, Mr. Thomas was a Senior Vice President at the Maples Group in the Cayman Islands where he was a member of the senior management team within the fund's fiduciary division. He served as an independent director on a wide range of alternative investment funds, including fund of funds, hedge funds, private equity funds and segregated portfolio companies. Mr. Thomas joined the Maples Group in 2010. Prior to that Mr. Thomas was an Assistant Vice President at Butterfield Fulcrum Group (Cayman) Limited, where he managed the fund of funds group responsible for a team administering over US\$15bn in assets under administration. Mr. Thomas joined Butterfield having moved to the Cayman Islands from England in 2005. Whilst in England Mr. Thomas worked for Merchant Investors Assurance Company in senior fund accounting positions since 2001.

Mr. Thomas graduated from the University of the West of England in Bristol, England with a Bachelor of Arts (Honours) degree in Finance. Mr. Thomas is a chartered accountant and is a fellow of the Association of Chartered Certified Accountants. He is an Accredited Director of the Institute of Chartered Secretaries and Administrators of Canada. He is also a Registered Professional Director with the Cayman Islands Monetary Authority and a member of the Cayman Islands Directors Association.

### **Delegation to Service Providers**

The Fund has delegated the management of its assets to the Investment Manager including the determination of the Fund's general investment policies, and for procuring all investment management and administrative services required in connection therewith. The Fund has delegated the calculation of the Fund's Net Asset Value, AML/KYC checks and verification of applicants for Segregated Portfolio Shares, and certain other administrator duties to the Administrator. The Administrator will not be responsible for monitoring any investment restrictions or compliance with the investment restrictions and therefore will not be responsible for any breach thereof.

The Board will review the operations and investment performance of the Fund. The Directors meet periodically to review the services and continued appointment of the Administrator and to review the activities of the Investment Manager and to decide upon matters of general policy. The Investment Manager has the discretion to engage in a broad range of investment activities in connection with the management of the Fund's assets. See "*INVESTMENT OBJECTIVES AND STRATEGIES*" on page 49.

The Articles provide that a Director or officer shall not be liable to the Fund for any acts or omissions in the performance of his/her duties if he/she acted honestly and in good faith with a view to the best interests of the Fund and, in the case of criminal proceedings, that he/she had no actual or reasonable cause to believe that his/her conduct was unlawful. The Articles also contain certain provisions for the indemnification of the Directors by the Fund, to the extent permitted by law, against liabilities to third parties arising in connection with performance of their services to the extent that such liabilities do not arise as a consequence of wilful concealment, actual fraud or Gross Negligence.

### **Directors' Interests**

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

- A. No shareholding qualification for Directors is required under Cayman Islands law. The Directors or companies of which they are officers or employees, may, however, subscribe for Segregated Portfolio Shares in the Fund.
- B. Save as disclosed herein, no Director has any interest, direct or indirect, in the promotion of or in any assets which are proposed to be acquired, disposed of by or leased to the Fund and no Director has a material interest in any contract or arrangement entered into by the Fund which is unusual in nature or conditions or significant in relation to the business of the Fund, nor has any Director had such an interest since the Fund was incorporated.
- C. No Director has: (i) any unspent convictions in relation to indictable offences; or (ii) been bankrupt or the subject of an involuntary arrangement, or has had a receiver appointed to any asset of such Director; or (iii) been a director of any company which, while he was a director with an executive function or within 12 months after he ceased to be a director with an executive function, had a receiver appointed or went into compulsory liquidation, creditors voluntary liquidation, administration or company voluntary arrangements, or made any composition or arrangements with its creditors generally or with any class of its creditors; or (iv) been a partner of any partnership, which while he was a partner or within 12 months after he ceased to be a partner, went into compulsory liquidation, administration or partnership voluntary arrangement, or had a receiver appointed to any partnership asset; or (v) had any public criticism by statutory or regulatory authorities (including recognised professional bodies); or (vi) been disqualified by a court from acting as a director or from acting in the management or conduct of the affairs of any company.

### **Directors' Remuneration**

The Fund has entered into service agreements with the Directors (the "Director Agreements") which set out the terms on which the services of such directors will be provided. Pursuant to the Director Agreements, each of Anna Patrice Goubault and Charles Michael Thomas is entitled to remuneration from the Fund at their customary rates and for reimbursement for certain out-of-pocket expenses,

including reasonable travel and related expenses in attending meetings related to the Fund. In addition, in limited circumstances, the Fund may also pay the Directors additional amounts for their services, on an hourly basis. The Memorandum and Articles of Association also extends indemnification by the Fund to each of the Directors.

Neither Anna Patrice Goubault nor Charles Michael Thomas is required to devote their full time and attention to the business of the Fund. Either may be engaged in any other business and/or be concerned or interested in or act as a director or officer of any other company or entity. Neither Anna Patrice Goubault nor Charles Michael Thomas has direct responsibility for (i) the commercial structuring of the Fund or its investment strategy; (ii) the purchase or sale of any investment on behalf of the Fund (which is the responsibility of the Investment Manager); or (iii) the valuation of the assets of the Fund.

### **Transactions with Directors**

- A. No agreement or transaction between the Fund and one or more of its Directors or any person in which any Director has a financial interest or to whom any Director is related, including as a director of that other person, is void or voidable for that reason only or by reason only that the Director is present at the meeting of Directors or at the meeting of the committee of Directors that approves the agreement or transaction, or that the vote or consent of that Director is counted for that purpose, provided that the material facts of the interest of each relevant Director in the agreement or transaction, and his interest in or relationship to any other party to the agreement or transaction, are disclosed in good faith to or known by the other Directors.
- B. A Director who has an interest in any particular business to be considered at a meeting of the Directors or Segregated Portfolio Shareholders may be counted for the purpose of determining whether the meeting is duly constituted and may vote at such meeting, subject to the disclosure required as set out above and always paying regard to his/her obligation to act in the best interest of the Fund, in the case of a meeting of the Directors.

### **Retirement of Directors**

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

### **USE OF PROCEEDS**

Substantially all of the proceeds received by each Segregated Portfolio of the Fund from the issuance of Segregated Portfolio Shares shall be used to pursue the investment program set forth in this Private Placement Memorandum and the relevant Supplement published in respect of the particular Segregated Portfolio.

The Fund may, in respect of a particular Segregated Portfolio, at the discretion of the Investment Manager, retain such amounts as it considers appropriate to maintain a liquid portfolio of cash, including deposits and government securities, for the purposes of paying its anticipated expenses and to meet any other cash needs.



If the Investment Manager believes that there is not sufficiently good value in any instrument suitable for investment of a Segregated Portfolio's capital, all such capital may be held in cash and cash equivalents.

Other than as set forth herein, the Investment Manager and its Affiliates will not make any inter-company or inter-fund loans using the assets or other property of any Segregated Portfolio of the Fund.

## INVESTMENT OBJECTIVES AND STRATEGIES

*NOTE: Descriptions of the Fund's general objectives, standards, and practices as they appear anywhere in this document, including use of "normally," "generally," "usually," "typically" or similar such terms, do not limit the scope of the Investment Manager's discretion in investment.*

### Investment Objectives

The Fund will invest substantially all of the net proceeds of the sale of its Segregated Portfolio Shares in this Offering to various investment strategies employed through Segregated Portfolios of the Fund as is more particularly set out in the applicable Supplement to achieve its investment objectives and will issue its Segregated Portfolio Shares through one or more Segregated Portfolios of the Fund.

The primary investment objective of the Fund is to achieve capital appreciation. The Segregated Portfolios of the Fund have maximum flexibility to invest in a wide range of traditional, non-traditional, digital assets and digital asset related investments. Traditional and non-traditional assets include, but are not limited to, listed and unlisted equities, new issues, short-term debt instruments, private equity investments (including private companies and private projects), and open- and closed-ended collective investment schemes and vehicles (listed and unlisted as well as unregulated). Digital assets include, but are not limited to, initial coin offerings (ICOs), cryptocurrencies (including but not limited to Bitcoin, Ethereum, USDC and USDT), decentralized application tokens, protocol tokens and collective open- and closed-ended investment vehicles (listed and unlisted as well as unregulated) and new asset classes that may be established in the future on a global basis (collectively, "**Digital Assets**"). Furthermore, the Segregated Portfolios may use exchange-traded and OTC derivatives such as futures, options and warrants, swaps, and other derivative instruments to gain or hedge exposure. The Segregated Portfolios may retain amounts in cash or cash equivalents (including money market funds) pending reinvestment, for use as collateral or if this is considered appropriate to the investment objective.

The primary investment objective of each Segregated Portfolio of the Fund is stated in the Supplement applicable to that Segregated Portfolio. There can be no assurance that a Segregated Portfolio or the Fund will achieve its investment objective or that an investor will not lose some or all of the assets invested in that Segregated Portfolio.

The business of the Fund and its Segregated Portfolios includes the realisation and distribution in kind wholly or in part of securities (e.g., shares, stocks, bonds, and swaps but not digital assets) of the Fund's and each Segregated Portfolio's assets to Segregated Portfolio Shareholders during a wind down of the Fund's or a Segregated Portfolio's operations.

If the Directors, in consultation with the Investment Manager, decide that the investment objectives and strategy of the Fund are no longer viable they may resolve that the Fund be managed with the objective of realising assets in an orderly manner and distributing the proceeds to Segregated Portfolio Shareholders in such manner as they determine to be in the best interests of the Segregated Portfolio Shareholders of each Segregated Portfolio, in accordance with the terms of the Articles (“**Soft Wind-Down**”), including, without limitation, compulsorily redeeming Segregated Portfolio Shares, paying any redemption proceeds in kind wholly or in part of securities (e.g., shares, stocks, bonds, and swaps but not digital assets) and/or declaring a suspension while assets are being realised. This process is integral to the business of the Fund and may be carried out without recourse to a formal liquidation under the Companies Act or any other applicable bankruptcy or insolvency regime but shall be without prejudice to the right of the holder of the Management Shares to place the Fund into liquidation.

### **Investment Strategies**

The assets held by the Fund for the account of a Segregated Portfolio will be invested in accordance with the Investment Objectives and Investment Strategies of that Segregated Portfolio. The Investment Strategies for each Segregated Portfolio will be formulated by the Directors and will be described in the applicable Supplement. The assets held by the Fund for the account of a Segregated Portfolio will be invested by the Investment Manager in accordance with the Investment Objectives and Investment Strategies of that Segregated Portfolio.

The investment strategies which will be used by the Investment Manager for investments by the Fund may be highly profitable with expected high returns; however, investors should note that such strategies also have a high degree of risk, which should be reviewed and carefully considered by the investors before making an investment in the Fund. See "CERTAIN RISK FACTORS" below on page 71.

### **Investment Restrictions**

The Articles do not contain any restrictions on the investment powers of the Fund. The Investment Restrictions (if any) for each Segregated Portfolio will be formulated by the Directors and will be described in the applicable Supplement.

### **Leverage or Borrowing Policy**

The intention in relation to leverage or borrowing and any specific borrowing restrictions for each Segregated Portfolio (if any) will be set out in the applicable Supplement.

### **Limits of Description of Investment Program**

The Directors and Investment Manager are not limited by the above description of the investment activities. Further, the above description is a strategy as of the date of this Private Placement Memorandum only. The Investment Manager has wide latitude to invest or trade each Segregated Portfolio's assets, to pursue any particular strategy or tactic, or to change the emphasis without obtaining the approval of the Segregated Portfolio Shareholders, although the Directors may only cause a material change to the investment strategy of a particular Segregated Portfolio with the consent of a

majority in interest of Segregated Portfolio Shareholders of that Segregated Portfolio. Except as specifically provided in this section, the investment strategy imposes no significant limits on the types of instruments in which each Segregated Portfolio may take positions, the type of positions it may take, its ability to borrow money, or the concentration of investments. The foregoing description is general and is not intended to be exhaustive. Prospective Segregated Portfolio Shareholders must recognize that there are inherent limitations on all descriptions of investment processes due to the complexity, confidentiality, and subjectivity of such processes. In addition, the description of virtually every trading strategy must be qualified by the fact that trading approaches are continually changing, as are the markets invested in by each Segregated Portfolio of the Fund.

### **Risk Management**

Risk will be controlled through the constant monitoring and analysis by the Investment Manager of the assets and portfolio of each Segregated Portfolio.

### **Distributions and Reinvestment**

Payment of any dividends in respect of each Segregated Portfolio will be at the discretion of the Directors and the Directors may also determine that funds from that Segregated Portfolio available for dividends should be retained by the Segregated Portfolio for future investment.

Although no guarantees against any level of loss can be made, the Investment Manager will employ an investment strategy which, in its opinion, and subject to the calculative and other risks set forth elsewhere in this Private Placement Memorandum, is designed to attempt to limit downside risk. Such objectives may not be achieved, however.

***Nothing contained in this section (or elsewhere in this Private Placement Memorandum) shall limit the scope of the Investment Manager's sole investment discretion or operate as a guarantee against any specific level of risk.***

## **REGULATION OF THE FUND**

### **Mutual Fund**

The Fund falls within the definition of a "mutual fund" in terms of the Mutual Funds Act. The Fund is registered with CIMA pursuant to Section 4(3) of the Mutual Funds Act. The Fund is subject to the supervision of CIMA and is required to file this Private Placement Memorandum, each published Supplement and details of any changes that materially affect any information contained in this Private Placement Memorandum and any published Supplement with CIMA, and file annually with CIMA accounts audited by a firm of auditors on the CIMA list of approved auditors, together with a return containing particulars specified by CIMA, within 6 months of the Fund's Financial Year End or within such extension of that period as CIMA may allow. A prescribed fee is required to be paid annually in respect of the continued registration of the Fund and each of its Segregated Portfolios with CIMA.

The Fund is regulated by, and subject to the supervision of, CIMA and CIMA may at any time instruct the Fund to have its accounts audited and to submit them to CIMA within such time as CIMA specifies.

CIMA has the right, whenever it considers it necessary, to examine, including by way of on-site inspections or in such other manner as it may determine, the affairs or business of the Fund for the purpose of satisfying itself that the provisions of the Mutual Funds Act and applicable anti-money laundering regulations are being complied with.

In addition, CIMA may ask the Board to give CIMA such information or such explanation in respect of the Fund as CIMA may reasonably require to enable it to carry out its duty under the Mutual Funds Act and the Directors must then give CIMA access to or provide at any reasonable time all records relating to the Fund and CIMA may copy or take an extract of a record it is given access to. Failure to comply with these requests by CIMA may result in substantial fines being imposed on the Board of the Fund and may result in CIMA applying to the Cayman Islands Grand Court to have the Fund wound up.

CIMA may take certain actions if it is satisfied that a regulated mutual fund (such as the Fund):

1. is or is likely to become unable to meet its obligations as they fall due;
2. is carrying on or is attempting to carry on business or is winding up its business voluntarily in a manner that is prejudicial to its investors or creditors;
3. has contravened any provision of the Mutual Funds Act or of the Anti-Money Laundering Regulations (As Revised) of the Cayman Islands;
4. the direction and management of the regulated mutual fund has not been conducted in a fit and proper manner; or
5. has persons holding a position as a director, manager or officer who is not a fit and proper person to hold the respective position.

CIMA is prohibited by the Mutual Funds Act from disclosing any information relating to the affairs of a mutual fund other than disclosure required for the effective regulation of a mutual fund or when required by law or by the Cayman Island Grand Court.

The powers of CIMA in respect of the Fund include, amongst other things, the power to require the substitution of the Fund's Directors, to appoint a person to advise the Fund on the proper conduct of its affairs or to appoint a person to assume control of the affairs of the Fund. There are other remedies available to CIMA, including the ability to cancel the registration of the Fund and apply to a Cayman Islands Grand Court for approval of other actions.

Neither CIMA nor any other governmental authority in the Cayman Islands has commented upon or approved the merits of this Offering or the accuracy or adequacy of this Private Placement Memorandum and any accompanying Supplements. There is no investment compensation scheme available to investors in the Cayman Islands.

This Private Placement Memorandum is based on the law and practice currently in force in the Cayman Islands and is always subject to changes therein.

### THE CAYMAN ISLANDS SEGREGATED PORTFOLIO COMPANY

The Companies Act allows for the creation of segregated portfolio companies such as the Fund, which may establish one or more separate portfolios and which segregate the assets and liabilities attributable to each portfolio from the assets and liabilities attributable to every other portfolio, and from the general assets of the Fund.

The Fund, being a segregated portfolio company, is a single legal entity within which various Segregated Portfolios may be established. Cayman Islands law provides that the assets and liabilities of each segregated portfolio of the Fund are legally separate from the assets and liabilities of the other Segregated Portfolios of the Fund. Creditors of a Segregated Portfolio will only have recourse to the assets of that Segregated Portfolio. The Fund's Articles prohibit any recourse to any general assets of the Fund (being assets not comprised in any Segregated Portfolio) to the extent that the Segregated Portfolio assets attributable to such Segregated Portfolio are insufficient. Although a Segregated Portfolio of the Fund must be separately identified, it will not be a separate legal entity from the Fund.

Assets of the Fund will either be Segregated Portfolio Assets or General Assets of the Fund. The Directors of Fund have a duty to establish and maintain procedures to ensure the segregation of each Segregated Portfolio's assets from those of other Segregated Portfolio(s) and from the General Assets of the Fund and to ensure that assets and liabilities are not transferred between Segregated Portfolios otherwise than at full value.

The Companies Act of the Cayman Islands provide that contracts in respect of a particular Segregated Portfolio should be executed by the Directors of the Fund on behalf of the relevant Segregated Portfolio, which must be named. The relevant Segregated Portfolios must be identified, and where contracts are in writing, it must be indicated that the contract is being executed in the name of, or by the account of the relevant Segregated Portfolio.

### INVESTMENT MANAGER

The Investment Manager of the Fund is DCAP Ltd ("**Investment Manager**"), a company incorporated under the laws of Switzerland, whose registered office is at Löwenstrasse 29, 8001 Zurich, Switzerland. The Principal of the Investment Manager is Claudio Schneider Blank.

The Investment Manager is licensed as a portfolio manager pursuant to art. 24 para. 2 letter a in conjunction with art. 17 para. 1 FinIA, by the FINMA and affiliated with the supervisory organisation AOS Schweizerische Aktiengesellschaft für Aufsicht.

Pursuant to the terms of the Investment Management Agreement between the Investment Manager and the Fund, the Investment Manager will make all trading and investment decisions for each of the Segregated Portfolios of the Fund and will have exclusive management of each Segregated Portfolio's Assets.

The Investment Manager and its Principal and Affiliates may also actively trade for their own personal (proprietary) accounts in such markets. The Investment Manager and its Principal and Affiliates intend to continue to invest directly, or otherwise participate in, and serve as sponsor or investment manager of and/or adviser to, other investment vehicles, and to engage in investment management and investment advisory activities for others.

While the Directors are responsible for the overall supervisory oversight and control of the Fund in accordance with the laws of the Cayman Islands, the Directors have delegated the day-to-day operation of each Segregated Portfolio of the Fund to service providers, including the Investment Manager and the Administrator. In performing their duties, the Directors are entitled to rely upon, and generally rely upon the work performed by and information received from such service providers.

Besides the Fund, the Investment Manager and/or its Affiliates may manage other investment vehicles and accounts. The Investment Manager and/or its Affiliates may agree to terms with such other investment vehicles or accounts, or with the investors in such other investment vehicles or accounts, that differ from the terms entered into with the Fund.

The Investment Manager is obligated under the terms of the Investment Management Agreement to ensure that:

- i. all payments to be made and all other liabilities of a Segregated Portfolio of the Fund will be made or satisfied only from and to the extent of assets segregated to the Segregated Portfolio in respect of which such payment or liability arises. The Investment Manager shall have recourse only to such assets for payments to be made by or in respect of claims which relate to such the Segregated Portfolio. The obligations and liabilities of a Segregated Portfolio of the Fund including, in particular, in regard to the Investment Management Agreement, will be strictly limited to such assets and the Investment Manager will not have further recourse to the Fund's General Assets or assets of any other Segregated Portfolio of the Fund in respect thereof and to the extent not satisfied thereby the claim of the Investment Manager shall be extinguished.
- ii. No amounts payable hereunder in respect of a Segregated Portfolio of the Fund shall be netted or set-off against any other amount payable by or to the Investment Manager in relation to any other Segregated Portfolio of the Fund or the General Assets or liabilities of the Fund.
- iii. The Investment Manager will observe and give effect to the provisions of the laws of the Cayman Islands which provide for segregation of assets and liabilities between the Segregated Portfolios of the Fund and will not, in respect of any claim which it may have against a Segregated Portfolio of the Fund, seek to make recover from or otherwise have recourse to the General Assets of the Fund, or the assets of any Segregated Portfolio of the Fund other than the Segregated Portfolio in respect of which the claim properly arises even if such would otherwise be permissible under

the laws of the jurisdiction of the Cayman Islands or any other jurisdiction where relevant assets are located or such claim arises.

- iv. The Investment Manager shall not, until the expiry of one year and one day after the Fund has been fully discharged from its obligations under the Investment Management Agreement, take any corporate action or other steps or legal proceedings for the winding-up, dissolution or re-organisation or for the appointment of a receiver, administrator, administrative receiver, trustee, liquidator, sequestrator or similar officer of the Fund or of any or all of the Fund's revenues and assets or analogous proceedings in any jurisdiction.
- v. The Investment Manager agrees not to seek before any court or governmental agency to have any Director, officer, shareholder, employee or agent of the Fund or their respective legal advisers held liable for any actions or inactions of the Fund or any obligations of the Fund under the Investment Management Agreement except where such actions or inactions result or arise of the fraud or wilful default of such Director, officer, shareholder, employee or agent or their respective legal advisers.

## THE FUND

The Fund is a Cayman Islands segregated portfolio company incorporated with limited liability to operate as an investment fund. The Fund is structured to facilitate the pooling of Segregated Portfolio Shareholders' subscription moneys in one or more Segregated Portfolios for the purpose of investment and capital appreciation in accordance with the investment objectives and strategies set out in this Private Placement Memorandum. The Fund will only accept subscriptions for Segregated Portfolio Shares from Eligible Investors and the Fund, and the Administrator may modify, withdraw, or cancel any offering made pursuant to this Private Placement Memorandum and any applicable Supplement at any time prior to consummation of the offering and may reject any subscription, in whole or in part, in its sole discretion.

The Fund (acting through the Directors or any duly authorised agent) may enter into a written agreement with a Segregated Portfolio Shareholder or prospective Segregated Portfolio Shareholder in respect of Segregated Portfolio Shares of a certain Class in a Segregated Portfolio providing for offering terms that vary from those applicable to other holders of Segregated Portfolio Shares of the same Class including, without limitation, the waiver or reduction of fees payable in respect of such Segregated Portfolio Shares, different redemption terms, and the provision of additional information or reports, and in such circumstances the Directors may issue Segregated Portfolio Shares of the same Class in a Segregated Portfolio to such Segregated Portfolio Shareholder or may determine to issue a separate Class in the relevant Segregated Portfolio to such Segregated Portfolio Shareholder.

### **Authorised Share Capital**

The Fund has an authorised share capital of US\$50,000 divided into 100 voting, non-participating, non-redeemable shares having a par value of US\$1.00 each and 49,900 non-voting, participating shares

having a par value of US\$1.00 each. The Fund may issue additional Classes in one or more Segregated Portfolio subject to different fees and terms then described in the relevant Supplement.

The Segregated Portfolio Shares of each Segregated Portfolio of the Fund are the subject of this Offering. Subject to the terms of the Supplement applicable to each Segregated Portfolio, the Segregated Portfolio Shares in each Segregated Portfolio may be issued in multiple Series on each Subscription Date (as defined in the applicable Supplement) in accordance with fee agreements or other factors determined by the Directors, but otherwise have identical rights and duties within their corresponding Class, sharing pro rata in all or a specified portion of the relevant Segregated Portfolio's income, investment profits and losses, and expenses.

Subject to the requirements of Cayman Islands law, the Articles, and the applicable Supplement, the Directors may from time to time by resolution increase the number of Segregated Portfolio Shares in each Segregated Portfolio (where appropriate), increase or modify each Segregated Portfolio's Share Classes or Series, consolidate each Segregated Portfolio Shares or any of them into a smaller number of Segregated Portfolio Shares, sub-divide Segregated Portfolio Shares or any of them into a larger number of Segregated Portfolio Shares or cancel any Segregated Portfolio Shares not taken or agreed to be taken by any person. The Directors may by resolution from time to time reduce the number of Segregated Portfolio Shares in each Segregated Portfolio (where appropriate) in any way permitted by Cayman Islands law.

Segregated Portfolio Shares may only be offered, issued, registered, or transferred to an Eligible Investor (See "TAX CONSIDERATIONS" on page 116).

The Investment Manager is the sole Management Shareholder of the Fund, who carries the right to vote on all matters including the right to amend the Articles (other than with respect to the material alteration of any rights attaching to the Segregated Portfolio Shares of the Fund offered hereby or to any proposed material changes to the investment objectives and policies of the Fund, which changes require the approval of a majority in interests of the relevant Segregated Portfolio Shareholders). The Management Shares each carry one vote on each poll, do not carry any right to participation in the net profits of any Segregated Portfolio of the Fund and on a winding up rank only for return of the capital paid up thereupon out of the General Assets of the Fund.

Except as to any side letter arrangements permissible between the Fund (acting for the account of a Segregated Portfolio) and individual Segregated Portfolio Shareholders, every Segregated Portfolio Share has equal rights and privileges with every other Segregated Portfolio Share within its Class. In the event of the receivership, liquidation or dissolution of a Segregated Portfolio, the net assets of each Class of that Segregated Portfolio will be distributed proportionally among all the outstanding Segregated Portfolio Shares of that Class.

In providing services to the Fund, neither the Investment Manager nor the Administrator acts as guarantor or offeror of the Segregated Portfolio Shares.



## Segregated Portfolio Shares

The Fund's Articles provide that the Segregated Portfolio Shares shall have the following rights and restrictions:

- i. The holders of Segregated Portfolio Shares shall not be entitled to receive notice of and attend and vote at any general meeting of the Fund or upon any written shareholders' resolution.
- ii. On a winding up or other return of capital, the holders of the Segregated Portfolio Shares shall have the right to repayment of the amount of capital paid on them out of the Segregated Portfolio Assets of the relevant Segregated Portfolio Shares held by them.
- iii. Subject to the Companies Act of the Cayman Islands, the restrictions contained in this sub-paragraph (3) and at the absolute discretion of the Directors, a dividend may be declared and paid to the holders of any Segregated Portfolio Shares out of the profits of the Fund which relate to the relevant Segregated Portfolio or out of any other account of the Fund (including, to the extent permitted by the Companies Act, from the share premium account) which relates to the relevant Segregated Portfolio but for the avoidance of doubt no dividend may be declared and paid to the holders of Segregated Portfolio Shares of one Segregated Portfolio out of the profits of the Fund which relate to another Segregated Portfolio or out the General Assets of the Fund or out of any other account (including, to the extent permitted by the Companies Act, from the share premium account) which relates to another Segregated Portfolio.
- iv. Segregated Portfolio Shares may be issued in different Segregated Portfolios, each Segregated Portfolio representing the capital contribution or contributions made by the Segregated Portfolio Shareholders of that Segregated Portfolio and designated by a distinguishing number or such other distinguishing feature as the Directors may from time to time determine and including within its name the words "Segregated Portfolio". Each Segregated Portfolio shall be a segregated portfolio as described in Section 216 of the Companies Act and accordingly the assets and liabilities of the Fund held within or on behalf of any one Segregated Portfolio shall be segregated from the assets and liabilities of the Fund held within or on behalf of any other Segregated Portfolio or from assets and liabilities of the Fund not held within any Segregated Portfolio. All profits of the Fund and any share premium or other account, which relate to a particular Segregated Portfolio shall be held on behalf of that Segregated Portfolio and may only be used for the purposes of that Segregated Portfolio. All fees, costs and expenses of the Fund which relate to a particular Segregated Portfolio shall be discharged out of the assets of that Segregated Portfolio and may not be discharged out of other assets of the Fund, whether held on behalf of another Segregated Portfolio or otherwise. Except as otherwise provided in the Articles, each Segregated Portfolio Share shall rank equally in priority and preference with every other Segregated Portfolio Share of the same Class.

- v. The Directors shall identify, segregate, and keep segregated each asset as either a General Asset or as a Segregated Portfolio Asset and shall identify, in the case of a Segregated Portfolio Asset the Segregated Portfolio to which it is allocated and each liability as being that of a General Creditor or of a Segregated Portfolio Creditor and, in the case of a Segregated Portfolio Creditor, the Segregated Portfolio of which such person is a creditor. The liabilities of a Segregated Portfolio shall be satisfied by the Segregated Portfolio Assets attachable to such Segregated Portfolio only and a Segregated Portfolio Creditor shall not have any right of recourse to the General Assets of the Fund.
- vi. Subject to the provisions of and the restrictions contained in the Companies Act and the terms of the applicable Supplement, the Segregated Portfolio Shares of any Segregated Portfolio may be redeemed either out of profits or out of capital of the Fund which relate to that Segregated Portfolio or, in the case of any premium payable on the redemption, out of the share premium account relating to that Segregated Portfolio and for the avoidance of doubt, neither the profits or the capital of the Fund nor any share premium account which does not relate to the relevant Segregated Portfolio may be used to redeem the Segregated Portfolio Shares of that Segregated Portfolio.
- vii. Subject to the discretion of the Board of Directors of the Fund each Segregated Portfolio may offer different Classes of Segregated Portfolio Shares and each Class may have its own distinctive investment strategies, terms of management fees and performance fees, lock-up period, dividend payment policies, and any other terms of investment management so customized for that particular Class of Segregated Portfolio Shares.

### **Dividend Policy**

The Board of Directors has not formulated a policy with respect to the payment of dividends. Any future dividends in respect of a Segregated Portfolio will be at the discretion of the Directors and the Directors may determine that funds available for dividends should be retained by the Segregated Portfolio for future investment.

### **Expenses of the Fund**

Each Segregated Portfolio of the Fund will bear substantially all its own expenses (see "FEES AND EXPENSES" below on page 68).

The Investment Manager bears its own expenses incurred in the operation of its business (such as rent for office space, telephone lines, salaries, market news and quotation equipment, and computer facilities).

### **Investment Adviser**

Subject to the terms of the Investment Management Agreement, the Fund or the Investment Manager may appoint one or more investment advisers ("**Investment Adviser**") to provide investment advisory

services with respect to one or more Segregated Portfolio(s) to which such Investment Adviser has been appointed as investment adviser.

### **Administrator**

The Fund may appoint one or more administrator (each, an “**Administrator**”) in respect of each Segregated Portfolio established from time to time. Further details of the appointment of the Administrator to any Segregated Portfolio shall be set out in that Segregated Portfolio’s Supplement. The Administrator’s fees applicable in respect of each Segregated Portfolio are as set out in the relevant Supplement.

### **Auditor**

The Fund has engaged BDO Cayman Ltd. (“**Auditor**”) to provide professional auditing service to the Fund pursuant to the service agreement between the Auditor and the Fund. The audit shall be carried out annually in accordance with IFRS, and the audited accounts of each financial year of the Fund will be sent to CIMA within six months of such Financial Year End or within such extension of that period as CIMA may allow.

The Auditor is an audit firm listed on the list of audit firms approved by CIMA.

### **Prime Broker**

The Fund may appoint one or more prime brokers (each, a “**Prime Broker**”) in respect of each Segregated Portfolio through which the relevant Segregated Portfolio will acquire and hold assets. The Investment Manager will determine which Prime Broker will carry a Segregated Portfolio’s trading accounts and execute and clear investments. Such Prime Broker will be responsible for holding and maintaining those portions of the relevant Segregated Portfolio’s assets, funds, investments, and other property deposited with it, execution and/or clearance of transactions for that Segregated Portfolio’s accounts, record-keeping, preparation and transmittal to the Segregated Portfolio of daily confirmations of transactions and monthly statements of account, calculation of the equity balances and margin requirements for the Segregated Portfolio’s accounts, and similar functions. Banks, brokers, and dealers selected on behalf of the Fund on the basis of their ability to effect prompt and efficient executions at competitive rates. Portfolio assets of a Segregated Portfolio not held by brokers and dealers will be held by a qualified bank custodian. No bank or broker holding custody of any Segregated Portfolio’s assets is affiliated with the Investment Manager or any of its principals or officers.

The Prime Broker shall be entitled to such fees and disbursements as is agreed with the Fund from the assets of the relevant Segregated Portfolio on their normal terms of business.

### **Custodian**

The Fund may appoint custodians for each Segregated Portfolio as set out in the relevant Supplement which will be responsible for the safe keeping of the Segregated Portfolio’s assets (each, a “**Custodian**”).

The Fund with respect to a Segregated Portfolio reserves the right to change the custody arrangements described above by an agreement with the Custodian and/or, in its discretion, to appoint additional custodian(s). Shareholders of the relevant Segregated Portfolio shall be notified of such changes in the custody arrangement and/or any other material risks and significant changes (if any) associated with the custody arrangement of such Custodian of the relevant Segregated Portfolio.

The Custodian appointed shall be entitled to such fees and disbursements as is agreed with the Fund (acting for the relevant Segregated Portfolio) from the assets of the relevant Segregated Portfolio on their normal terms of business.

### **Cayman Islands Legal Counsel**

Loeb Smith Attorneys (“**Loeb Smith**”) is the Legal Counsel to the Fund in the Cayman Islands. Loeb Smith does not represent investors in the Fund, and no independent counsel has been retained to act on behalf of the Shareholders. This Private Placement Memorandum is based on information furnished by the Directors and the Investment Manager. Loeb Smith has not independently verified such information.

Loeb Smith serves as Cayman Islands regulatory counsel to the Fund and the Investment Manager in connection with the preparation of this Private Placement Memorandum. Loeb Smith may continue to serve in such capacity in the future but has not assumed any obligation to update this Private Placement Memorandum. Loeb Smith may also advise the Fund and the Investment Manager and its affiliates in matters relating to the operation of the Fund on an ongoing basis. To the best of its knowledge Loeb Smith does not represent, and has not represented, the prospective investors of the Fund in the course of the organization of the Fund, the negotiation of its business terms, the offering of Segregated Portfolio Shares or in respect of their ongoing operations. Prospective investors must recognize that, as they have had no representation in the organization process, the terms of the Fund relating to themselves, and Segregated Portfolio Shares have not been negotiated at arm’s length.

Loeb Smith’s engagement by the Fund and the Investment Manager in respect of the Fund is limited to the specific matters as to which it is consulted by the Fund and the Investment Manager, and, therefore, there may exist facts or circumstances that could have a bearing on the Fund’s, (or the Investment Manager’s) financial condition or operations with respect to which Loeb Smith has not been consulted and for which Loeb Smith expressly disclaims any responsibility. More specifically, Loeb Smith does not undertake to monitor the compliance of the Fund, the Directors, or the Investment Manager and its affiliates with the Fund’s investment program, valuation procedures and other guidelines set forth in this Private Placement Memorandum, nor does it monitor compliance with applicable laws. In advising as to matters of law (including matters of law described in this Private Placement Memorandum), Loeb Smith has relied, and will rely, upon representations of fact made by the Directors, the Investment Manager and other persons in this Private Placement Memorandum and other documents. Such advice may be materially inaccurate or incomplete if any such representations are themselves inaccurate or incomplete, and legal counsel generally will not undertake independent investigation with regard to such representations.

### **Other Service Providers**

The Fund may appoint or engage other service providers as the Directors deem necessary and appropriate acting in care and diligence to provide other services in relation to and with respect to compliance, legal, operation, execution, tax planning, placement and offering, valuation, cash monitoring, accounts, filing, registration, and the like at the cost of the relevant Segregated Portfolio.

### **Reports**

The Fund's books of account (i.e., its financial statement) will be audited as at each Financial Year End by the Auditor. However, the Fund may choose to (i) seek an audit waiver from CIMA in respect of the period from registration of the Fund to its first Financial Year End if such period is six (6) months or less, or (ii) extend its first Financial Year End to a period not exceeding eighteen (18) months from the date of registration with CIMA. Audited financial statements will generally be kept by the Fund, in accordance with IFRS.

The financial reporting frequency and other performance details of the Fund and each relevant Segregated Portfolio of the Fund will be disclosed in the Supplement applicable to the relevant Segregated Portfolio.

### **Amendments**

The Fund's Articles may be amended by the Management Shareholder. The Investment Manager is the sole Management Shareholder of the Fund. The Management Shareholder carries the right to vote on all matters at general meetings of the Fund, including the right to amend the Articles of the Fund in its sole discretion (other than to alter any rights attaching to the Segregated Portfolio Shares offered by the Fund or to make any material changes to the investment objectives and policy of the Fund which can only be approved by a majority in interests of the Segregated Portfolio Shareholders).

### **Documents Available for Inspection**

Copies of the following documents may be inspected free of charge by the Segregated Portfolio Shareholders during normal business hours on any weekday (Saturdays and public holidays excepted) at the office of the Investment Manager:

- (A) the Articles of the Fund;
- (C) the latest financial reports of the Fund (if any);
- (D) the Companies Act;
- (E) the Mutual Funds Act; and
- (F) the NAV Calculation Policy.

## NET ASSET VALUATION

The net asset value of each Segregated Portfolio (“**Net Asset Value**”) is equivalent to the Segregated Portfolio’s gross assets less its gross liabilities as at the Valuation Point on each Valuation Date under the overall supervision and direction of the Directors in accordance with the terms of the applicable Supplement which complies with the requirements of the Rule on Calculation of Asset Values (as defined below).

### **NAV Calculation Policy**

CIMA’s Rule on Calculation of Asset Values - Regulated Mutual Funds (“**Rule on Calculation of Asset Values**”) requires: (i) the Fund, in respect of each Segregated Portfolio, to establish, implement, and maintain a NAV Calculation Policy that ensures the Fund’s NAV in respect of each Segregated Portfolio is fair, complete, neutral and free from material error and is verifiable; (ii) the NAV Calculation Policy in respect of each Segregated Portfolio shall be based on IFRS, or generally accepted accounting principles of the United States of America, Japan, Switzerland or other Non-High Risk Jurisdiction; and (iii) the methodology used to perform the NAV calculation to be consistent with the accounting principles or reporting standards used to prepare the Fund’s audited financial statements.

### **Suspension of Determination of Net Asset Value and Redemption**

The Directors may declare a suspension of the determination of Net Asset Value (and the applicable Valuation Date) of the Fund or a Segregated Portfolio, and/or the issue of Segregated Portfolio Shares (and the applicable Subscription Date) in respect of the Fund or a particular Segregated Portfolio, and/or the redemption of Segregated Portfolio Shares (and the applicable Redemption Date) in respect of the Fund or a particular Segregated Portfolio, and/or the payment of any amount to a redeeming Segregated Portfolio Shareholder in connection with the redemption of Segregated Portfolio Shares (even if Valuation Dates and Redemption Dates are not postponed) in respect of the Fund or a particular Segregated Portfolio for the whole or any part of any period in which, in the opinion of the Board of Directors, it is not reasonably practicable to value a significant portion of the investments of any Segregated Portfolio for any of the following reasons:

- i. during which any stock exchange, commodities exchange, futures exchange, or over-the-counter market on which any significant portion of the investments of any Segregated Portfolio of the Fund is listed, quoted, traded, or dealt in is closed (other than customary weekend and holiday closing) or trading on any such stock exchange or market is restricted or suspended;
- ii. when circumstances exist as a result of which in the opinion of the Directors it is not reasonably practicable for any Segregated Portfolio of the Fund to dispose of investments or as a result of which any such disposal would be materially prejudicial to Segregated Portfolio Shareholders;
- iii. when a breakdown occurs in any of the means normally employed in ascertaining the value of investments or the Net Asset Value or the Subscription Price or Redemption Price per Segregated Portfolio Share or when for any other reason the value of any of the investments or other assets

of any Segregated Portfolio of the Fund or the Net Asset Value or the Subscription Price or Redemption Price per Segregated Portfolio Share of any Class cannot in the opinion of the Directors reasonably or fairly be ascertained or cannot be ascertained in a prompt and accurate manner;

- iv. one or more Segregated Portfolio has been unable to find banks that are willing to provide them with bank accounts and/or banking services or have had their existing bank accounts closed or operations suspended by their banks;
- v. during the existence of any state of affairs (including, without limitation, cyber-security threats) which in the opinion of the Directors constitutes an emergency as a result of which receivership or liquidation by any Segregated Portfolio of its investment positions is not reasonably practicable or would be seriously prejudicial to the Fund or any Segregated Portfolio and its Segregated Portfolio Shareholders;
- vi. during which the Fund is unable to repatriate funds for the purpose of making payments on the redemption of Segregated Portfolio Shares or during which any transfer of funds involved in the realisation or acquisition of investments or payments due on redemption of Segregated Portfolio Shares cannot in the opinion of the Directors be affected at normal rates of exchange;
- vii. during which the business operations of the Investment Manager, the Administrator, or their delegates in respect of the Fund are substantially interrupted or closed as a result of or arising from pestilence, acts of war, terrorism, insurrection, revolution, civil unrest, pandemic, epidemic, riot, strikes or acts of God;
- viii. when in the opinion of the Directors such suspension, delay or extension is required by law or applicable legal process or the issue, redemption or transfer of Segregated Portfolio Shares would result in the violation of any applicable law;
- ix. where the Fund is invested in one or more managed funds, and the redemption of interests in a relevant managed fund is suspended or restricted;
- x. where the Fund has issued or is expected by the Directors to issue within the next 60 days a notice to convene an extraordinary Class meeting of the holders of one or more Classes of Segregated Portfolio Shares; or
- xi. during a Soft Wind-Down of the Fund as described above on page 49.

Any such suspension shall take effect at such time as the Directors shall declare but not later than the close of business on the Business Day next following the declaration, and shall remain in effect until the Directors shall declare the suspension to be at an end, except that such suspension shall terminate in any event on the first Business Day on which both the condition giving rise to the suspension shall have ceased to exist, and no other condition under which suspension is authorised shall exist.

All affected Segregated Portfolio Shareholders will be notified of any such suspension and the ending of such suspension in such manner as the Directors determine. All reasonable steps will be taken to bring any period of suspension to an end as soon as possible.

## **SERIES ACCOUNTING**

If a Segregated Portfolio of the Fund has selected the Series Accounting Method, then each Class of Segregated Portfolio Shares issued through such Segregated Portfolio will be issued in multiple series which vary according to fee agreements or other factors determined by the Directors (“**Series**”), but which otherwise have identical rights and duties within their corresponding Class, sharing pro rata in all or a specified portion of the relevant Segregated Portfolio’s income, investment profits and losses, and expenses. A new Series of Segregated Portfolio Shares will be issued on each Subscription Date and each Series of Segregated Portfolio Shares of a particular Class will typically have a different Net Asset Value to each other Series of Segregated Portfolio Shares.

The Net Asset Value per Segregated Portfolio Share will generally differ among Series due to the different times at which investors acquired Segregated Portfolio Shares of a particular Series, and Net Asset Value may also differ somewhat among Classes as a result of differences arising from the hedging of the Fund’s assets related to such Classes against the currencies in which they are denominated. However, the Segregated Portfolio Share holdings of each Segregated Portfolio Shareholder within a given Series may be periodically adjusted for variations in issuance dates and loss carry forwards, permitting a common Net Asset Value to be reported for each Class and Series.

Series of Segregated Portfolio Shares in a Segregated Portfolio may be combined with other Series quarterly or otherwise from time to time, for administrative reasons subject to such Series achieving new net profits *i.e.*, high water mark, at the end of each calendar quarter (the “**Calculation Period**”) and a Performance Fee (if applicable) being paid.

### **Implications with respect to Net Asset Value**

The Net Asset Value per Segregated Portfolio Share is calculated by allocating any increase or decrease in the Net Asset Value of the Class among the Series of Segregated Portfolio Shares within each such Class pro rata in accordance with the Net Asset Value of each Series at the beginning of the period and then by dividing the Net Asset Value of each Series by the number of outstanding Segregated Portfolio Shares therein. Segregated Portfolio Shares within the same Segregated Portfolio and Class will have the same Net Asset Value per Segregated Portfolio Share, except that Series issued in respect of an interim year purchase may have a different Net Asset Value per Segregated Portfolio Share until such Series is converted into the Lead Series. A Performance Fee (if applicable) or Management Fee or Advisory Fee (if applicable) calculated with respect to a particular Segregated Portfolio, Class or Series will be debited against the Net Asset Value of such Segregated Portfolio, Class, or Series.

Fees and expenses that relate to a particular Series of Segregated Portfolio Shares will be charged against that Series when computing the Net Asset Value. Other fees and expenses will be allocated pro rata between the Series in accordance with their respective Net Asset Value, or otherwise at the



discretion of the Directors. However, the Segregated Portfolio Share holdings of each Segregated Portfolio Shareholder within a given Series will be periodically adjusted for variations in issuance dates and loss carry forwards, permitting a common Net Asset Value to be reported for each Series with a particular Class.

Net Asset Valuations attributable to each Series of a particular Class of Segregated Portfolio Shares will be determined by the Administrator in accordance with the foregoing and based on information provided by the Investment Manager regarding any waivers of fees granted to the Segregated Portfolio Shareholders of each Series of a particular Class of Segregated Portfolio Shares, as the case may be.

### **Implications with respect to Performance Fees (if applicable)**

Performance Fees (if applicable) will be subject to a “high water mark” provision, such that no Performance Fee will be paid on new gains in Net Asset Value until any losses from prior periods have first been recouped – *i.e.*, until the Net Asset Value of the relevant Series of Segregated Portfolio Shares is above its former highest level. Investors subscribing for Segregated Portfolio Shares during any period in which the Net Asset Value of the Fund as a whole, or of any particular Series, is below a former high, will be invested into a Series which is either at a new “high water mark,” or into a newly issued Series. Series of Segregated Portfolio Shares which are all at a new high water mark level may be consolidated for accounting convenience.

With respect to each Series, if any payment of Performance Fees is made to the Investment Manager on account of investment profits and the Series’ account thereafter fails to earn investment profits or experiences losses for any subsequent calendar quarter, the Investment Manager will be entitled to retain such amounts of Performance Fees previously paid to it in respect of such investment profits. However, no subsequent Performance Fees will be payable to the Investment Manager until the account has again earned new investment profits, in accordance with the “High Water Mark” calculation above.

Segregated Portfolio Shares in the Lead Series will be offered on any Subscription Date falling immediately after the end of the Calculation Period if the Lead Series achieved a new high-water mark at the end of such Calculation Period and a Performance Fee is payable. If at the end of a Calculation Period, the Lead Series of any Class and one or more of the other Series of Segregated Portfolio Shares in issue in the same Class have achieved a new high water mark on which a Performance Fee is payable at the end of the Calculation Period, then all such Series of Segregated Portfolio Shares which have reached a new high water mark will be consolidated into the Lead Series.

## **ADJUSTMENTS**

For a Segregated Portfolio which has selected not to apply Series Accounting, the following provisions shall apply instead:

If an investor subscribes for Segregated Portfolio Shares at a time when the Net Asset Value of the relevant Class is other than the Peak Net Asset Value of that Class, certain adjustments will be made to reduce inequities that could otherwise result to the investor or to the Investment Manager. The “Peak Net Asset Value” in respect of a Class is the greater of (i) the price at which Segregated Portfolio Shares

of that Class will be issued at the close of the Initial Offer Period and (ii) the highest Net Asset Value of that Class in effect immediately after the end of the previous Calculation Period in respect of which a Performance Fee (if applicable) (other than a Performance Fee Redemption, as defined below) was charged.

(A) If Segregated Portfolio Shares are subscribed for at a time when the Net Asset Value is less than the Peak Net Asset Value of the relevant Class, the investor will be required to pay a Performance Fee with respect to any subsequent appreciation in the value of those Segregated Portfolio Shares. With respect to any appreciation in the value of those Segregated Portfolio Shares from the Net Asset Value at the date of subscription up to the Peak Net Asset Value, the Performance Fee will be charged at the end of each Calculation Period by redeeming at par value such number of the investor's Segregated Portfolio Shares of the relevant Class as at the aggregate Net Asset Value (after accrual for any Performance Fee) equal to the relevant percentage (as set out in the relevant Supplement) of any such appreciation (an "**Performance Fee Redemption**"). An amount equal to the aggregate Net Asset Value of the Segregated Portfolio Shares so redeemed will be paid to the Investment Manager as a Performance Fee. The relevant Segregated Portfolio will not be required to pay to the investor the redemption proceeds of the relevant Segregated Portfolio Shares, being the aggregate par value thereof.

Performance Fee Redemptions are employed to ensure that the relevant Segregated Portfolio maintains a uniform Net Asset Value of each Class. As regards the investor's remaining Segregated Portfolio Shares of the relevant Class, any appreciation in the Net Asset Value of those Segregated Portfolio Shares above the Peak Net Asset Value of that Class will be charged a Performance Fee in the manner described above. If an investor is compulsorily redeemed during a Calculation Period and an adjustment in accordance with the principles of this paragraph (A) is required in relation to the Segregated Portfolio Shares redeemed, such adjustment shall be deducted from the redemption proceeds and will be paid to the Investment Manager.

(B) If Segregated Portfolio Shares are subscribed for at a time when the Net Asset Value is greater than the Peak Net Asset Value of the relevant Class, the investor will be required to pay an amount in excess of the then current Net Asset Value of that Class equal to relevant percentage (as set out in the relevant Supplement) of the difference between the then current Net Asset Value (before accrual for the Performance Fee) and the Peak Net Asset Value of that Class (an "**Equalisation Credit**"). At the date of subscription, the Equalisation Credit will equal the Performance Fee per Segregated Portfolio Share accrued with respect to the other Segregated Portfolio Shares of the same Class (the "**Maximum Equalisation Credit**"). The Equalisation Credit is payable to account for the fact that the Net Asset Value has been reduced to reflect an accrued Performance Fee to be borne by existing holders of Segregated Portfolio Shares; it serves as a credit against the Performance Fee that might otherwise be payable by the relevant Segregated Portfolio but that should not, in equity, be charged against the investor making the subscription because, as to such Segregated Portfolio Shares, no favourable performance has yet occurred. The Equalisation Credit ensures that all holders of Segregated Portfolio Shares of the same Class have the same amount of capital at risk per Segregated Portfolio Share.

The Equalisation Credit will be at risk in the relevant Segregated Portfolio and will appreciate or depreciate based on the performance of the Segregated Portfolio Shares of the relevant Class

subsequent to the issue of the relevant Segregated Portfolio Shares but will never exceed the Maximum Equalisation Credit. In the event of a decline as at any Valuation Date in the Net Asset Value of those Segregated Portfolio Shares, the Equalisation Credit will be reduced by an amount equal to relevant percentage (as set out in the relevant Supplement) of the difference between the Net Asset Value (before accrual for the Performance Fee) at the date of issue and as at that Valuation Date. Any subsequent appreciation in the Net Asset Value of the relevant Class will result in the recapture of any reduction in the Equalisation Credit but only to the extent of the previously reduced Equalisation Credit up to the Maximum Equalisation Credit.

At the end of each Calculation Period, if the Net Asset Value (before accrual for the Performance Fee) exceeds the Peak Net Asset Value of the relevant Class, that portion of the Equalisation Credit equal to relevant percentage (as set out in the relevant Supplement) of the excess, multiplied by the number of Segregated Portfolio Shares of the relevant Class subscribed for by an investor, will be applied to subscribe for additional Segregated Portfolio Shares of the relevant Class for such investor. Additional Segregated Portfolio Shares of the relevant Class will continue to be so subscribed for at the end of each Calculation Period until the Equalisation Credit, as it may have appreciated or depreciated in the relevant Segregated Portfolio after the original subscription for Segregated Portfolio Shares was made, has been fully applied.

If an investor is redeemed before the Equalisation Credit (as adjusted for depreciation and appreciation as described above) has been fully applied, such investor will receive additional redemption proceeds equal to the Equalisation Credit then remaining multiplied by a fraction, the numerator of which is the number of Segregated Portfolio Shares of the relevant Class being redeemed and the denominator of which is the number of Segregated Portfolio Shares of that Class held by such investor immediately prior to the redemption in respect of which an Equalisation Credit was paid on subscription.

## **REDEMPTION AND TRANSFER OF THE FUND'S SEGREGATED PORTFOLIO SHARES**

The terms of redemption of Segregated Portfolio Shares will be as set out in the Supplement relating to the applicable Segregated Portfolio.

### **Compulsory Redemption and Transfer**

The Directors have the right to require the compulsory transfer or compulsory redemption of some or all Segregated Portfolio Shares held by a Segregated Portfolio Shareholder in a Segregated Portfolio (i) if in the sole and conclusive opinion of the Directors such ownership gives rise to a breach of any law or regulation in any jurisdiction applicable to the Fund; or (ii) if, in the opinion of the Directors, such ownership could result in adverse tax, legal or regulatory consequences to the Fund or to the Segregated Portfolio or its Segregated Portfolio Shareholders; or (iii) if such ownership, in the opinion of the Directors, may be harmful or injurious to the business of the Fund or a Segregated Portfolio; or (iv) if such ownership in the opinion of the Directors, may cause the Fund or a Segregated Portfolio to be required to comply with any law, regulation, registration or filing requirements in any jurisdiction with which it would not otherwise be required to comply, or (v) for any other reason at the discretion of the Directors. Until such required transfer or redemption is affected, the holder of such Segregated Portfolio

Shares shall not be entitled to any rights or privileges attaching to such Segregated Portfolio Shares. Subject to the terms of the applicable Supplement, compulsory redemptions will be made at the Redemption Price (as defined in the applicable Supplement) per Segregated Portfolio Share on the next Redemption Date (as defined in the applicable Supplement) following the issuance of a notice of redemption to the Segregated Portfolio Shareholder.

### **Modification of Rights of Segregated Portfolio Shareholders**

Whenever the capital of a Segregated Portfolio is divided into different Series within Classes the special rights attached to any such Class or Series may (unless otherwise provided by the terms of issue of the Series of that Class of Segregated Portfolio Shares) only be materially *adversely* varied or abrogated either whilst the Fund is a going concern or during or in contemplation of a winding up, with the consent in writing of the holders of a three-fourths majority of the issued Shares of the relevant Class or Series or with the sanction of a resolution passed at a separate meeting of the holders of the Series of that Class of Segregated Portfolio Shares by a three-fourths majority of the votes cast at such a meeting, but not otherwise. To every such separate meeting all the provisions of the Fund's Articles relating to General Meetings of the Fund or to the proceedings thereat shall, *mutatis mutandis*, apply except that the necessary quorum shall be two or more persons at least holding or representing by proxy three-fourths of the issued Segregated Portfolio Shares of the relevant Series of such Class and that every Segregated Portfolio Shareholder of the applicable Series of such Class shall on a poll have one vote for each Segregated Portfolio Share held by him within the Series of that Class. For such purposes the Directors may treat all the Classes and Series of Segregated Portfolio Shares or any two or more Classes and Series of Segregated Portfolio Shares as forming one if they consider that all such Classes and Series would be affected in the same way by the proposals under consideration, but in any other case shall treat them as separate Classes and Series.

The rights conferred upon the holders of the Segregated Portfolio Shares of any Class or Series issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the Segregated Portfolio Shares of that Class or Series, be deemed materially adversely varied or abrogated by, inter alia, the creation, allotment or issue of further Shares ranking *pari passu* with or subsequent to them, the redemption or repurchase of any Segregated Portfolio Shares or any modification of the fees payable to any service provider to the Fund.

## **FEES AND EXPENSES**

### **Management Fees**

The Fund may, subject to the specific requirements of each Segregated Portfolio set out in any Supplement relating to that Segregated Portfolio, pay the Investment Manager a Management Fee in accordance with the terms set out in the applicable Supplement.

### **Performance Fees**

The Fund may, subject to the specific requirements of each Segregated Portfolio set out in any Supplement relating to that Segregated Portfolio, pay the Investment Manager a Performance Fee in accordance with the terms set out in the applicable Supplement.

### **Subscription Fees**

Any Subscription Fee applicable to Segregated Portfolio Shares issued to an investor will be set out in the Supplement applicable to such Segregated Portfolio.

### **Modifications of Management and Performance Fees**

The Directors may, in their sole discretion, enter into arrangements with one or more Segregated Portfolio Shareholders or prospective Segregated Portfolio Shareholders under which any Management Fee chargeable and/or any Performance Fee chargeable is reduced, waived, or calculated differently with respect to such Segregated Portfolio Shareholder, including, without limitation, Segregated Portfolio Shareholders who are members, affiliates or employees of the Investment Manager, members of the immediate families of such persons and trusts or other entities for their benefit, or Segregated Portfolio Shareholders that make a substantial investment or otherwise are determined by the Directors in its sole discretion to represent a strategic relationship.

### **Advisory Fees**

Any advisory fee applicable to Segregated Portfolio Shares issued to an investor will be set out in the Supplement applicable to such Segregated Portfolio.

### **Administration Fees**

With respect to each Segregated Portfolio in respect of which the Administrator has been appointed, the Fund will pay the Administrator an administration fee at rates agreed with the Administrator from time to time, as well as other administrative, transaction, registrar fees, and other fees for services as agreed by the Directors and the Administrator from time to time. The Administrator will also be entitled to various transaction and processing fees and to be reimbursed for all out-of-pocket expenses properly incurred by it in the performance of its duties. The Administrator fee and any reimbursement will be in accordance with the Administration Agreement entered into by the Fund with respect to each Segregated Portfolio in respect of which the Administrator has been appointed.

The Administrator may also charge a standard one-off implementation fee for on-boarding due diligence and review of constitutional documents, payable on registration of Fund with CIMA. The Administrator will also provide fund and portfolio accounting services for a fee calculated as a percentage of assets under administration subject to a minimum fixed fee per month. The Administrator will process investor subscription, redemption, distribution, share transfer transactions and perform investor AML checks at a fixed fee per investor per transaction.

## FATCA/CRS SERVICES

Registration Fee: The Administrator will charge a standard fixed fee per GIIIN application and a standard fixed fee per annum for being the Principal Point of Contact.

On-going Annual Fee: The Administrator will charge a fixed fee per investor based on investors number per annum to maintain up to date information on existing and new investors under CRS and US FATCA, prepare the US and CRS XML reporting schemas and submit the reports to the relevant local tax authority based on account information as of the 31st of December each year. Additional fees may apply occasionally for time spent by the Administrator on intermittent issues such as legal and regulatory matters which will be agreed mutually before commencing such work.

## Fund Annual Return

An all-inclusive fixed fee per Fund Annual Return will be charged for the preparation of the return per annum.

## **Brokerage Fees**

With respect to each Segregated Portfolio in respect of which the Investment Manager has been appointed, it will have complete discretion in deciding which banks, brokers, and dealers the Fund will use and in negotiating rates of compensation the Fund will pay. The Investment Manager, in allocating portfolio transactions for the Fund (acting for the account of a Segregated Portfolio) to dealing banks and/or brokers, will take into consideration such factors as price, the ability of the counterparties to affect the transactions, the bank or broker's facilities, reliability and financial responsibility, and any research or investment management related services and equipment provided by such institutions.

## **Custodian Fees**

Any Custodian appointed in respect of a Segregated Portfolio will receive from the Fund (acting for the account of the relevant Segregated Portfolio) a fee for providing custody services to such Segregated Portfolio of the Fund as set out in the custody agreement applicable to the relevant Segregated Portfolio.

Under the custody agreement, the Custodian is also entitled to be reimbursed for all out-of-pocket expenses properly incurred by it in the performance of its duties.

## **Auditor Fees**

Subject to and in accordance with the relevant service agreement, the Auditor will receive a service fee in respect of the Fund at commercial rates agreed with the Fund. In addition, the Auditor is entitled to recover out-of-pocket expenses.

## **Expenses**

All expenses of the Offering and organization of the Fund (including legal and other expenses) shall be paid by the Investment Manager, but the Investment Manager will be entitled to be reimbursed for the

total costs and expenses of establishing the Fund (which is estimated to be approximately US\$100,000 upon the production of invoices in respect of the same addressed to the Fund) and such costs and expenses of establishing the Fund will be divided proportionately among the Fund's Segregated Portfolios and will be payable out of the proceeds of the initial issue of Segregated Portfolio Shares. These costs and expenses will be amortised on a straight-line basis over a period of sixty (60) months from the date following the initial offer of Segregated Portfolio Shares as determined by the Directors. The Directors may shorten the period over which such costs and expenses are amortised.

*Transactional and Related Costs.* Each Segregated Portfolio of the Fund will pay all expenses of its operations and business, including, but not limited to, investment-related expenses (*e.g.*, brokerage commissions, clearing and settlement charges, custodial fees, referral fees for procuring investment target, interest expenses, expenses relating to consultants, brokers or other professionals or advisors who provide research, advice or due diligence services with regard to investments, appraisal fees and expenses, and investment banking expenses); research costs and expenses (including fees for news, quotation and similar information and pricing services); legal expenses (including, without limitation, the costs of on-going legal advice and services, all costs and expenses related to or incurred in connection with the Investment Manager's compliance obligations under applicable securities and investment adviser laws arising out of its relationship to the Fund, as well as extraordinary legal expenses, such as those related to litigation or regulatory investigations or proceedings); any Management Fee; administration fees, accounting fees and audit expenses; tax preparation expenses and any applicable tax liabilities (including transfer taxes and withholding taxes); other governmental charges or fees payable by the Fund; director and officer and/or errors and omissions liability insurance premiums or fiduciary liability insurance premiums for directors, officers and personnel of the Investment Manager; costs of printing and mailing reports and notices; and other similar expenses related to the relevant Segregated Portfolio, as the Investment Manager determines in its sole discretion.

Each Segregated Portfolio will pay substantially all the administrative expenses and costs of its own operation, as well as the costs of the continuing offering of Segregated Portfolio Shares. In the event that a third party is engaged to carry out specific functions or duties in respect of any investment the expenses so incurred shall be borne by the Segregated Portfolio, or that particular Class of the Segregated Portfolio holding that investment.

Except as described elsewhere in this Private Placement Memorandum, the Fund will make no payments to the Investment Manager in respect of fees, commissions, or other expenses.

## CERTAIN RISK FACTORS

**Prospective investors in the Fund are expected to be aware of the substantial risks of investing. *Even if qualified to invest on the basis of financial suitability, those who are not generally familiar with such risks may not be suitable investors in the Fund.* Investment in the Segregated Portfolio Shares should be made only after consulting with independent, qualified sources of investment and tax advice. The risk factors described below are not a complete list of all factors or circumstances that may adversely affect an investment in Segregated Portfolio Shares and**

**represent those which the Investment Manager believes are the primary risks. Particular investors may have other circumstances and variables which they may consider to be more significant to their investment decision.**

## **General**

General Investment Risks. The Fund's success depends on the Investment Manager's ability to implement its investment strategy. Any factor that would make it more difficult to execute timely trades, such as a significant lessening of liquidity in a particular market, may also be detrimental to profitability. No assurance can be given that the investment strategies to be used by the Fund will be successful under all or any market conditions.

One or more Segregated Portfolio of the Fund may increase its cash position to up to 100% of its assets when the Investment Manager deems it prudent or when a defensive position is warranted in light of market conditions. During such times, interest income will increase and may constitute a large portion of the return and the Fund will not participate in market advances or declines to the extent that it would have if it had been more fully invested.

A potential investor in a Segregated Portfolio of the Fund should note that the prices of the securities and other instruments in which a Segregated Portfolio of the Fund invests may be unavailable. Market movements are difficult to predict and are influenced by, among other things, government trade, fiscal, monetary and exchange control programs and policies; changing supply and demand relationships; national and international political and economic events; changes in interest rates; and the inherent volatility of the marketplace. In addition, governments from time to time intervene, directly and by regulation, in certain markets, often with the intent to influence prices directly. The effects of governmental intervention may be particularly significant at certain times in the financial instrument and currency markets, and such intervention (as well as other factors) may cause these markets and related investments to move rapidly.

Illiquidity of Segregated Portfolio Shares. There is no active secondary market for Segregated Portfolio Shares, and it is not expected that such a market will develop.

Amortisation of organisational costs. The Fund's financial statements will be prepared in accordance with IFRS. IFRS does not permit the amortisation of organisational costs. Notwithstanding this, the Fund may, at the discretion of the Directors, amortise its organisational costs over a period of time and this may result in the Directors making adjustments in the annual financial statements in order for the financial statements to be in compliance with IFRS or a qualification in the auditor's report.

Investment and Trading Risks. All investments involve the risk of a loss of capital. The Investment Manager believes that the Fund's investment program and its research and risk-management techniques moderate this risk through the careful selection of securities and other financial instruments and/or portfolio construction. No guarantee or representation, however, is made that the Fund's investment program will be successful, and investment results may vary substantially over time.



Risks Related to Disease Epidemics. The outbreak of a novel coronavirus (which causes the disease now known as COVID-19) is now a global pandemic and the efforts of governments to contain the spread of the coronavirus through lockdowns of cities, business closures, restrictions on travel and emergency quarantines, among others, and responses by businesses and individuals to reduce the risk of exposure to infection, including reduced travel, cancellation of meetings and events, and implementation of work-at-home policies, among others, have caused significant disruptions to the global economy and normal business operations across a growing list of sectors and countries.

The foregoing (or similar epidemics in the future) are likely to adversely affect business confidence and consumer sentiments, and have been, and may continue to be, accompanied by significant volatility in financial and commodity markets. The COVID-19 pandemic has caused a worldwide health crisis, and this is having broader macro-economic implications, including reduced levels of economic growth and possibly a global recession, the effects of which could be felt well beyond the time the spread of infection is contained, and the effect of which will have an effect on the Fund's value, the Fund's investments, and/or the Fund's ability to source new investments.

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

Economies around the world are currently in a state of change. Certain countries are in recession, and some commentators expect that others could follow suit. Amongst other things, a period of recession is characterised by decreases in employment, spending, business incomes and inflation, while the frequency of insolvencies rises and often increased governmental economic intervention. It is impossible to predict the effects of an economic recession on the investments of the Fund.

EU Connected Fund. Under Part IIIA of the Mutual Funds Act (As Revised), the Fund may incur additional costs and be subjected to additional reporting requirements to CIMA for marketing to investors in the European Union.

## **Instruments Traded**

Types of Securities Acquired by the Fund. It is anticipated that the Fund's venture capital investments primarily will be made in the equity, or in securities convertible into the equity, of portfolio companies. Consequently, the Fund's investments in a portfolio company will likely have little, if any, "recovery value" in the event of the bankruptcy of such portfolio company. While investors which acquired secured debt can typically limit their downside risk by the value of the collateral securing such debt, the Fund will generally not have such protection with respect to its investments in the equity, or in securities convertible into the equity, of portfolio companies. If the Investment Manager's assessment of the prospects for a portfolio company are wrong, the Fund may incur a total loss of its investment.

Securities. The value of securities held by each Segregated Portfolio of the Fund are subject to market risk, including changes in bankruptcy, economic conditions, growth rates, profits, interest rates and the market's perception of these securities. While offering greater potential for long-term growth, the securities are more volatile and riskier than some other forms of investment.

Option Transactions. The purchase or sale of an option by a Segregated Portfolio of the Fund involves the payment or receipt of a premium payment and the corresponding right or obligation, as the case may be, to either purchase or sell the underlying investment for a specific price at a certain time or during a certain period. Purchasing options involves the risk that the underlying investment does not change in price in the manner expected, so that the option expires worthless, and the investor loses its premium. Selling options, on the other hand, involves potentially greater risk because the investor is exposed to the extent of the actual price movement in the underlying investment in excess of the premium payment received.

Small- and Medium-Capitalization Stocks. One or more Segregated Portfolio(s) of the Fund may invest its assets in stocks of companies with smaller market capitalizations. Small and medium-capitalization companies may be of a less seasoned nature or have securities that may be traded in the over-the-counter market. These "secondary" securities often involve significantly greater risks than the securities of larger, better-known companies. In addition to being subject to the general market risk that stock prices may decline over short or even extended periods, such companies may not be well-known to the investing public, may not have significant institutional ownership and may have cyclical, static or only moderate growth prospects. Additionally, stocks of such companies may be more volatile in price and have lower trading volumes than larger capitalized companies, which results in greater sensitivity of the market price to individual transactions. Accordingly, investors in the Fund should have a long-term investment horizon.

Small and medium capitalization securities may be followed by relatively few securities analysts with the result that there tends to be less publicly available information concerning these securities compared to what is available for exchange-listed or larger companies. The securities of these companies have more limited trading volumes than those of larger issuers and may be subject to more abrupt or erratic market movements than the securities of larger, more established companies or the market averages in general, and the Fund may be required to deal with only a few market makers when purchasing and selling these securities. Transaction costs in small and medium-capitalization stocks may be higher than those involving larger capitalized companies. Companies in which the Segregated Portfolios of the Fund may invest may also have limited product lines, markets or financial resources and may lack management depth and may be more vulnerable to adverse business or market developments.

Exchange Traded Funds. The Segregated Portfolio(s) of the Fund may invest in ETFs. ETFs are a recently developed type of investment security, representing an interest in a passively managed portfolio of securities selected to replicate a securities index, such as the S&P 500 Index or the Dow Jones Industrial Average, or to represent exposure to a particular industry or sector. Unlike open-end mutual funds, the shares of ETFs and closed-end investment companies are not purchased and redeemed by investors directly with the fund, but instead are purchased and sold through broker-dealers in transactions on a

stock exchange. Because ETF and closed-end fund shares are traded on an exchange, they may trade at a discount from or a premium to the net asset value per share of the underlying portfolio of securities. As a relatively new type of security, the trading characteristics of ETFs may not yet be fully developed or understood by potential investors. In addition to bearing the risks related to investments in equity securities, investors in ETFs intended to replicate a securities index bear the risk that the ETFs performance may not correctly replicate the performance of the index. Investors in ETFs, closed-end funds and other investment companies bear a proportionate share of the expenses of those funds, custodial and accounting costs, and other expenses. Trading in ETF and closed-end fund shares also entails payment of brokerage commissions and other transaction costs.

Derivative Investments. Derivatives are financial contracts whose value depends on, or is derived from, an underlying product, such as the value of a securities index. The risks generally associated with derivatives include the risks that: (1) the value of the derivative will change in a manner detrimental to the relevant Segregated Portfolio of the Fund; (2) before purchasing the derivative, the relevant Segregated Portfolio of the Fund will not have the opportunity to observe its performance under all market conditions; (3) another party to the derivative may fail to comply with the terms of the derivative contract; (4) the derivative may be difficult to purchase or sell; and (5) the derivative may involve indebtedness or economic leverage, such that adverse changes in the value of the underlying asset could result in a loss substantially greater than the amount invested in the derivative itself or in heightened price sensitivity to market fluctuations.

Derivatives markets can be highly volatile. The profitability of investments by a Segregated Portfolio of the Fund in the derivatives markets depends on the ability of the Investment Manager to correctly analyse these markets, which are influenced by, among other things, changing supply and demand relationships, governmental, commercial and trade programs and policies designed to influence world political and economic events, and changes in interest rates. In addition, the assets of the relevant Segregated Portfolio of the Fund may be pledged as collateral in derivatives transactions. Thus, if the relevant Segregated Portfolio of the Fund defaults on such an obligation, the counterparty to such transaction may be entitled to some or all of the assets of that Segregated Portfolio as a result of the default.

Foreign Securities. One or more Segregated Portfolios of the Fund may invest in securities and other instruments of foreign corporations and foreign countries. Investing in the securities of companies in, and governments of, foreign countries involve certain considerations not usually associated with investing in securities of local companies or the local government. These include, among other things, political and economic considerations, such as greater risks of expropriation, nationalization and general social, political and economic instability; the small size of the securities markets in such foreign countries and the low volume of trading, resulting in potential lack of liquidity and in price volatility; fluctuations in the rate of exchange between currencies and costs associated with currency conversion; differences in withholding and other taxation and certain government policies that may restrict the Fund's investment opportunities.

In addition, accounting and financial reporting standards that prevail in foreign countries generally are not equivalent to IFRS and, consequently, less information may be available to investors in companies

located in foreign countries than is available to investors in companies located in the local country. There is also less regulation, generally, of the securities markets in foreign countries.

Currency Trading Risks: Spot Foreign Currency and Options. Off-exchange spot foreign currency and options trading on margin (“Forex”) involves significant risks, including market risk, interest rate risk and country risk. Market risk results from the price movement of foreign currency values in response to shifting market supply and demand. Interest rate risk arises whenever a country changes its stated interest rate target associated with its currency. Country risk arises because virtually every country has interfered with international transactions in its currency.

The high leverage and low margin associated with Forex can result in significant losses due to price changes in foreign exchange contracts and cross currency contracts. The amount of initial margin may be small relative to the value of the foreign currency so that transactions are "leveraged" or "geared". A relatively small market movement may have a proportionately larger impact on the relevant Segregated Portfolio of the Fund. The relevant Segregated Portfolio of the Fund may sustain a total loss of initial margin funds and any additional funds deposited with the broker to maintain its position. If the market moves against the relevant Segregated Portfolio's position or margin levels are increased, the relevant Segregated Portfolio may be called upon to pay substantial additional funds on short notice to maintain its position. If the relevant Segregated Portfolio of the Fund fails to comply with a request for additional funds within the time prescribed, its positions may be liquidated at a loss and the relevant Segregated Portfolio of the Fund will be liable for any resulting deficit. The relevant Segregated Portfolio of the Fund will be required to maintain the minimum margin requirement on its open positions at all times.

The high degree of leverage that is obtainable in the trading of off-exchange foreign currency transactions can work against you as well as for you. Leverage can lead to large losses as well as gains.

Foreign Exchanges and Markets. One or more Segregated Portfolios of the Fund may engage in trading on foreign exchanges and markets. Trading on such exchanges and markets may involve certain risks not applicable to trading on local exchanges and is frequently less regulated. For example, certain of those exchanges may not provide the same assurances of the integrity (financial and otherwise) of the marketplace and its participants, as do the local exchanges. There also may be less regulatory oversight and supervision by the exchanges themselves over transactions and participants in such transactions on those exchanges. Some foreign exchanges, in contrast to local exchanges, are “principals’ markets” in which performance is the responsibility only of the individual member with whom the trader has dealt and is not the responsibility of an exchange or clearing association. Furthermore, trading on certain foreign exchanges may be conducted in such a manner that all participants are not afforded an equal opportunity to execute certain trades and may also be subject to a variety of political influences and the possibility of direct government intervention. Investment in foreign markets would also be subject to the risk of fluctuations in the exchange rate between the local currency and the dollar and to the possibility of exchange controls. Foreign brokerage commissions and other fees are also generally higher than in the locally.

Convertible Securities. Convertible securities (“Convertibles”) are generally debt securities or preferred stocks that may be converted into common stock. Convertibles typically pay current income as either

interest (debt security convertibles) or dividends (preferred stocks). A Convertible's value usually reflects both the stream of current income payments and the value of the underlying common stock. The market value of a Convertible performs like that of a regular debt security; that is, if market interest rates rise, the value of a Convertible usually falls. Since it is convertible into common stock, the Convertible generally has the same types of market and issuer risk as the underlying common stock. Convertibles that are debt securities are also subject to the normal risks associated with debt securities, such as interest rate risks, credit spread expansion and ultimately default risk, as discussed below. Convertibles are also prone to liquidity risk as demand can dry up periodically and bid/ask spreads on bonds can widen significantly.

An issuer may be more likely to fail to make regular payments on a Convertible than on its other debt because other debt securities may have a prior claim on the issuer's assets, particularly if the Convertible is preferred stock. However, Convertibles usually have a claim prior to the issuer's common stock. In addition, for some Convertibles, the issuer can choose when to convert to common stock or can "call" (redeem) the Convertible. An issuer may convert or call a Convertible when it is disadvantageous for the relevant Segregated Portfolio of the Fund, causing the relevant Segregated Portfolio to lose an opportunity for gain. For other Convertibles, the relevant Segregated Portfolio of the Fund can choose when to convert the security to common stock or to put (sell) the Convertible back to the issuer.

Because Convertible arbitrage may involve the purchase of puts or short sale of underlying common stock, which is subject to stock-borrow risk, which is the risk that the Fund will be unable to sustain the short position in the underlying common shares.

Investment in Publicly Traded Securities. The Fund may invest in publicly traded securities and may hold publicly traded securities as a result of a public offering of securities of one or more of its portfolio companies (or as a result of an IPO or other transaction that converts such portfolio company's securities into publicly traded securities). Investments in public securities can entail certain risks. For example, the Fund and the Investment Manager may obtain less information and disclosure about a company whose securities are publicly traded than from a privately held company. Further, the market for publicly-traded securities is extremely volatile due to economic conditions, political events, and for many other reasons. Such volatility may adversely affect the ability of the Fund to dispose of investments or affect the value of investment securities on the date of sale by the Fund. Furthermore, notwithstanding the existence of a public market for the securities of a particular portfolio company of the Fund, publicly traded securities held by the Fund may be thinly traded or may cease to be traded after the Fund invests in them. Any securities that the Fund holds that are thinly traded may be subject to wider price fluctuations than other companies whose securities are more actively traded, and the spreads between the bid and ask prices of thinly traded securities of these companies may be larger than the spreads for more actively traded securities. There can be no assurance that the Fund's investments in publicly traded securities will be profitable, and there is a material risk that the Fund could incur losses from its investments in publicly traded securities.

Risks Arising from Disposition of Investments. In connection with the disposition of an investment in a portfolio company, the Fund may be required to make representations about the business and financial

affairs of the portfolio company or may be responsible as a selling stockholder for the contents of disclosure documents under applicable securities laws. The Fund may also be required to indemnify the purchasers of such investments or underwriters to the extent that any such representations or disclosure documents turn out to be incorrect, inaccurate, or misleading.

Illiquid Investments. The Fund expects to invest in instruments that are or may become illiquid investments.

The Fund may not be able to dispose readily of illiquid investments and, in some cases, may be contractually prohibited from disposing of such investments for a specified period of time. The Fund may not be able to realise all or any part of its interest in illiquid investments for the purposes of funding the payment of redemption proceeds of Shares. Consequently, substantial redemptions of Segregated Portfolio Shares by other investors in the Fund may result in such illiquid investments constituting an increasing proportion of the Fund's portfolio. This may result in remaining Segregated Portfolio Shareholders having an increased exposure to illiquid investments and the risks associated therewith. In addition, illiquid investments may incur high transaction costs, particularly in times of market stress.

The Fund may make investments that are or become subject to legal or other restrictions on transfer or for which no liquid market exists. The market prices, if any, of such investments tend to be more volatile and it may not be possible to sell such investments when desired or to realise their fair value in the event of a sale. Moreover, securities in which the Fund may invest include those that are not listed on a stock exchange or traded in an OTC market. As a result of the absence of a public trading market for these securities, they may be less liquid than publicly traded securities. There may be substantial delays in attempting to sell non-publicly traded securities. Although these securities may be resold in privately negotiated transactions, the prices realised from these sales could be less than those originally paid. Further, companies whose securities are not publicly traded are not subject to the disclosure and other investor protection requirements that would be applicable if their securities were publicly traded.

Undervalued Assets and Instruments. One of the objectives of the Fund is to invest in undervalued assets and instruments. The identification of investment opportunities in undervalued securities is a difficult task, and there can be no assurance that such opportunities will be successfully recognised. While investments in undervalued assets and instruments offer opportunities for above-average capital appreciation, these investments involve a high degree of financial risk and can result in substantial losses. Returns generated from the Fund's investments may not adequately compensate for the business and financial risks assumed.

The Fund may make certain speculative investments in assets and instruments which the Investment Manager believes to be undervalued; however, there can be no assurance that the assets and instruments purchased will in fact be undervalued. In addition, the Fund may be required to hold such securities for a substantial period of time before realising their anticipated value. During this period, a portion of the Fund's capital would be committed to the assets and instruments purchased, thus possibly preventing the Fund from investing in other opportunities.

Currency Risk. The value of the assets of a Segregated Portfolio may be affected favourably or unfavourably by the changes in currency rates and exchange control regulations. Some currency exchange costs may be incurred when the Segregated Portfolio changes investments from one country to another. Currency exchange rates may fluctuate significantly over short periods of time. They generally are determined by the forces of supply and demand in the respective markets and the relative merits of investments in different countries, actual or perceived changes in interest rates and other complex factors, as seen from an international perspective. Currency exchange rates can also be affected unpredictably by intervention by governments or central banks (or the failure to intervene) or by currency controls or political developments. The Fund may seek to mitigate the risk of currency exchange fluctuation through the active and systematic use of currency hedges.

### **Risks relating to Digital Assets**

Digital Assets generally. Digital Assets are new and highly speculative assets based on new technology and the methods of circulation, transfer and use of Digital Assets are subject to continual change.

Such Digital Assets may include decentralised digital currencies, which are typically not recognised as legal tender and may not have any intrinsic value. Any rights conferred by a Digital Asset vary according to the nature of the Digital Asset. Digital Assets typically do not confer ownership interest in any asset or property and as such nothing underpins the value of a Digital Asset other than the prospect of owning the Digital Asset.

Digital Assets held by a Segregated Portfolio of the Fund are commingled and investors in that Segregated Portfolio have no specific rights to any specific Digital Asset. The timing of the Fund's acquisition and disposition of Digital Assets will be affected by the timing of subscriptions and redemptions. No guarantee or representation is made that the Fund's investment strategies will be successful. Digital Assets are extremely volatile and investment results may vary substantially over time.

WHILE ALL INVESTMENTS RISK THE LOSS OF CAPITAL, INVESTMENTS IN DIGITAL ASSETS SHOULD BE CONSIDERED SUBSTANTIALLY MORE SPECULATIVE AND SIGNIFICANTLY MORE LIKELY TO RESULT IN A TOTAL LOSS OF CAPITAL THAN MOST OTHER INVESTMENTS. A NASCENT ASSET CLASS WITH LIMITED HISTORY GUARANTEES UNFORESEEN RISK FACTORS WILL LIKELY EMERGE, WHICH MAY BE IN THE FORM OF VARIATIONS OR COMBINATIONS OF THE RISKS LISTED BELOW WHICH THE FUND CANNOT ANTICIPATE, AND INVESTORS RISK ALL CAPITAL IN THE FUND.

No assurance can be made that profits will be achieved or that substantial or complete losses will not be incurred. There is no assurance that returns can be generated.

Volatility of Digital Assets. The investment characteristics of Digital Assets generally differ from those of traditional currencies, commodities, or securities. Digital Assets are generally not backed by a central bank or a national, supra-national or quasi-national organization, any hard assets or fiat currency, human capital, or other form of credit.

Historically, prices of Digital Assets have demonstrated dramatic fluctuations within a short period of time. Such fluctuations could result in significant uncertainties for the Fund. The price of Digital Assets may be affected by a wide variety of complex and difficult to predict factors, including but not limited to:

- global Digital Asset supply and demand;
- changes to software or hardware underlying a blockchain network and/or Digital Assets;
- foreign exchange rates;
- interest rates;
- disruptions to Digital Asset exchanges, such as interruptions in service from or failures of major Digital Asset exchanges;
- global or regional political, economic, or financial events and situations;
- regulatory changes by governmental, legal, tax or other authorities;
- security vulnerability, hacks, malware, viruses, botnet that may impact any aspect of the Digital Asset ecosystem (including but not limited to the Digital Asset exchanges, hardware wallets, blockchain of any Digital Assets);
- rewards and transaction fees for the recording or processing of transactions on the blockchain of any Digital Assets;
- acceptance as a store of value and/or as a reliable medium of exchange by customers, merchants, and other market participants; and
- expectations among blockchain participants with respect to the rate of inflation and the value of Digital Assets.

Monetary losses suffered by the Fund as a result of the volatile prices may have a material adverse effect on the Fund.

Impact on supply and demand for Digital Assets. Digital Assets are relatively new and less regulated than traditional financial assets. They may be subject to supply and demand forces based upon the users' desire for an alternative, decentralised means of earning money, investing, keeping their savings, or buying and selling goods and services, and it is unclear how such supply and demand will be impacted by geopolitical events, political and/or economic conditions, investor confidence, and other conditions and events which may motivate large-scale acquisitions or disposals of Digital Assets either globally or locally. This could result in volatility of the price of Digital Assets. A large-scale disposal of Digital Assets may result in a significant decrease in the price of the Digital Assets and could have a material adverse effect on the Fund.

Risks of buying or selling Digital Assets. The Fund may transact with Digital Asset exchanges or OTC agents. The Fund will take on credit risk every time it purchases or sells Digital Assets, and its contractual rights with respect to such transactions may be limited. Although the Fund's transfers of Digital Assets or cash will be made to or from a counterparty which it believes is trustworthy, it is possible that, through computer or human error, or through theft or criminal action, the Fund's Digital Assets or cash could be transferred in incorrect amounts or to unauthorized third parties. To the extent that the Fund is unable to seek a corrective transaction with such third party or is incapable of identifying the third party which has received the Fund's Digital Assets or cash (through error, theft or



otherwise), the Fund will be unable to recover incorrectly transferred Digital Assets or cash, and such losses will negatively impact the Fund. Certain Digital Asset exchanges may place limits on the Fund's transactions, or the Fund may be unable to find a willing buyer or seller of Digital Assets. To the extent the Fund experiences difficulty in buying or selling Digital Assets, investors may experience delays in subscriptions or payment of redemption proceeds, or there may be delays in liquidation of the Fund's Digital Assets, thereby resulting in a material adverse effect on the Fund.

Risks relating to Digital Asset exchanges. The Digital Asset exchanges on which Digital Assets are traded may be relatively new and can be unregulated. These exchanges include third party service providers that convert Digital Assets to cash or other Digital Assets. Digital Assets are bought, sold, and traded with (usually) publicly disclosed (but often-changing) valuations on Digital Asset exchanges, where the majority of Digital Assets buying and selling activity occurs. Digital Asset exchanges provide the most data with respect to prevailing valuations of Digital Assets. Market participants can usually choose the exchange on which to buy or sell a Digital Asset, although these exchanges may charge significant fees for processing transactions.

Digital Asset exchanges may hold custody of the Digital Assets for its customers and may therefore be more exposed to theft, fraud and failure than established, regulated exchanges for other investment products. The Fund may be exposed to the credit risk of an exchange when it transacts through a Digital Asset exchange.

Digital Asset exchanges may impose daily, weekly, monthly, or customer-specific transaction or distribution limits or suspend withdrawals entirely, rendering the exchange of Digital Assets for cash difficult or impossible.

Digital Asset exchanges are exposed to the risks relating to cybercrime, hackers, and malware. It is possible that such exchanges may cease operations due to theft, fraud, security breaches, liquidity issues, or government investigation or regulations. In addition, banks may refuse to process wire transfers to or from exchanges. There have been various Digital Asset exchanges that have been closed due to such events of fraud, business failure or security breaches. In most of these cases, the investors of the closed Digital Asset exchanges were not compensated for the partial or complete losses of their account balances in such exchanges. Accordingly, where the Digital Asset exchanges are involved in fraud or experience disruptions, security failures or other operational issues, this could result in a decrease in the prices or loss of Digital Assets and may have a material adverse effect on the Fund and thereby its investors.

A closure or temporary shutdown of Digital Asset exchanges due to fraud, hacking, malware, or regulatory changes may reduce confidence in the Digital Asset exchanges and therefore result in greater volatility in the prices of Digital Assets. Additionally, the closure or temporary shutdown of Digital Asset exchanges may affect the ability to determine a reasonably accurate Net Asset Value of a Fund. The failure of Digital Asset exchanges may have a material adverse effect on the Fund and thereby its investors.

Furthermore, Digital Asset exchanges may be subject to the imposition of regulations by governments in various jurisdictions in the future, which may result in uncertainty in the use of Digital Asset exchanges. Such regulations imposed may lead to, amongst others, an increase in fees incurred by the Fund on trading on Digital Asset exchanges, a decrease in public interest in investing in Digital Assets, as well as the liquidity of Digital Assets. These factors may result in a material adverse effect on the Fund.

The Fund may trade on a limited number of Digital Asset exchanges (and potentially only a single exchange) because of actual or perceived counterparty or other risks relating to a particular exchange. Trading on a limited number of exchanges may result in less favourable prices, price differences and decreased liquidity for the Fund and therefore could have a material adverse effect on the Fund and thereby its investors.

Risks relating to Digital Asset security; Access to Digital Assets. In securing the Fund's Digital Assets, the Fund may use third party service providers. The Fund may also employ online internet connected systems (which may be provided by third party service providers) to hold Digital Assets and may also employ other systems to safeguard Digital Asset, such as "cold storage" or "deep storage", which will increase the time required to access certain Digital Assets, and may, therefore, delay liquidation of the Fund's Digital Assets or payment of redemption proceeds, which could have a material adverse effect on the Fund and thereby its investors.

Typically, Digital Assets are controllable only by those who have the unique private cryptographic key relating to the relevant Digital Assets. In the event of any loss, theft, or destruction of such private key (and where no backup of the private key is available), the Fund may not be able to access the Digital Assets associated with the private key. The loss, theft or destruction of a private key required to access the Digital Assets may be irreversible. Any such loss, theft or destruction of the private keys relating to the Digital Assets may have a material adverse effect on the Fund and thereby its investors.

The systems in place to secure the Digital Assets may not prevent the improper access to, or damage or theft of the Fund's Digital Assets. Further, a security breach could harm the Fund's reputation or result in the loss of some or all of the Fund's Digital Assets, which may represent all or a substantial portion of the Fund's assets. Any such security breach or leak of non-public information relating to the security of Digital Assets may have a material adverse effect on the Fund and thereby its investors.

Digital Assets custody risk. The custodian (if any) and any storage provider engaged by the Fund may not be able to offer the level of service and/or safekeeping in respect of Digital Assets which they would otherwise typically be able to provide for securities, and there is a risk that the Digital Assets will not be viewed as being properly or independently customized (as may be required by law in certain jurisdictions), or that the Fund may not be viewed as being the owner of the Digital Assets held on its behalf by the custodian and/or any storage provider. This may result in restrictions on the acquisition, ownership, holding, selling, transferring, using, or trading of Digital Assets by the Fund, and the Fund may be required to seek alternative custody or storage service arrangements. The Fund may also incur additional costs in securing such alternative custody or storage arrangements. This may directly and negatively impact the accessibility to Digital Assets.

Having Digital Assets on deposit or with any third party in a custodial relationship has attendant risks. These risks include security breaches, risk of contractual breach, risk of theft and risk of loss. The Fund may use third party storage providers (including, but not limited to, wallet providers) to hold the Fund's Digital Assets. The Fund may have a high concentration of its Digital Assets in one location or with one third party storage provider, which may be prone to losses arising out of hacking, loss of passwords, compromised access credentials, malware, or cyber-attacks. The Fund is not required to maintain a minimum number of storage providers to hold the Fund's Digital Assets. The Fund may not do detailed information technology diligence on such third-party storage providers and, as a result, may not be aware of all security vulnerabilities and risks. Any such storage providers may not indemnify the Fund against any losses of Digital Assets. Digital Assets held by third parties could be transferred into "cold storage" or "deep storage," in which case there could be a delay in retrieving such Digital Assets. The Fund may also incur costs related to third party storage. Any security breach, incurred cost or loss of Digital Assets associated with the use of a third-party wallet or storage provider, may have a material adverse effect on the Fund and thereby its investors.

To the extent the Fund does not engage a custodian but engages in self-custody of the Digital Assets (whether with the assistance of a storage provider or otherwise) the Fund may still face similar risks of security breaches, risk of thefts, risk of loss and losses arising out of hacking, loss of passwords, compromised access credentials, malware, or cyber-attacks as described above.

Risk of uninsured losses. Though the Fund may seek to ensure its Digital Asset holdings, it may not be possible, either because of a lack of available policies or because of prohibitive cost, for the Fund to obtain insurance of any type that would cover losses associated with Digital Assets. If an uninsured loss occurs or a loss exceeds policy limits, the Fund could lose a portion or all of its assets and this may have a material adverse effect on the Fund and thereby its investors.

Furthermore, where uninsured losses associated with Digital Assets are incurred under circumstances rendering a party liable to the Fund, the responsible party may not have the financial resources sufficient to satisfy the claim by the Fund and this may have a material adverse effect on the Fund and thereby its investors.

Blockchain regulatory risk. The development and acceptance of the blockchain industry are subject to various factors that may be difficult to evaluate. Any dampening or ceasing of the development or acceptance of the blockchain industry may have an adverse material effect on the Fund. Generally, the blockchain industry is subject to a high degree of uncertainty. Some of the factors that may affect the development and acceptance of the blockchain industry include but are not limited to:

- governmental regulation of Digital Assets such as restrictions on or regulation on their use, or regulation of access to or operation of blockchain networks or exchanges or similar systems;
- global adoption and use of blockchain technologies, including changes in consumer demographics and public preferences;
- general economic conditions and regulatory environment relating to Digital Assets;
- developments in technology that may affect blockchain networks;
- the maintenance and development of blockchain networks;

- decline in acceptance or popularity of Digital Assets; and
- public statements, recommendations and opinions given by politicians, government authorities or central bank representatives.

The blockchain industry is in the middle of an evolving regulatory landscape in many jurisdictions. Various jurisdictions may, in the near future, impose laws or regulations that may affect the blockchain industry. For example, countries may prohibit or severely restrict the right to acquire, own, hold, sell, transfer, use or trade Digital Assets. By extension, this may result in the restriction of the acquisition, ownership, holding, selling, transferring, using, or trading in the Segregated Portfolio Shares. Such laws and regulations may directly and negatively impact the accessibility to Digital Assets.

The effect of any future regulatory change is impossible to predict, but such changes could have a material adverse effect on the Fund and thereby its investors.

Accountability of Digital Asset intermediaries. The Fund may invest in Digital Assets, which may include decentralised digital currencies that can be transferred without the involvement of intermediaries or other third parties. Accordingly, such Digital Assets may not be represented or issued by any official and identifiable organisation, entity, or authority. Instead, user communities or groups would organise the relevant Digital Asset community to develop and protect the network. Consequently, consumers and investors of such Digital Assets may not be able to make a claim or obtain a refund of their monies should Digital Asset schemes or intermediaries cease to operate. To the extent service providers no longer support the Fund or the Digital Assets invested into by the Fund and cannot be replaced, this may have a material adverse effect on the Fund and thereby its investors.

In addition, due to the audit and operational needs of the Fund and the Fund's service providers, there will be individuals who have information regarding the Fund's security measures. Any of those individuals may intentionally or inadvertently leak such information and this may have a material adverse effect on the Fund and thereby its investors.

Availability of banking and other services. Certain companies which offer Digital Asset related services or products have been unable to engage banks that are willing or able to provide them with bank accounts and banking services. Similarly, a number of such companies have had their existing bank accounts closed by the banks. Banks may refuse to provide bank accounts and other banking services to these companies for a number of reasons, for example, perceived compliance risks or costs. If banks were to close the accounts of many or of a few companies providing Digital Asset related services or products, the usefulness of Digital Assets as a payment system and the public perception of Digital Assets could be adversely affected. This could decrease the price of Digital Assets and therefore have a material adverse effect on the Fund and thereby its investors.

Similarly, banks and other service providers may change their internal policies towards Digital Assets and related services without prior notice to their clients. Such changes may result in the need for reorganisation of the Fund's banking and other service provider relationships, which could cause delays in access to the market for trading purposes, trade settlement or redemptions.

Valuation of Digital Assets. Valuation of the Digital Assets involve uncertainties and judgmental determinations. If a valuation is incorrect, the Net Asset Value per Segregated Portfolio Share may be adversely affected. In extreme circumstances, independent pricing information about some of the Digital Assets invested in by the Fund may become unavailable.

If the value assigned to an investment differs from its actual value that is determined subsequently, the Net Asset Value per Segregated Portfolio Share calculated at month end may be either understated or overstated to the extent of that difference. If either of these scenarios happens, the Fund does not intend to adjust the Net Asset Value per Segregated Portfolio Share retroactively.

Additionally, as the fees of a number of the service providers to the Fund are tied to the Net Asset Value, any discrepancy in valuation may possibly result in overpayment or underpayment to those service providers.

Furthermore, an investment in the Fund by a new Shareholder into a Segregated Portfolio (or an additional investment by an existing Segregated Portfolio Shareholder into its Segregated Portfolio) may dilute the value of the investments of the Fund for the other Shareholders of that Segregated Portfolio if those investments are undervalued. Conversely, a new Shareholder into a Segregated Portfolio (or an existing Segregated Portfolio Shareholder in case of an additional investment into the same Segregated Portfolio) could pay too much if the Fund's investments are overvalued. If either of these scenarios happens, the Fund does not intend to adjust the Net Asset Value per Segregated Portfolio Share retroactively.

None of the Fund, the Investment Manager, the Directors, or the Administrator will be liable if a price or valuation used in good faith in connection with any of the above procedures later proves to be incorrect or inaccurate.

Unpredictability of Digital Asset networks. Digital Asset networks may undergo significant changes. Various features of Digital Asset networks, including (but not limited to) their terms and conditions (if any), fees, structures, purposes, consensus protocols, algorithms, source codes, infrastructure designs and other technical specifications and parameters, may be updated and changed frequently. Such changes could have a material adverse effect on the Fund and thereby its investors.

Further, some Digital Asset networks may encounter difficulties during further maintenance and development, including financial, resourcing, and technical difficulties. These difficulties are unpredictable and may be unresolvable. Development of Digital Asset networks may therefore fail, terminate, or be delayed at any time for any reason. Such failure, termination or delay is likely to reduce and may completely erase any value that such Digital Assets may hold and could have a material adverse effect on the Fund and thereby its investors.

Irrevocability of Digital Asset transactions. Digital Asset transactions that are verified and recorded as a block on the blockchain are generally irrevocable. Even if the transaction was due to a theft, stolen or incorrectly transferred due to an error, Digital Assets may be irretrievable, and the transaction is not reversible. Further, at this time, there is no effective formal governmental, regulatory, investigative, or

prosecutorial authority or mechanism through which to bring an action or complaint regarding missing or stolen Digital Assets. Consequently, the Fund may be unable to replace missing Digital Assets or seek reimbursement for any erroneous transfer, incorrectly executed Digital Asset transaction or theft of Digital Assets and as the Fund is unable to seek redress for such action, error or theft, such loss could have a material adverse effect on the Fund and thereby its investors.

Intellectual property rights claims. Third parties may assert intellectual property claims relating to Digital Assets and (to the extent applicable) source code related to such Digital Assets including the systems and/or software relating to the holding of, use of, mining of, transfer of or otherwise interact with such Digital Assets. Such claims may reduce confidence in the Digital Asset's long-term viability or the ability of users to interact with such Digital Assets, regardless of whether such claim has any merit. Furthermore, in the event of a meritorious intellectual property claim, the Fund may be prevented from accessing the relevant Digital Asset or holding or transferring such Digital Asset. This may have a material adverse effect on the Fund.

Market adoption. There may be a relatively small use of certain Digital Assets in the retail and commercial marketplace in comparison to relatively large use by speculators. A lack of expansion in the use of the Digital Assets in which the Fund may invest may lead to price volatility that could have a material adverse effect on the Fund. Moreover, demand for Digital Assets may be reduced if fees increase for recording or processing transactions in the relevant blockchain (if applicable), and this may result in a reduction in the price of the Digital Assets, which could have a material adverse effect on the Fund.

Potential manipulation of blockchain. In the event that a malicious actor or botnet obtains control of more than 50% of the processing power on a blockchain network, such actor or botnet could manipulate such blockchain network and carry out mining attacks, including, but not limited to, double-spend attacks and constructing fraudulent blocks or preventing certain transactions from being completed in a timely manner, or at all. In the event of an attack being successful, the accurate execution and recording of Digital Asset transactions would be affected. This could adversely affect the execution and recording of Digital Assets in which the Fund may have invested in and have a material adverse effect on the Fund and thereby its investors.

Risks relating to Digital Asset hackers. Hackers or malicious actors may launch attacks to steal, compromise, or secure Digital Assets, such as by attacking the Digital Assets network source code, exchange servers, third-party platforms, cold and hot storage locations or software, or Digital Asset transaction history, or by other means. The Fund may be in control and possession of one of the more substantial holdings of Digital Assets. As the Fund increases in size, it may become a more appealing target of hackers, malware, cyber-attacks, or other security threats. As a result, the Fund will undertake efforts to secure and safeguard the Digital Assets in its custody from theft, loss, damage, destruction, malware, hackers or cyberattacks, which may add significant expenses to the operation of the Fund. There can be no assurance that such securities measures will be effective. At this time, there is no governmental, regulatory, investigative, or prosecutorial authority or mechanism through which to bring an action or complaint regarding missing or stolen Digital Assets. Consequently, the Fund may be unable to replace missing Digital Assets or seek reimbursement for any theft of Digital Assets, which could have a material adverse effect on the Fund and thereby its investors.

Technical vulnerabilities. Digitalisation of financial services and increasing sophistication of cyber-criminals has exposed both traditional financial institutions and blockchain companies to increasing levels of cyber-threats, including but not limited to risks of theft of assets and extortion by ransomware attacks. The ability to manage the Fund's assets might be reduced by cyber-attacks towards banks, stock exchanges, Digital Asset exchanges, or any other infrastructure provider or market participant to which the Fund is connected.

Vulnerabilities of various IT hardware and software products expose the Fund to a risk of malicious actors gaining access to the Fund's IT systems via hardware or software backdoors, malware, cyberattacks or even currently unknown ways of penetrating and circumventing seemingly secure IT systems. This may expose the Fund to a risk that some or all of the Fund's Digital Assets could be lost or stolen.

Forking. Forking may occur when two or more users and miners on the same blockchain based Digital Asset network install software that changes the Digital Asset network or properties of a Digital Asset, including the irreversibility of transactions and limitations on the mining of new Digital Assets, which may subject the Digital Asset network to new protocols and software. If forks exist in the blockchain, this may have a material adverse effect on the Fund because the Fund may or may not be entitled to receive additional assets that are recorded on new blockchains. There is no guarantee that merchants, wallets, exchanges, or other service providers will support, or that a market will develop for, future Digital Assets that may arise from the forks, which may also compete with the legacy Digital Asset (negatively affecting its value). In addition, forks that split the blockchain may carry further risks, including, without limitation, (i) that legacy Digital Asset networks heavily decline in value or that the combined value of the competing versions of the relevant Digital Asset is less than the value of the single legacy Digital Asset network (particularly, if the fork is interpreted as a general failure to reach a consensus regarding the particular Digital Asset network), (ii) that developers, service providers and users choose one version of the particular Digital Asset (the subject of the fork) over another and (iii) that the division of mining power makes each version of the particular blockchain based Digital Asset network slower and/or less secure.

Anonymity, Pseudo Anonymity, and illicit use. The use of Digital Assets for illicit purposes is neither promoted nor endorsed by the Fund. Certain Digital Assets have a reputation for providing users with privacy and anonymity or pseudo anonymity, similar to physical cash, bank notes and bearer bonds. While a blockchain may record the unique address of individual "wallets" and the transaction amounts between payer and payee wallets, it may not contain any other information about the parties using them. As with any other asset class or medium of exchange, Digital Assets can be used to purchase illegal goods, fund illicit activities or launder money. Negative events, developments, news, and published opinions, whether based on correct or incorrect information about the characteristics of Digital Assets may affect the general outlook on the industry as a whole, trigger governmental restrictions and/or regulations in respect of Digital Assets, and may have a material adverse effect on the Fund and thereby its investors.

Custody and Security Risks. The Fund may not directly control its Digital Assets. The financial institutions or other third parties appointed by the Fund to act as Custodians may become insolvent, causing the Fund to lose all or a portion of the Digital Assets held by those Custodians.

The Fund may occasionally hold Digital Assets directly, such as when transferring its Digital Assets between the Digital Asset exchanges and the Custodians used by the Fund. To the extent the Fund holds Digital Assets directly, the Investment Manager may maintain custody of some or all of the Fund's Digital Assets, by generating the private keys that control movement of the various Digital Assets.

The Investment Manager is responsible for taking such steps it determines, in its discretion, to be required to maintain access to these keys, as applicable, and protect them from hacking, malware and general security threats. To the extent the Investment Manager, in its sole discretion, engages financial institutions or other third parties to act as custodians of the Fund's Digital Assets, the Fund will be reliant on such parties' security systems and processes to ensure the safe storage of the Fund's Digital Assets. See "Loss or Destruction of Private Keys" below.

These safeguards may be breached due to the actions of outside parties, error, or malfeasance of an employee of the Investment Manager, the applicable Custodian, or otherwise, and, as a result, an unauthorized party may obtain access to the Fund's assets, the private keys (and therefore the Digital Assets) or other data of the Fund. Additionally, outside parties may attempt to fraudulently induce such Investment Manager's employees or those of a Custodian to disclose sensitive information in order to gain access to such Investment Manager's or the relevant Custodian's infrastructure. As the techniques used to obtain unauthorized access, disable, or degrade service, or sabotage systems change frequently, or may be designed to remain dormant until a predetermined event and often are not recognized until launched against a target, each or all of the Fund, the Investment Manager and the Custodians may be unable to anticipate these techniques or implement adequate preventative measures. The safety of the relevant security measures could be affected by a number of factors, including (but not limited to):

- (A) existing or new technological threats;
- (B) undetected errors, software flaws or vulnerabilities;
- (C) security breaches arising from cyber-attacks, computer malware, computer hacking or sabotage;
- (D) fraud, wilful default or negligence or other failures on the part of the relevant Custodian.

To the extent that an Investment Manager or a Custodian is unable to identify and mitigate or stop new security threats, the Fund's holding of Digital Assets may be subject to theft, loss, destruction, or other attack, which could have a negative impact on the performance of the Digital Assets or Segregated Portfolio Shares or result in loss of the Fund's assets.

Loss or Destruction of Private Keys. Most Digital Assets are controllable only by the possessor of unique private keys relating to the blockchain addresses or wallets in which the Digital Assets are held. To the extent a private key of such Digital Assets is lost, destroyed, or otherwise compromised and no backup



of the private key is accessible, the Digital Assets held in the related wallet will be inaccessible, and the private key will not be capable of being restored. The loss or destruction of a private key required to access a Digital Asset may be irreversible. Any loss of private keys relating to wallets used to store the Fund's Digital Assets could result in the loss of the Digital Assets. The risk of loss due to losses of private keys or similar methodologies of secure access is generally greater for Digital Assets than that of other asset classes given their nature and the variations in the sophistication of access methodologies. Any loss of private keys relating to the digital wallets used to store the Fund's Digital Assets could adversely affect an investment in Segregated Portfolio Shares.

No Federal Insurance Protection. Unlike bank deposits or securities accounts respectively, Digital Asset held by the Fund are not subject to US Federal Deposit Insurance Corporation (“**FDIC**”) or US Securities Investor Protection Corporation (“**SIPC**”) protections. The Fund is not a banking institution or otherwise a member of the FDIC or SIPC and, therefore, deposits held with, or assets held by the Fund are not subject to the protections enjoyed by depositors with FDIC or SIPC member institutions.

In the event of the permanent loss or theft of any Digital Assets for which the Fund provides custody arrangements, the insolvency of any Digital Asset exchanges where the Fund's Digital Assets are held or the insolvency of any depository or custodian for such Digital Assets, the Fund may be unable to recover all of its funds or the value of its assets so deposited.

Risks of Proof of Stake Verified Digital Assets. The Fund may invest in various Digital Assets that rely in total or in part on a “proof of stake” method of generating a distributed consensus. Proof of stake algorithms do not rely on resource intensive calculations to validate transactions and create new blocks in a blockchain; instead, the validator of the next block is determined by reference to the amount of Digital Assets a user has “staked” and the amount of time it has been “staked,” which generates payments to such user in additional Digital Assets. While the advantage of a “proof of stake” system is that it is far less energy intensive than a “proof of work” system, this may result in lower barriers for entry, which may allow for increased participation by malicious actors with small stakes that attempt to manipulate the blockchain or increase the risk that the Digital Asset will experience one or more forks, which could impact its value.

Founders of Digital Assets or Digital Asset networks may retain large amounts of the generated Digital Asset, which large positions may result in such founders having an effective veto or ability to control the Digital Asset or its associated blockchain network. As returns associated with staking are connected to the amount of the wealth staked, “proof of stake” systems may encourage hoarding of the Digital Asset. While there are advantages to having users “buy in” to a Digital Asset and support its development, excessive hoarding reduces the “decentralised” nature of verification of the blockchain and may impair the spread of such Digital Asset, including interfering with the widespread adoption of such Digital Assets for use in transactions.

Proof of stake networks are newer and generally not as widely used as proof of work networks and may be untested at scale. As a result, proof of state networks may not work as intended. If proof of stake networks does not function as intended, or fail to gain adoption, the value of Digital Assets relying on

proof of stake consensus may be negatively affected, which could adversely affect the value of the Fund's investments.

Smart Contract Risk. Smart contracts are programs that run on certain Digital Asset networks, such as the Ethereum network and others, that execute automatically when certain conditions are met. Since smart contracts typically cannot be stopped or reversed, vulnerabilities in their programming can have damaging effects. For example, in June 2016, a vulnerability in the smart contracts underlying "The DAO", a distributed autonomous organisation for venture capital funding, allowed an attack by a hacker to syphon approximately \$60 million worth of Ethereum from The DAO's Ethereum wallets into a segregated account. In the aftermath of the theft, certain developers and core contributors pursued a "hard fork" of the Ethereum Network in order to erase any record of the theft. Despite these efforts, the price of Ethereum dropped approximately 35% in the aftermath of the attack and subsequent hard fork. In addition, in July 2017, a vulnerability in a smart contract for a multi-signature wallet software developed by Parity led to a \$30 million theft of Ethereum, and in November 2017, a new vulnerability in Parity's wallet software led to roughly \$160 million worth of Ethereum being indefinitely frozen in an account.

Smart contracts are integral to many decentralised finance activities, and therefore such decentralised finance activities are subject to risks related to errors, bugs or other vulnerabilities and problems with the development and deployment of smart contracts. See "Decentralised Finance ("DeFi") Risks". For example, in August 2020, Yam Finance, a decentralised finance application that allowed users to stake various Digital Assets in exchange for YAM tokens announced that the protocol had a critical bug. Following the announcement, the value of YAM dropped to zero.

Accordingly, errors or problems with any smart contracts which underpin any particular Digital Assets or are related to any of the Fund's activities could adversely affect the value of the Digital Assets.

Decentralised Finance ("DeFi") Risks. Decentralised Finance, or DeFi, refers to a variety of blockchain-based applications or protocols that provide for peer-to-peer financial services using smart contracts and other technology rather than such services being offered by central intermediaries. Because DeFi applications and protocols generally rely on the same types of underlying technologies as Digital Assets, most risks applicable to Digital Assets (including phishing, hacking, blockchain risks) are also applicable to DeFi protocols and hence any investment by the Fund into DeFi protocols and related Digital Assets will be subject to general Digital Assets risks as described elsewhere.

Common DeFi applications include borrowing/lending Digital Assets and providing liquidity or market making in Digital Assets. Because DeFi applications rely on smart contracts, any errors, bugs, or vulnerabilities in smart contracts used in connection with DeFi activities may adversely affect such activities. See "Smart Contract Risk". DeFi lending is subject to counterparty risk and credit risk, but because lending is automated through the DeFi protocol, rather than the Fund's individual decisions, such risks may be exacerbated, particularly if there are flaws in a DeFi protocol's code or operation. See "Counterparty Risk".

Uneven Protocol Adoption and Forking. Many Digital Assets are generated based on protocols that may be created and maintained as open-source projects, meaning they do not have official development teams that are responsible for overseeing upgrades and modifications to the network. Instead, Digital Assets are reliant on individual developers to generate software updates, which are proposed to users through software downloads and upgrades. A substantial majority of users may need to consent to such software modifications by downloading the altered software or upgrading to the modified software in order for the proposed modifications to be adopted. To the extent a significant minority adopt a protocol rejected by a majority of the users, or processing power, associated with a Digital Asset, it may result in an inadvertent or deliberate “fork” in the blockchain of such Digital Asset. In the event of a fork, two or more separate blockchain networks with respect to such Digital Asset may come into existence and compete as the legitimate blockchain of record.

The post-fork value of Digital Assets can be volatile and unpredictable. This could result in the holder owning the same asset after the fork as before the fork, but at a lower market value. Further, one or both the post-fork Digital Asset may not be supported by an adequate amount of network participants or developers to and may be vulnerable to attack and other risks. To the extent that Digital Assets in which the Fund is invested experience a fork in their blockchains, the Fund could experience significant losses, which would have an adverse impact on an investment in the Fund.

Delays in Recording Digital Assets Transactions. Where Digital Asset networks require “proof of work” for verification of its transactions, it typically provides rewards for the “miners” that provide the computation power that supports such proof of work. If at any time the rewards provided for mining become less valuable than the costs and expenses of mining, it can be expected that mining of such Digital Asset would greatly decline or even cease. The cessation of mining operations would materially harm, if not shut down completely, the ability of the network to verify transactions in such Digital Asset. A significant reduction in the number of miners may expose a Digital Asset’s verification process to deliberate manipulation by malicious actors that come to control the verification process. Actions or inactions of miners could delay the recording and confirmation of transactions on the blockchain. In a newly formed block, miners can include as few as zero transactions (e.g., an “empty block”) or as many as several thousand transactions. While there are currently no known incentives for miners to elect to exclude the recording of transactions in solved blocks, to the extent any such incentives arise (for example, a collective movement among miners forcing users to pay transaction fees as a substitute for, or in addition to, the award of Digital Asset upon the solving of a block), miners could delay the recording and confirmation of a significant number of transactions on a blockchain. Any systemic delays in the recording and confirmation of transactions on the blockchain could result in higher transaction costs, greater risk of fraudulent activity, and a loss of confidence in Digital Assets, which could adversely impact an investment in the Fund or the ability of the Fund to operate.

Irreversibility and Irrecoverability. Digital Asset transactions and transfers are generally irreversible without the consent and active participation from the recipient of the transaction. To the extent that any of the Fund’s Digital Assets are incorrectly or fraudulently transferred, they are likely to be irretrievable.

Furthermore, where the Digital Assets have been lost, stolen, or destroyed under circumstances rendering a party liable to the Fund, the Fund may have limited recourse against the responsible party. For example, as to a particular event of loss, the only source of recovery for the Fund might be limited to a custodian or Digital Asset exchange or, to the extent identifiable, other responsible third parties (e.g., a thief or terrorist), any of which may not have the financial resources (including liability insurance coverage) to satisfy a valid claim of the Fund.

Short Selling. The Fund is authorised to sell assets short. In order to sell an asset short, the Fund must borrow the asset from a lender and deliver it to the buyer. The Fund is then obligated to return the asset to the lender at its request (although the Fund remains free to return the asset to the lender at any time prior to the lender's request). The Fund ordinarily will fulfil its obligation to return an asset previously sold short by acquiring it in the open market.

Taking short positions (including in Digital Assets or in any other instrument or asset the Fund may trade) involves a judgement on the Investment Manager's part that, subsequent to the sale, the price of the underlying asset will fall over time. The Fund's principal risk in taking a short position is that the price of the underlying asset will rise (contrary to the Investment Manager's expectation), resulting in a loss to the Fund based on the difference between the price of the underlying asset at the time the position was initiated and the price of the underlying asset at the time the position is closed. This risk of loss to the Fund is theoretically unlimited since there is theoretically no limit on the price to which the underlying asset sold short may rise.

Another risk is that the Fund may be forced to unwind a short sale at a disadvantageous time for any number of reasons. For example, a lender may call back an asset at a time when the market for such asset is illiquid or additional stock is not available to borrow. In addition, some traders may attempt to profit by making large purchases of an asset that has been sold short. These traders hope that, by driving up the price of the asset through their purchases, they will induce short sellers to seek to minimise their losses by buying the asset in the open market for return to their lenders, thereby driving the price of the asset even higher.

Tax Risks. Uncertainty and Complexity of Tax Treatment. The taxation of the Fund is complex due to the substantial uncertainty with respect to the tax treatment of an investment in Digital Assets, including activities related thereto and other financial transactions involving such Digital Assets, including the sourcing of income and gain from such assets, activities, and transactions.

Certain aspects of Digital Assets that permit the occurrence of an "airdrop" or a "fork" or similar accretion to wealth, including the receipt of additional Digital Assets in respect of such assets already held, is likely to result in material U.S. withholding taxes, to the extent not part of any U.S. trade or business. Non-U.S. withholding taxes, which could be material, could also apply.

A prospective Segregated Portfolio Shareholder is strongly urged to consult, and must rely on, its own tax advisor regarding the tax consequences of an investment in the Fund.

**Tax Audits.** Taxing authorities in and outside the U.S. may disagree with the tax positions taken by the Fund. An income tax or other audit may result in an increased tax liability of the Fund, including with respect to years when an investor was not a Segregated Portfolio Shareholder of the Fund, which could reduce the Net Asset Value of the Fund and affect the return of all Segregated Portfolio Shareholders. Additionally, expenses relating to any governmental tax audits payable by the Fund could ultimately reduce the net return on the Fund's assets and ultimately, returns to the Segregated Portfolio Shareholders.

Investors in the Fund should obtain tax advice from advisors in their jurisdiction of tax residence on a regular basis to understand the tax treatment of any acquisition, divestment, transfer or holding of Segregated Portfolio Shares in the Fund. Investors in the Fund may incur income or other tax liabilities without distributions being made.

The tax and accounting standards for Digital Assets are evolving in many jurisdictions and the Fund's investment in Digital Assets may have tax and accounting implications, which the Fund may not appropriately predict in advance and/or account for. Additionally, application of tax laws and regulations may result in increased, ongoing costs, or accounting related expenses, adversely affecting an investment in the Fund.

**Reporting Requirements.** The recently enacted Infrastructure Investment Jobs Act (Public Law No: 117-58) (the "IIJA") significantly changes certain reporting requirements applicable to brokers in, and certain holders of, Digital Assets generally effective 2023. The application of the IIJA and any future guidance implementing its requirements may significantly impact the tax reporting and withholding obligations of the Fund, and it is unclear at this time whether the Fund will be required, and to what extent the Fund, if so required, will be able to comply with such reporting and withholding obligations. If the IRS determines that the Fund is required to comply and is not in compliance with the tax reporting or withholding requirements, the Fund may be exposed to significant tax liabilities and/or penalties, which could adversely affect their financial position and the financial return of Segregated Portfolio Shareholders. Further, any future guidance implementing the IIJA, or similar legislation may require substantial investment in the Fund's compliance functions, and may require significant retroactive compliance efforts, which could adversely affect their financial position and, ultimately, the financial return of Segregated Portfolio Shareholders.

### **Risks relating to NFT**

**Value.** The market for NFTs is relatively new and is still maturing. A lot of the NFTs that are being traded do not have an intrinsic value. Additionally, the purchase of an NFT only transfers the ownership of the asset and not its copyright. This would mean that artwork, image, or video can still be copied or used by anyone, and this could have a significant bearing on the perceived value of NFTs.

**Illiquidity.** Liquidity, the ease of exchanging an asset for cash, is a major factor when considering an asset. But unlike cryptocurrencies and stocks, NFTs are relatively illiquid. While cryptocurrencies and publicly listed stocks can be bought and sold easily, in the case of NFTs every seller needs to find a buyer who is willing to pay a certain price for a particular, one-of-a-kind item. This might place some NFT

collectors in a difficult position if they spent a huge amount on an NFT purchase and later the market begins to collapse.

Ownership. In respect of NFTs, the token (a record of ownership that lives on a blockchain) and the asset it refers to (a photo, video, or digital art) are usually distinct and are often stored separately. This becomes a problem when a party that issued NFTs goes out of business and stops hosting those digital artworks, photos, or videos. The Fund as a buyer of the NFT could be left with a token that points to files that no longer exist.

Hidden Fees. There are several hidden fees that the Fund as a new investor in NFTs might be unaware of. Some of the fees are astronomically high and the fees can often add up to a lot more than the price of the NFT. Apart from the fee for selling and buying, sites charge a 'gas' fee (the charge for the energy consumed to complete the transaction) for every sale. The account conversion fees and fluctuations in the price of the cryptocurrency used should also be taken into consideration.

Inexperienced Investors. Currently, anyone on the internet can mint an NFT out of literally anything and this has led to a large volume of NFTs in the market, some of which are of dubious value. It takes a trained eye to pick the ones that are worth collecting and the ones worth investing in, and the Fund will be vulnerable to making investments in NFTs which turn out to have little, if any, value.

Fraud. The use of blockchain technology makes it impossible to forge an NFT and makes it easy to determine where it came from. However, that does not mean that the NFT market is free from potential fraud. Anybody can mint an NFT out of a file that does not belong to them and sell it as their own to unsuspecting buyers. Various types of fraud that are prevalent in other markets also happen in the NFT market. The practice of artificially pumping the price of an asset by opening multiple accounts and trading with themselves, known as wash trading, is historically common in NFTs.

Security. Just like blockchain transactions, NFT transactions are anonymous and irreversible, and this causes a problem if someone steals the Fund's assets, as there is no way to recover the stolen assets. And the anonymous nature of transactions means that it would be near impossible to find the persons who are culpable.

Volatility. The NFT market suffers from massive volatility due to the speculative nature of NFTs. The market is also going through a period of price discovery and there are very few mechanisms in place to help people price the assets. The multi-million-dollar sales of NFTs are just adding to the volatility of the market.

Bubble. The recent surge in popularity of NFTs has introduced a lot of retail investors to the world of NFTs. But a lot of retail investors make their investment decisions based on emotion rather than sound reasoning and logic. FOMO (fear of missing out) has motivated a lot of them to keep throwing money at every investment without assessing the risks. Some critics point out that this wild market is creating a bubble and leaving the retail investors vulnerable to a market crash. If such a market crash happened, it could affect the Fund's investments in NFTs even though the Fund is not a retail investor.

## Strategy Risks

Systems Risks. The Fund depends on the Investment Manager to develop and implement appropriate systems for the Fund's activities. The Fund relies extensively on computer programs and systems to trade, clear, and settle securities transactions, to evaluate certain assets based on real-time trading information, to monitor its portfolio and net capital, and to generate risk management and other reports that are critical to the oversight of the Fund's activities. The ability of its systems to accommodate an increasing volume of transactions could also constrain the Investment Manager's ability to manage the portfolio. In addition, certain of the Fund's and the Investment Manager's operations interface with or depend on systems operated by third parties, including prime brokers and market counterparties and their respective sub-custodians, and other service providers, and the Fund or Investment Manager may not be in a position to verify the risks or reliability of such third-party systems. These programs or systems may be subject to certain defects, failures, or interruptions, including, but not limited to, those caused by worms, viruses, and power failures. Any such defect or failure could have a material adverse effect on the Fund. For example, such failures could cause settlement of trades to fail, lead to inaccurate accounting, recording, or processing of trades, and cause inaccurate reports, which may affect the Fund's ability to monitor its investment portfolio and its risks. The Investment Manager is not liable to the Fund for losses caused by systems failures or due to any breakdown in the means of the communication normally used to ascertain the value of the Fund's investments or to conduct trading in such investments.

Availability of Investment Strategies. The success of the investment activities of the Fund's Segregated Portfolio(s) will depend on the ability of the Investment Manager to identify overvalued and undervalued investment opportunities and to exploit price discrepancies in the financial markets, as well as to assess the import of news and events that may affect the financial markets. Identification and exploitation of the investment strategies to be pursued by the Segregated Portfolios of the Fund involve a high degree of uncertainty. No assurance can be given that the Investment Manager will be able to locate suitable investment opportunities in which to deploy all of the Fund's Segregated Portfolio Assets or to exploit discrepancies in the markets. Market factors including, but not limited to, a reduction in market liquidity or the pricing inefficiency of the markets in which the Fund will seek to invest, may reduce the scope for the Fund's investment strategies.

The Fund may be adversely affected by unforeseen events involving, without limitation, such matters as changes in interest rates or the credit status of an issuer, forced redemptions of securities or acquisition proposals, break-up of planned mergers, unexpected changes in relative value, short squeezes, inability to short stock or changes in tax treatment.

Lack of Diversification. Although each Segregated Portfolio of the Fund will structure its portfolio so that investments (both individually and in the aggregate) have desirable risk/reward characteristics, neither the Fund nor any of its Segregated Portfolio is subject to any restrictions with respect to investments in any particular issuer, industry, geography or type of investment. Therefore, the Fund and its Segregated Portfolios could have a non-diversified portfolio and may have large amounts of assets invested in a limited number of investments. Such lack of diversification substantially increases market risks and the risk of loss associated with an investment in the Fund.

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

Financing arrangements; availability of credit. Borrowings and leverage may be an integral part of the Fund's strategies and may include the use of securities margin, futures margin, margined option premiums, repurchase agreements, bank or dealer credit lines or the notional principal amounts of swap transactions. There can be no assurance that the Fund will be able to maintain adequate financing arrangements under all market circumstances.

Where the Fund makes use of such borrowings to initiate long or short positions and the positions decline in value, it will usually be subject to a "margin call", pursuant to which it must either deposit additional funds with the lender or be subject to sanctions such as the mandatory liquidation of securities over which the lender has been granted security or a mandatory termination of all outstanding contracts with the lender and a claim for compensation for any losses incurred by the lender. In some cases, a margin call may be made even if the relevant positions have not declined in value. The Fund would normally satisfy such margin calls in cash or acceptable collateral from its assets and, to the extent that such collateral was insufficient, would liquidate certain assets to raise cash in order to satisfy the relevant margin call. In the event of a large margin call, the Investment Manager might not be able to liquidate assets quickly enough to pay off the margin liability. In such a case, the relevant lender may have the right, in its sole discretion, to liquidate certain assets of the Fund in order to enable the Fund to satisfy its obligations to that lender and/or to close out transactions.

As a general matter, the banks and dealers that may provide financing to the Fund can apply essentially discretionary margin, "haircuts", financing and security and collateral valuation policies. Banks and dealers could change these policies at any time, for any reason, including a change in market circumstances, government, regulatory or judicial action or simply a change in the policy of the relevant bank. Changes by banks and dealers to one or more of these policies, or the imposition of other credit limitations or restrictions may be applied retrospectively to existing contracts as well as prospectively to contemplated future dealing. Whilst the Investment Manager may seek to limit the rights of lenders to apply such retrospective changes, any such limitation will be subject to the agreement of the relevant lender, which may not be forthcoming. Retrospective changes may result in large margin calls, loss of financing, forced liquidations of positions at disadvantageous prices, termination of swap and repurchase agreements and cross-defaults to agreements with other banks and dealers. Prospective changes may result in the inability of the Investment Manager to fulfil the investment objectives. Any such adverse effects may be exacerbated in the event that such limitations or restrictions are imposed suddenly and/or by multiple market participants simultaneously. The imposition of any such



limitations or restrictions could compel the Fund to liquidate all or part of its portfolio at disadvantageous prices, perhaps leading to a complete loss of the Fund's equity.

Force majeure. Each of the Fund and the Investment Manager are subject to the risks of the effects of events of force majeure outside of their reasonable control which may include, but is not limited to: any strike lockout or other industrial action or any shortage of or difficulty in obtaining labour, fuel, raw materials or components; any destruction, temporary or permanent breakdown, malfunction or damage of or to any premises, plant, equipment (including computer systems) or materials; any breach of contract, default or insolvency by or of any third party, other than a company in the same group as the party affected by the force majeure, or an employee or officer of that party or company; any action taken by a governmental or public authority of any kind, including imposing an embargo, export or import restriction, rationing, quota or other restriction or prohibition; any civil commotion or disorder, riot, invasion, war, threat of or preparation for war; or any accident, fire, or explosion, (other than in each case, one caused by a breach of contract by or assistance of the party concerned) storm, flood, earthquake, subsidence, epidemic or other natural physical disaster.

Execution of Orders. The Fund's trading strategies depend on the ability to establish and maintain an overall market position in a combination of financial instruments selected by the Investment Manager. The Fund's trading orders may not be executed in a timely and efficient manner due to various circumstances, including, without limitation, systems failures, or human error attributable to employees, brokers, agents, or other service providers. In such events, the Fund might only be able to acquire some, but not all, of the components of such position, or if the overall position were to need adjustment, the Fund might not be able to make such adjustment. As a result, the Fund would not be able to achieve the market position selected by the Investment Manager and might incur a loss in liquidating its position.

Operational Risks. The volume and complexity of the Fund's transactions may place substantial burdens on the Investment Manager's operational systems and resources, including those related to trade entry and execution, position reconciliation, corporate actions, marking procedures, finance, accounting, profit and loss reporting, internal management and risk reporting and funds transfers. Human error, system failure or other problems with any of these processes could result in material losses or costs, which will generally be borne by the Fund.

Portfolio Turnover. One or more Segregated Portfolios of the Fund may, from time to time, engage in short-term trading. Short-term trading refers to the practice of buying and selling securities held for a short time, ranging from several months to less than a day. The objective of short-term trading is to take advantage of what the Investment Manager believes are changes in a market, industry, or individual company. Short-term trading increases the transaction costs of the relevant Segregated Portfolio, which could affect the relevant Segregated Portfolio's performance, and could result in higher levels of taxable realized gains to applicable Segregated Portfolio Shareholders.

Short Selling. One or more Segregated Portfolios of the Fund may engage in short selling as part of its general investment strategy. Short selling involves selling securities that are not owned and borrowing the same securities for delivery to the purchaser, with an obligation to replace the borrowed securities

at a later date. Short selling allows the relevant Segregated Portfolios of the Fund to profit from declines in market prices to the extent such decline exceeds the transaction costs and the costs of borrowing the securities. However, because the borrowed securities must be replaced by purchases at market prices in order to close out the short position, any appreciation in the price of the borrowed securities would result in a loss upon such repurchase. The relevant Segregated Portfolio's obligations under its short sales will be marked to market daily and collateralized by its assets held at the broker, including its cash balance and its long securities positions. Because short sales must be marked to market daily, there may be periods when short sales must be settled prematurely, and a substantial loss would occur. Purchasing securities to close out the short position can itself cause the price of the securities to rise further, thereby exacerbating the loss. Short selling exposes the relevant Segregated Portfolio of the Fund to unlimited risk with respect to that security due to the lack of an upper limit on the price to which an instrument can rise. Short sales may be utilized to enhance returns and hedge the portfolio. The Fund anticipates that the frequency of short sales will vary substantially in different periods. There are no prescribed limits to the amount of assets that a Segregated Portfolio may subject to short sales.

Hedging. The Investment Manager on behalf of one or more Segregated Portfolios of the Fund will not, in general, attempt to hedge all market or other risks inherent in their respective portfolio positions, and will hedge certain risks, if at all, only partially. The Fund may choose not, or may determine that it is economically unattractive, to hedge certain risks - either in respect of particular positions or in respect of its overall portfolio. The Fund's portfolio composition will commonly result in various directional market risks remaining unhedged.

The Investment Manager on behalf of one or more Segregated Portfolios of the Fund generally may enter into hedging transactions with the intention of reducing or controlling risk. Even if the Investment Manager is successful in doing so, the cost of hedging may have the effect of reducing returns. Furthermore, it is possible that the Investment Manager's hedging strategies will not be effective in controlling risk, due to unexpected non-correlation (or even positive correlation) between the hedging instrument and the position being hedged, increasing rather than reducing both risk and losses.

To the extent that the Investment Manager hedges, its hedges may not be static but rather might need to be continually adjusted based on the Investment Manager's assessment of market conditions, as well as the expected degree of non-correlation between the hedges and the portfolio being hedged. The success of the Investment Manager's hedging strategy may depend on its ability to implement this dynamic hedging approach efficiently and cost effectively, as well as on the accuracy of the Investment Manager's ongoing judgments concerning the hedging positions to be acquired.

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

Failure of broker-dealers. Institutions, such as brokerage firms or banks, may hold certain of the Fund's assets in "street name." Bankruptcy or fraud at one of these institutions could impair the operational capabilities or the capital position of the Fund. In addition, as the Fund may borrow money or securities, the Fund will post certain of its assets as collateral securing the obligations ("**Margin Securities**"). The Fund's broker generally holds the Margin Securities on a commingled basis with margin securities of its other customers and may use certain of the Margin Securities to generate cash to fund the Fund's leverage, including pledging such Margin Securities. Some or all of the Margin Securities may be available to creditors of the Fund's broker in the event of its insolvency. The Fund's broker has netting and set-off rights over all the assets held by it (which may indirectly include amounts held for the Fund's benefit in the special segregated bank account) to satisfy the Fund's obligations under its agreements with the Fund's broker, including obligations relating to any margin or short positions.

Trading on Exchanges. Foreign trading involves risks - including exchange-rate exposure, excessive taxation, possible governmental regulation, and lack of regulation. In addition, some foreign markets, in contrast to local exchanges, are "principals' markets" where performance is the responsibility only of the individual member with whom the trader has entered into a contract and not of any exchange or clearing corporation. In addition, the Fund's rights, and responsibilities if a foreign exchange or clearing house defaults or declares bankruptcy are likely to be more limited than if a local exchange does the same. Consequently, daily price movements for these instruments may be unlimited, and there can be no guarantee that markets will exist for liquidation of such instruments following investment.

Risk of default of Exchanges. Exchange-traded futures and/or options on futures contracts may be utilized by Investment Manager and although these exchanges are highly regulated and have never defaulted in the past, there is a risk that these exchanges could fail to perform in clearing executed transactions.

Stop-Loss may not be effective. The placement of contingent orders by the Investment Manager, such as a "stop-loss" or "stop-limit" orders, will not necessarily limit the Fund's losses to the intended amounts, since market conditions may make it impossible to execute such orders.

Early-Stage Investments: Venture Stage Investments. The Fund may invest a portion of its assets in newly formed or pre-revenue portfolio companies. Most of these types of investments are made at an early point in a company's life cycle. These "early-stage" or "seed" investments can create value inherent in particular companies or situations that can be realized only with substantial effort or expense. Often the success of the investment will depend not only on the efforts of its management team, but also upon actions of other key individuals, or extraneous factors including political or economic developments over which the Investment Manager has little or no control. Many early-stage companies face significant competition from other firms, both established and start-up, with greater financial resources, more extensive development, manufacturing, marketing, and service capabilities, and a larger number of qualified managerial and technical personnel. In all such cases, the Fund will be subject to the risks associated with the underlying businesses engaged in by portfolio companies.

Early-stage investments are typically made in companies that are seeking to develop and bring to market new, unproven ideas, business models, and/or technologies. The success of these companies is

subject to a number of risks, including, but not limited to failure to develop or implement the idea, business model or technology as planned; obsolescence; patent infringement and similar claims that prevent the idea, business model, or technology from being used or licensed; lack of market acceptance; and loss of key personnel. These companies are typically dependent on the abilities of key individuals, including, but not limited to, founding entrepreneurs, owners or employees with critical technological skills, deep subject-matter expertise, and/or ownership of important patents or other intellectual property, and marketing and financial professionals. The growth and development of early-stage companies may depend on the regular injection of additional capital and financing beyond that which the Fund is prepared or able to invest. Such financing may not be available from other sources, and if a portfolio company is unable to raise the capital it needs to execute, the value of the Fund's investment in such portfolio company could be significantly impaired.

Venture stage companies are typically thinly staffed and may lack the internal resources or procedures and controls to detect and prevent accounting errors, or more serious losses caused by the misconduct or negligence of officers, employees, or agents. The very significant returns that have been earned in a small portion of venture capital investments have in large part resulted from the completion of highly successful initial public offerings ("IPOs") or acquisitions that have permitted the venture investors to sell their equity interests at multiples of original cost. There can be no assurance that the public securities markets will support an IPO of a portfolio company, that there will be acquisition interest from other companies in the market or that the portfolio company's fundamentals will warrant an exit on terms that will be attractive for the Fund.

Restrictions on Exit Strategies. Even if an exit strategy, for example, an IPO is able to be implemented with respect to the Fund's investment in a portfolio company, the Fund itself as an early-stage investor may be subject to material "holdback" restrictions which limit the Fund's ability to sell such investment in the public markets and may result in a decrease in the price of the portfolio company's securities below the price at which the Fund would initially have been able to sell if the Fund had not been subject to such holdback.

Availability of Investment Capital. Venture capital investments often require several rounds of venture capital infusions before a portfolio company reaches maturity or may become liquid. If a venture capital investor does not have funds available to participate in subsequent rounds of financing, that shortfall may have a significant negative impact on both the portfolio company and the value of the original investment. It may become necessary for a portfolio company to obtain follow-on financing in excess of what the Fund has available to invest in the portfolio company. Accordingly, third-party sources of finance may be required. There is no assurance that such additional sources of finance will be available or, if available, will be on terms beneficial to the Fund's interest.

Dilution. Investing in private companies is subject to the risk of material dilution. This dilution can result from the company's unanticipated need for additional financing, foreclosure by creditors, adverse litigation outcomes draining the company's resources, and numerous other factors. Because private companies often have limited financial resources and access to additional capital, events which could be more easily absorbed by larger capitalization public companies can force private companies to take steps which result in the positions of existing investors being severely comprised, and often without

existing investors having the opportunity to maintain their investments by making an additional investment. The Investment Manager may correctly identify and successfully invest in a portfolio company with significant profit potential but then may find its position significantly diluted by subsequent financing activity.

Unequal Access to Deal Flow. Access to investment “deal flow” being introduced to, and having a chance to invest in, select issuers is crucial to the success of any venture capital fund such as the Fund. In many cases, private companies will not seek competitive bids for their securities or solicit more than a strictly limited number of investors to invest in such companies. Other venture capital fund and market participants may have access to more and better investment opportunities than the Fund. If the Fund does not obtain a sufficient deal flow of high-quality investment opportunities, the investment returns for the Fund may be negatively impacted.

Use of Projections and Models. In evaluating whether, and how much, to invest in a particular prospective portfolio company, the Investment Manager will often take into account financial and operating projections and models produced by such prospective portfolio companies, as well as financial models implemented by the Investment Manager itself. In certain instances, the Investment Manager will have limited ability to evaluate the validity or accuracy of projections and models used by the prospective portfolio companies. In addition, the Investment Manager’s own financial models are dependent on a number of assumptions which, in turn, are dependent on general economic, industry, and company-specific factors which the Investment Manager may materially misjudge. If the portfolio company’s or the Investment Manager’s projections, or the assumptions on which they rely, prove to be incorrect, the Fund’s investment returns may be negatively impacted.

Long and Uncertain Position Durations. It is the nature of venture capital investing that the positions taken by the Fund will generally be long-term in nature. As there generally is no liquid market for the securities of such private companies, the Fund will typically need to await a liquidation event, e.g., an acquisition or IPO, to exit an investment and obtain liquidity for Segregated Portfolio Shareholders. There is no guarantee when, or even if, such a liquidation event will occur with respect to any portfolio company.

Follow-On Investments. The Fund may be called upon to provide follow-on funding for its portfolio companies or have the opportunity to increase its investment in portfolio companies. There can be no assurance that the Fund will wish to make such follow-on investments or that the Fund will have sufficient capital to do so. Any decision not to make follow-on investments or the inability to make them may have a substantial negative impact on a portfolio company in need of such an investment or may diminish the Fund’s proportionate ownership in such portfolio company and thus its proceeds from the liquidation of the portfolio company and/or its ability to influence such portfolio company’s future management.

Material Non-Public Information Regarding Specific Portfolio Companies. The Investment Manager may from time to time come into possession of material non-public information concerning specific portfolio companies. Under applicable securities laws, this may limit their flexibility to buy or sell securities issued by such portfolio companies. Alternatively, the Investment Manager may decline to

receive material non-public information in order to avoid such securities law restrictions, even though access to such information might have been advantageous and other market participants are in possession of such information.

Litigation Risk. Portfolio companies, as well as their investors, board members, and officers, might become involved in litigation and pre-litigation disputes for any number of reasons. Even if such litigation or other dispute is meritless, it can adversely affect the reputation of the portfolio company in question, substantially delaying or preventing an exit event with respect to such portfolio company as well as being extremely costly both formally and in terms of distracting management's attention and resources (often to an extent or degree disproportionately high with respect to the amount or merit of the litigation). Included in such risk is the risk of disputes and lawsuits between, among, or otherwise involving the securities holders and other stakeholders of portfolio companies, including the Fund.

In addition, in recent years, there have been a number of widely reported instances of violations of securities laws involving the misuse of material non-public information. Such violations may result in substantial liabilities for damages caused to others, for the disgorgement of profits realized, and for penalties. Should any such allegation be made irrespective of its merits, it can be costly to defend, and the Fund may have an obligation to indemnify the Investment Manager for all such costs.

Counterparty Insolvency. The stability and liquidity of forward transactions depend in large part on the creditworthiness of the parties to the transactions. It is expected that the Investment Manager will continue to monitor on an ongoing basis the creditworthiness of firms with which the Fund enters into such transactions. If there is a default by the counterparty to such a transaction, the Fund will under most normal circumstances have contractual remedies pursuant to the agreements related to the transaction. However, exercising such contractual remedies may involve delays or costs which could result in the Net Asset Value of the Fund being less than if the Fund had not entered into the transaction. Furthermore, there is a risk that any of such counterparties could become insolvent. If one or more of the Fund's counterparties were to become insolvent or the subject of liquidation proceedings in any jurisdiction, there is a risk that the recovery of the Fund's securities and other assets from such counterparty will be delayed or be of a value less than the value of the securities or assets originally entrusted to such counterparty.

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

Notwithstanding the foregoing, there are increased risks in dealing with offshore and unregulated counterparties, including the risk that assets may not benefit from the protection afforded to "customer funds" deposited with regulated counterparties. The Fund may be required to post margin for its foreign

exchange transactions with foreign exchange counterparties who are not required to segregate customer funds. In the case of a counterparty's bankruptcy or inability to satisfy substantial deficiencies in other customer accounts, the Fund may recover, even in respect of property specifically traceable to the Fund's account, only a pro rata shares of all property available for distribution to all of such counterparty's customers.

Counterparty Risk. The Fund may enter into transactions with counterparties which become unable or unwilling to fulfil their contractual obligations. There can be no assurance that any such counterparty will not default on its obligations to the Fund. In the event of a counterparty default, the Fund could experience significant losses.

### **Management Risks**

Reliance on the Directors and the Investment Manager and no Authority by Segregated Portfolio Shareholders. All decisions regarding the management and affairs of the Fund will be made exclusively by the Directors and the Investment Manager. Accordingly, no person should invest in the Fund unless such person is willing to entrust all aspects of management of the Fund to the Directors and the Investment Manager. Segregated Portfolio Shareholders will have no right or power to take part in the management of the Fund. As a result, the success of the Fund for the foreseeable future depends solely on the abilities of the Directors and the Investment Manager.

Dependence on key personnel. The Investment Manager is dependent on the services of the Principal and there can be no assurance that it will be able to retain the Principal, whose credentials are described under the heading "*INVESTMENT MANAGER*" on page 53. The departure or incapacity of the Principal could have a material adverse effect on the Investment Manager's management of the investment operations of the Fund.

Changes in investment strategies. The Investment Manager has broad discretion to expand, revise or contract the Fund's business without the consent of the Segregated Portfolio Shareholders. The Fund's investment strategies may be altered, without prior approval by, or notice to, the Segregated Portfolio Shareholders, if the Investment Manager determines that such change is in the best interest of the Fund, provided that such change in investment strategy is not material, as otherwise a majority in interests of Segregated Portfolio Shareholders must approve such material change.

Absence of regulatory oversight. The Fund is not required to, and does not intend to, register with any investment regulatory authority other than CIMA and, accordingly, the Fund is not required to maintain custody of its securities or place its securities in the custody of a bank or a member of a foreign securities exchange in the manner required of registered investment companies under rules promulgated by, for example, the SEC. For example, a registered investment company which places its securities in the custody of a member of a U.S. securities exchange is required to have a written custodian agreement, which provides that securities held in custody will be at all times individually segregated from the securities of any other person and marked to clearly identify such securities as the property of such investment company and which contains other provisions complying with SEC regulations. The Fund generally maintains accounts at brokerage firms which do not separately

segregate such assets as would be required in the case of registered investment companies and therefore the bankruptcy of any such brokerage firms might have a greater adverse effect on the Fund than would be the case if the accounts were maintained to meet the requirements applicable to registered investment companies.

The Fund is registered with CIMA as a mutual fund pursuant to section 4(3) of the Mutual Funds Act. Registration with CIMA does not imply that CIMA or any other regulatory authority in the Cayman Islands has approved this Private Placement Memorandum or the offering of Segregated Portfolio Shares hereunder. The Fund's activities are not approved or guaranteed by CIMA or by the Cayman Islands government and neither CIMA nor the Cayman Islands government has any obligation to any investor as to the performance or credit worthiness of the Fund or any of its Segregated Portfolios. CIMA shall not be liable for any losses or default of the Fund or any of its Segregated Portfolios or for the correctness of any opinions or statements expressed in this Private Placement Memorandum.

There is no financial obligation or compensation scheme imposed on or by the government of the Cayman Islands in favour of or available to the investors in the Fund.

Discretionary decision-making may result in missed opportunities. The Fund's trading strategies do involve some discretionary aspects. Discretionary decision-making may result in failure to capitalize on certain price trends or unprofitable trades in a situation where a strictly systematic approach might not have done so.

Proprietary nature of investment strategy. All documents and other information concerning the portfolio of investments of the Fund's Segregated Portfolios will be made available to the Fund's auditors, accountants, attorneys, and other agents in connection with the duties and services performed by them on behalf of the Fund. However, because the Investment Manager's investment techniques are proprietary, neither the Fund nor any of its auditors, accountants, attorneys, or other agents will disclose to any person, including investors in the Fund, any of the investment techniques employed by the Investment Manager in managing the Fund's investments or the identity of specific investments held by the Fund at any particular time.

Limitations on liability and Indemnification. The Investment Management Agreement provides that to the fullest extent permitted by law, the Fund shall indemnify the Investment Manager, any of its affiliates, and any of their respective members, managers, partners, directors, officers, or employees (each, an "**Indemnified Person**") against any loss, cost or expense suffered or sustained by such Indemnified Persons by reason of: (i) any acts, omissions or alleged acts or omissions arising out of, or in connection with, the Investment Management Agreement and/or any investment made or held by the Fund, including, without limitation, any judgment, award, settlement, attorneys' fees and other costs or expenses incurred in connection with the defence of any actual or threatened action, proceeding, or claim, provided that such acts, omissions or alleged acts or omissions upon which such actual or threatened action, proceeding or claim are based did not constitute fraud, wilful default or gross negligence by such Indemnified Person; or (ii) any acts or omissions, or alleged acts or omissions, of any broker or agent of any such Indemnified Person, provided that such broker or agent was selected by such Indemnified Person with reasonable care. In addition, the Fund will advance to an Indemnified Person (to the extent that the Fund has available assets



and need not borrow to do so) attorneys' fees and other costs and expenses incurred in connection with the defence of any action or proceeding arising out of such performance or non-performance, provided that in the event any such Indemnified Person receives any such advance, it shall reimburse the Fund for such fees, costs and expenses to the extent that it shall be determined that the Indemnified Person was not entitled to indemnification under the Investment Management Agreement.

The Investment Management Agreement also provides that except as may otherwise be provided by law, the Investment Manager will not be liable to the Fund for: (i) any loss that the Fund may suffer by reason of any investment decision made or other action taken or omitted in good faith by the Investment Manager with that degree of care, skill, prudence, and diligence under the circumstances that a prudent person acting in a like capacity would use; (ii) any loss arising from the Investment Manager's adherence to the Fund's instructions; or (iii) any act or failure to act by any other third party. The Investment Manager does not guarantee the future performance of the Fund's investments or any specific level of performance, the success of any investment decision or strategy that the Investment Manager may use, or the success of the Investment Manager's overall management of the Fund.

Information Technology Systems. The Fund is dependent on the Investment Manager and its respective Affiliates for investment management, operational and financial advisory services. The Fund is also dependent on the Investment Manager for certain management services as well as middle and back-office functions. The Investment Manager and its respective Affiliates depend on information technology systems in order to assess investment opportunities, strategies and markets and to monitor and control risks for the Fund. Information technology systems are also used to trade in the underlying investments of the Fund. The Directors believe that it is possible that a failure of some kind which causes disruptions to these information technology systems could materially limit the Investment Manager's ability to adequately assess and adjust the investments of the Fund, formulate strategies, and provide adequate risk control, any of which could have a material adverse effect on the performance of the Fund and thereby on the Net Asset Value per Segregated Portfolio Share. Further, failure of the middle and/or back-office functions of the Investment Manager to process trades by the Fund in a timely fashion could prejudice the investment performance of the Fund.

Certain of the information technology systems used by the Investment Manager may comprise new technologies such as artificial intelligence and robo-advisory systems. These systems may be used to inform or determine investment opportunities, strategies, and decisions. These new technologies may not operate as predicted or desired and their output may be uncertain. Accordingly, the use of these new technologies by the Investment Manager (or the failure of these new technologies to operate correctly or at all) could have a material adverse effect on the performance of the Fund and thereby on the Net Asset Value per Segregated Portfolio Share.

Limited reporting. The Fund will provide monthly unaudited reports of Fund activity. As a result, Segregated Portfolio Shareholders will not be able to evaluate the Fund's activity at shorter intervals. Additionally, as a result of side letter arrangements, questions, due diligence requests, meetings or other communications, certain Segregated Portfolio Shareholders may receive information that is not generally available or otherwise provided to other Segregated Portfolio Shareholders, which may affect

such Segregated Portfolio Shareholders' decision to request a redemption of their respective Shares or take other actions on the basis of such information.

### **Other Risks**

No operating history. The Fund is a recently formed entity and has no operating history upon which prospective investors can evaluate its likely performance. There can be no assurance that the Fund will achieve its investment objective.

Start-up periods. The Fund may encounter start-up periods during which it will incur certain risks relating to the initial investment of newly contributed assets. Moreover, the start-up periods also represent a special risk in that the level of diversification of the Fund's portfolio may be lower than in a fully invested portfolio.

Segregated Portfolio Companies ("SPC"). Although the concept of statutory segregation of accounts is now recognized in certain other jurisdictions other than the Cayman Islands, such as Mauritius, Guernsey, Bermuda and Delaware, the legislation is still relatively new, and the structure of a segregated portfolio company remains unusual in jurisdictions outside the Cayman Islands. Although it is the intention of the Cayman Islands legislation that the assets of one segregated portfolio are only available to creditors of such segregated portfolio, such segregation may not be respected by a court outside the Cayman Islands with the result that the assets of one segregated portfolio could be available to satisfy the debts of another.

Risk of loss. A Segregated Portfolio Shareholder could incur substantial, or even total, losses on an investment in one or more Segregated Portfolio of the Fund. An investment in the Fund is only suitable for persons willing to accept this high level of risk.

Emerging markets. Where the Fund invests in equities or other securities of companies incorporated in, or whose principal operations are in, emerging markets, additional risks may be encountered.

These include:

- (A) **Currency Risk:** the currencies in which investments are denominated may be unstable and/or subject to significant depreciation and/or may not be freely convertible.
- (B) **Country Risk:** the value of the Fund's assets may be affected by political, legal, economic, and fiscal uncertainties, and existing laws and regulations may not be consistently applied.
- (C) **Market Characteristics:** emerging markets are still in the early stages of their development, have less volume, are less liquid and experience greater volatility than more established markets and are not highly regulated, and settlement of transactions may be subject to delay and administrative uncertainties.
- (D) **Custody Risk:** custodians are not able to offer the level of service and safe-keeping, settlement and administration of securities that is customary in more developed markets and there is a

risk that the Fund will not be recognised as the owner of securities held on its behalf by a sub-custodian.

- (E) Disclosure: less complete and reliable fiscal and other information may be available to investors.

Investment in the securities of issuers based in emerging markets involves a greater degree of risk than an investment in securities of issuers based in more developed countries. Among other things, emerging market securities investment may carry the risks of less publicly available information, more volatile markets, less strict securities market regulation, less favourable tax provisions, and a greater likelihood of severe inflation, unstable or not freely convertible currency, war, and expropriation of personal property as compared with investments in securities of issuers based in more developed countries. In addition, investment opportunities in certain emerging markets may be restricted by legal limits on foreign investment in local securities. Emerging markets are not generally as efficient as those in more developed countries.

In some cases, a market for the security may not exist locally, and transactions will need to be made on a neighbouring exchange. Volume and liquidity levels in emerging markets are lower than in developed countries. When seeking to sell emerging market securities, little or no market may exist for the securities. In addition, issuers based in emerging markets are not generally subject to uniform accounting and financial reporting standards, practices, and requirements comparable to those applicable to issuers based in more developed countries, thereby potentially increasing the risk of fraud or other deceptive practices.

Furthermore, the quality and reliability of official data published by the government or securities exchanges in emerging markets may not accurately reflect the actual circumstances being reported.

Some emerging markets securities may be subject to brokerage or stock transfer taxes levied by governments, which would have the effect of increasing the cost of investment and which may reduce the realised gain or increase the loss on such securities at the time of sale. The issuers of some of these securities, such as banks and other financial institutions, may be subject to less stringent regulations than would be the case for issuers in more developed countries and therefore potentially carry greater risk. In addition, settlement of trades in some emerging markets is much slower and subject to a greater risk of failure than in markets in developed countries. Custodians are not able to offer the level of service and safe-keeping, settlement and administration of securities that is customary in more developed markets and there is a risk that the Fund will not be recognised as the owner of securities held on its behalf by a sub-custodian.

With respect to any emerging market country, there is the possibility of nationalisation, expropriation or confiscatory taxation, imposition of withholding or other taxes on dividends, interest, capital gains or other income, limitations on the removal of funds or other assets of the Fund, political changes, government regulation, social instability or diplomatic developments (including war) which could affect adversely the economies of such countries or the value of the Fund's investments in those countries. The economies of individual emerging countries may differ favourably or unfavourably from the

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

Many emerging markets have underdeveloped capital market structures where the risks associated with holding currency are significantly greater than in other less inflationary markets. Currency exchange rates are highly volatile and subject to severe event risks as the political situation with regard to the relevant foreign government may itself be volatile. Moreover, if the cash flow of the assets is contingent, it may be difficult to quantify the attendant cross-currency risk, compounding the risk of changes in underlying currencies by the other risks in the portfolio. Correlations between these risks are difficult to quantify and, therefore, difficult to hedge. An inaccurate estimation of the correlation may lead to a faulty hedge and a consequent loss in the portfolio. In highly volatile markets, predictions of correlation based on historical data can diverge dramatically from observed market moves. The Fund may invest in unlisted emerging market securities and may be exposed to emerging market currencies, which may involve a high degree of business and financial risk that could result in substantial losses. Because of the relative absence of any trading market for these investments, it could take longer to liquidate these positions than would be the case for listed securities or it might not be possible to liquidate them at all.

Although these securities may be resold in privately negotiated transactions, the prices realised on such sales could be less than those originally paid by the Fund. Companies whose securities are not listed will not generally be subject to the public disclosure and other investor protection requirements applicable to listed securities.

Economic wind downs. Upon the Fund ceasing to carry on business as a mutual fund (as such term is defined in the Mutual Funds Act) with a view to economically liquidating all of its remaining investment positions (through bids on the secondary market or otherwise), the Directors of the Fund upon recommendation of Investment Manager may work together with the Investment Manager to carry out a plan of liquidation to economically liquidate all of the Fund's remaining investment positions as they deem appropriate in their sole and absolute discretion (which may include the suspension of redemptions from the Fund) prior to distributing redemption proceeds to investors. During the course of undertaking the economic liquidation, the value of the Fund's investment positions will be subject to performance over such period as the Investment Manager deems appropriate. Fees will be paid during the period of the economic liquidation as such accrue and are payable to the Investment Manager in consideration of its continued services to the Fund and in accordance with the Investment Management Agreement.

Effect of Performance Fee. The Investment Manager will receive a Performance Fee based on a percentage of any net realized and unrealized profits. Performance Fees may create an incentive for the Investment Manager to make investments that are riskier or more speculative than would be the case in the absence of such incentive compensation arrangements. In addition, the Investment Manager's performance allocations will be based on unrealized as well as realized gains. There can be no assurance that such unrealized gains will, in fact, ever be recognized. Furthermore, the valuation of unrealized gain and loss may be subject to material subsequent revision.

Effect of substantial redemptions. Substantial redemptions by Segregated Portfolio Shareholders within a short period of time could require a Segregated Portfolio of the Fund to liquidate its investments more rapidly than would otherwise be desirable, possibly reducing the value of the Segregated Portfolio's assets and/or disrupting the Fund's investment strategies. Reduction in the Fund's size could make it more difficult to generate a positive return or to recoup losses due to, among other things, reductions in the Fund's ability to take advantage of particular investment opportunities or decreases in the ratio of its income to its expenses.

Suspension of redemptions and Deferment of redemption proceeds. In certain circumstances, the Directors, in their sole and absolute discretion, may suspend the valuation of the assets of one or more Segregated Portfolio, and/or the right or obligation to honour redemption requests (including the right to receive redemption proceeds), and/or extend the period for payment on redemption. In addition, the Fund's Directors may suspend the right of redemption or postpone the date of payment for any period during which there is an extraordinary circumstance as determined in good faith by the Directors.

Compulsory redemption and transfer. The Directors have the right to require the compulsory transfer or compulsory redemption of some or all Segregated Portfolio Shares held by a Segregated Portfolio Shareholder (i) if in the sole and conclusive opinion of the Directors such ownership gives rise to a breach of any law or regulation in any jurisdiction applicable to the Fund; or (ii) if, in the opinion of the Directors, such ownership could result in adverse tax, legal or regulatory consequences to the Fund or its Segregated Portfolio Shareholders; or (iii) if such ownership, in the opinion of the Directors, may be harmful or injurious to the business of the Fund; or (iv) if such ownership in the opinion of the Directors, may cause the Fund to be required to comply with any law, regulation, registration or filing requirements in any jurisdiction with which it would not otherwise be required to comply, or (v) for any other reason at the discretion of the Directors. Until such required transfer or redemption is affected, the holder of such Segregated Portfolio Shares shall not be entitled to any rights or privileges attaching to such Segregated Portfolio Shares.

Contingency reserves. Under certain circumstances, the Fund may find it necessary to set up one or more reserves for contingent or future liabilities or valuation difficulties and, upon redemption by a Segregated Portfolio Shareholder, withhold a portion of that Segregated Portfolio Shareholder's redemption proceeds. This could happen, for example, if the Fund or the issuer of portfolio securities were involved in a dispute regarding the value of its assets, in litigation, or subject to a tax audit at the time the redemption request would otherwise be satisfied.

Tax considerations; Distributions to Shareholders and Payment of tax liability. It is not possible to provide here a description of all potential tax risks to a person considering investing in the Fund. Prospective investors are urged to consult their own legal counsel and tax advisors with respect thereto.

Restrictions on transfer. The Segregated Portfolio Shares are subject to certain restrictions on transfer, including a requirement that the Directors consent to any such transfer. There is no present market for the Segregated Portfolio Shares, and no market is likely to develop in the future. Accordingly, Segregated Portfolio Shareholders may not be able to liquidate their investment in the event of an emergency or for any other reason, and Segregated Portfolio Shares may not be readily acceptable as collateral for loans. Segregated Portfolio Shares should be purchased only by prospective Investors who can bear the economic risk of their investment, who can afford to have their funds committed to an illiquid investment according to the redemption provisions in the Articles and who, if necessary, can afford a complete loss of their investment.

Lack of insurance. The assets of the Fund are not insured by any government or private insurer. Therefore, in the event of the insolvency of a depository or custodian, the Fund may be unable to recover all of its funds or the value of its securities so deposited.

Undisclosed investing strategy. The specific details of the Investment Manager's investment strategy and the techniques it will employ to attempt to reach the Fund's goal are proprietary and will not be disclosed to potential investors (or to Segregated Portfolio Shareholders). As a result, a potential investor's decision to invest in the Fund must be made without the benefit of being able to review and analyse the Investment Manager's strategy and techniques.

Side Letters. The Directors may enter into agreements with certain Segregated Portfolio Shareholders that will result in different terms of an investment in the Fund than the terms applicable to other Segregated Portfolio Shareholders. As a result of such agreements, certain Segregated Portfolio Shareholders may receive additional benefits which other Segregated Portfolio Shareholders will not receive (*e.g.*, additional information regarding the Fund's portfolio, different redemption terms, lower Management Fees and /or Performance Fees). The Directors will not be required to notify the other Segregated Portfolio Shareholders of any such agreement or any of the rights and/or terms or provisions thereof, nor will the Directors be required to offer such additional and/or different terms or rights to any other Segregated Portfolio Shareholder. The Directors may enter into any such agreement with any Segregated Portfolio Shareholder at any time in their sole discretion.

Importance of general economic conditions. Overall market, industry, or economic conditions, which the Investment Manager cannot predict or control, will have a material effect on performance.

Risks relating to markets. The value of those securities in which the Fund invests and that are traded on exchanges or over-the-counter and the risks associated therewith vary in response to events that affect such markets and that are beyond the control of the Fund and the Investment Manager. Market disruptions such as those that occurred during October of 1987 and on September 11, 2001, could have a material effect on general economic conditions and market liquidity which could result in substantial losses to the Fund.

There is no guarantee that securities exchanges and markets can at all times provide continuously liquid markets in which the Fund can close out its positions in those securities that the Fund purchases or sells that are publicly traded. The Fund could experience delays and may be unable to sell or buy securities purchased or sold short through a broker or clearing member that has become insolvent due to the deterioration of industry conditions in general. In that event, positions could also be closed out fully or partially without the Fund's consent.

Liquidity and Market Characteristics. In some circumstances, certain of the Fund's investments may be relatively illiquid making it difficult or impossible to acquire or dispose of them at the prices quoted on the various exchanges or at the prices which the Investment Manager considers reflecting the value. Accordingly, the Fund's ability to respond to market movements may be impaired and the Fund may experience adverse price movements upon liquidation of its investments. Settlement of transactions may be subject to delay and administrative uncertainties. The market prices, if any, for such investments tend to be volatile and may not be readily ascertainable and the Fund may not be able to sell them when it desires to do so or to realise what it perceives to be their fair value in the event of a sale. The sale of restricted and illiquid securities often requires more time and results in higher brokerage charges or dealer discounts and other selling expenses than does the sale of securities eligible for trading on national securities exchanges or in the OTC markets. The Fund may not be able to dispose readily of such illiquid investments and, in some cases, may be contractually prohibited from disposing of such investments for a specified period of time. Restricted securities may sell at a price lower than similar securities that are not subject to restrictions on resale.

General economic and market conditions, such as government, central bank and regulatory intervention (whether national or supranational, coordinated or otherwise), currency and interest rate fluctuations, availability of credit, inflation rates, economic uncertainty, changes in laws, trade barriers, currency exchange controls, concerns about terrorism and war, property and commodity prices and national and international conflicts or political circumstances, as well as natural circumstances, may affect the price level, volatility and liquidity of securities, which could result in significant losses for the Fund.

The prices of investments that may be held by the Fund tend to be sensitive to interest rate fluctuations and unexpected fluctuations in interest rates could cause the corresponding prices of a position to move in a direction which was not initially anticipated.

Furthermore, to the extent that interest rate assumptions underlie the hedging of a particular position, fluctuations in interest rates could invalidate those underlying assumptions and expose the Fund to additional costs and losses.

Due Diligence. When conducting due diligence and making an assessment regarding an investment, the Investment Manager is required to rely on resources available to it, including internal sources of information as well as information provided by independent sources.

In addition, investment analyses and decisions by the Investment Manager may be undertaken on an expedited basis in order to make it possible for the Fund to take advantage of short-lived investment opportunities. In such cases, the available information at the time of an investment decision may be

limited, inaccurate and/or incomplete. Furthermore, the Investment Manager is unlikely to have sufficient time to evaluate fully such information even if it is available.

Accordingly, as a result of a number of factors, the Fund cannot guarantee that the due diligence investigation it carries out with respect to any investment opportunity will reveal or highlight all relevant facts that may be necessary or helpful in evaluating such investment opportunity. Any failure by the Fund, or the Investment Manager on its behalf, to identify relevant facts through the due diligence process may cause it to make inappropriate investment decisions, which may have a material adverse effect on the Fund's business, financial condition, results of operations and hence on the value of Segregated Portfolio Shares.

Service Providers. The Fund does not have any employees, and each is therefore reliant upon the performance of third-party service providers for its executive function. The Investment Manager, its respective Affiliates and the Administrator and their respective delegates, if any, perform services that are integral to the operation of the Fund. Failure by any service provider to carry out its obligations to the Fund in accordance with the terms of its appointment or without exercising due care and skill could have a materially detrimental impact on the operation of the Fund. The termination of the Fund's relationship with any third-party service provider, and any delay in appointing a replacement for such service provider, may have a material adverse effect on the performance of the Fund.

The Fund may also rely on models provided by third parties for the assessment of risks assumed in portfolios or instruments, including risk modelling firms. The impacts predicted by such models may prove inaccurate or inadequate in certain unexpected or new situations and, if relied on by the Investment Manager or its respective Affiliates may result in substantial losses for the Fund.

Valuation of Illiquid Investments. Valuation of the Fund's illiquid investments may involve uncertainties and judgmental determinations. If such valuations should prove to be incorrect, holders of Segregated Portfolio Shares could be adversely affected. Independent pricing information may not at times be available or may be difficult to obtain with respect to certain of the Fund's illiquid investments. Accordingly, certain illiquid investments may be subject to varying interpretations of value, and, in such cases, the value of an illiquid investment may be determined by, among other things, utilizing price quotes or estimates provided by dealers and pricing services and, if necessary, through relative value pricing. The Fund will be entitled to rely, without independent investigation, upon pricing information and valuations furnished to it by third parties, including pricing services.

Valuations of illiquid investments may not be indicative of what actual fair market value would be in an active, liquid, or established market. There is no guarantee that the value attributable to an illiquid investment by the Fund, will represent the value that will be realised by the Fund on the eventual disposition of such an investment.

Volatility. There are a large number of risks inherent in trading of the nature contemplated by the Fund. Price movements are volatile and are affected by a wide variety of factors, including changing supply and demand relationships, credit spread fluctuations, interest rate and exchange rate fluctuations, the accuracy of implied correlations and implied volatilities of investments, international events and



government policies and actions with respect to economic, exchange control, trade, monetary, military, and other issues. These price movements could result in significant losses to the Fund. Conversely, the absence or a low degree of volatility may reduce the opportunities for potentially profitable transactions and adversely affect the performance of the Fund.

Electronic Delivery of Information. Information relating to a Segregated Portfolio Shareholder's investment in the Fund may be delivered electronically. There are risks associated with such electronic delivery including, but not limited to, that email messages are not secure and may contain computer viruses or other defects, may not be accurately replicated on other systems, or may be intercepted, deleted, or interfered with without the knowledge of the sender or the intended recipient.

Exchange of tax information. The Common Reporting Standard (“**CRS**”) developed by the Organisation for Economic Co-operation and Development (the “OECD”) that has been implemented into law in the Cayman Islands represents a significant step towards the global automatic exchange of information (“AEOI”) for tax purposes. Among other things, the application of CRS in the Cayman Islands requires investment funds to collect tax identification and tax residency information from all new subscribers and transferees (including debtholders and equity-holders) who become investors on or after 1 January 2016. Accordingly, each Segregated Portfolio Shareholder should be aware that in accordance with the CRS, relevant information concerning it and/or its investment in the Fund may be provided to any relevant tax authority.

FATCA. The Fund may take such action as it considers necessary in relation to an investor's holding or redemption proceeds, as a result of relevant legislation and regulations, including but not limited to, FATCA, as further detailed in the section of this Private Placement Memorandum entitled “TAX CONSIDERATIONS” on page 116. Such actions may include, but are not limited to the following:

The disclosure by the Fund, the Administrator or such other service provider or delegate of the Fund, of certain information relating to an investor to the Cayman Islands Tax Information Authority (“Cayman TIA”) or equivalent authority and any other foreign government body as required by FATCA. Such information may include, without limitation, confidential information such as financial information concerning an investor's investment in the Fund, and any information relating to any shareholders, principals, partners, beneficial owners (direct or indirect) or controlling persons (direct or indirect) of such investor.

The Fund may compulsorily redeem any Segregated Portfolio Shares held by an investor in accordance with the terms of this Private Placement Memorandum and may deduct relevant amounts from a recalcitrant investor so that any withholding tax payable by the Fund or any related costs, debts, expenses, obligations or liabilities (whether internal or external to the Fund) are recovered from such investor(s) whose action or inaction (directly or indirectly) gave rise or contributed to such taxes, costs or liabilities. Failure by an investor to assist the Fund in meeting its obligations pursuant to FATCA may therefore result in pecuniary loss to such investor.

FATCA / US HIRE Act and Compliance with US withholding requirements. The U.S. Hiring Incentives to Restore Employment Act (the ‘US HIRE Act’) has introduced a thirty percent (30%) withholding tax on

certain payments to the Fund, of U.S. source income made after 31 December 2014, and on certain payments of proceeds from the sale of US property made after 31 December 2016 unless the Fund discloses the name, address and taxpayer identification number of U.S. Persons that own, directly or indirectly, or have effective control of, an interest in the Fund, as applicable, as well as possible certain other information relating to any such interest. Although the Fund will attempt to satisfy any obligations imposed on it to avoid the imposition of this withholding tax, no assurance can be given that the Fund will be able to satisfy these obligations. If the Fund becomes subject to a withholding tax as a result of these provisions, the return of all Segregated Portfolio Shareholders may be materially affected. Other countries may impose similar taxes and the Fund intends to comply with such as they are enacted. All Segregated Portfolio Shareholders consent to the Fund's full compliance with all such measures.

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 Segregated Portfolio Shareholders should read the entire Private Placement Memorandum and consult with their own advisers before deciding whether to invest in the Fund. In addition, as the Fund's investment program develops and changes over time, an investment in the Fund may be subject to additional and different risk factors.

**THE SEGREGATED PORTFOLIO SHARES ARE SPECULATIVE AND INVOLVE A HIGH DEGREE OF RISK. THEY ARE SUITABLE ONLY FOR PERSONS WHO CAN AFFORD TO LOSE THEIR ENTIRE INVESTMENT.**

#### **CONFLICTS OF INTEREST**

The Fund is subject to significant actual and potential conflicts of interests.

##### **Directors could also be Service Providers**

The Principal of the Investment Manager is not a member of the Fund's Board of Directors.

The fiduciary duty of the Directors may compete with or be different from the interests of the Investment Manager. The Directors and the service providers, including the Investment Manager, may have conflicts of interest of the duties to the Fund, including with regard to decisions of the Board relating to transactions and agreements with, including remuneration paid to, such service providers. However, each shall, at all times, pay regard to its obligation to act in the best interest of the Fund and the Directors will ensure that all such potential conflicts of interest are resolved fairly and in the interests of Segregated Portfolio Shareholders.

##### **Fees**

The Investment Manager has a conflict of interest between its duty to maximize investment profits, and the possible desire of the Investment Manager to avoid taking risks, which might reduce the assets of the Fund and consequently reduce the Management Fees payable to it. Because Management Fees are based on the Fund's Net Asset Value, the Investment Manager may receive a Management Fee based upon unrealized appreciation as well as realized appreciation.

## **Valuation of assets**

The Investment Manager will assist the Administrator to determine the Fund's Net Asset Value. Consequently, it has a conflict of interest between its responsibility to make such determinations fairly, and its interest in maximizing the Fund's Net Asset Value and thus maximizing the Management Fee payable to it. As a result of the Investment Manager's decision to manage the Fund's trading and investments, and the terms on which the Investment Manager renders services to the Fund (including the Management Fee) were not negotiated at arm's length.

The Investment Manager's Performance Fee may create an incentive for the Investment Manager to make investments that are riskier than would be the case in the absence of such Performance Fee. Because the Investment Manager's Performance Fee is based on increases in Net Asset Value, the Investment Manager may receive a Performance Fee based upon unrealized appreciation as well as realized appreciation.

## **Other accounts**

The Investment Manager, Affiliates, and their Principal and employees may have in the past traded, currently trade, or may in the future trade investments for their respective personal (proprietary) account or other client accounts. Such persons and entities may trade personal (proprietary) or other client accounts using trading approaches which are the same as, similar to, different from, or more or less aggressive than, those employed on behalf of the Fund. Also, proprietary, or other client trading may be conducted at brokerage commission or clearing rates which are lower than the rates which the Fund pays. Accordingly, proprietary, or other client accounts may produce trading results which are substantially different from those experienced by the Fund. Segregated Portfolio Shareholders will not be permitted to inspect trading records pertaining to proprietary or other client accounts.

The Investment Manager and its Principal and Affiliates may trade significant personal (proprietary) and client funds in the commodities, currency, and securities markets. To the extent the Fund's trade in similar markets and investments at or about the same time, such other accounts may compete with the Fund with respect to such investments.

## **Certain Investment Manager activities**

The Investment Manager may manage accounts and perform investment management for others, including other investment funds. To the maximum extent permissible, purchases and sales and investment advice are based upon the judgment of the Investment Manager. To minimize the risk of potential conflicts of interest, the Investment Manager will ensure all investments in which the Fund invests will be bought and/or sold on regular trading dates through the agents or market makers designated by the Fund.

## **Other activities**

Affiliates of the Investment Manager may own Segregated Portfolio Shares in the Fund. Certain other clients of the Investment Manager may deal as principals with the Fund in the sale or purchase of

investments of the Fund or act as brokers, whether to the Fund or to third parties, in the purchase or sale of the Fund's investments and will be entitled to retain any profits or customary commissions resulting from such dealings. All such dealings, including the commissions paid, will be negotiated at arm's length.

The Investment Manager has a long-term contract to manage the Fund subject to termination of the Investment Management Agreement due to a material default by either party and subject to the resignation of the Investment Manager.

### **TAX CONSIDERATIONS**

The following is a summary of certain tax considerations applicable to the Fund. These comments are for the purpose of providing general assistance only, are not intended to be a substitute for the advice of an investor's own legal and tax advisors and should not be interpreted as legal or tax advice. The conclusions summarized herein could be adversely affected if any of the material factual representations on which they are based should prove to be inaccurate. No assurance can be given that courts or fiscal authorities will agree with the following or that there will not be, or have not been, changes to the below-mentioned laws or regulations. Accordingly, a prospective investor is urged to consult legal and tax advisors in the countries of their citizenship, residence, and domicile to determine the possible tax or other consequences to them regarding an investment in the Fund. The Fund will not be liable or responsible for determining compliance with such laws or for any violations of such laws. No advance tax ruling has been, or will be, sought in connection with the operation of the Fund or an investment in the Segregated Portfolio Shares, and there can be no assurance that the tax authorities of any relevant jurisdiction will agree with the discussion here.

#### **Cayman Islands**

The following is a summary of certain Cayman Islands tax consequences to persons who purchase Segregated Portfolio Shares in the Offering. The discussion does not address all of the tax consequences that may be relevant to a particular Segregated Portfolio Shareholder. Prospective investors must consult their own tax advisers as to the Cayman Islands tax consequences of acquiring, holding, and disposing of Shares, as well as the effects of tax laws of the jurisdictions of which they are citizens, residents, or domiciles or in which they conduct business.

There is no income tax, corporation tax, capital gains tax or any other kind of tax on profits or gains or tax in the nature of estate duty or inheritance tax currently in effect in the Cayman Islands and accordingly neither the Fund nor Segregated Portfolio Shareholders will be subject to tax in the Cayman Islands.

The Cayman Islands are a party to a double taxation arrangement with the United Kingdom and Northern Ireland which affects (i) residents of or persons who are ordinarily resident in, either country, and (ii) are liable to pay tax in the United Kingdom and Northern Ireland. Each Segregated Portfolio Shareholder is advised to consult his/her own tax advisor with respect to the specific tax implication of the double taxation arrangement. In addition, as an exempted company, the Fund has the ability to apply for and

could expect to obtain undertakings from the Governor-in-Cabinet of the Cayman Islands (the “**Governor**”) pursuant to the provisions of the Tax Concessions Act (As Revised) of the Cayman Islands that for a period of twenty years from the date of exemption no law enacted in the Cayman Islands imposing any tax to be levied on profits or income or gains shall apply to it or its operations, and that any such tax or any tax in the nature of estate, duty, or inheritance tax shall not be payable on the shares, debentures or other obligations of the Fund. The Fund has determined not to apply for such tax undertaking at this stage but reserves the right to apply for the tax undertaking in the future.

The Cayman Islands currently imposes stamp duty on certain categories of documents; however, the contemplated operations of the Fund do not involve the payment of stamp duties in any material amount.

Under current Cayman Islands law, distributions made by the Fund will not be subject to withholding tax in the Cayman Islands.

Although the Fund is not subject to tax in the Cayman 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.

#### **Foreign Account Tax Compliance Act (FATCA), Cayman Islands IGA with the United States, OECD Common Reporting Standing (CRS)**

On 29 November 2013, the Cayman Islands and the U.S. signed an intergovernmental agreement (“**U.S. IGA**”) to, among other things, implement U.S. FATCA based on the Model I IGA issued by the IRS. To accommodate the non-direct tax system in the Cayman Islands, the U.S. IGA is a model 1B (non-reciprocal) IGA.

Financial Institutions (“**FIs**”) in the jurisdiction that comply with the requirements of the IGA will be treated as satisfying the due diligence and reporting requirements of FATCA and accordingly will be treated as participating foreign financial institutions (“**Participating FFIs**”) for the purposes of FATCA. As an IGA partner jurisdiction, Cayman Islands based Financial Institutions will be “deemed compliant” with the requirements of FATCA and will not be subject to a thirty percent (30%) withholding tax on U.S. source income and will not be required to close recalcitrant accounts unless they fail to meet the requirements set out in the U.S. IGA and in Cayman domestic implementing legislation.

Under the terms of the U.S. IGA, Cayman Islands Financial Institutions (such as the Fund) are required to provide the Cayman Islands Tax Information Authority (“**Competent Authority**”) with information in relation to Financial Accounts held by Specified Persons on an annual basis. Moreover, under the U.S. IGA the Fund will be a Reporting FI and, as such (i) is not required to enter an ‘FFI agreement’ with the IRS, (ii) is required to register with the IRS to obtain a Global Intermediary Identification Number (“**GIIN**”), (iii) is required to conduct due diligence on its investors to identify whether accounts are held directly or indirectly<sup>†</sup> by “Specified U.S. Persons” as such term is defined in the U.S. IGA, and (iv) are required to

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<sup>†</sup> The obligations to report U.S. Persons under FATCA extend to the beneficial owners and controlling person of certain legal entities.

report information on such Specified U.S. Persons to the Competent Authority in the Fund's jurisdiction. The Competent Authority will then forward that information to the IRS annually on an automatic basis.

In accordance with the terms of the U.S. IGA and the relevant regulations, FATCA withholding tax will not be imposed on payments made to the Fund, or on payments made by the Fund to an account holder, except to the extent the Fund, its investors or any other account holder fails to comply with its obligations under FATCA or the U.S. IGA, or otherwise fails to comply with any other obligations it may have to the Fund with respect to the Fund's obligations under FATCA or the U.S. IGA, as applicable. If subject to, or required to, withhold, such FATCA withholding tax generally will be at the rate of 30% of the relevant payment.

Under the U.S. IGA, a **"Specified U.S. Person"** is defined, generally, as a U.S. Person that is not otherwise; (a) a corporation which is regularly traded on an established stock exchange; (b) a member of the "expanded affiliated group", as such term is defined in the U.S. Tax Code, of a corporation described in (a) above; (c) a U.S. federal or state agency; (d) any tax exempt organization (entity or other arrangement) under the U.S. Tax Code; and (e) an entity registered with the U.S. Securities and Exchange Commission ("**SEC**"). A **"U.S. Person"** is defined as including: (a) a U.S. citizen or permanent U.S. resident individual; (b) a U.S. partnership or corporation; (c) a trust if: (x) a U.S. court has jurisdiction over the administration of the trust, and (y) one or more U.S. Persons only have the authority to control all substantial decisions of the trust.

The Tax Information Authority Act (As Revised) and the Tax Information Authority (International Tax Compliance) (United States of America) Regulations (As Revised) (the **"Cayman Regulations"**) are now in force in the Cayman Islands and together they constitute Cayman's domestic legislation for implementing U.S. FATCA requirements set out in the U.S. IGA into Cayman Islands law.

The U.S. IGA and the Cayman Regulations are extremely broad in scope and apply to all Cayman Islands Financial Institutions, regardless of whether they hold any Financial Accounts for Specified Persons. A Cayman Islands Financial Institution is any Financial Institution organized under the laws of or resident in the Cayman Islands.

The CRS developed by the OECD has been implemented into law in the Cayman Islands. The CRS represents a significant step towards the global automatic exchange of information for tax purposes. Among other things, the application of CRS in the Cayman Islands requires investment funds such as the Fund to collect tax identification and tax residency information from all new subscribers and transferees (including debtholders and equity-holders). Accordingly, each Segregated Portfolio Shareholder should be aware that in accordance with the CRS, relevant information concerning it and/or its investment in the Fund may be provided to any relevant tax authority.

By investing (or continuing to invest) in the Fund, investors shall be deemed to acknowledge that in connection with FATCA and the CRS:

- (i) the Fund (or its agent) may be required to disclose to the Competent Authority 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 Competent Authority may be required to automatically exchange information as outlined above with the IRS and other third countries fiscal authorities ("**Foreign Fiscal Authorities**");
- (iii) the Fund (or its agent) may be required to disclose to the IRS 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, the Fund may require the investor to provide additional information and/or documentation which the Fund may be required to disclose to the Competent Authority;
- (iv) 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 of the investor concerned; and
- (v) 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 U.S. IGA, or any future IGAs, or any of the relevant underlying legislation.

An investor of this kind should seek tax advice from an independent tax advisor, based on its own circumstances. All prospective investors and Segregated Portfolio Shareholders should consult with their own tax advisors regarding the possible implications of FATCA (which forms part of the U.S. HIRE Act) on their investment in the Fund.

#### **Other taxes**

The Fund may invest in securities sourced in countries other than the Cayman Islands and the Fund may be subject to income, withholding or other taxation in such other countries. The Segregated Portfolio Shareholders in the Fund may be resident for tax purposes in many different countries and, accordingly, no attempt is made in this Private Placement Memorandum to summarize the tax consequences for every investor who might become a Segregated Portfolio Shareholder in the Fund. Prospective investors should therefore consult their professional advisors on the possible tax consequences of subscribing for, acquiring, holding, transferring, or redeeming Segregated Portfolio Shares under the laws of their country of citizenship, residence, domicile, or incorporation.

#### **Cayman Islands – Beneficial Ownership Regime**

Part XVIIIA of the Companies Act ("**Beneficial Ownership Regime**") requires Cayman Islands companies to establish and maintain a register of beneficial ownership ("**Register**") unless they fall within an available exemption under section 245 of the Companies Act.

Unless exempted, Cayman Islands companies are required, under the Beneficial Ownership Regime, to take reasonable steps to identify individual “beneficial owners” or “relevant legal entities”. The identified beneficial owners and relevant legal entities have the obligation to respond to any notification received from the Cayman Islands Companies Registry to provide and/or confirm certain information and particulars to the Cayman Islands Companies Registry.

The Fund is regulated as a mutual fund under the Mutual Funds Act and, accordingly, does not fall within the scope of the obligations under the Beneficial Ownership Regime. The Fund is therefore not required to maintain a Register but is required to notify its service provider in the Cayman Islands of its exempted status determination and prepare and file a relevant written confirmation with the service provider.

The Fund will review its status under Beneficial Ownership Regime on an annual basis and in the circumstance of any change in the Beneficial Ownership Regime which imposes or removes compliance obligations impacts and comply with the regulations accordingly.

THE ABOVE IS ONLY A BRIEF AND GENERAL SUMMARY OF CERTAIN TAX CONSIDERATIONS WITH RESPECT TO AN INVESTMENT IN THE FUND. INVESTORS ARE URGED TO CONSULT THEIR OWN TAX ADVISORS TO GAIN A FULL UNDERSTANDING OF ANY TAX CONSIDERATIONS WHICH WOULD APPLY AS A RESULT OF THEIR INDIVIDUAL SITUATIONS.

## **ANTI-MONEY LAUNDERING REGULATIONS**

### **Cayman Islands**

As part of the Fund's responsibility for the prevention of money laundering, the Fund (including its affiliates, subsidiaries, or associates) will require a detailed verification of the investor's identity and the source of payment. Depending on the circumstances of each application, a detailed verification might not be required where, having applied a “Risk-Based” analysis, as is required under the Anti-Money Laundering Regulations (As Revised), the Fund acting through its Administrator determines that simplified customer due diligence measures should be applied to the investor applicant owing to lower risk factor applicable to the investor applicant.

The Fund and/or the Administrator reserves the right to request such information as is necessary to verify the identity of an investor applicant. In the event of delay or failure by the investor applicant to produce any information required for verification purposes, the Fund will refuse to accept the investor application and the subscription monies relating thereto.

If any person who is resident in the Cayman Islands has a suspicion that a payment to the Fund (by way of subscription or otherwise) contains the proceeds of criminal conduct that person is required to report such suspicion pursuant to the Proceeds of Crime Act (As Revised) as amended. By subscribing, investor applicants consent to the disclosure by the Fund, the Investment Manager, or the Administrator of any information about them to regulators and others upon request in connection with money laundering and similar matters both in the Cayman Islands and in other jurisdictions.



The Fund may impose additional requirements from time to time to comply with all applicable anti-money laundering laws and regulations.

The Fund is required to conduct suitable customer due diligence, including the requirement to 'Know Your Client' (and to verify the identity thereof), which extends, for any 'non-individual' investor, to the ultimate beneficial owner(s) of the monies invested. This requirement is principally (though not exclusively) satisfied through documentary evidence, as listed in the Subscription Application. It should be noted that the Administrator may also request more information, in order to satisfy its regulatory obligations. The Administrator is also obliged to obtain information on the purpose and intended nature of the business relationship, in order to be in a position to establish the business and risk profile of the investor. The Administrator may carry out ongoing monitoring in the case of an existing business relationship, which includes the scrutiny of transactions undertaken throughout the course of the relationship in order to ensure that the transactions being undertaken are consistent with the Administrator's knowledge of the investor and of its business and risk profile, including, where necessary, the source of funds as well as ensuring that the documents, data or information held by the Administrator are kept up-to-date.

The completion of the application form serves as confirmation that the investor understands and agrees to furnish the requested documents and other information.

It must also be noted that redemption monies cannot be remitted to the Segregated Portfolio Shareholder until all documents requested have been received. Further, please note that it is a regulatory requirement to report suspicious transactions to the competent authorities, and any relevant data in this regard may need to be transferred to the relevant regulators.

There is also a requirement to know the source of the funds, such requirement normally limited to knowing the bank and account from which the monies were remitted. A further requirement is that such monies invested may only be redeemed to the account of remittance, except in exceptional circumstances.

Anti-money laundering legislation currently applicable to the Fund and the Administrator requires that, as part of compliance thereto, certain documents must be monitored to ensure that they are timely and up to date. The investor will be required to acknowledge that, in order to comply with this requirement, the Administrator and/or the Investment Manager will require that certain documents are delivered by the investor to the Administrator and/or the Investment Manager on a periodic basis. The Administrator and/or the Investment Manager may contact the investor to request such documents, and, by signing the Subscription Application, the investor will be confirming that it will provide the documents so requested on a timely basis. The investor will be required to further acknowledge that failure to provide such documents could result in delays during the redemption process, as monies may not be remitted to the investor until all requested documents are received and approved by the Administrator and/or the Investment Manager.

Further, if subsequent investments are made, the source of wealth may need to be re-established, and failure to provide adequate information to the Administrator and/or the Investment Manager could result in delays during the redemption process similar to those outlined in the preceding sentence.

Finally, as the aforementioned legislation is subject to change, any additional requirements imposed on the Administrator will be reflected in its requirements of the applicant.

The Anti-Money Laundering Regulations (As Revised) as amended of the Cayman Islands requires each Cayman domiciled investment fund to designate natural persons to act as its Anti-Money Laundering Compliance Officer (“**AMLCO**”), Money Laundering Reporting Officer (“**MLRO**”) and Deputy Money Laundering Reporting Officer (“**DMLRO**”). The Fund has appointed each of the AMLCO, MLRO and DMLRO and further details of such officers can be obtained from the Fund, if required.

### **Other jurisdictions**

Many jurisdictions are in the process of changing or creating anti-money laundering, embargo and trade sanctions, or similar laws, regulations, requirements (whether or not with force of law) or regulatory policies, and many financial intermediaries are in the process of changing or creating responsive disclosure and compliance policies (collectively, the “**Requirements**”) and the Fund or the Investment Manager could be requested or required to obtain certain assurances from prospective investors subscribing for Segregated Portfolio Shares to disclose information pertaining to them to governmental, regulatory or other authorities or to financial intermediaries or engage in due diligence or take other related actions in the future. In order to comply with applicable Requirements, each investor must represent in its subscription documents, among other things, that (i) neither the investor, nor any person having a direct or indirect beneficial interest in the Segregated Portfolio Shares being acquired by the investor, appears on a sanctions list, such as the Specifically Designated Nationals and Blocked Persons List of the Office of Foreign Assets Control in the United States Department of the Treasury or in Annex I to U.S. Executive Order 132224 - Blocking Property and Prohibiting Transactions with Persons Who Commit, Threaten to Commit, or Support Terrorism, nor are they otherwise a party with which the Fund is prohibited to deal under the laws of the United States or another country, and (ii) the investor does not know or have any reason to suspect that (1) the monies used to fund the investor’s investment in the Fund have been or will be derived from or related to any illegal activities, including but not limited to, money-laundering activities and (2) the proceeds from the investor’s investment in the Fund will be used to finance any illegal activities. Each investor must also agree to provide any information to the Fund and its affiliates and agents as the Fund may require in order to determine the investor’s and any of its beneficial owners’ source and use of funds and to comply with any Requirements and similar laws, rules and regulations applicable to the Fund.

Subscriptions for Segregated Portfolio Shares will be received by the Administrator. The Administrator will notify applicants if additional proof of identity is required outside the scope of the list set out in the Subscription Application. By way of example, an individual will be required to produce a copy of a passport or identification card duly certified as a true copy by a notary public, law firm or bank, together with evidence of their address such as a utility bill or bank statement. In the case of corporate applicants this may require production of a copy of the certificate of incorporation (and any change of

name) and by-laws (or equivalent) duly certified as a true copy by a notary public law firm or bank and the names, occupations, dates of birth and residential and business addresses of all directors or other governing members or representatives of entity investors in line with the foregoing individual identification requirements.

The details given above are by way of example only. The Fund and the Administrator or its respective subsidiaries, affiliates, directors, officers, shareholders, employees, agents, and permitted delegates reserve the right to request such documentation as any of them deems necessary to verify the identity of the applicant and to verify the source of the relevant money. Applicants who are existing customers and believe they have supplied documentation verifying their identity to the Fund or an affiliate in the past may contact the Administrator to determine whether any additional information is necessary. Failure to provide the necessary evidence may result in applications being rejected or will result in delays to the payment of redemption proceeds or in the dispatch of documents and the issuance of Segregated Portfolio Shares.

Pending the provision of satisfactory evidence as to identity, the evidence of title in respect of Segregated Portfolio Shares may be retained at the absolute discretion of the Administrator. If within a reasonable period of time following a request for verification of identity, the Administrator has not received evidence satisfactory to it as aforesaid, they may, in their absolute discretion, refuse to allot the Segregated Portfolio Shares applied for in which event application monies will be returned without interest to the account from which such moneys were originally debited.

The Fund and the Administrator and its respective subsidiaries, affiliates, directors, officers, shareholders, employees, agents, and permitted delegates will be held harmless and will be fully indemnified by a potential subscriber against any loss arising as a result of a failure to process a subscription or redemption request if such information as has been requested by any of them has not been satisfactorily provided by the applicant.

## **SUBSCRIPTIONS FOR SEGREGATED PORTFOLIO SHARES AND ADDITIONAL INFORMATION**

### **Segregated Portfolio Share Offering**

Subject to all terms set forth in this Private Placement Memorandum, the Fund is offering Segregated Portfolio Shares in one or more Segregated Portfolio, with a minimum initial investment amount set out in the applicable Supplement (subject to the minimum initial investment amount requirements of the Mutual Funds Act) for each Segregated Portfolio. The Board of Directors of the Fund in their sole discretion may modify the minimum initial investment amount for each Segregated Portfolio subject to the applicable requirements of the Mutual Funds Act.

The Segregated Portfolio Shares will be offered and sold in one or more Segregated Portfolio at the discretion of the Directors on a continuing basis at such frequency as is set out in the applicable Supplement for the relevant Segregated Portfolio, or on any particular day at the discretion of the Board of Directors of the Fund. Upon written acceptance of an investor's subscription for Segregated Portfolio Shares in a particular Segregated Portfolio of the Fund, a subscriber will become a Segregated Portfolio

Shareholder of the Fund. The Fund may at the discretion of the Directors, reject all or part of any subscription. There is no minimum dollar amount of aggregate investor subscriptions of a particular Segregated Portfolio the Fund must accept to commence operations. There is no restriction on the maximum number of Segregated Portfolio Shares, in accordance with the Fund's authorised share capital, that may be sold. The Fund may terminate or suspend the offering of Segregated Portfolio Shares, in whole or in part, at any time or from time to time, or in respect of any jurisdiction. The minimum subscription for additional Segregated Portfolio Shares will be set out in the Supplement applicable to a Segregated Portfolio.

When sending a Subscription Application to the Administrator it must be acknowledged by the Segregated Portfolio Shareholder that no Subscription Application and/or any other communication or instructions sent by the Segregated Portfolio Shareholder to the Administrator will be deemed to have been received by the Administrator unless receipt is acknowledged in writing by the Administrator. Exceptions are made where the delivery of the communication has been acknowledged by a signed receipt.

### **Eligible Investors**

Prospective shareholders in a Segregated Portfolio of the Fund must be Eligible Investors. The Fund, in the sole and absolute discretion of its Board of Directors, may decline to accept the subscription for Segregated Portfolio Shares of any prospective investor.

Each subscriber or transferee for Segregated Portfolio Shares will be required to certify to the Fund, among other things: (i) the identity and nationality of the person or persons on whose behalf the Segregated Portfolio Shares are being acquired; (ii) that the Segregated Portfolio Shares are not being acquired and will not at any time be held for the account or benefit, directly or indirectly, of any person who is not an Eligible Investor; and (iii) the source of payment for the Segregated Portfolio Shares. Segregated Portfolio Shareholders will be required to notify the Fund immediately of any change in such information.

Prior to acceptance of any subscription for Segregated Portfolio Shares, each prospective Segregated Portfolio Shareholder or transferee must represent in writing, by completing and signing the subscription documents, certifications, and forms (collectively, "**Subscription Application**"), that, among other things:

1. Subscriber has such knowledge and experience in financial and business matters that subscriber is capable of evaluating the merits and risks of the proposed investment, that subscriber understands the method of compensation of Management Fees and Performance Fees and the risks associated with an investment in the Fund, and that subscriber can bear the economic risk of the investment (i.e. at the time of the investment the prospective Segregated Portfolio Shareholder can afford a complete loss of the investment for an indefinite period of time);

2. Subscriber is acquiring Segregated Portfolio Shares for investment purposes and solely for its own account and not with a view to or present intention of reselling them, except for its right to redeem Segregated Portfolio Shares;

3. The Fund has, during the course of the offering and prior to the sale of the Segregated Portfolio Shares, afforded subscriber the opportunity to ask questions and receive answers concerning the terms and conditions of this Offering and to obtain any additional information, to the extent they possess such information or could acquire it without unreasonable effort or expense, necessary to verify the accuracy of the information contained in this Private Placement Memorandum;

4. Subscriber possesses certain other qualifications and makes certain other warranties and representations, as more fully set forth in the Subscription Application;

5. Subscriber will indemnify and hold harmless the Fund, the Directors, the Investment Manager, the officers, employees, and agents of any of them and any person controlling the Fund, the Directors, or the Investment Manager from and against any loss, damage, or liability, including reasonable attorney's fees, due to or arising out of any misrepresentations or breach of warranty made by subscriber in connection with the subscription for Segregated Portfolio Shares.

The Fund requires each prospective investor to represent that an investment by such investor in the Fund will not adversely affect his/her/its overall need for diversification and liquidity.

The suitability standards referred to above represent minimum suitability requirements for prospective Segregated Portfolio Shareholders and the satisfaction of such standards by a prospective Segregated Portfolio Shareholder does not necessarily mean that the Segregated Portfolio Shares are a suitable investment for such prospective Segregated Portfolio Shareholder or that the prospective Segregated Portfolio Shareholder's subscription will be accepted. The Board of Directors may, in circumstances it deems appropriate, modify such requirements. In addition, the Board of Directors will have the right to reject a subscription for any reason or no reason.

Each prospective investor is urged to consult with his/her/its own advisor to determine the suitability of an investment in the Segregated Portfolio Shares, and the relationship of such an investment to the purchaser's overall investment program and financial and tax position. Each purchaser of Segregated Portfolio Shares is required to represent further that, after all necessary advice and analysis, its investment in the Fund is suitable and appropriate, in light of the foregoing considerations.

### **Subscription Application**

The subscription procedure applicable in respect of each Segregated Portfolio will be set out in the Supplement applicable to such Segregated Portfolio.

All subscription proceeds should be sent in the form of a wire transfer pursuant to the instructions indicated in the Subscription Application to the bank account of the relevant Segregated Portfolio of the Fund to be held in trust pending acceptance of the subscription.

## EXCULPATION; INDEMNIFICATION

Under the terms of the Fund's Articles, any person who (i) is or was a party or is threatened to be made a party to any threatened, pending or completed proceedings, whether civil, criminal, administrative or investigative, by reason of the fact that the person is or was a Director, officer or affiliate of the Fund; or (ii) is or was, at the request of the Fund, serving as a Director or in any other capacity is or was acting for, another body corporate or a partnership, joint venture, trust or other enterprise (such person in (i) or (ii) above being an "**Indemnifiable Person**") shall be indemnified and secured harmless, to the extent permitted by law, against all actions, proceedings, costs, charges, expenses, losses, damages or liabilities incurred or sustained by him/her in or about the conduct of the Fund's business or affairs or in the execution or discharge of his/her duties, powers, authorities or discretions, including without prejudice to the generality of the foregoing, any costs, expenses, losses or liabilities incurred by him/her in defending (whether successfully or otherwise) any civil proceedings concerning the Fund or its affairs in any court whether in the Cayman Islands or elsewhere ("**Loss**") to the extent that, in the case of a Director or officer, the Director or officer acted honestly and in good faith with a view to what that Director or officer believed were the best interests of the Fund and, in the case of criminal proceedings, the Indemnifiable Person had no reasonable cause to believe that his conduct was unlawful, and in the case where such liabilities do not arise as a consequence of wilful concealment, fraud or Gross Negligence out of:

- a. the General Assets of the Fund to the extent (if any) that such Loss was incurred or sustained by such Indemnified Person solely in or about the conduct of the Fund's business which does not relate to any Segregated Portfolio and only to the extent that such General Assets are available;
- b. the Segregated Portfolio Assets of a particular Segregated Portfolio only to the extent that such Loss was incurred or sustained by such Indemnified Person in or about the conduct of the Fund's business which directly relates to that Segregated Portfolio or if such Loss was incurred or sustained by such Indemnified Person in or about the conduct of the Fund's business which directly relates to more than one Segregated Portfolio ("**Contributing Portfolio**") the Loss will be indemnified by each Contributing Portfolio on a pro rata basis in proportion to the amount of the Loss attributable to each Contributing Portfolio provided that if any of the Segregated Portfolio Shareholders of the Contributing Portfolios believe that it would be unfair for such Loss to be indemnified on a pro rata basis (in accordance with the Articles) then such Loss shall be indemnified as between each Contributing Portfolio on a basis agreed by all the Segregated Portfolio Shareholders of the Contributing Portfolios or if no agreement can be reached as ordered by a court in the Cayman Islands having regard at all times to the spirit and the letter of part XIV of the Companies Act. The cost of any such hearing will be paid by the Contributing Portfolios in the proportion determined by the court or failing any such determination on a pro rata basis in proportion to the amount of the Loss which the court has attributed to each Contributing Portfolio.

The Segregated Portfolio Assets relating to a Segregated Portfolio shall not be used to discharge any

Loss incurred or sustained by any Indemnified Person, which relates to any other Segregated Portfolio.

The decision of the Directors as to whether the Indemnifiable Person acted honestly and in good faith and with a view to what that Director believed were the best interests of the Fund and as to whether such person had no reasonable cause to believe that his conduct was unlawful, is in the absence of fraud, sufficient for the purposes of the Articles, unless a question of law is involved. The termination of any proceedings by any judgement, order, settlement, conviction or the entering of a nolle prosequi does not, by itself, create a presumption that the Indemnifiable Person did not act honestly and in good faith and with a view to the best interests of the Fund or that such person had reasonable cause to believe that his conduct was unlawful. If a person to be indemnified has been successful in defence of any proceedings described above the person is entitled to be indemnified against all expenses, including legal fees, and against all judgements, fines and amounts paid in settlement and reasonably incurred by the person in connection with the proceedings.

No Indemnifiable Person shall be liable (i) for the acts, receipts, neglects, defaults or omissions of any other such Indemnifiable Person or (ii) by reason of his/her having joined in any receipt for money not received by him/her personally or (iii) for any loss on account of defect of title to any property of the Fund or (iv) on account of the insufficiency of any security in or upon which any money of the Fund was invested or (v) for any loss incurred through any bank, broker or other agent or (vi) for any loss occasioned by any negligence, default, breach of duty, breach of trust, error of judgment or oversight on his/her part or (vii) for any loss, damage or misfortune whatsoever which may happen in or arise from the execution or discharge of the duties, powers, authorities, or discretions of his/her office or in relation thereto, if he/she acted honestly and in good faith with a view to the best interests of the Fund and, in the case of criminal proceedings, that he/she had no actual or reasonable cause to believe that his/her conduct was unlawful.

#### EU CONNECTED FUND

In August 2015, the Cayman Islands enacted legislative changes to the Mutual Funds Act and the Securities Investment Business Act (As Revised), to create a framework for Cayman Islands funds and managers to voluntarily “opt-in” via a passport regime, to the EUs Alternative Investment Fund Managers Directive (“**AIFMD**”) system in order to manage or market funds to investors in the European Union. As a result, the Mutual Funds (Amendment) Act, 2015 and the Securities Investment Business (Amendment) Act, 2015 (collectively the “**Amendment Acts**”) were passed by the Legislative Assembly.

In December 2016, the Mutual Funds (EU Connected Fund (Alternative Investment Fund Managers Directive)) Regulations, 2016 and the Securities Investment Business (EU Connected Fund (Alternative Investment Fund Managers Directive)) Regulations, 2016 (collectively the “**AIFMD Regulations**”) were approved by Cabinet, setting out the details of the Amendment Acts. Further to a Commencement Order approved in December 2018, the Amendment Acts and the AIFMD Regulations came into force on 1 January 2019.

The Fund meets the definition of an “EU Connected Fund”, as defined in the Mutual Funds Act, because it is marketing in a country or territory within the European Economic Area (“**EEA**”). The Fund has notified CIMA that it is marketing in a country or territory within the EEA.

Furthermore, an EU Connected Fund is required to comply with the following on-going notification obligations:

- notify CIMA of any changes to the particulars previously submitted to CIMA;
- notify CIMA when it has ceased marketing in all Member States of the EEA; and
- provide written confirmation to CIMA on an annual basis that there has been no change to the particulars previously submitted to CIMA.

The Mutual Funds Act also introduces a formal procedure for EU Connected Funds to request attestations or confirmations of status from CIMA (where required to be submitted to regulators of particular Member States in which it is proposed to market the EU Connected Fund) upon the submission of certain details and payment of a fee to CIMA.

Failure to notify CIMA in the manner described within Part III A of the Mutual Funds Act constitutes an offence committed by the EU Connected Fund and is punishable by a fine of approximately US\$6,000.

### **DATA PROTECTION**

As part of the application process all investors are required to submit various documents to the Administrator. These are required to enable completion of the application process and to comply with all relevant legislation. Any information received will be kept by the Administrator in accordance with the relevant data protection legislation and, in the normal course of business, will not be made available to anyone other than the Administrator.

However, it may become necessary to transfer data at any time to comply with legislation in force either now or at any time in the future (see under “*ANTI-MONEY LAUNDERING REGULATIONS*” on page 120 for further details). Further, should the administrative functions, in whole or in part, be transferred to another entity, data will be transferred or delegated to the extent necessary for such new entity to carry out its functions effectively. This may include entities in the U.S. and other countries which are deemed to have equivalent data protection legislation in place, and also to countries that are not deemed to have equivalent data protection legislation in place.

By subscribing to the Fund all investors should note the above, and also note that, by completion of the application form, they are agreeing to any transfer of data carried out for any of the reasons given above, or for any reason that the Administrator deems necessary to comply with legislation in force at the time.

Further, the Fund and its service providers consent that any and all data required by the Administrator (in its capacity as such or in its capacity as Registrar) in exercise of its duties on behalf of the Fund may



be transferred to and/or from the Administrator (in its capacity as such or in its capacity as Registrar) in accordance with relevant data protection legislation.

The Cayman Islands Government enacted the Data Protection Act, 2017 (the “DPL”) on 18 May 2017. The DPL introduces legal requirements for the Fund based on internationally accepted principles of data privacy.

The Fund has prepared a document outlining the Fund’s data protection obligations and the data protection rights of investors (and individuals connected with investors) under the DPL (the “**Fund Privacy Notice**”). The Fund Privacy Notice is contained within the Subscription Application and is available to Segregated Portfolio Shareholders.

Prospective investors should note that, by virtue of making investments in the Fund and the associated interactions with the Fund and its affiliates and/or delegates (including completing the Subscription Application, and including the recording of electronic communications or phone calls where applicable), or by virtue of providing the Fund with personal information on individuals connected with the investor (for example, directors, trustees, employees, representatives, shareholders, investors, clients, beneficial owners or agents) such individuals will be providing the Fund and its affiliates and/or delegates (including, without limitation, the Fund’s Administrator) with certain personal information which constitutes personal data within the meaning of the DPL. The Fund shall act as a data controller in respect of this personal data and its affiliates and/or delegates, such as the Fund’s Administrator, and the Investment Manager may act as data processor (or data controllers in their own right in some circumstances).

By investing in the Fund and/or continuing to invest in the Fund, investors shall be deemed to acknowledge that they have read in detail and understood the Fund Privacy Notice and that the Fund Privacy Notice provides an outline of their data protection rights and obligations as they relate to the investment in the Fund. The Subscription Application contains relevant representations and warranties.

Oversight of the DPL is the responsibility of the Ombudsman’s office of the Cayman Islands. Breach of the DPL by the Fund could lead to enforcement action by the Ombudsman, including the imposition of remediation orders, monetary penalties, or referral for criminal prosecution.

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**SUPPLEMENT TO THE PRIVATE PLACEMENT MEMORANDUM**

*27 January 2025*

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**DCAP Funds SPC**

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(An exempted company incorporated in the Cayman Islands and registered as a segregated portfolio company limited by shares on 3 January 2023)

**Web3 Multi Strategy Fund SP**

(A segregated portfolio of DCAP Funds SPC)

Investment Manager:

**DCAP Ltd**

This supplement (the “**Supplement**”) is supplemental to, forms part of and should be read in conjunction with the Private Placement Memorandum for DCAP Funds SPC, an exempted company incorporated in the Cayman Islands with limited liability and registered as a segregated portfolio company (the “Fund”), first published on 13 January 2023, as amended from time to time (the “Memorandum”). Distribution of this Supplement is not authorized unless it is accompanied by a copy of the Memorandum. All defined terms used herein and not otherwise defined shall have the same respective meanings as set forth in the Memorandum.

This document is strictly confidential and is supplied for the exclusive use of the recipient. Under no circumstances should it be copied or distributed to any other person other than the recipient’s accounting, investment, legal, tax or other advisers.

The Web3 Multi Strategy Fund SP (the “**Segregated Portfolio**”) is a segregated portfolio of the Fund.

The participating, non-voting, redeemable shares in the capital of the Fund to be issued through the account of the Segregated Portfolio (the “**Segregated Portfolio Shares**”), which are being offered pursuant to the terms of the Memorandum and this Supplement, are allocable specifically to the Segregated Portfolio.

The Directors do not expect that an active secondary market will develop in the Segregated Portfolio Shares. No application has been made for the listing of the Segregated Portfolio Shares on any stock exchange; however, the Directors reserve the right to do so in the future. The Directors, whose names appear in the Memorandum and this Supplement, accept full responsibility for the information contained in this Supplement and confirm, having made all reasonable inquiries that, to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein materially misleading.

THE INFORMATION CONTAINED IN THIS SUPPLEMENT SHOULD BE READ IN THE CONTEXT OF, AND TOGETHER WITH, THE INFORMATION CONTAINED IN THE MEMORANDUM, AND DISTRIBUTION OF THIS SUPPLEMENT IS NOT AUTHORIZED UNLESS ACCOMPANIED BY OR SUPPLIED IN CONJUNCTION WITH A COPY OF THE MEMORANDUM.

THIS SUPPLEMENT MAY BE TRANSLATED INTO OTHER LANGUAGES. WHERE THIS SUPPLEMENT HAS BEEN SO TRANSLATED AND ANY AMBIGUITY OR INCONSISTENCY ARISES BETWEEN THE ENGLISH VERSION OF THIS SUPPLEMENT AND A VERSION OF THE SUPPLEMENT TRANSLATED INTO ANOTHER LANGUAGE, THE PROVISIONS OF THE ENGLISH VERSION SHALL PREVAIL. ALL DISPUTES AS TO THE TERMS OF THE OFFERING OF SEGREGATED PORTFOLIO SHARES SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE CAYMAN ISLANDS EXCLUSIVELY.

In making an investment decision, investors must rely on their own examination of the Fund and the terms of the offering, including the merits and risks involved. No assurance can be given that the Fund’s or the Segregated Portfolio’s investment objective will be achieved.

This Supplement is provided for information only and is not intended to be, and must not be, taken as the sole basis for an investment decision. In making an investment decision, prospective investors must rely on their own examination of the Segregated Portfolio and the terms of the offering, including the merits and risks involved, as reflected in the documents referred to herein. Prospective investors are not to construe the contents of the Memorandum or this Supplement as constituting tax, financial, investment, or legal advice. Prior to purchasing any Segregated Portfolio Shares, a prospective purchaser of Segregated Portfolio Shares should consult with his, her or its own legal, business and tax advisors to determine the appropriateness and consequences of an investment in the Segregated Portfolio for such purchaser and arrive at an independent evaluation of such investment. Disclosure of past performance of the Investment Manager appointed by the Fund to act for and on behalf of the Segregated Portfolio or any of its team members is not predictive of future results and should not be relied upon in making an investment decision. The Segregated Portfolio Shares are suitable only for sophisticated investors for whom an investment in the Segregated Portfolio does not constitute a complete investment program and who fully understand, are willing to assume, and have the financial resources necessary to withstand the risks involved in the investment strategy in which the Fund will engage acting solely for the account of the Segregated Portfolio.

This offering involves substantial risks which should be carefully reviewed, including certain risks which are specific to cryptocurrencies and other digital assets, as discussed in the section on "CERTAIN RISK FACTORS" herein.

Copies of this Supplement, of the Memorandum and of the Subscription Application may be obtained by contacting the Administrator prior to making an investment into the Segregated Portfolio for Segregated Portfolio Shares.

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## DCAP FUNDS SPC

### DIRECTORY

#### Registered Office of the Fund

c/o Hermes Corporate Services Ltd.  
Fifth Floor, Zephyr House  
122 Mary Street, George Town  
P.O. Box 31493, Grand Cayman KY1-1206  
Cayman Islands

#### Directors of the Fund

**Anna Patrice Goubault**  
c/o Calderwood  
4th Floor, Century Yard  
Cricket Square, George Town  
P.O. Box 31162, Grand Cayman KY1-1205  
Cayman Islands

**Charles Michael Thomas**  
c/o Calderwood  
4th Floor, Century Yard  
Cricket Square, George Town  
P.O. Box 31162, Grand Cayman KY1-1205  
Cayman Islands

#### Senior Officers of the Investment Manager

**Claudio Schneider Blank**, CEO  
**Sebastian Steib**, Managing Director

c/o DCAP Ltd  
Löwenstrasse 29, 8001 Zurich  
Switzerland

#### Investment Manager of the Fund

**DCAP Ltd**  
Löwenstrasse 29, 8001 Zurich  
Switzerland

#### Administrator, Transfer Agent, and Registrar of the Segregated Portfolio

##### Trident Fund Services (Malta) Ltd

Trident Park, Notabile Gardens, No. 2 Level 3  
Mdina Road, Zone 2, Central Business District  
Birkirkara CBD 2010  
Malta

#### Auditor

##### BDO Cayman Ltd.

Building #3, 2nd Floor  
23 Lime Tree Bay, Governors Square  
P.O. Box 31118  
Grand Cayman KY1-1205  
Cayman Islands

**Prime / Execution Broker of the Segregated Portfolio**

**Bank Julius Baer & Co. Ltd.**

Bahnhofstrasse 36  
P.O. Box  
8010 Zurich  
Switzerland

**Custodian of the Segregated Portfolio**

**Bank Julius Baer & Co. Ltd.**

Bahnhofstrasse 36  
P.O. Box  
8010 Zurich  
Switzerland

**Digital Asset Prime Broker and Custodian of the Segregated Portfolio**

**Coinbase, Inc.**

248 3rd St, #434  
Oakland, CA 94607  
United States

**Cayman Islands Legal Counsel**

**Loeb Smith Attorneys**

Suite 329, 10 Market Street  
Camana Bay, Grand Cayman KY1-9006  
Cayman Islands



## DEFINITIONS

In this Supplement the following expressions shall bear the following meanings set opposite them below and terms and expressions used but not defined herein but defined in the Memorandum shall, unless the context requires otherwise, also apply herein:

<b>Base Currency of Segregated Portfolio</b>	The U.S. Dollar.
<b>Business Day</b>	Means any day (other than a Saturday or a Sunday) when the banks in Switzerland and Malta are authorized to open for normal banking business and/or such other day or days as the Board may from time to time determine, either generally or in any particular case.
<b>Eligible Investors</b>	Has the meaning given to it in the Memorandum.
<b>High Water Mark</b>	Means, in relation to any Segregated Portfolio Share, subject to any HWM Reset, the greater of the Subscription Price of the relevant Class at the time of issue of that Segregated Portfolio Share, and the highest Net Asset Value per Segregated Portfolio Share (for the avoidance of doubt, before deduction for any Performance Fee due to be paid) of the relevant Class in respect of which a Performance Fee (other than a Performance Fee Redemption) has been charged at the end of any previous Performance Period (if any) during which such Segregated Portfolio Share was in issue.
<b>HWM Reset</b>	Means any adjustment and reset of the High-Water Mark as set out herein by the Directors of the Fund.
<b>Initial Offer Period</b>	Has the meaning ascribed to such term in the " <i>OFFERING</i> " section herein.
<b>Investment Management Agreement</b>	Means the agreement for the time being subsisting between the Fund for and on behalf of the Segregated Portfolio and the Investment Manager and relating to the appointment and duties of the Investment Manager in respect of the Segregated Portfolio.
<b>Listed Equities</b>	Means shares, units or other financial products listed and traded on an exchange.
<b>Memorandum</b>	Means the Private Placement Memorandum for DCAP Funds SPC.

<b>Net Asset Value</b>	Means the Segregated Portfolio's gross assets less its gross liabilities as at the relevant Valuation Date. The Net Asset Value will be calculated in accordance with this Supplement, the Articles, and the Memorandum.
<b>Performance Fee</b>	the performance-based fee payable by the Fund in respect of the Segregated Portfolio to the Investment Manager pursuant to the terms of the Investment Management Agreement.
<b>Performance Percentage</b>	Means twenty percent (20%).
<b>Performance Period</b>	Means the period commencing on the last Business Day of each calendar month and ending as of the close of business on the next upcoming Valuation Date of the Segregated Portfolio.
<b>Private Markets</b>	Means investments made in assets not traded on a public exchange or stock market, including but not limited to, private equity (investments made in private companies), and private debt.
<b>Segregated Portfolio Shares</b>	Non-voting, participating, redeemable shares of par value US\$1.00 each in the capital of the Fund issued through the Segregated Portfolio.
<b>Redemption Date</b>	Means the last Business Day of each calendar month or such other days as may from time to time be determined by the Directors, subject to the applicable gate provisions as detailed in section " <i>REDEMPTION AND TRANSFER OF SEGREGATED PORTFOLIO SHARES</i> "
<b>Redemption Point</b>	The close of business in the last market relevant to the Fund in respect of the Segregated Portfolio to close on each Redemption Date or at such other times as the Directors after consultation with the Investment Manager may determine.
<b>Register of Members</b>	The register of members (including any branch register) of the Fund to be maintained in accordance with the Companies Act.
<b>Reset Period</b>	Means the period commencing on the date of registration of the Fund with CIMA and concluding on the third anniversary thereafter and each subsequent three years anniversary thereafter shall be a " <b>Reset Period</b> ".

<b>Shareholder</b>	Each holder of Segregated Portfolio Shares whose name has been entered into the Register of Members whose shares have not been redeemed.
<b>Subscription Date</b>	The last Business Day of each calendar month and on any other day approved by the Directors.
<b>Subscription Fee</b>	Has the meaning ascribed to such term under “ <i><u>SUBSCRIPTION FEE</u></i> ” section herein below.
<b>Subscription Price</b>	Means as such term is defined in the “ <i><u>OFFERING</u></i> ” section herein.
<b>U.S. Person</b>	Has the meaning given to it in the Memorandum.
<b>Valuation Date</b>	The last Business Day of each calendar month or such other day as the Board may determine in its discretion.
<b>Valuation Point</b>	The close of business in the last market relevant to the Fund in respect of the Segregated Portfolio to close on each Valuation Date or at such other times as the Directors after consultation with the Investment Manager may determine.
<b>Web3</b>	Also known as Web 3.0, is an idea for a new iteration of the World Wide Web which incorporates concepts such as decentralization, blockchain technologies, and token-based economics.

## THE SEGREGATED PORTFOLIO

The Segregated Portfolio is a segregated portfolio of the Fund. The Segregated Portfolio Shares are the Class of the participating and non-voting shares in the capital of the Fund allocable to the Segregated Portfolio. The Fund will commence trading activities for the Segregated Portfolio at such time as the Directors, after consultation with the Investment Manager, may determine, considering the aggregate subscriptions received and prevailing market conditions. It is expected that the commencement date of the trading activities will be after the conclusion of the Initial Offer Period (as defined below in section "OFFERING").

As a matter of Cayman Islands law only, although the Fund is a single legal entity, the assets and liabilities of the Fund held within or on behalf of each segregated portfolio are segregated from the assets and liabilities of other segregated portfolios and from the general assets and liabilities of the Fund. The assets of one segregated portfolio are only expected to be available to meet the liabilities specifically attributable to that segregated portfolio. However, cross liabilities may arise under foreign law. Please refer to the section headed "CERTAIN RISK FACTORS" in the Memorandum for further information regarding segregated portfolio status and risks of cross liabilities.

## OFFERING

The Fund is offering Segregated Portfolio Shares to sophisticated investors such as professional and institutional investors (FIDLEG client classification) who have the risk ability to bear the illiquidity profile of the Segregated Portfolio and a possible severe or even full investment loss ("**Investors**").

Different rights attach to the Segregated Portfolio Shares as summarized herein and referred to in the Articles.

**Minimum initial subscription amount:** The Fund is offering Class A Shares with a minimum initial investment of US\$2,000,000. Class A Shares are available for subscription until the Net Asset Value of Class A Shares reaches a maximum of US\$30 million.

The Fund is offering Class B Shares with a minimum initial investment of US\$100,000.

Such sum shall be after the deduction of the relevant Subscription Fee (as applicable). Segregated Portfolio Shares shall be allotted and issued with such rights, obligations, liabilities, privileges, designations, preferences, and other terms attached as set out in this Supplement, the Memorandum, and the Articles.

The Board of the Fund in its sole discretion may, but always subject to the requirements of Cayman Islands law, modify the minimum initial investment amount into the Segregated Portfolio.

**Classes of Segregated Portfolio Shares:** The Segregated Portfolio will have two Classes of Segregated Portfolio Shares namely “*Class A Shares*” and “*Class B Shares*” with the following features:

- i. *Class A Shares* (ISIN KYG2R66M1029, Valour Number 124719355) – are to be issued to (A) investors investing equal or above US\$2,000,000 for Segregated Portfolio Shares and (B) directors and officers of the Investment Manager and will have a lower Management Fee of one percent (1%) per year, and the Performance Fee of the Performance Percentage.
- ii. *Class B Shares* (ISIN KYG2R66M1102, Valour Number 124734786) – are to be issued to investors investing less than US\$2,000,000 for Segregated Portfolio Shares and will have the Management Fee of two percent (2%) per year, and the Performance Fee of the Performance Percentage.

There is no maximum subscription amount of proceeds which the Fund acting solely for the account of the Segregated Portfolio may accept pursuant to this Offering of Segregated Portfolio Shares.

**Minimum additional subscription amount:** The minimum subscription for additional Segregated Portfolio Shares is US\$100,000 (or such other amount that the Directors may determine). Further subscriptions above this minimum may be made in increments of US\$1,000.

**Subscription Price per Segregated Portfolio Share:** Segregated Portfolio Shares are being offered through the account of the Segregated Portfolio during the Initial Offer Period (as defined below) at a fixed price of US\$1,000 per Segregated Portfolio Share, before deduction of any accrued Subscription Fee (“**Initial Subscription Price**”).

Following the close of the Initial Offer Period, for any Subscription Date, the Board in consultation with the Investment Manager, will determine the Subscription Price on each such Subscription Date (“**Subscription Price**”) based on, inter alia, the prevailing Net Asset Value of the Segregated Portfolio (see section “*DETERMINATION OF NET ASSET VALUE*” below).

**In-kind contributions:** Segregated Portfolio Shares may not be purchased through an in-kind contribution of securities and/or cryptocurrencies to the Segregated Portfolio of the Fund.

**Initial Offer Period:** Segregated Portfolio Shares are offered with a minimum investment of US\$100,000, or such higher amount (or such minimum amount as permitted under Cayman Islands law) as the Board may determine in its absolute discretion, whilst such sums shall always be net, i.e., after the deduction of any Subscription Fee (as applicable) (“**Offering**”).

The Segregated Portfolio Shares will be offered starting from the launch of the Segregated Portfolio to and concluding 31 January 2024 (the “**Initial Offer Period**”) at the Initial Subscription Price, although the term of such Initial Offer Period may be shortened or extended in the absolute discretion of the Board.

Segregated Portfolio Shares will be sold after the Initial Offer Period at the discretion of the Board on a continuing basis as of the last Business Day of each calendar month and on any other day approved by the Board (a "**Subscription Date**") at the Subscription Price.

**Control of accounts:** While the account used for subscriptions and redemptions will be controlled by the Administrator jointly with the Investment Manager, any other accounts opened by the Fund on behalf of the Segregated Portfolio at its broker, or custodian will be solely controlled by the Investment Manager and authorized signatories appointed by the Investment Manager. The Administrator cannot exercise any control on the use of such other accounts.

**Subscription Fees:** A subscriber for Segregated Portfolio Shares may be required to pay a subscription fee (in addition to the subscription amount) of up to 5% of the aggregate subscription proceeds as set out in the Subscription Application (the "**Subscription Fee**"). The Subscription Fee will be paid to the Segregated Portfolio upon subscription to be used for settling payments to distributors, agents, brokers, and other sales agents for the Segregated Portfolio. The Board may waive or reduce such Subscription Fee, either generally or in any particular case.

**Payment:** Unless otherwise agreed by the Directors, payment for Segregated Portfolio Shares must be made in cash by electronic transfer or by cheque, net of bank charges, and is due in cleared funds in the Base Currency. In the event that subscription monies are received in any currency other than the Base Currency, conversion into the Base Currency will be arranged by the Segregated Portfolio at the risk and expense of the subscriber. Any bank charges incurred in respect of electronic transfers will be deducted from subscription monies and only the net amount will be invested in Segregated Portfolio Shares.

All subscription monies must originate from an account held in the name of the subscriber. No third-party payment will be permitted. Interest on subscription monies will accrue to the Segregated Portfolio.

**Subscription procedure:** Subscribers for Segregated Portfolio Shares during the Initial Offer Period must send their completed Subscription Application, together with any supporting documents, so as to be received by the Administrator by no later than 4:30 pm Malta time on the Business Day which is three (3) Business Days before the last Business Day of the Initial Offer Period. Subscription monies must be sent by electronic transfer so that cleared funds are received in the bank account of the Fund by no later than 4:30 pm Malta time on the Business Day which is two (2) Business Days before the last Business Day of the Initial Offer Period.

After the Initial Offer Period, subscribers for Segregated Portfolio Shares and Shareholders wishing to apply for additional Segregated Portfolio Shares must send their completed Subscription Agreement, together with any supporting documents, so as to be received by the Administrator by no later than 4:30 pm Malta time on the Business Day which is three (3) Business Days before the applicable Subscription Date. Subscription monies must be sent by electronic transfer so that cleared funds are received in the

bank account of the Segregated Portfolio by no later than 4:30 pm Malta time on the Business Day which is two (2) Business Days before the applicable Subscription Date.

The Directors, in consultation with the Investment Manager, may waive the requirements specified above, either generally or in any particular case but in any case, Subscription Applications must be received by no later than 4:30 pm Malta time on the last Business Day of the Initial Offer Period or the Business Day before the applicable Subscription Date. Unless the Directors determine otherwise, if the completed Subscription Application and subscription monies in cleared funds are not received by the applicable time referred to above, the application will be held over to the Subscription Date following receipt of the outstanding documentation and/or subscription monies, as the case may be. Segregated Portfolio Shares will then be issued at the relevant Subscription Price on that Subscription Date.

Subscription Applications accompanied by all relevant supporting documents should be sent to the Administrator, at the address, email address or by other secured electronic means set out in the Subscription Application of the Segregated Portfolio. If the Subscription Application and relevant supporting documents were sent to the Administrator via email or other electronic means, the original documents must be sent to the Administrator promptly thereafter. Subscriber should be aware of the risks associated with sending emailed applications and that the Administrator accepts no responsibility for any loss caused due to the non-receipt of any email.

Unless otherwise directed by the Directors, once a completed Subscription Application has been received by the Administrator, it is irrevocable. The Segregated Portfolio may reject any application in whole or in part and without giving any reason for doing so. If an application is rejected, the subscription monies paid, or the balance thereof in the case of a partial rejection, will be returned (without interest) as soon as practicable to the account from which the subscription monies were originally remitted. Any costs incurred in returning the subscription monies will be borne by the subscriber.

Upon acceptance by the Segregated Portfolio of a subscriber's Subscription Application and clearance of the subscriber's funds in an amount equal to or in excess of the required minimum investment, such subscriber will be credited with the appropriate number of Segregated Portfolio Shares and entered into the Register of Members of the Segregated Portfolio maintained by the Administrator. Written confirmation detailing the Segregated Portfolio Shares which have been issued will be sent to successful subscribers as soon as practicable after the close of the Initial Offer Period or the relevant Subscription Date, as the case may be.

Fractional shares (if any) will be issued to six (6) decimal points. Any smaller fraction of a Segregated Portfolio Share that would otherwise arise will be rounded down, with the relevant subscription monies being retained for the benefit of the Fund. Share certificates for Segregated Portfolio Shares will not be issued.

The Board of the Fund in respect of the Segregated Portfolio in its sole discretion may also waive or modify any of the foregoing procedural requirements for any or no reason.

No Subscription Applications, or any other communication or instructions sent by a subscriber or Shareholder to the Administrator will be deemed to have been received by the Administrator unless receipt is acknowledged in writing by the Administrator. Exceptions are made where the delivery of the communication has been acknowledged by a signed receipt.

In order to purchase Segregated Portfolio Shares, a subscriber must:

- (1) Complete, execute and submit a Subscription Application for the Fund in respect of the Segregated Portfolio to the Administrator; and
- (2) Arrange for a wire transfer for the amount of the subscription in accordance with the instructions in the Subscription Application from an account registered into the name of the subscriber to the account of the Fund in respect of the Segregated Portfolio.

## **Compliance**

To ensure compliance with applicable statutory requirements relating to anti-money laundering and anti-terrorism initiatives, the Fund, or the Administrator on behalf of the Fund, will require such information and documentation as they consider necessary to verify the identity and source of funds of each subscriber.

As mentioned above, the Fund or the Administrator reserves the right to request such evidence as is necessary to check and verify the identity, address, and source of funds of a prospective investor. The Fund or the Administrator also reserves the right to request such verification and evidence in respect of a transferee of Segregated Portfolio Shares. In the event of delay or failure by the prospective investor or transferee to produce any evidence required for verification purposes, the Fund, or the Administrator on its behalf, may refuse to accept the application or (as the case may be) to register the relevant transfer, and (in the case of a subscription of Segregated Portfolio Shares) any funds received will be returned without interest to the account from which such funds were originally debited. or there may be a delay in processing the application, None of the Fund, the Investment Manager, the Administrator or their respective delegates, agents and affiliates will be liable for any loss suffered by a subscriber arising as a result of any such refusal or a delay.

If any person resident in the Cayman Islands knows or suspects or has reasonable grounds for knowing or suspecting that another person is engaged in criminal conduct or is involved with terrorism or terrorist property and the information for that knowledge or suspicion came to their attention in the course of business in the regulated sector, or other trade, profession, business or employment, the person will be required to report such knowledge or suspicion to (i) the Financial Reporting Authority of the Cayman Islands, pursuant to the Proceeds of Crime Act (As Revised) of the Cayman Islands if the



disclosure relates to criminal conduct or money laundering, or (ii) a police constable not below the rank of inspector, or the Financial Reporting Authority, pursuant to the Terrorism Act (As Revised) of the Cayman Islands, if the disclosure relates to involvement with terrorism or terrorist financing and property. Such a report shall not be treated as a breach of confidence or of any restriction upon the disclosure of information imposed by any enactment or otherwise.

By subscribing for Segregated Portfolio Shares, a subscriber consents to the disclosure by the Fund, the Investment Manager, the Administrator and their delegates, agents, and affiliates, of any information provided by the subscriber to government agencies, regulatory bodies, and other relevant persons in connection with anti-money laundering requirements and similar matters.

Each subscriber for Segregated Portfolio Shares will be required to make such representations as may be required by the Fund in connection with anti-money laundering programs, including, without limitation, representations that such subscriber is not a prohibited country, territory, individual or entity listed on the United States Department of Treasury's Office of Foreign Assets Control (OFAC) or similar website and that it is not directly or indirectly affiliated with any country, territory, individual or entity named on an OFAC list or prohibited by any OFAC sanctions programs, or similar. Each subscriber will also be required to represent that subscription monies are not directly or indirectly derived from activities that may contravene any federal state, or international, laws and regulations, including anti-money laundering laws and regulations.

In the Subscription Application, subscribers shall represent that they are purchasing Segregated Portfolio Shares for investment and meet other suitability requirements established by the Board. Generally, the Segregated Portfolio Shares will not be offered for sale to the public in the Cayman Islands or the U.S. or its territories or possessions, or to certain nationals thereof, certain persons resident therein, or certain entities established under the laws thereof. It is the responsibility of any person or persons in possession of this Supplement and wishing to make application for Segregated Portfolio Shares to inform themselves of, and to observe, all applicable laws and regulations of any relevant jurisdiction. Prospective applicants for Segregated Portfolio Shares should inform themselves as to legal requirements also applying and any applicable exchange control regulations and applicable taxes in the countries of their citizenship, residence, or domicile.

This Supplement and the accompanying Private Placement Memorandum of the Fund does not constitute an offer or solicitation to any person in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it would be unlawful to make such offer or solicitation.

## **INVESTMENT OBJECTIVES**

The Segregated Portfolio's investment objectives are:

- (i) to give investors broad access to a wide range of investment opportunities in connection with the evolving investment themes of Web3. The decentralized and open ecosystem of Web3 builds on blockchain technology which will have a fundamental impact on various industries and sectors. Furthermore, it will bring forth many new business models. The Segregated Portfolio intends to take advantage of these structural changes.
- (ii) to achieve long-term capital appreciation by investing and managing a portfolio of companies, digital assets, and third-party funds, that have significant exposure to the Web3 theme. The Segregated Portfolio will target companies seeking to build critical infrastructure and take advantage of the technological breakthroughs associated to Web3; digital assets that are fundamental to the development of the Web3 ecosystem; and third-party funds with a Web3 orientated investment thesis. The return and risk profile depend on the performance and volatility of the underlying securities.

The business of the Segregated Portfolio includes the realisation and distribution of the Segregated Portfolio’s assets to Shareholders during a wind down of its operations.

#### **INVESTMENT STRATEGIES**

The Segregated Portfolio intends to invest in public and private companies. Additionally, the Segregated Portfolio will invest into Digital Assets. The Segregated Portfolio may also invest in third party managers via collective investment schemes (“**Third-Party Products**”).

The investment thesis of the Segregated Portfolio is predicated on the emergence and development of the Web3 ecosystem. The Fund in respect of the Segregated Portfolio aims to identify investment opportunities that are relevant for this ecosystem and that are expected to benefit from its growth over the coming years. Consequently, the strategy of the Segregated Portfolio focuses on the assessment of the opportunities and risks of assets within the Web3 ecosystem and to identify those that are expected to profit most from this development.

The Fund in respect of the Segregated Portfolio utilizes a multi-strategy investment approach across different asset classes to capture growth opportunities along the entire value chain. The proxy target allocation of the Segregated Portfolio is as follow:

<b>Target Allocation</b>	<b>Allocation</b>
Listed Equities	33.34%
Digital Assets	33.33%
Strategies/Third-Party Products	33.33%

o/w Private Markets	
<b>Total % liquid at least</b>	<b>66.67%</b>
<b>Total % illiquid maximum</b>	<b>33.33%</b>

### INVESTMENT RESTRICTIONS

The Fund in respect of the Segregated Portfolio may **actively** invest up to 30% of the Segregated Portfolio’s capital in illiquid collective investment schemes, direct and indirect private equity, tokens, and other illiquid investments.

The Directors and Investment Manager are not limited by the above discussion of the investment program. Further, the investment program is a strategy as of the date of this Supplement only. The Investment Manager has wide latitude to invest or trade the assets of the Segregated Portfolio, to pursue any particular strategy or tactic, or to change the emphasis without obtaining the approval of the Shareholders, although the Board may only cause a material change to the investment strategy of the Segregated Portfolio with the consent of a simple majority of the Shareholders. Except as specifically provided in this section, the investment program imposes no significant limits on the types of instruments in which the Segregated Portfolio may take positions, the type of positions it may take, its ability to borrow money, or the concentration of investments. The foregoing description is general and is not intended to be exhaustive. Investors must recognize that there are inherent limitations on all descriptions of investment processes due to the complexity, confidentiality, and subjectivity of such processes. In addition, the description of virtually every trading strategy must be qualified by the fact that trading approaches are continually changing, as are the markets invested in by the Segregated Portfolio.

There is no assurance that the Investment Manager’s approach to managing the Segregated Portfolio’s portfolio of assets will be profitable. See “*CERTAIN RISK FACTORS*” in the Memorandum.

#### **“New Issue” securities**

The Segregated Portfolio may, from time to time, purchase “New Issue” securities. A New Issue is an initial public offering of an equity security which is subject to the applicable rules such as the Rules of the United States Financial Industry Regulatory Authority (the “**FINRA Rules**”), as amended, extended, consolidated, substituted, or re-enacted from time to time, and includes any initial public offering of an equity security (as defined for example in Section 3(a)(11) of the 1934 Act). For example, under the FINRA Rules, brokers may not sell such securities to a private investment fund if the fund has investors who are “Restricted Persons”, which includes persons employed by or affiliated with a broker and portfolio managers of hedge funds and other registered and unregistered investment advisory firms, or “Covered Investors”, which includes certain persons who are affiliated with certain companies that are current,

former or prospective investment banking clients of the broker, unless the Segregated Portfolio excludes or restricts such Restricted Persons and/or Covered Investors from receiving allocations of profits and losses from New Issues. To enable the Segregated Portfolio to participate in New Issues, the Segregated Portfolio may create a new Class of Segregated Portfolio Shares for Restricted Persons and Covered Investors and will compel the exchange of Segregated Portfolio Shares held by such Shareholders for Segregated Portfolio Shares of the new Class. The profits and losses from New Issues will generally be allocated to investors in the Segregated Portfolio that are not Restricted Persons or Covered Investors; the Segregated Portfolio may, however, avail itself of a “*de minimis*” exemption pursuant to which a portion of any profits and losses from New Issues may be allocated to Restricted Persons and Covered Investors.

### **Leverage**

The Segregated Portfolio may utilize leverage in its investment program. The Segregated Portfolio may utilize leverage in its investment program when the Directors or the Investment Manager consider it appropriate. Additionally, the Segregated Portfolio may also incur indebtedness to: (i) pay expenses of the Segregated Portfolio, (ii) to purchase the Segregated Portfolio Shares of any redeeming Shareholder, (iii) to finance improvements to an investment made by the Segregated Portfolio, and (iv) to otherwise protect any asset of the Segregated Portfolio as determined by the Investment Manager in its sole discretion. The use of leverage may, in certain circumstances, maximize the adverse impact to which the investment portfolio of the Segregated Portfolio may be subject.

All borrowings of the Fund are subject to the margin requirements established by its lenders and the Segregated Portfolio may be required to pledge and deliver to its lenders certain of its assets, including all investment instruments purchased by the Segregated Portfolio with proceeds of its borrowings. The Investment Manager is authorized to pledge and deliver assets of the Segregated Portfolio to the lenders of the Segregated Portfolio.

Any borrowing by the Fund in connection with its trading activities is without recourse to the Shareholders.

### **Side Letters**

The Fund or the Investment Manager acting as duly authorized agent for the Segregated Portfolio may from time to time enter into agreements with one or more prospective investors whereby in consideration for agreeing to invest certain amounts into the Segregated Portfolio and other consideration deemed material by the Fund acting solely for the account of the Segregated Portfolio, such investors may be granted favourable rights not afforded to other Shareholders or investors, generally. Such rights may include but are not limited to one or more of the following: (i) special rights to make future investments in the Segregated Portfolio, other investment vehicles or managed accounts, as appropriate; (ii) special redemption rights, relating to frequency, notice and/or other terms;

(iii) rights to receive reports from the Fund in respect of the Segregated Portfolio on a more frequent basis or that include information not provided to other Shareholders (including, without limitation, more detailed information regarding positions); (iv) rights to receive reduced rates of the Subscription Fee, Management Fee or Performance Fee; and (v) such other rights as may be negotiated between the Fund or the Investment Manager acting solely for the account of the Segregated Portfolio and such investors. The Board or the Investment Manager will not be required to notify the other Shareholders of any such agreement or any of the rights and terms or provisions thereof, nor will the Board or the Investment Manager be required to offer such additional or different terms or rights to any other Shareholder. The Board or the Investment Manager, acting solely for the account of the Segregated Portfolio, may enter into any such agreement with any Shareholder or prospective investor at any time in their sole discretion.

### **Side Pockets**

The Fund in respect of the Segregated Portfolio may invest up to 30% of the Segregated Portfolio's capital in illiquid collective investment schemes, direct and indirect private equity, tokens, and other illiquid investments. While the Investment Manager expects liquidity events within the gate cycles, it can take several more years before investment can be liquidated in full or written down. Thus, there is a realistic chance that upon a full redemption, there is a part of the investment that will be illiquid for longer than the gate cycles. Following industry standard protocols, the manager will be side pocketing such exposure. Please see extended provisions in the Memorandum relating to "**Designated Investments (Side Pockets)**" under section "*SUMMARY OF TERMS*".

### **ADMINISTRATOR**

The Fund has appointed Trident Fund Services (Malta) Ltd as the administrator of the Segregated Portfolio ("**Administrator**") pursuant to the terms of the administration agreement ("**Administration Agreement**"). The summary description set out below of the Administration Agreement is subject in all respects to the terms and conditions of the Administration Agreement. The Administrator provides administrative, registrar and transfer agency services to the Segregated Portfolio. Subject to the supervision by the Directors, the Administrator carries out the day-to-day administration of the Segregated Portfolio. The Administrator does not act as a guarantor of Segregated Portfolio Shares herein described and will not be responsible for any investment advisory services to the Segregated Portfolio and therefore will not be in any way responsible for the performance of the Segregated Portfolio. The Administrator will not be responsible for monitoring any investments or compliance with the investment restrictions of the Segregated Portfolio (if any) and therefore will not be responsible for any breach thereof. The Directors meet periodically to review the services and continued appointment of the Administrator.

The Fund reserves the right to change the administration arrangements described above by agreement with the Administrator and/or, in its discretion, to appoint an alternative administrator without prior notice to Shareholders. Shareholders will be notified in due course of any change to the Administrator.

The Administration Agreement may be terminated by either party giving the other party no less than 90 calendar days' written notice before each automatic renewal and in certain circumstances may be terminated immediately as detailed in the Administration Agreement.

The Administrator may sub-delegate all its powers and duties relating to the administration services set out in the Administration Agreement to any of its affiliates, after notifying the Fund if such affiliates are also located within its jurisdiction of domicile and the Administrator shall obtain prior written approval from the Fund if such affiliates are located outside the Administrator's jurisdiction of domicile.

The Administrator shall not be liable for any loss of any nature whatsoever suffered by the Segregated Portfolio in respect of which it has been appointed in connection with the performance by the Administrator of its obligations under the Administration Agreement, except a loss resulting directly from Gross Negligence, wilful misconduct or fraud or material breach of the Administration Agreement on the part of the Administrator.

The Administrator shall not be liable to the Fund or the Investment Manager, for any suit or compensation or punitive damages that may arise as further set out in the Administration Agreement.

#### **PRIME / EXECUTION BROKER**

The Fund for and on behalf of the Segregated Portfolio has appointed Bank Julius Baer & Co. Ltd. to be its prime and execution broker ("**Prime / Execution Broker**"). The Prime / Execution Broker will carry the Segregated Portfolio's trading accounts and execute and clear investments. The Prime / Execution Broker will be responsible for holding and maintaining those portions of the Segregated Portfolio's assets, funds, investments, and other property deposited with it, execution and/or clearance of transactions for the Segregated Portfolio's accounts, record-keeping, preparation and transmittal to the Segregated Portfolio of daily confirmations of transactions and monthly statements of account, calculation of the equity balances and margin requirements for the Segregated Portfolio's accounts, and similar functions. Banks, brokers, and dealers selected on behalf of the Fund on the basis of their ability to effect prompt and efficient executions at competitive rates. Portfolio assets of the Segregated Portfolio not held by brokers and dealers will be held by a qualified bank custodian. No bank or broker holding custody of the Segregated Portfolio's assets is affiliated with the Investment Manager or any of its Principal or officers.

The Prime / Execution Broker shall be entitled to such fees and disbursements as is agreed with the Fund for and on behalf of the Segregated Portfolio from the assets of the Segregated Portfolio on their normal terms of business.

## CUSTODIAN

The Fund for and on behalf of the Segregated Portfolio has appointed Bank Julius Baer & Co. Ltd. as its custodian (“**Custodian**”) which will be responsible for the safe keeping of the Segregated Portfolio’s assets. The Custodian appointed by the Fund for and on behalf of the Segregated Portfolio shall be entitled to such fees and disbursements as is agreed with the Fund from the assets of the Segregated Portfolio on their normal terms of business.

## DIGITAL ASSET PRIME BROKER AND CUSTODIAN

The Fund for and on behalf of the Segregated Portfolio has appointed Coinbase, Inc. to be its prime broker and custodian of Digital Assets (“**Digital Asset Prime Broker and Custodian**”) pursuant to the Coinbase prime broker agreement (“**Coinbase Prime Broker Agreement**”) entered into by and between the Fund acting solely for the account of the Segregated Portfolio and Coinbase, Inc. (“**Coinbase**”), on behalf of itself and as agent for Coinbase, Coinbase Custody Trust Company, LLC (“**Coinbase Custody**”), and, as applicable, Coinbase Credit, Inc., and collectively with Coinbase and Coinbase Custody, the “**Coinbase Entities**”). Coinbase Entities will open and maintain the prime broker account for the Fund in respect of the Segregated Portfolio and provide services relating to custody, trade execution, lending or post-trade credit (if applicable), and other services as set forth in the Coinbase Prime Broker Agreement for the Segregated Portfolio’s Digital Assets.

The Digital Asset Prime Broker and Custodian shall be entitled to such fees and disbursements as is agreed with the Fund for and on behalf of the Segregated Portfolio from the assets of the Segregated Portfolio on their normal terms of business.

The Fund acting solely for the account of the Segregated Portfolio may hold minor digital assets positions on exchanges selected by the Investment Manager which are outside the Digital Asset Prime Broker and Custodian.

## SPECIFICS OF CERTAIN FEES AND EXPENSES

### **Segregated Portfolio organizational and Offering fees and expenses**

The Segregated Portfolio will pay all expenses of its operations (including, without limitation, the costs of the continuing offering of Segregated Portfolio Shares) and business, including, but not limited to, investment-related expenses (e.g., brokerage commissions, clearing and settlement charges, custodial fees, interest expenses, expenses relating to consultants, brokers or other professionals or advisors who provide research, advice or due diligence services with regard to investments, appraisal fees and expenses, and investment banking expenses); research costs and expenses (including fees for news, quotation and similar information and pricing services); legal expenses (including, without limitation, the costs of on-going legal advice and services, all costs and expenses related to or incurred in connection with the Investment Manager’s compliance obligations under applicable securities and

investment adviser laws arising out of its relationship to the Fund, as well as extraordinary legal expenses, such as those related to litigation or regulatory investigations or proceedings); the Management Fee; accounting fees and audit expenses; tax preparation expenses and any applicable tax liabilities (including transfer taxes and withholding taxes); other governmental charges or fees payable by the Fund; director and officer and/or errors and omissions liability insurance premiums or fiduciary liability insurance premiums for directors, officers and personnel of the Investment Manager; costs of printing and mailing reports and notices; and other similar expenses related to the Segregated Portfolio, as the Investment Manager determines in its sole discretion.

It is the intention of the Investment Manager that the Investment Manager may pay or reimburse the Segregated Portfolio for certain fees and expenses, as the Investment Manager determines in its sole discretion.

### **Information concerning remuneration payable to the Investment Manager**

#### **Management Fee**

Pursuant to the terms of the Investment Management Agreement, the Segregated Portfolio will pay to the Investment Manager (monthly in arrears), in respect of the Segregated Portfolio, a monthly management fee equal to one-twelfth (1/12) of

- 2% (2% per annum) for Class B Shares, and
- 1% (1% per annum) for Class A Shares,

of the Net Asset Value of the respective Class of the Segregated Portfolio (before deduction of any accrued Performance Fee for such period) as of the Valuation Date (the “**Management Fee**”).

The Segregated Portfolio may issue additional classes of Segregated Portfolio Shares with different Management Fees.

A *pro rata* portion of the Management Fee will be paid out of any initial or additional capital contributions to the Segregated Portfolio on any date that does not fall on the last Business Day of a calendar month, based on the number of days remaining in such partial month. No portion of the Management Fee will be refunded in connection with any redemption by a Shareholder from the Segregated Portfolio occurring prior to a Redemption Date.

#### **Performance Fee**

The Investment Manager of the Segregated Portfolio will also be entitled to receive a Performance Fee equal to the Performance Percentage out of the assets of the Segregated Portfolio calculated on a share-by-share basis so that each Segregated Portfolio Share is charged a Performance Fee that equates with



that Segregated Portfolio Share's performance. This method of calculation ensures that: (i) any Performance Fee paid to the Investment Manager of the Segregated Portfolio is charged only to those Segregated Portfolio Shares which have appreciated in value above the High Water Mark subject to any HWM Reset; (ii) all holders of Segregated Portfolio Shares of the same Class have the same amount of capital per Segregated Portfolio Share at risk in the Segregated Portfolio; and (iii) all Segregated Portfolio Shares of the same Class have the same Net Asset Value per Segregated Portfolio Share.

Performance Fee for each Performance Period will be subject to a "High Water Mark" provision, except that the Board in its sole may determine immediately upon the expiry of each Reset Period that the High Water Mark shall be adjusted and be reset to become the Net Asset Value per Segregated Portfolio Share (for the avoidance of doubt, before deduction for any Performance Fee due to be paid) at the end of the immediately preceding Performance Period during which such Segregated Portfolio Share was in issue (the "**Reset Value**"). If the Board determines in its sole discretion to implement a HWM Reset as referred to above then the Reset Value shall be the new High Water Mark for the purposes of determining any Performance Fees to be charged at subsequent Performance Periods thereafter during the relevant Reset Period until the Net Asset Value per Segregated Portfolio Share (for the avoidance of doubt, before deduction for any Performance Fee due to be paid) exceeds the Reset Value whereupon such excess Net Asset Value per Segregated Portfolio Share shall be the new High Water Mark.

The rate, calculation, accrual, and payment terms of any Performance Fee applicable to each Class of Segregated Portfolio Shares shall be as set forth below or as may be set out in any appendix to this Supplement in respect of a new Class of Segregated Portfolio Shares. Accordingly, the terms and payment of the Performance Fee may differ from one Class to another.

For each Performance Period, the Performance Fee in respect of each Segregated Portfolio Share will be equal to the Performance Percentage (as is defined above in section "*DEFINITIONS*") of the appreciation in the Net Asset Value per Segregated Portfolio Share of the relevant Class during that Performance Period above the High-Water Mark subject to any HWM Reset. The Performance Fee in respect of each Performance Period will be calculated by reference to the Net Asset Value per Segregated Portfolio Share before deduction for accrued Performance Fees. The Performance Fee will accrue and be calculated as at each Valuation Point.

The Performance Fee will be paid to the Investment Manager in arrears as soon as reasonably practicable after the end of each Performance Period. If Segregated Portfolio Shares are redeemed during a Performance Period, the Performance Fee will be calculated as if the relevant Redemption Point was the end of a Performance Period and an amount equal to any accrued Performance Fee in respect of such Segregated Portfolio Shares will be paid to the Investment Manager. In the event of a partial redemption, Segregated Portfolio Shares will be treated as redeemed on a first in, first out basis for the purpose of calculating the Performance Fee. The accrued Performance Fee in respect of those Segregated Portfolio Shares will be paid to the Investment Manager as soon as reasonably practicable after the relevant Redemption Point.

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

## Adjustments

If a subscriber subscribes for Segregated Portfolio Shares at a time when the Net Asset Value per Segregated Portfolio Share of the relevant Class is other than the Peak Net Asset Value per Share of that Class, certain adjustments will be made to reduce inequities that could otherwise result to the subscriber or to the Investment Manager. The **Peak Net Asset Value per Share** in respect of a Class is the greater of: (i) the price at which Segregated Portfolio Shares of that Class are issued at the close of the Initial Offer Period; and (ii) the highest Net Asset Value per Segregated Portfolio Share of that Class in effect immediately after the end of the previous Performance Period in respect of which a Performance Fee (other than a Performance Fee Redemption, as defined below) was charged.

- (a) If Segregated Portfolio Shares are subscribed for at a time when the Net Asset Value per Segregated Portfolio Share is less than the Peak Net Asset Value per Share of the relevant Class, the new Shareholder will be required to pay a Performance Fee with respect to any subsequent appreciation in the value of those Segregated Portfolio Shares. With respect to any appreciation in the value of those Segregated Portfolio Shares from the Net Asset Value per Share at the date of subscription up to the Peak Net Asset Value per Share, the Performance Fee will be charged at the end of each Performance Period by redeeming at par value such number of the Shareholder's Segregated Portfolio Shares of the relevant Class as have an aggregate Net Asset Value (after accrual for any Performance Fee) equal to the Performance Percentage of any such appreciation (a "**Performance Fee Redemption**"). An amount equal to the aggregate Net Asset Value of the Segregated Portfolio Shares so redeemed will be paid to the Investment Manager as a Performance Fee. The Fund will not be required to pay to the Shareholder the redemption proceeds of the relevant Segregated Portfolio Shares, being the aggregate par value thereof.

Performance Fee Redemptions are employed to maintain a uniform Net Asset Value per Segregated Portfolio Share of each Class. As regards the Shareholder's remaining Segregated Portfolio Shares of the relevant Class, any appreciation in the Net Asset Value per Segregated Portfolio Share of those Segregated Portfolio Shares above the Peak Net Asset Value per Share of that Class will be charged a Performance Fee in the manner described above under section "PERFORMANCE FEE".

If a Shareholder redeems Segregated Portfolio Shares during a Performance Period and an adjustment in accordance with the principles of this paragraph (a) is required in relation to such Segregated Portfolio Shares, such adjustment shall be deducted from the redemption proceeds and will be paid to the Investment Manager.

- (b) If Segregated Portfolio Shares are subscribed for at a time when the Net Asset Value per Share is greater than the Peak Net Asset Value per Share of the relevant Class, the subscriber will be required to pay into the Segregated Portfolio (similar to a reserve) an amount in excess of the then current Net Asset Value per Share of that Class equal to the Performance Percentage of the difference between the then current Net Asset Value per Share of that Class (before accrual for the Performance Fee) and the Peak Net Asset Value per Share of that Class (an “**Equalization Credit**”). At the date of subscription, the Equalization Credit will equal the Performance Fee per Segregated Portfolio Share accrued with respect to the other Segregated Portfolio Shares of the same Class (the “**Maximum Equalization Credit**”). The Equalization Credit is payable to account for the fact that the Net Asset Value per Share has been reduced to reflect an accrued Performance Fee to be borne by existing Shareholders; it serves as a credit against the Performance Fee that might otherwise be payable out of the assets of the Segregated Portfolio but that should not, in equity, be charged against the Shareholder making the subscription because, as to such Segregated Portfolio Shares, no favourable performance has yet occurred. The Equalization Credit ensures that all holders of Segregated Portfolio Shares of the same Class have the same amount of capital at risk per Segregated Portfolio Share.

The Equalization Credit will be at risk in the Segregated Portfolio and will appreciate or depreciate based on the performance of the Segregated Portfolio Shares of the relevant Class subsequent to the issue of the relevant Segregated Portfolio Shares, but the risk will never exceed the Maximum Equalization Credit. In the event of a decline as at any Valuation Point in the Net Asset Value per Segregated Portfolio Share of those Segregated Portfolio Shares, the Equalization Credit will be reduced by an amount equal to the Performance Percentage of the difference between the Net Asset Value per Segregated Portfolio Share (before accrual for the Performance Fee) at the date of issue and as at that Valuation Point. Any subsequent appreciation in the Net Asset Value per Segregated Portfolio Share of the relevant Class will result in the recapture of any reduction in the Equalization Credit but only to the extent of the previously reduced Equalization Credit up to the Maximum Equalization Credit.

At the end of each Performance Period, if the Net Asset Value per Segregated Portfolio Share (before accrual for the Performance Fee) exceeds the Peak Net Asset Value per Share of the relevant Class, that portion of the Equalization Credit equal to the Performance Percentage of the excess, multiplied by the number of Segregated Portfolio Shares of the relevant Class subscribed for by the Shareholder, will be applied to subscribe for additional Segregated Portfolio Shares of the relevant Class for the Shareholder. Additional Segregated Portfolio Shares of the relevant Class will continue to be so subscribed for at the end of each Performance Period until the Equalization Credit, as it may have appreciated or depreciated in the Segregated Portfolio after the original subscription for Segregated Portfolio Shares was made, has been fully applied.

If the Shareholder redeems Segregated Portfolio Shares before the Equalization Credit (as adjusted for depreciation and appreciation as described above) has been fully applied, the Shareholder will receive additional redemption proceeds equal to the Equalization Credit then remaining multiplied by a

fraction, the numerator of which is the number of Segregated Portfolio Shares of the relevant Class being redeemed and the denominator of which is the number of Segregated Portfolio Shares of that Class held by the Shareholder immediately prior to the redemption in respect of which an Equalization Credit was paid on subscription.

Any reduction of the Management Fee or Performance Fee, or both, may be affected by capitalizing an amount equal to the amount of that reduction or rebate and applying that amount to pay up further Segregated Portfolio Shares of the relevant Class issued to that Shareholder.

The Investment Manager may, with agreement from the Board, reduce or waive the Management Fee and/or the Performance Fee with respect to Shareholders as it may determine, and the Directors may declare separate Classes of Segregated Portfolio Shares for such purpose.

#### **Information concerning remuneration payable to the Administrator**

The Segregated Portfolio will pay to the Administrator an administration fee as detailed in the Administration Agreement.

The Administrator will charge a standard one-off implementation fee for on-boarding due diligence and review of constitutional documents. The Administrator will also provide fund and portfolio accounting services for a fee calculated as a percentage of assets under administration subject to a minimum fixed fee per month. The Administrator will process investor subscription, redemption, distribution, share transfer transactions and perform investor AML checks at a fixed fee per investor per transaction.

#### **FATCA/CRS services**

*Registration fee:* The Administrator will charge a standard fixed fee per GIIN application.

*On-going annual fee:* The Administrator will charge a fixed annual fee and a fixed fee per investor based on investors number per annum to maintain up to date information on existing and new investors under CRS and US FATCA, prepare the US and CRS XML reporting schemas and submit the reports to the relevant local tax authority based on account information as at the 31st December of each year and to act as the representative of the Fund in respect of the Segregated Portfolio for FATCA/CRS matters.

Additional fees may apply occasionally for time spent by the Administrator on intermittent issues such as legal and regulatory matters which will be agreed mutually before commencing such work.

In addition, additional agency and processing fees in the amounts set out in the Administration Agreement are payable to the Administrator and the Administrator is also entitled to be reimbursed for all out-of-pocket expenses properly incurred by it in its performance of its duties.

### **Information concerning remuneration payable to the Prime / Execution Broker**

Subject to and in accordance with a brokerage service agreement with the Fund on behalf of the Segregated Portfolio, the Prime / Execution Broker will receive a service fee in respect of the Segregated Portfolio, at commercial rates agreed with the Fund. In addition, the Prime / Execution Broker is entitled to recover out-of-pocket expenses.

### **Information concerning remuneration payable to the Custodian**

Subject to and in accordance with the custody agreement with the Fund in respect of the Segregated Portfolio, the Custodian will receive a service fee in respect of the Segregated Portfolio, at commercial rates agreed with the Fund. In addition, the Custodian is entitled to recover out-of-pocket expenses.

### **Information concerning remuneration payable to the Digital Asset Prime Broker and Custodian**

Subject to and in accordance with the Coinbase Prime Broker Agreement with the Fund in respect of the Segregated Portfolio, the Digital Asset Prime Broker and Custodian will receive a service fee in respect of the Segregated Portfolio, at commercial rates agreed with the Fund. In addition, the Digital Asset Prime Broker and Custodian is entitled to recover out-of-pocket expenses.

### **General Expenses**

The Segregated Portfolio will bear the costs and expenses of all transactions carried out by it or on its behalf and the administration of the Segregated Portfolio, including (a) the charges and expenses of legal advisers and auditors, (b) brokers' commissions (if any), borrowing charges on securities sold short and any issue or transfer taxes chargeable in connection with any securities transactions, (c) all taxes, regulatory and corporate fees payable to governments or agencies, (d) Directors' fees (if any) and expenses, (e) interest on borrowings, including borrowings from any prime broker and custodian, (f) fees and expenses incurred by the Investment Manager in connection with the provision of their respective services including, but not limited to, IT costs, data, project and portfolio management infrastructure, research related expenses and reasonable travel and accommodation costs, (g) communication expenses with respect to investor services and all expenses of meetings of Shareholders and of preparing, printing and distributing financial and other reports, proxy forms, placement memoranda and similar documents, (h) the cost of insurance (if any) for the benefit of the Directors, (i) fees and expenses of any sub-custodian appointed in respect of the Segregated Portfolio, (j) litigation and indemnification expenses and extraordinary expenses not incurred in the ordinary course of business and (k) all other organisational and operating expenses.

The costs and expenses in connection with the establishment of the Segregated Portfolio and the offering of its Segregated Portfolio Shares (including but not limited to organizational expenses of the Segregated Portfolio and the costs incurred in connection with the initial issuance of Segregated Portfolio Shares, including legal and accounting fees, document production and printing costs,

regulatory and other filing fees, and other related expenses) (“**Organizational Expenses**”) are paid by the Segregated Portfolio. Each Shareholder will pay its proportionate share of the Segregated Portfolio’s Organizational Expenses and will also indirectly pay the establishment/organizational costs of the Fund. For the purpose of calculating the Net Asset Value for subscription and redemption purposes, the Directors have decided to amortise the Organizational Expenses over a period of up to sixty (60) months.

#### **RIGHTS AND RESTRICTIONS OF SEGREGATED PORTFOLIO SHARES**

The Articles provides that the Segregated Portfolio Shares shall have the following rights and restrictions:

- (i) The holders of Segregated Portfolio Shares shall not be entitled to receive notice of and attend and vote at any general meeting of the Fund.
- (ii) The Segregated Portfolio Shares are redeemable in accordance with the terms of this Supplement and the Articles.
- (iii) On a winding up or other return of capital, the holders of the Segregated Portfolio Shares are entitled, in priority to the Management Shares, to the return of the capital paid up thereon and the surplus assets of the Segregated Portfolio attributable to each Class of Segregated Portfolio Shares will be distributed among the holders of Segregated Portfolio Shares of that Class according to the number of such Shares held by each holder.
- (iv) Payment of any dividends is presently not anticipated. However, subject to the Companies Act, the restrictions contained in the Memorandum and at the absolute discretion of the Directors, a Dividend may be declared and paid to the holders of any Segregated Portfolio Shares out of the profits of the Fund which relate to the Segregated Portfolio or out of any other account of the Fund (including, to the extent permitted by the Companies Act, from the share premium account) which relates to the Segregated Portfolio, but for the avoidance of doubt, no Dividend may be declared and paid to the holders of Segregated Portfolio Shares out of the profits of the Fund which relate to another segregated portfolio or out the general assets of the Fund or out of any other account (including, to the extent permitted by the Companies Act, from the share premium account) which relates to another segregated portfolio.
- (v) The assets and liabilities of the Fund held within or on behalf of any one segregated portfolio shall be segregated from the assets and liabilities of the Fund held within or on behalf of any other segregated portfolio or from the assets and liabilities of the Fund not held within any segregated portfolio. All profits of the Fund and any share premium or other account, which relate to a particular segregated portfolio shall be held on behalf of that segregated portfolio and may only be used for the purposes of that segregated

portfolio. All fees, costs and expenses of the Fund which relate to a particular segregated portfolio shall be discharged out of the assets of that segregated portfolio and may not be discharged out of other assets of the Fund, whether held on behalf of another segregated portfolio or otherwise.

- (vi) Subject to the provisions of and the restrictions contained in the Companies Act, the Segregated Portfolio Shares may be redeemed either out of profits or out of capital of the Fund which relate to the Segregated Portfolio or, in the case of any premium payable on the redemption, out of the share premium account relating to the Segregated Portfolio and for the avoidance of doubt, neither the profits nor the capital of the Fund nor any share premium account which does not relate to the Segregated Portfolio may be used to redeem the Segregated Portfolio Shares of the Segregated Portfolio.

#### **MODIFICATION OF RIGHTS OF SEGREGATED PORTFOLIO SHAREHOLDERS**

Whenever the capital of the Segregated Portfolio is divided into different Classes, the special rights attached to any such Class may (unless otherwise provided by the terms of issue of that Class of Segregated Portfolio Shares) only be materially adversely varied or abrogated either whilst the Fund is a going concern or during or in contemplation of a winding up, with the consent in writing of the holders of a three-fourths majority of the issued Segregated Portfolio Shares of the relevant Class or with the sanction of a resolution passed at a separate meeting of the holders of that Class of Segregated Portfolio Shares by a three-fourths majority of the votes cast at such a meeting, but not otherwise. To every such separate meeting all the provisions of the Articles relating to general meetings of the Fund or to the proceedings thereat shall, *mutatis mutandis*, apply except that the necessary quorum shall be two or more persons at least holding or representing by proxy three-fourths of the issued Segregated Portfolio Shares of such Class and that every Shareholder of such Class shall on a poll have one vote for each Segregated Portfolio Share held by him within that Class. For such purposes, the Directors may treat all the Classes of Segregated Portfolio Shares or any two or more Classes of Segregated Portfolio Shares as forming one if they consider that all such Classes would be affected in the same way by the proposals under consideration but in any other case shall treat them as separate Classes.

The rights conferred upon the holders of the Segregated Portfolio Shares of any Class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the Segregated Portfolio Shares of that Class, be deemed materially adversely varied or abrogated by, inter alia, the creation, allotment or issue of further Segregated Portfolio Shares ranking *pari passu* with or subsequent to them, the redemption or repurchase of any Segregated Portfolio Shares or any modification of the fees payable to any service provider to the Fund.

## REDEMPTION AND TRANSFER OF SEGREGATED PORTFOLIO SHARES

Investors will be encouraged to commit funds for the long term. Nonetheless, Segregated Portfolio Shares of each Class issued through the account of the Segregated Portfolio may be redeemed as of each Redemption Date. Requests for redemptions of all or part of a holding of Segregated Portfolio Shares must be received in writing by means of a fully completed and executed redemption request form by email to the Administrator by 4:30 pm Malta time not less than thirty (30) calendar days (or such lesser period as the Directors in consultation with the Investment Manager may generally or in any particular case determine) prior to the relevant Redemption Date. The Directors may waive the requirements specified above, either generally or in any particular case, but in any case, the fully completed and executed redemption request form by email must be received by the Administrator no later than 4:30 pm Malta time on the last Business Day before the applicable Redemption Date. Requests for redemptions received after that time will be held over until the next following Redemption Date, and the Segregated Portfolio Shares will be redeemed at the relevant Redemption Price applicable on that next Redemption Date. Redemption proceeds will not be paid, however, until such time as the Administrator has received an original signed redemption request, the finalization of the relevant Net Asset Value of the Segregated Portfolio and receipt of all applicable documentation to verify the identity of the proposed recipient of the proceeds.

In the event of a partial redemption, a Shareholder shall maintain a minimum investment balance, after giving effect to the redemption, of not less than US\$100,000. The Directors, in their sole discretion, may waive this minimum investment balance.

Payments for redemptions are generally made within ten (10) calendar days of the effective Redemption Date subject to the finalization of the relevant Net Asset Value of the Segregated Portfolio and receipt of all applicable documentation to verify the identity of the proposed recipient of the proceeds. However, in the event a holder of Segregated Portfolio Shares redeems 90% or more of the Net Asset Value of the Segregated Portfolio Shares (or if a redemption, when combined by all other redemption affected by such Shareholder within one financial year, would result in such Shareholder having redeemed 90% or more of the Net Asset Value of their Segregated Portfolio Shares during such period) either voluntarily or mandatorily, as discussed below in the section headed "*COMPULSORY REDEMPTION AND TRANSFER*", the Shareholder will be obligated to refund (within fifteen (15) days of demand) any overpayment in redemption proceeds paid to the Shareholder that may be determined by the Directors, after the Fund's annual audit for the year in which the redemption was made, after taking account of any adjustment made to the relevant Redemption Price as a result of such audit.

Payment will be made in the Base Currency (or, with the approval of the Directors, in another currency requested by the Shareholder) by direct transfer to an account in the name of the Shareholder from which the subscription proceeds originated, or with the approval of the Directors, to another account in the name of the Shareholder, provided that the Shareholder is able to produce reasonable justification and evidence on why the originating bank account is no longer operative (e.g. proof of closure of the



bank account), always at the risk and cost of the Shareholder. No redemption proceeds will be paid to a third party. No interest will be paid by the Segregated Portfolio in respect of redemption proceeds. Any amounts paid in a currency other than the Base Currency, will be converted at the rate of exchange available to the Fund and the cost of conversion will be deducted from the redemption proceeds.

Where redemption requests are received for the redemption of Segregated Portfolio Shares which represent, in aggregate, more than 20% of the Net Asset Value of the Segregated Portfolio or any higher percentage as the Directors of the Fund determine, the Fund in respect of the Segregated Portfolio may reduce the requests rateably and pro rata among all Shareholders seeking to redeem Segregated Portfolio Shares on the relevant Redemption Date and to carry out only sufficient redemptions which, in aggregate, amount to 20% of the Net Asset Value of the Segregated Portfolio (“**Redemption Gate**”) (or any higher percentage of the Net Asset Value of the Segregated Portfolio as the Directors of the Fund determine). Redemption requests which are not fulfilled but which would otherwise have been redeemed will be redeemed on the next Redemption Date (subject to further deferral if the deferred requests themselves exceed the Redemption Gate of the Segregated Portfolio or any higher percentage of the Net Asset Value of the Segregated Portfolio as the Directors determine) in priority to any other Segregated Portfolio Shares for which redemption requests have been received. Segregated Portfolio Shares will be redeemed at the Redemption Price prevailing on the Redemption Date on which they are redeemed.

In certain circumstances stated in this Supplement, the Directors, in their sole and absolute discretion, may suspend the valuation of the Segregated Portfolio’s assets, and/or the right or obligation to honour redemption requests (including the right to receive redemption proceeds), and/or extend the period for payment on redemption. The Directors have also reserved the right, in their sole discretion and without notice, to require any Shareholder of the Segregated Portfolio to redeem entirely from the Segregated Portfolio, for any reason or no reason.

The Directors may establish reserves for expenses, liabilities or contingencies which could reduce the amount of a distribution upon redemption.

At the discretion of the Investment Manager, any redemption by a Shareholder of the Segregated Portfolio may be subject to a charge, as the Investment Manager may reasonably require, in order to defray the costs and expenses of the Segregated Portfolio in connection with such redemption including, without limitation, any charges or fees imposed by any Segregated Portfolio’s investment in connection with a corresponding withdrawal or redemption by the Segregated Portfolio from such investment or any other costs associated with the sale of any of the Segregated Portfolio’s investments.

The price per share at which Segregated Portfolio Shares will be redeemed (the “**Redemption Price**”) will be the prevailing Net Asset Value per Segregated Portfolio Share for the relevant Class of Segregated Portfolio Shares, less any accrued Performance Fee, determined as of the close of business on the relevant Valuation Date. Redemptions will be accounted for on a first in, first out basis with respect to

each individual Shareholder's investments, in the event that a Shareholder has more than one investment.

Distributions in-kind and redemptions in-kind wholly or in part of securities (e.g., shares, stocks, bonds, and swaps but not digital assets) to any Shareholder in the Segregated Portfolio are not permitted by the Directors of the Fund for the account of the Segregated Portfolio unless a separate arrangement is agreed between the Fund for and on behalf of the Segregated Portfolio and the relevant Shareholder. No Shareholder shall have the right to require distributions in property other than cash. Distributions in-kind and redemptions in-kind in the form of digital assets are not permitted under any circumstances.

No redemption form, and/or any other communication or instructions sent by the Shareholder to the Administrator will be deemed to have been received by the Administrator unless receipt is acknowledged in writing by the Administrator. Exceptions are made where the delivery of the communication has been acknowledged by a signed receipt.

Circumstances where payment of redemption proceeds may be restricted.

The Fund in respect of the Segregated Portfolio may refuse to pay redemption proceeds to a Shareholder if:

- a. any of the Directors, the Investment Manager, the Administrator suspects or is advised that the payment of any redemption proceeds to such Shareholder may result in a breach or violation of an applicable anti-money laundering or other law or regulation by any person in any relevant jurisdiction; or
- b. such refusal is considered necessary or appropriate to ensure the compliance by the Fund, its Directors, the Investment Manager, the Administrator with any of those laws or regulations in any relevant jurisdiction.

Payment of redemption proceeds to a Shareholder will not be paid until receipt of any outstanding information or documentation requested in connection with anti-money laundering requirements or similar matters. None of the Directors, the Fund, the Investment Manager, nor the Administrator accept any responsibility for any loss arising as a result of any delay in payment of any redemption proceeds if such information and documentation as has been requested by the Fund and/or the Administrator has not been provided by the Shareholder.

Once a redemption request has been received by the Administrator, it may not be revoked by the Shareholder unless redemptions have been suspended in the circumstances set out in "SUSPENSION OF DETERMINATION OF NET ASSET VALUE, SUBSCRIPTIONS AND REDEMPTIONS" below or the Directors otherwise agree.

## SUSPENSION OF DETERMINATION OF NET ASSET VALUE, SUBSCRIPTIONS AND REDEMPTIONS

The Directors of the Fund acting solely for the account of the Segregated Portfolio may declare a suspension of (a) the determination of Net Asset Value of the Segregated Portfolio, and/or (b) the subscription for, or the purchase, of Segregated Portfolio Shares, and/or (c) the redemption of Segregated Portfolio Shares, and/or (d) the payment of proceeds, for the whole or any part of any period in which, in the opinion of the Board of Directors, it is not reasonably practicable to value a significant portion of the investments of the Segregated Portfolio for any of the following reasons:

- (i) during any period in which any exchange (including any crypto exchange), market or clearing organization (including a bank or other foreign currency carrying broker) on or with which the Segregated Portfolio trades a significant portion of its assets is closed otherwise than for ordinary holidays or in which dealings thereon or therewith are for any reason restricted or suspended;
- (ii) the Segregated Portfolio has been unable to find banks that are willing to provide it with bank accounts and/or banking services or have had its existing bank accounts closed or operations suspended by its banks;
- (iii) during the existence of any state of affairs which in the opinion of the Directors constitutes an emergency as a result of which receivership or liquidation by the Segregated Portfolio of its investment positions is not reasonably practicable or would be seriously prejudicial to the Fund or the Segregated Portfolio and its Segregated Portfolio Shareholders;
- (iv) during any breakdown in the means of communication normally employed in determining the price or value of a significant portion of the Fund's or the Segregated Portfolio's investments, or of current prices on any exchange (including any crypto exchange), market or clearing organization, or if for any other reason, the prices, or value of a significant portion of the Fund's or the Segregated Portfolio's investments cannot reasonably be promptly and accurately ascertained;
- (v) during any period in which any of the underlying portfolio investments of the Segregated Portfolio have suspended valuation, redemptions and/or delayed the reporting of its performance information;
- (vi) during such times where one or more regulatory authorities in any of the United States, China, Russia or in the European Union take regulatory action(s) that severely restrict the right to acquire, own, hold, sell, or use one or more crypto-currencies, tokens, or other digital asset or to exchange crypto-currencies for fiat currency;
- (vii) during any period in which the trading in a significant portion of investments owned by the Segregated Portfolio is halted by any exchange, nation, market or clearing organization or any

other act or event (e.g., global financial crisis, epidemic, pandemic, or war) occurs which would make it difficult or impossible to adequately value the assets of the Segregated Portfolio;

(viii) during any period in which the transfer of funds involved in the realization or acquisition of a significant portion of investments cannot, in the judgment of the Directors, be effected at normal rates of exchange; or

(ix) during any of the circumstances stated in the Memorandum as entitling the Directors of the Fund to declare a suspension.

The Directors shall also mail a notice of the suspension to each Shareholder of the Segregated Portfolio. Where possible, all reasonable steps will be taken to bring any period of suspension to an end as soon as possible.

#### **DETERMINATION OF NET ASSET VALUE**

The Net Asset Value of the Segregated Portfolio, including each Class is equivalent to the Segregated Portfolio's gross assets less its gross liabilities as at the Valuation Date in accordance with the policies stated in the Articles and herein, specifying the policies utilized when valuing the assets and securities of the Fund in respect of the Segregated Portfolio. The Net Asset Value per Segregated Portfolio Share of within any Class is determined by the Net Asset Value of the relevant Class divided by the number of Segregated Portfolio Shares in issue or deemed to be in issue.

The Net Asset Value of the Segregated Portfolio's assets will be determined in accordance with the Articles and, in good faith, with the following valuation principles:

- (a) any security which is listed or quoted on any securities exchange, crypto exchange, or similar electronic system and regularly traded thereon will be valued at the closing price (save when no closing price is available, that investment is valued at the last traded price), as at the relevant Valuation Date, and as adjusted in such manner as the Directors, in their sole discretion, think fit, having regard to the size of the holding. When prices are available on more than one exchange or system for a particular security the price will be the closing price on the exchange which constitutes the main market for such security;
- (b) any security which is not listed or quoted on any securities exchange, crypto exchange, or similar electronic system or if, being so listed or quoted, is not regularly traded thereon or in respect of which no prices as described above are available will be valued at its probable realisation value as at the Valuation Point, as determined by the Directors having regard to its cost price, the price at which any recent transaction in the security may have been effected, the size of the holding having regard to the total amount of such security in issue, and such other factors as the Directors deem relevant in considering a positive or negative adjustment to the valuation;

- (c) investments, other than securities, which are dealt in or traded through a clearing firm or an exchange or through a financial institution will be valued as at the Valuation Point by reference to the most recent official settlement price quoted by that clearing house, exchange, or financial institution. If there is no such price, then the average will be taken between the lowest offer price and the highest bid price as at the Valuation Point on any market on which such investments are or can be dealt in or traded, provided that where such investments are dealt in or traded on more than one market, the Directors may determine which market shall prevail;
- (d) investments, other than securities, including over-the-counter derivative contracts, which are not dealt in or traded through a clearing firm or an exchange or through a financial institution will be valued by reference to the valuation obtained from an independent pricing source, but where no such valuation is available for a particular investment, the investment will be valued by comparing the latest available valuation provided by the relevant counterparty against the valuation provided by such other counterparties as the Directors deem appropriate. In the event that the valuations provided respectively by the relevant counterparty and the other counterparties differ to an extent that the Directors consider to be material, the investment shall be valued on the basis of the average of all of the valuations but otherwise will be valued on the basis of the valuation provided by the relevant counterparty;
- (e) deposits will be valued at their cost-plus accrued interest; and
- (f) any value (whether of a security or cash) otherwise than in Base Currency will be converted into the Base Currency at the rate (whether official or otherwise) which the Fund deems appropriate to the circumstances having regard, inter alia, to any premium or discount which it considers may be relevant and to costs of exchange.

For purposes of these guidelines, last and bid and ask prices reported in newspapers of general circulation, or in electronic quotation systems or in standard financial periodicals or in the records of securities exchanges or other markets, any one or more of which may be selected by the Directors or the Investment Manager, shall be accepted as evidence of the price of a security.

A security purchased, and awaiting payment against delivery, shall be included for valuation purposes as a security held, and the cash account shall be adjusted by the deduction of the purchase price, including brokers' commissions or other expenses of the purchase. A security sold but not delivered pending receipt of proceeds shall be valued at the net sales price.

Net Asset Value will include any unrealized profit or loss on open positions and any other credit or debit accruing to the Fund but unpaid or not received by the Fund. Interest earned on the Fund's brokerage account, if any, will be accrued at least monthly. The amount of any dividend declared by the Fund or the Fund, and of any redemption proceeds due but not yet paid, will be treated as a liability from the day when the distribution is declared, or the related redemption is effective, as applicable, until it is paid.

The Directors or the Investment Manager may make adjustments to the value of securities to best reflect their fair market value. All matters concerning the valuation of securities, the allocation of profits, gains, and losses among the Shareholders, and accounting procedures not specifically and expressly provided for by the Memorandum and the Articles or the Investment Management Agreement, shall be determined by the Directors or the Investment Manager and shall be final and conclusive as to all of the Shareholders.

To the extent that the Fund invests in and trades securities for its own account, all securities held by the Fund shall be valued in accordance with the foregoing valuation guidelines.

The value of the securities held by the Segregated Portfolio will be calculated in accordance with IFRS.

Notwithstanding the foregoing, if the Directors should determine, after consulting with the Investment Manager, that special circumstances exist whereby the value of any asset or liability of the Segregated Portfolio should be determined in a manner other than as set forth herein, the value of such asset or liability will be the value assigned by the Investment Manager in good faith. In all events, the value of such asset or liability determined by the Investment Manager will, except in cases of manifest error or fraud, be conclusive and binding on all of the Shareholders and all parties claiming through or under them.

Prospective investors should be aware that situations involving uncertainties as to the valuation of portfolio positions could have an adverse effect on the Net Asset Value if judgments regarding appropriate valuations should prove incorrect. Absent bad faith or manifest error, the Net Asset Value determinations by the Directors or the Investment Manager are conclusive and binding on all Shareholders.

All accrued debts and liabilities will be included in the value of the assets of the Segregated Portfolio in determining the Segregated Portfolio's Net Asset Value. These debts and liabilities include (a) fees due to the Investment Manager that are earned but not yet paid (b) monthly amortisation of Organizational Expenses (c) any allowance for the Segregated Portfolio's estimated annual audit and legal fees and other estimated deferred operating expenses, and (d) any contingencies for which reserves are determined to be required.

Net Asset Valuations attributable to a particular Class of Segregated Portfolio Shares will be determined by the Directors or the Investment Manager in accordance with the foregoing and based on information provided by the Investment Manager regarding any waivers of fees granted to the Shareholders of a particular Class of Segregated Portfolio Shares, as the case may be.

Net Asset Valuations of the Segregated Portfolio Shares are expressed in U.S. Dollars and any items denominated in other currencies are translated at prevailing exchange rates as determined by the relevant prime broker, carrying bank, or other dealing counterparty. Especially in the case of any future Class of Segregated Portfolio Shares which may be issued, subscribed, and denominated in currencies

other than the U.S. Dollar, the prospective Shareholder should note that the procedure which the Fund uses to convert and/or hedge the principal of such Class into U.S. Dollars may cause variations in the relative returns of the Segregated Portfolio Shares.

The Segregated Portfolio's Base Currency – the currency in which the Segregated Portfolio maintains its books and records and its financial statements – is the U.S. Dollar. The Fund may, in respect of the Segregated Portfolio, undertake to hedge the subscription proceeds of non-U.S. Dollar denominated Classes of Segregated Portfolio Shares against the Base Currency, and will generally readjust such hedges as adjustments to the Net Asset Value of such Segregated Portfolio Shares are reported. However, such procedures will not result in a complete elimination of the risk of currency fluctuations, and neither the Fund nor the Investment Manager make any guarantee against any level of currency-related losses. The net returns of non-U.S. Dollar denominated Classes of Segregated Portfolio Shares will differ from one another.

The Redemption Price payable for Segregated Portfolio Shares, and the calculation of fees due to the Investment Manager, will be based upon the Net Asset Value per Segregated Portfolio Share within any Class of Segregated Portfolio Shares.

The Net Asset Value per Segregated Portfolio Share within any Class is determined by the Net Asset Value the relevant Class divided by the number of Segregated Portfolio Shares in issue or deemed to be in issue rounded to six (6) decimal places.

The Net Asset Value of the Segregated Portfolio's assets will be determined in accordance with the terms set out in this Supplement, the Articles, and the Memorandum in good faith.

#### **COMPULSORY REDEMPTION AND TRANSFER**

The Directors have the right to require the compulsory transfer or compulsory redemption of some or all Segregated Portfolio Shares held by a Shareholder in the Segregated Portfolio (i) if in the sole and conclusive opinion of the Directors such ownership gives rise to a breach of any law or regulation in any jurisdiction applicable to the Fund; or (ii) if, in the opinion of the Directors, such ownership could result in adverse tax, legal or regulatory consequences to the Fund or to the Segregated Portfolio or its Shareholders; or (iii) if such ownership, in the opinion of the Directors, may be harmful or injurious to the business of the Fund or the Segregated Portfolio; or (iv) if such ownership in the opinion of the Directors, may cause the Fund or the Segregated Portfolio to be required to comply with any law, regulation, registration or filing requirements in any jurisdiction with which it would not otherwise be required to comply, or (v) for any other reason at the discretion of the Directors. Until such required transfer or redemption is affected, the holder of such Segregated Portfolio Shares shall not be entitled to any rights or privileges attaching to such Segregated Portfolio Shares. Compulsory redemptions will be made at the Net Asset Value per Segregated Portfolio Share on the next Redemption Date following

the issuance of a notice of redemption to the Shareholder. The period of notice shall be five (5) Business Days, or such other period as determined by the Board of Directors in its absolute discretion.

### **TRANSFER OF SEGREGATED PORTFOLIO SHARES**

The Fund will generally not approve a transfer of Segregated Portfolio Shares to or for the benefit of any person that is not an Eligible Investor. Segregated Portfolio Shares may be subject to transfer restrictions where the holding of such Segregated Portfolio Shares may result in the regulatory, legal, pecuniary, taxation or material administrative disadvantage for any of the Fund, the Segregated Portfolio, or its Shareholders as a whole, or for any other reason in the discretion of the Directors. The Directors may refuse to record any transfer of Segregated Portfolio Shares if in good faith they deem such refusal necessary in order to avoid any liability to the Fund.

### **INFORMATION TO SHAREHOLDERS**

The Fund's books of account will be audited as at each Financial Year End by a firm of certified public accountants selected by the Directors. Books of account will generally be kept by the Fund, in accordance with IFRS. The Directors will furnish audited financial statements to all Shareholders within 180 days, or as soon thereafter as is reasonably practicable, following the conclusion of each Financial Year End, although the Investment Manager may elect to postpone the first audit of the Fund's annual financial statements until the completion of the Fund's first full Financial Year, in which case the initial audit will cover the applicable Financial Year as well as the partial "stub" year in which the Fund commenced operation.

All Shareholders in the Segregated Portfolio will also receive unaudited reports of Fund activity on a quarterly basis (including all gains and losses in Segregated Portfolio Shares and the Net Asset Value of such Segregated Portfolio Shares in issue) and such other information as the Directors determine. The Directors will not be required to provide information with regard to specific investment transactions of the Segregated Portfolio.

The amount of information available to Investors is limited. The general nature of the strategies employed by the Investment Manager, and the specific details of the execution of such strategies will not be disclosable to Investors. The Fund acting solely for the account of the Segregated Portfolio will not be obligated nor will it be inclined to disclose arrangements, agreements or information relating to third parties (including, but not limited to, any agreements, arrangements, or payments made by the Investment Manager to third parties e.g., finder's fees, commissions, and retrocessions) other than the information if disclosed in the audited financial statements of the Fund.



## CERTAIN RISK FACTORS

IN ADDITION TO THE RISK FACTORS STATED IN THE MEMORANDUM, INVESTORS SHOULD ALSO BE AWARE OF THE FOLLOWING RISK FACTORS, SOME OF WHICH ARE IN RESPECT OF THE SEGREGATED PORTFOLIO INVESTING IN DIGITAL ASSETS.

### Regulatory risks

Developing regulatory regimes. New or changing laws and regulations or interpretations of existing laws and regulations may adversely impact the Fund's ability to earn returns on investments, the liquidity and market price of its investments, the Fund's ability to operate as an ongoing concern and the structure, rights, and transferability of digital assets in which the Segregated Portfolio has invested. Therefore, there can be no assurance that any new or continuing regulatory scrutiny or initiatives will not have an adverse impact on the value of the Segregated Portfolio's investments.

The Fund (acting solely for the Segregated Portfolio) regularly rely on exemptions from various requirements, such as the U.S. Securities Act (1933) as amended, the Securities and Exchange Act of 1934, as amended (the "*Exchange Act*"), the Investment Company Act of 1940, as amended (the "*Investment Company Act*"), and other applicable laws in various jurisdictions, in conducting the Offering and its business. These exemptions are sometimes highly complex and may in certain circumstances depend on compliance by third parties whom they do not control. If for any reason these exemptions were to become unavailable to the Fund, the Fund could become subject to regulatory action or third-party claims and its business could be materially and adversely affected. These regulations, if they become applicable to the Fund, could limit the Fund's activities, and impose burdensome compliance requirements.

Developments in regulations may alter the nature of the Fund's business or restrict the use of blockchain assets or the operation of a blockchain network upon which it relies in a manner that adversely affects its business.

Regulation of tokens, cryptocurrencies (including Bitcoin and Ethereum), blockchain technologies, and cryptocurrency exchanges are currently undeveloped and likely to rapidly evolve, and vary significantly among non-U.S. or U.S. federal, state and local jurisdictions and are subject to significant uncertainty. Some of the companies in which the Segregated Portfolio invests may operate in highly regulated industries. Various legislative and executive bodies in the United States, China, Cayman Islands and in other countries are currently considering, or may in the future consider, laws, regulations, guidance, or other actions, which may severely impact the Segregated Portfolio's ability to invest. Failure by the Investment Manager or the Segregated Portfolio to comply with any laws, rules, and regulations, some of which may not exist yet or are subject to interpretation and may be subject to change, could result in a variety of adverse consequences, including civil penalties and fines.

As blockchain networks and blockchain assets have grown in popularity and in market size, non-U.S. and U.S. federal and state agencies have begun to take interest in, and in some cases regulate, their use and operation. In the case of virtual currencies, in the United States state regulators like the New York Department of Financial Services have created new regulatory frameworks. Other U.S. states, such as Texas, have published guidance on how their existing regulatory regimes apply to virtual currencies. Some U.S. states, such as New Hampshire and North Carolina, have amended their state's statutes to include virtual currencies into existing licensing regimes. Treatment of virtual currencies continues to evolve under U.S. federal law as well. Both the Department of the Treasury and the Commodity Futures Trading Commission, for example, have published guidance on the treatment of virtual currencies like Bitcoin. The U.S. Internal Revenue Service released guidance on treating Ethereum as property that is not currency for U.S. federal income tax purposes. Both federal and state agencies have instituted enforcement actions against those violating their interpretation of existing laws.

For example, in the U.S., the Commodity Futures Trading Commission has publicly taken the position that certain blockchain assets are commodities, and the U.S. Securities and Exchange Commission has taken the position that certain blockchain assets are securities. To the extent that a government or quasi-governmental agency exerts regulatory authority over a blockchain network or asset, upon which the Fund's business relies, its businesses and your investment in the Segregated Portfolio may be adversely affected.

Developments in securities and corporate laws may alter the nature of the Fund's businesses or restrict the use of blockchain assets or the operation of a blockchain network upon which they rely, in a manner that adversely affects the business of the Fund.

Because of the differences between certain digital assets and traditional investment securities, there is a risk that issues that might easily be resolved by existing law if traditional securities were involved may not be easily resolved for digital assets. For example, there is little precedent on how existing law might treat the issue, fungibility, settlement finality, transfer, collateralization, sequestration, loan, hypothecation, redemption, or other disposition of certain digital assets (e.g., tokens). There is also little precedent on how existing law might treat the rights and obligations between and among the issuer of such tokens and subscribers for such tokens (e.g., the Segregated Portfolio). The occurrence of any related issue or dispute could have a material adverse effect on the Segregated Portfolio's business. New developments in the law may also adversely affect the treatment of digital assets generally or the Fund's business.

### **Fund risks**

The Fund is a new entity with no operating history. The Fund has not yet commenced operations. The Fund is subject to all of the business risks and uncertainties associated with any new business, including the risk that the Fund will not achieve its investment objectives and that the value of each

investor's investment could decline substantially. The sole initial asset of the Segregated Portfolio will be the gross proceeds from this Offering, less upfront expenses relating to this Offering.

The Fund will invest in cryptocurrencies. As a general matter, the rate at which fiat currency can be exchanged into cryptocurrency is extremely volatile. Given that they are relatively new forms of currency based on new technology, and given their price volatility, cryptocurrencies such as Bitcoin, Ethereum, and their respective networks are not widely accepted or utilized, and cryptocurrencies of all types are generally not accepted as a means of payment for goods and services by retail and commercial outlets. Banks and other established financial institutions may refuse to process funds for cryptocurrency transactions, process wire transfers from cryptocurrency exchanges, or maintain accounts for persons or entities transacting in cryptocurrencies. A lack of expansion by Bitcoin or Ethereum into retail and commercial markets may result in further increased volatility or a reduction in value which could adversely impact an investment by the Segregated Portfolio. Volatility in the values of Bitcoin, Ethereum, and other cryptocurrencies can be significant, and a decrease in the value on these cryptocurrencies could indirectly have a material and adverse effect on the value of the investments of the Segregated Portfolio.

The fundamental value of Bitcoin and other cryptocurrencies is sensitive to subjective perception. The value of a cryptocurrency could be based on its ease of use, the energy used to mine it, what it can be used to purchase, or its revolutionary technology, but there is no underlying value or an institution supporting its value. This results in price volatility, which encourages speculative behaviour. Speculative subscribers may hold the cryptocurrency instead of spending it, which makes the currency illiquid. Furthermore, any particular cryptocurrency may become worthless, which could result in an adverse effect to the Segregated Portfolio's business.

Implementation of the Investment Manager's investment strategy. Although the Investment Manager currently intend to pursue the investment strategy as set forth in this Supplement, it may change any aspect of its strategy at its discretion at any time. Accordingly, the industries, risk profiles, types of assets and technologies in which the Segregated Portfolio invests may differ from those described in this Supplement and currently contemplated. The success of the Segregated Portfolio's trading activities depends in large part on the Investment Manager's ability to identify attractive investment opportunities. Identification and exploitation of the investment strategies to be pursued by the Segregated Portfolio involves a high degree of uncertainty. No assurance can be given that the Investment Manager will be able to locate suitable investment opportunities in which to deploy all of the Segregated Portfolio's capital. A reduction in the volatility and pricing inefficiency of the markets in which the Segregated Portfolio will seek to invest, as well as other market factors, will reduce the scope for the Segregated Portfolio's investment strategies. In some of the Segregated Portfolio's investments, the Segregated Portfolio may seek constructively to work with management. There can be no assurance that the management of any company will agree or acquiesce to the Segregated Portfolio's involvement in the affairs of the company, or that the strategies that the Segregated Portfolio helps to implement will be effective.

Ultimate Fund size. The number of investments and potential profitability of the Segregated Portfolio could be affected by the amount of funds at its disposal, and, in the event the Segregated Portfolio obtains less than the target amount of capital for deployment, the Segregated Portfolio's investment return might be affected to a greater degree by errors in investment decisions than the investment returns of other entities with greater capitalization.

Other activities of the Investment Manager and its affiliates. The Investment Manager, certain of its personnel or affiliates may serve as investment manager, advisor and/or provide services for other funds, investment funds and investment accounts, including those with substantially the same investment objectives as the Segregated Portfolio's (which may pursue their investment activities by contributing assets to the Fund), and also including additional investment funds and/or client accounts with investment objectives that differ in some respects to the Segregated Portfolio's investment objectives. Neither the Investment Manager nor any of its personnel or affiliates is obligated to make any particular investment opportunity available to the Segregated Portfolio, and they may take advantage of any opportunity, either for other accounts the Investment Manager, its personnel or affiliates manages or for themselves or other funds they manage. Differences in compensation arrangements among investment funds managed by the Investment Manager, its personnel or affiliates and the fact that such persons may participate in the profits of other investment funds may create incentives for the Investment Manager and its personnel to manage the Segregated Portfolio so as to favour those other funds. Additionally, there are no restrictions on the other activities of the Investment Manager, its personnel, or affiliates.

Illiquid and long-term investments. The Segregated Portfolio may make investments that have limited liquidity. The market prices, if any, of such investments tend to be volatile and the Segregated Portfolio may not be able to sell such investments when it desires, or, upon sale, to realize what it perceives to be their fair value. Dispositions of such investments may require a lengthy time period locking up capital and decreasing funds available for repurchases or redemptions of Segregated Portfolio Shares or investments in more attractive opportunities. If the Segregated Portfolio were forced to sell such an investment, it may not receive fair value, therefore.

A disruption of the Internet or the Bitcoin networks could impair the value and the ability to transfer Bitcoin respectively. A significant disruption in Internet connectivity could disrupt the Bitcoin or Ethereum network's operations until the disruption is resolved and could have an adverse effect on the value of the Segregated Portfolio. In addition, cryptocurrency networks have been subjected to a number of denial-of-service attacks, which led to temporary delays in transactions. It is possible that such an attack could adversely affect the Segregated Portfolio's investments and indirectly also the value of the Segregated Portfolio Shares.

The Segregated Portfolio is subject to cyber security and data loss risks or other security breaches. The Segregated Portfolio's business involves the storage and transmission of users' proprietary information, and security breaches could cause a risk of loss or misuse of this information, and to resulting claims,

finances, and litigation. The Segregated Portfolio may be subjected to a variety of cyber-attacks, which may continue to occur from time to time. Cyber-attacks may target the Fund, its customers, suppliers, banks, credit card processors, delivery services, e-commerce in general or the communication infrastructure on which they depend. An attack or a breach of security could result in a loss of private data, unauthorized trades, an interruption of trading for an extended period of time, violation of applicable privacy and other laws, significant legal and financial exposure, damage to reputation, and a loss of confidence in security measures, any of which could have a material adverse effect on the Fund's and the Segregated Portfolio's financial results and business. Any such attack or breach could adversely affect the ability of the Fund to operate, which could indirectly adversely affect the value of the Segregated Portfolio Shares. Any breach of data security that exposes or compromises the security of any of the private digital keys used to authorize or validate transaction orders, or that enables any unauthorized person to generate any of the private digital keys, could result in unauthorized trades and would have a material adverse effect on the Fund. Because trades utilizing blockchain technology settle on the trade date, it could be impossible to correct unauthorized trades.

Furthermore, attackers can manipulate the cryptocurrency market. The price of cryptocurrencies, such as Bitcoin, are set by several exchanges. If an exchange is attacked such that it is taken offline, traders can take advantage of price differences. Additionally, attackers can target platforms that buy and sell cryptocurrencies and digital wallets that hold cryptocurrencies. It is possible that such an attack could adversely affect the Segregated Portfolio's investments and also the value of the Segregated Portfolio Shares.

Counterparty risk. The Fund is subject to various counterparty risks. For example, the Fund (acting solely for the account of the Segregated Portfolio) may affect a portion of its transactions in "over the counter" or "interdealer" markets or through private transactions. The participants in such markets and the counterparties in such private transactions are typically not subject to credit evaluation and regulatory oversight as are members of "exchange based" markets. This may expose the Fund (acting solely for the account of the Segregated Portfolio) to the risk that a counterparty will not settle a transaction because of a credit or liquidity problem, thus causing the Fund (acting solely for the account of the Segregated Portfolio) to suffer losses. Such "counterparty risk" is accentuated for contracts with longer maturities where events may intervene to prevent settlement, or where the Fund (acting solely for the account of the Segregated Portfolio) has concentrated its transactions with a single or small group of counterparties. The Fund (acting solely for the account of the Segregated Portfolio) is not restricted from dealing with any particular counterparty or from concentrating any or all of its transactions with one counterparty.

Currency trading risk. The Fund (acting solely for the account of the Segregated Portfolio) may engage in currency (including cryptocurrency) transactions to effect investment transactions to generate returns consistent with the Segregated Portfolio investment objectives and strategies (i.e., speculative currency trading strategies) and/or to hedge against uncertainty in the level of future exchange rates. Currency exchange transactions will be conducted on either a spot (i.e., cash) basis at the rate prevailing

in the currency exchange market, or through entering into forward currency exchange contracts (“forward contract”) to purchase or sell currency at a future date. The Fund (acting solely for the account of the Segregated Portfolio) may also enter into options on currency. Currency spot, forward and option prices are highly volatile and forward, spot and option contracts may be illiquid. From time to time, governments intervene directly in these markets with the specific intention of influencing such prices. Currency trading may also involve economic leverage (i.e., the Fund may have the right to a return on its investment that exceeds the return that the Fund would expect to receive based on the amount contributed to the investment), which can increase the gain, or the loss associated with changes in the value of the underlying instrument. Forward currency contracts are subject to the risk that should forward prices increase, a loss will be incurred to the extent that the price of the currency agreed to be purchased exceeds the price of the currency agreed to be sold. Due to the tax treatment of gains and losses on certain currency forward and options contracts, the use of such instruments may cause fluctuations in the Segregated Portfolio’s income.

Investment and trading risks. All investments risk the loss of capital, and no assurance is made that the Segregated Portfolio’s investment program will be successful. The Segregated Portfolio’s investment program may utilize such investment techniques as short sales, leverage, swaps, forward contracts, and futures contracts, which techniques can, in certain circumstances, maximize the adverse impact to which the Segregated Portfolio may be subject.

Analytical model risks. The Fund (acting solely for the account of the Segregated Portfolio) employs certain strategies which depend upon the reliability, accuracy, and analysis of the Investment Manager’s analytical models. To the extent such models (or the assumptions underlying them) do not prove to be correct, the Fund (acting solely for the account of the Segregated Portfolio) may not perform as anticipated, which could result in substantial losses. All models ultimately depend upon the judgment of the Investment Manager and the assumptions embedded in them. To the extent that with respect to any investment, the judgment or assumptions are incorrect, the Fund (acting solely for the account of the Segregated Portfolio) can suffer losses.

Risk of limited number of investments. The Fund (acting solely for the account of the Segregated Portfolio) may participate in a limited number of investments and, consequently, the aggregate return of the Fund (acting solely for the account of the Segregated Portfolio) may be substantially and adversely affected by the unfavourable performance of even a single investment. Subscribers have no assurance as to the degree of diversification of the Segregated Portfolio’s portfolio investments, either by geographic region, asset type, or sector. In circumstances where the Investment Manager intends to exit an investment, there will be a risk that such exit may not be completed, which could lead to increased risk as a result of the Segregated Portfolio having an unintended long-term investment as to a portion of the amount invested and/or reduced diversification.

Contingent liabilities on disposition of portfolio investments. In connection with the disposition of a portfolio investment, the Fund (acting solely for the account of the Segregated Portfolio) may be required

to make representations about the business and financial affairs of such company typical of those made in connection with the sale of a business. The Fund (acting solely for the account of the Segregated Portfolio) also may be required to indemnify the purchasers of such investment to the extent that any such representations are inaccurate. These arrangements may result in the incurrence of contingent liabilities for which the Investment Manager may establish reserves or escrows.

Effect of Performance Fee. The existence of the Investment Manager's Performance Fee may create an incentive for the Investment Manager to make riskier or more speculative investments on behalf of the Segregated Portfolio than would be the case in the absence of this arrangement.

Expedited transactions. Investment analyses and decisions by the Investment Manager may be undertaken on an expedited basis in order for the Segregated Portfolio to take advantage of available investment opportunities. In such cases, the information available to the Investment Manager at the time of the investment decision may be limited, and the Investment Manager may not have access to the detailed information necessary for a thorough evaluation of the investment opportunity. Further, the Investment Manager may conduct its due diligence activities over a very brief period.

Reliance on the Investment Manager. The Investment Manager has exclusive responsibility for the Segregated Portfolio's investment activities, and holders of Segregated Portfolio Shares will not be able to make investment or any other decisions in the management of the Fund in respect of the Segregated Portfolio.

Furthermore, holders of Segregated Portfolio Shares will have no voting or other rights to make decisions with respect to the Fund. The success of the Fund will depend in part upon the skill and expertise of the personnel of the Investment Manager. There can be no assurance that these persons will continue to be associated with the Investment Manager.

Valuations. When the Fund (acting solely for the account of the Segregated Portfolio) invests in illiquid tokens or instruments, it may be difficult for the Investment Manager to accurately determine the fair market value. Valuations of such assets for the purposes of determining the Segregated Portfolio's Net Asset Value may be speculative and will depend in some respects on the Investment Manager's judgment. Furthermore, the Investment Manager may rely on information provided by third parties in valuing the Segregated Portfolio's liquid or illiquid assets and its liabilities, which information may be incomplete, inaccurate, or otherwise unreliable. To the extent the Investment Manager relies on such information, its valuations and Net Asset Value calculations may be inaccurate. The Investment Manager's judgment on such matters shall be binding and not subject to audit by holders of Segregated Portfolio Shares, the Administrator, or other outside persons. These risks in Net Asset Value valuation can affect the amount of the fee payable by the Segregated Portfolio.

Because of the illiquidity of certain positions that may be held by the Segregated Portfolio, the liquidation values of the Segregated Portfolio's investments may differ significantly from the interim

valuations of such investments made by the Investment Manager. Such differences may be further affected by the time frame within which such liquidation occurs. Third-party pricing information may not be available regarding certain of the Segregated Portfolio's investments.

It is possible that there will be no readily available market for a substantial number of the Segregated Portfolio's investments and hence, most of the Segregated Portfolio's investments will be difficult to value. Due to the absence of readily available market valuations or market quotations for the assets of the Segregated Portfolio, the valuation of the Segregated Portfolio's assets is determined in good faith by the Investment Manager; the Segregated Portfolio or the Fund are not required to have such valuations independently determined.

Despite the Investment Manager's efforts to acquire sufficient information to monitor certain of the Segregated Portfolio's investments and make well-informed valuation and pricing determinations, the Investment Manager may only be able to obtain limited information at certain times. It is possible that the Investment Manager may not be aware on a timely basis of material adverse changes that have occurred with respect to certain of the Segregated Portfolio's investments. The Investment Manager may have to make valuation determinations without the benefit of an adequate amount of relevant information. Prospective subscribers should be aware that as a result of these difficulties, as well as other uncertainties, any valuation made by the Investment Manager may not represent the fair market value of the assets acquired by the Segregated Portfolio.

Broker, dealer, or exchange insolvency. While great care is taken in selecting the brokers, dealers, exchanges, or wallets that will maintain custody of certain of the assets of the Segregated Portfolio, there is a residual risk that any of such persons could become insolvent or otherwise become insecure. There may be practical, or timing problems associated with enforcing the rights of the Segregated Portfolio to its respective assets in the case of an insolvency or security disruption of any such party. Furthermore, currently it may not be possible for third parties (like the Fund acting solely for the account of the Segregated Portfolio) to maintain custody of certain of the assets of the Segregated Portfolio.

Combination transactions. The Investment Manager may engage in spreads or other combination options transactions involving the purchase and sale of related options and futures contracts. These transactions are considerably more complex than the purchase or writing of a single option. They involve the risk that executing simultaneously two or more buy or sell orders at the desired prices may be difficult or impossible, the possibility that a loss could be incurred on both sides of a multiple options transaction, and the possibility of significantly increased risk exposure resulting from the hedge against loss inherent in most spread positions being lost as a result of the assignment of an exercise to the short leg of a spread while the long leg remains outstanding. Also, the transaction costs of combination options transactions can be especially significant because separate costs are incurred on each component of the combination.