

---

## SAPIC-98 MASTER FUND

*A Cayman Islands Exempted Company*

### Confidential Private Placement Memorandum

#### Private Offering of Participating Shares

Effective as of July 14, 2015

---

|                     |  |
|---------------------|--|
| Investment Manager: | Credit Suisse AG                             |
| Administrator:      | Citco Fund Services (Cayman Islands) Limited |
| Sub-Administrator:  | Citco (Canada) Inc.                          |

---

THIS CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM IS BEING GIVEN TO THE RECIPIENT SOLELY FOR THE PURPOSE OF EVALUATING AN INVESTMENT IN THE SHARES DESCRIBED HEREIN. IT MAY NOT BE REPRODUCED OR DISTRIBUTED TO ANYONE ELSE (OTHER THAN THE IDENTIFIED RECIPIENT'S PROFESSIONAL ADVISORS). THE RECIPIENT, BY ACCEPTING DELIVERY OF THIS CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM, AGREES TO RETURN IT AND ALL RELATED DOCUMENTS TO SAPIC-98 MASTER FUND (THE "FUND") IF THE RECIPIENT DETERMINES NOT TO SUBSCRIBE FOR SHARES. THE SHARES ISSUED BY THE FUND ARE NOT FOR SALE TO U.S. PERSONS AS DEFINED HEREIN.

THE INVESTMENT MANAGER (AS DEFINED HEREIN) ACCEPTS RESPONSIBILITY FOR THE INFORMATION CONTAINED IN THIS DOCUMENT. TO THE BEST OF THE KNOWLEDGE AND BELIEF OF THE INVESTMENT MANAGER (WHO HAS TAKEN ALL REASONABLE CARE TO ENSURE THAT SUCH IS THE CASE) THE INFORMATION CONTAINED IN THIS DOCUMENT IS IN ACCORDANCE WITH THE FACTS AND DOES NOT OMIT ANYTHING LIKELY TO AFFECT THE IMPORT OF SUCH INFORMATION. THE INVESTMENT MANAGER ACCEPTS RESPONSIBILITY ACCORDINGLY.

## NOTICES

IF YOU ARE IN ANY DOUBT ABOUT THE CONTENTS OF THIS DOCUMENT YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, LAWYER, ACCOUNTANT OR OTHER PROFESSIONAL ADVISOR. NEITHER SAGIC-98 MASTER FUND. (THE "FUND") NOR THE SHARES OF THE FUND DESCRIBED IN THIS CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM, AS THE SAME MAY BE AMENDED, RESTATED OR SUPPLEMENTED FROM TIME TO TIME (THE "MEMORANDUM"), HAVE BEEN OR WILL BE REGISTERED OR QUALIFIED UNDER THE SECURITIES LAWS OF THE UNITED STATES ("U.S.") OR ANY OTHER JURISDICTION. THIS MEMORANDUM SHALL NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY SHARES, NOR SHALL THERE BE ANY SALE OF SHARES IN ANY JURISDICTION IN WHICH SUCH OFFER, SOLICITATION OR SALE IS NOT AUTHORIZED OR TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH OFFER, SOLICITATION OR SALE. THE DIRECT OR INDIRECT OWNERSHIP OF SHARES BY "NON-ELIGIBLE PERSONS" AS DEFINED IN THIS MEMORANDUM IS PROHIBITED EXCEPT IN ACCORDANCE HEREWITH. NO PERSON HAS BEEN AUTHORIZED TO MAKE ANY REPRESENTATIONS CONCERNING THE FUND OR THE SHARES WHICH ARE INCONSISTENT WITH THOSE CONTAINED IN THIS MEMORANDUM, AND ACCORDINGLY ANY SUCH REPRESENTATIONS SHOULD BE TREATED AS UNAUTHORIZED AND MAY NOT BE RELIED UPON BY THE RECIPIENT.

PROSPECTIVE INVESTORS SHOULD NOT CONSTRUE THE CONTENTS OF THIS MEMORANDUM AS LEGAL, TAX, OR FINANCIAL ADVICE. ALL PROSPECTIVE INVESTORS SHOULD CONSULT THEIR OWN PROFESSIONAL ADVISORS AS TO THE LEGAL, TAX, FINANCIAL OR OTHER MATTERS RELEVANT TO THE SUITABILITY OF AN INVESTMENT IN THE SHARES FOR SUCH INVESTOR.

THE PURCHASE OF SHARES IS SPECULATIVE AND INVOLVES A HIGH DEGREE OF RISK. THERE IS NO ASSURANCE THAT THE FUND WILL BE PROFITABLE. SEE THE SECTION ENTITLED "CERTAIN RISK FACTORS" WITHIN THIS MEMORANDUM FOR A DESCRIPTION OF CERTAIN RISKS INVOLVED IN THE PURCHASE OF SHARES.

THIS MEMORANDUM DOES NOT CONSTITUTE AN OFFER OF OR INVITATION TO SUBSCRIBE FOR THE SHARES TO ANY MEMBER OF THE PUBLIC IN THE CAYMAN ISLANDS AND THE SHARES MAY NOT BE OFFERED AND NO INVITATION TO SUBSCRIBE FOR THE SHARES MAY BE MADE TO ANY MEMBER OF THE PUBLIC IN THE CAYMAN ISLANDS.

THE FUND IS REGISTERED AS A MUTUAL FUND PURSUANT TO SECTION 4(3) OF THE MUTUAL FUNDS LAW (2013 REVISION) OF THE CAYMAN ISLANDS (THE "MUTUAL FUNDS LAW") WITH THE CAYMAN ISLANDS MONETARY AUTHORITY (THE "MONETARY AUTHORITY"). SUCH REGISTRATION DOES NOT IMPLY THAT THE MONETARY AUTHORITY OR ANY OTHER REGULATORY AUTHORITY IN THE CAYMAN ISLANDS HAS PASSED UPON OR APPROVED THIS MEMORANDUM OR THE OFFERING OF THE SHARES HEREUNDER NOR IS IT INTENDED THAT THEY WILL.

THE FUND'S NET ASSET VALUE AND THE NET ASSET VALUE OF THE SHARES WILL BE CALCULATED IN U.S. DOLLARS. ACCORDINGLY, EACH SHAREHOLDER, AND NOT THE FUND, WILL BEAR THE RISK OF ANY FOREIGN CURRENCY EXPOSURE RESULTING FROM DIFFERENCES, IF ANY, IN THE VALUE OF THE U.S. DOLLAR RELATIVE TO THE CURRENCY OF THE COUNTRY IN WHICH SUCH SHAREHOLDER RESIDES OR MAINTAINS ITS NET WORTH.

TO THE EXTENT THAT THESE MATERIALS CONTAIN STATEMENTS ABOUT THE FUTURE, SUCH STATEMENTS ARE FORWARD LOOKING AND SUBJECT TO A NUMBER OF RISKS AND UNCERTAINTIES, INCLUDING, BUT NOT LIMITED TO, RISKS ASSOCIATED WITH FUTURE FINANCIAL RESULTS, GOVERNMENT APPROVAL PROCESSES AND REGULATIONS, THE IMPACT OF COMPETING FUNDS OR

FINANCIAL PRODUCTS, THE EFFECT OF ECONOMIC CONDITIONS AND OTHER UNCERTAINTIES. THESE RISKS COULD AFFECT THE VALUE OF THE SHARES DESCRIBED HEREIN AND COULD CAUSE THE RESULTS FOR THE CURRENT FISCAL YEAR AND BEYOND TO DIFFER MATERIALLY FROM THOSE EXPRESSED IN ANY FORWARD LOOKING STATEMENTS MADE HEREIN.

INVESTORS (AND EACH EMPLOYEE, REPRESENTATIVE OR OTHER AGENT OF INVESTORS) MAY DISCLOSE TO ANY AND ALL PERSONS, WITHOUT LIMITATIONS OF ANY KIND, THE TAX TREATMENT AND TAX STRUCTURE OF THE TRANSACTION AND ALL MATERIALS OF ANY KIND (INCLUDING OPINIONS OR OTHER TAX ANALYSIS) THAT ARE PROVIDED TO INVESTORS RELATING TO SUCH TAX TREATMENT AND TAX STRUCTURE. THIS AUTHORIZATION OF TAX DISCLOSURE IS RETROACTIVELY EFFECTIVE TO THE COMMENCEMENT OF THE FIRST DISCUSSIONS BETWEEN SUCH INVESTOR AND THE FUND REGARDING THE TRANSACTIONS CONTEMPLATED HEREIN.

DISCUSSIONS IN THIS MEMORANDUM BELOW AS THEY RELATE TO CERTAIN UNITED STATES FEDERAL INCOME TAX CONSEQUENCES ARE NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED, FOR THE PURPOSE OF AVOIDING UNITED STATES FEDERAL TAX PENALTIES. SUCH DISCUSSIONS WERE WRITTEN TO SUPPORT THE PROMOTION OR MARKETING OF THE TRANSACTIONS OR MATTERS ADDRESSED IN THIS MEMORANDUM, AND ANY TAXPAYER TO WHOM THE TRANSACTIONS OR MATTERS ARE BEING PROMOTED, MARKETED OR RECOMMENDED SHOULD SEEK ADVICE BASED ON ITS PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

---

UNLESS OTHERWISE NOTED, ALL MONETARY AMOUNTS  
SET FORTH HEREIN ARE EXPRESSED IN U.S. DOLLARS (U.S. "\$").

**FOR AUSTRALIAN PROSPECTIVE SHAREHOLDERS ONLY:**

NO OFFER FOR SUBSCRIPTION OR PURCHASE OF THE SHARES OFFERED HEREBY, NOR ANY INVITATION TO SUBSCRIBE FOR OR BUY SUCH SHARES HAS BEEN MADE OR ISSUED IN AUSTRALIA OTHER THAN BY MEANS OF AN EXCLUDED ISSUE, EXCLUDED OFFER OR EXCLUDED INVITATION WITHIN THE MEANING OF SECTION 66(2) OR 66(3) OF THE CORPORATIONS LAW. ACCORDINGLY, THIS MEMORANDUM HAS NOT BEEN LODGED WITH THE AUSTRALIAN SECURITIES COMMISSION. FURTHER, THE SHARES OFFERED HEREBY MAY NOT BE RESOLD IN AUSTRALIA WITHIN A PERIOD OF SIX MONTHS AFTER THE DATE OF ISSUE OTHER THAN BY MEANS OF AN EXCLUDED OFFER OR EXCLUDED INVITATION AS DESCRIBED ABOVE.

**FOR BAHRAIN PROSPECTIVE SHAREHOLDERS ONLY:**

THE OFFERING OF THE SHARES HAS NOT BEEN LICENSED BY THE BAHRAIN MONETARY AGENCY IN ACCORDANCE WITH ITS REGULATIONS WITH RESPECT TO THE GENERAL SUPERVISION, OPERATION AND MARKETING OF COLLECTIVE INVESTMENT SCHEMES. ACCORDINGLY, THE SHARES MAY NOT BE OFFERED IN THE STATE OF BAHRAIN.

**FOR BELGIAN PROSPECTIVE SHAREHOLDERS ONLY:**

THE SHARES MAY NOT BE OFFERED OR SOLD IN ANY MANNER THAT CONSTITUTES AN OFFER OR SALE TO THE PUBLIC IN THE KINGDOM OF BELGIUM WITHIN THE LAWS AND REGULATIONS FROM TIME TO TIME APPLICABLE TO PUBLIC OFFERS OR SALES OF SECURITIES. THE OFFERING HAS NOT BEEN AND WILL NOT BE NOTIFIED TO THE BELGIAN BANKING AND FINANCE COMMISSION NOR HAS THIS MEMORANDUM BEEN, NOR WILL IT BE, APPROVED BY THE BELGIAN BANKING AND FINANCE COMMISSION. THE SHARES MAY BE OFFERED IN BELGIUM ONLY TO INDIVIDUALS OR LEGAL ENTITIES INVESTING A MINIMUM OF €250,000, IN RELIANCE ON ARTICLE 3, 1° OF THE ROYAL DECREE OF JULY 7, 1999 ON THE PUBLIC CHARACTER OF TRANSACTIONS WHICH AIM TO SOLICIT PUBLIC SAVINGS AND THE ASSIMILATION OF CERTAIN TRANSACTIONS WITH A PUBLIC OFFER. THIS MEMORANDUM MAY BE DISTRIBUTED IN BELGIUM ONLY TO SUCH INVESTORS FOR THEIR PERSONAL USE AND EXCLUSIVELY FOR THE PURPOSE OF THIS OFFERING OF SHARES. ACCORDINGLY, THIS MEMORANDUM MAY NOT BE USED FOR ANY OTHER PURPOSE NOR PASSED ON TO ANY OTHER INVESTOR IN BELGIUM.

**FOR FINNISH PROSPECTIVE SHAREHOLDERS ONLY:**

THE SHARES OFFERED HEREBY MAY NOT BE PUBLICLY OFFERED, SOLD OR ADVERTISED IN FINLAND AND THIS MEMORANDUM MAY ONLY BE CIRCULATED TO A LIMITED NUMBER OF PERSONS IN FINLAND.

**FOR FRENCH PROSPECTIVE SHAREHOLDERS ONLY:**

THE SHARES OFFERED HEREBY DO NOT COMPLY WITH THE CONDITIONS IMPOSED BY FRENCH LAW FOR ISSUANCE, DISTRIBUTION, SALE, PUBLIC OFFERING, SOLICITATION AND ADVERTISING WITHIN FRANCE. FRENCH LAW IMPOSES RESTRICTIONS ON THE DISTRIBUTION OF THIS MEMORANDUM AND THE OFFERING OF SHARES IN THE FUND IN FRANCE. PROSPECTIVE INVESTORS SHOULD INFORM THEMSELVES AS TO THE RESTRICTIONS WITH RESPECT TO THE MANNER IN WHICH THEY MAY DISPOSE OF THE SHARES IN FRANCE.

**FOR GERMAN PROSPECTIVE SHAREHOLDERS ONLY:**

ANY PERSON WHO IS IN POSSESSION OF THIS MEMORANDUM UNDERSTANDS THAT NO ACTION HAS OR WILL BE TAKEN WHICH WOULD ALLOW AN OFFERING OF THE SHARES TO THE PUBLIC IN GERMANY. ACCORDINGLY, THE SHARES MAY NOT BE OFFERED, SOLD OR

REDELIVERED AND NEITHER THIS MEMORANDUM NOR ANY OTHER OFFERING MATERIALS RELATING TO THE SHARES MAY BE DISTRIBUTED OR MADE AVAILABLE TO THE PUBLIC IN GERMANY. INDIVIDUAL SALES OF THE SHARES TO ANY PERSON IN GERMANY MAY ONLY BE MADE ACCORDING TO GERMAN SECURITIES, TAX AND OTHER APPLICABLE LAWS AND REGULATIONS.

**FOR HONG KONG PROSPECTIVE SHAREHOLDERS ONLY:**

THIS MEMORANDUM RELATES TO A PRIVATE PLACEMENT AND DOES NOT CONSTITUTE AN OFFER TO THE PUBLIC IN HONG KONG TO SUBSCRIBE FOR SHARES. NO STEPS HAVE BEEN TAKEN TO REGISTER THIS MEMORANDUM AS A MEMORANDUM IN HONG KONG.

THE OFFER OF THE SHARES IS PERSONAL TO THE PERSON TO WHOM THIS MEMORANDUM HAS BEEN DELIVERED BY OR ON BEHALF OF THE FUND, AND A SUBSCRIPTION FOR SHARES WILL ONLY BE ACCEPTED FROM SUCH PERSON (OR A COMPANY WHICH SUCH PERSON SHALL HAVE CERTIFIED TO BE ITS CONTROLLED SUBSIDIARY) FOR SUCH MINIMUM AMOUNT OF SHARES AS DESCRIBED IN THIS MEMORANDUM. IT IS A CONDITION OF THE OFFER THAT EACH PERSON WHO AGREES TO SUBSCRIBE FOR SHARES PROVIDES A WRITTEN UNDERTAKING THAT IT (OR ITS PRINCIPAL) IS ACQUIRING SUCH SHARES FOR INVESTMENT PURPOSES ONLY AND NOT WITH A VIEW TO DISTRIBUTE OR RESELL SUCH SHARES AND THAT IT WILL NOT OFFER FOR SALE, RESELL OR OTHERWISE DISTRIBUTE OR AGREE TO DISTRIBUTE SUCH SHARES WITHIN SIX MONTHS FROM THE DATE OF SALE OF SUCH SHARES TO SUCH PERSON.

**FOR ISRAELI PROSPECTIVE SHAREHOLDERS ONLY:**

ISRAELI RESIDENTS, OTHER THAN THOSE CONSIDERED “EXEMPTION HOLDERS” UNDER THE GENERAL CURRENCY CONTROL PERMIT, 1978, REQUIRE A SPECIAL PERMIT FROM THE ISRAELI CONTROLLER OF FOREIGN CURRENCY IN ORDER TO PURCHASE THE SHARES.

**FOR ITALIAN PROSPECTIVE SHAREHOLDERS ONLY:**

THIS MEMORANDUM IS SOLELY INTENDED FOR THE INDIVIDUALS TO WHOM IT IS DELIVERED AND MAY NOT BE CONSIDERED OR USED AS A PUBLIC OFFERING IN THE MEANING OF AND FOR THE PURPOSE OF THE ART.1/18TERL.N.216/75.

IN ADDITION ANY PERSON WHO IS IN POSSESSION OF THIS MEMORANDUM UNDERSTANDS THAT NO ACTION HAS OR WILL BE TAKEN WHICH WOULD ALLOW AN OFFERING OF THE SHARES TO BE PUBLIC IN ITALY. ACCORDINGLY, THE SHARES MAY NOT BE OFFERED, SOLD OR DELIVERED AND NEITHER THIS MEMORANDUM NOR ANY OTHER OFFERING MATERIALS RELATING TO THE SHARES MAY BE DISTRIBUTED OR MADE AVAILABLE TO THE PUBLIC IN ITALY. INDIVIDUAL SALES OF THE SHARES TO ANY PERSON IN ITALY MAY ONLY BE MADE ACCORDING TO ITALIAN SECURITIES, TAX AND OTHER APPLICABLE LAWS AND REGULATIONS.

**FOR JAPANESE PROSPECTIVE SHAREHOLDERS ONLY:**

THE SHARES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES AND EXCHANGE LAWS OF JAPAN AND, ACCORDINGLY, NO SHARES 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, OR FOR THE BENEFIT OF 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.

**FOR KOREAN PROSPECTIVE SHAREHOLDERS ONLY:**

THE SHARES MAY NOT BE OFFERED, SOLD OR DELIVERED, DIRECTLY OR INDIRECTLY, OR OFFERED OR SOLD TO ANY PERSON FOR RE-OFFERING OR RESALE, DIRECTLY OR INDIRECTLY, IN KOREA OR TO ANY RESIDENT OF KOREA EXCEPT PURSUANT TO APPLICABLE KOREAN LAWS AND REGULATIONS.

**FOR KUWAITI PROSPECTIVE SHAREHOLDERS ONLY:**

THE SHARES ARE OFFERED TO A LIMITED NUMBER OF SOPHISTICATED INVESTORS WHOSE MINIMUM INVESTMENT IN THE FUND SHOULD NOT BE LESS THAN THE EQUIVALENT OF KUWAITI DINAR 50.000 (APPROXIMATELY EQUIVALENT TO U.S.\$165,000 AT THE CURRENT EXCHANGE RATE). ANY OFFER OF THE SHARES SHOULD BE MADE THROUGH A PRIVATE PLACEMENT CONDUCTED BY A KUWAITI AGENT AUTHORIZED TO CARRY OUT INVESTMENT BUSINESS IN THE STATE OF KUWAIT IN ACCORDANCE WITH LAW NO. 31/1990 AND ITS AMENDMENTS RELATED TO THE TRADING OF SECURITIES AND THE INCORPORATION OF INVESTMENT FUNDS IN KUWAIT.

**FOR LUXEMBOURG PROSPECTIVE SHAREHOLDERS ONLY:**

THE SHARES ARE OFFERED TO A LIMITED NUMBER OF SOPHISTICATED INVESTORS, IN ALL CASES UNDER CIRCUMSTANCES DESIGNED TO PRECLUDE A FORM OF DISTRIBUTION OTHER THAN A PRIVATE PLACEMENT. THIS MEMORANDUM MAY NOT BE REPRODUCED OR USED FOR ANY OTHER PURPOSE, NOR BE FURNISHED TO ANY PERSON OTHER THAN A PERSON TO WHOM COPIES OF THIS MEMORANDUM HAVE BEEN SENT.

**FOR MALAYSIAN PROSPECTIVE SHAREHOLDERS ONLY:**

NEITHER THIS MEMORANDUM NOR ANY OTHER OFFERING DOCUMENT IN RELATION TO THE SHARES HAS BEEN DELIVERED FOR REGISTRATION TO THE REGISTRAR OF COMPANIES IN MALAYSIA AND, ACCORDINGLY, THIS MEMORANDUM MAY NOT BE ISSUED, CIRCULATED OR DISTRIBUTED IN MALAYSIA OTHER THAN TO PERSONS WHOSE ORDINARY BUSINESS IS TO BUY OR SELL SHARES OR DEBENTURES, WHETHER AS PRINCIPAL OR AGENT, OR TO ANY PERSON FALLING WITHIN ANY ONE OF THE CATEGORIES OF PERSONS SPECIFIED IN SECTION 47b OF THE COMPANIES ACT 1965 OF MALAYSIA.

**FOR NETHERLANDS PROSPECTIVE SHAREHOLDERS ONLY:**

IN THE NETHERLANDS, THE SHARES MAY NOT BE SOLICITED, ACQUIRED OR OFFERED IN OR FROM WITHIN THE NETHERLANDS, AND THIS MEMORANDUM MAY NOT BE CIRCULATED IN THE NETHERLANDS, TO ANY INDIVIDUAL OR LEGAL ENTITY AS PART OF THE INITIAL DISTRIBUTION OF THE SHARES, OR ANY TIME THEREAFTER, OTHER THAN TO INDIVIDUALS OR LEGAL ENTITIES WHO OR WHICH TRADE OR INVEST IN SECURITIES IN THE CONDUCT OF A PROFESSION OR TRADE, INCLUDING BANKS, BROKERS, DEALERS, AND (OTHER) INSTITUTIONAL INVESTORS INVESTING IN SECURITIES, AS DEFINED IN THE WET TOEZICHT BELEGGINGSWEZEN, THE ACT ON THE SUPERVISION OF INVESTMENT INSTITUTIONS, OF JUNE 27, 1990, AND IN THE REGELING VAN 9 OKTOBER TOT UITVOERING VAN ARTIKEL 14 VAN DE WET TOEZICHT BELEGGINGSINSTELLIGEN, THE REGULATION DATED OCTOBER 9, 1990, IN RESPECT OF THE IMPLEMENTATION OF ARTICLE 14 OF THE ACT ON SUPERVISION OF INVESTMENT INSTITUTIONS AND THE RESPECTIVE ACCOMPANYING MEMORANDA THERETO OF THE MINISTER OF FINANCE OF THE NETHERLANDS. IN THE EVENT OF A SOLICITATION, ACQUISITION OR OFFERING MADE TO OR BY PROFESSIONAL INVESTORS, AND, THEREFORE EXEMPT FROM THE GENERAL DISTRIBUTION PROHIBITION CONTAINED IN THE ACT, NO SUBSEQUENT OFFERING OF PARTICIPATION RIGHTS IN A "SECONDARY OFFERING" BY SUCH PROFESSIONAL MAY BE MADE

TO INVESTORS OTHERS THAN SUCH PROFESSIONAL INVESTORS. ACTING IN VIOLATION OF THE PROHIBITIONS CONTAINED IN THE ACT, OR IN VIOLATION OF RESTRICTIONS OR CONDITIONS CONTAINED IN THE EXEMPTION, MAY CONSTITUTE A CRIMINAL OFFENSE FOR THE INVESTMENT INSTITUTION (OR ITS DIRECTORS) AND THE PERSON OR LEGAL ENTITY WHO SOLICITS, ACQUIRES OR OFFERS PARTICIPATION RIGHTS IN SUCH INVESTMENT INSTITUTION. IN ADDITION, CONTRACTUAL TERMS CONFLICTING WITH THE PROHIBITION PROVISION OF THE ACT OR THE RESTRICTIONS OR CONDITIONS CONTAINED IN AN EXEMPTION MAY BE DEEMED NULL AND VOID OR VOIDABLE UNDER THE GENERAL RULES OF NETHERLANDS CIVIL LAW.

**FOR NEW ZEALAND PROSPECTIVE SHAREHOLDERS ONLY:**

NO MEMORANDUM IN RESPECT TO THE SHARES HAS BEEN, NOR WILL BE, REGISTERED UNDER SECTION 42 OF THE SECURITIES ACT 1978 (NEW ZEALAND). ACCORDINGLY, THE SHARES MUST NOT BE OFFERED TO THE PUBLIC IN NEW ZEALAND WITHIN THE MEANING OF THE ACT. WITHOUT LIMITATION, NO PERSON MAY, DIRECTLY OR INDIRECTLY, OFFER FOR SUBSCRIPTION OR PURCHASE, OR ISSUE AN INVITATION TO SUBSCRIBE FOR OR BUY OR SELL, THE SHARES, OR DISTRIBUTE THIS MEMORANDUM OR ANY OTHER ADVERTISEMENT OR OFFERING MATERIAL RELATING TO THE SHARES IN NEW ZEALAND OR TO ANY RESIDENT OF NEW ZEALAND, EXCEPT THAT THE SHARES MAY BE OFFERED (A) TO PERSONS WHOSE PRINCIPAL BUSINESS IS THE INVESTMENT OF MONEY OR WHO, IN THE COURSE OF AND FOR THE PURPOSE OF THEIR BUSINESS, HABITUALLY INVEST MONEY, OR (B) OTHERWISE AS PERMITTED UNDER THE ACT, THE SECURITIES REGULATIONS AND ANY APPLICABLE LAWS.

**FOR OMAN PROSPECTIVE SHAREHOLDERS ONLY:**

THE OFFERING OF THE SHARES HAS NOT BEEN APPROVED BY THE CENTRAL BANK OF OMAN OR THE OMAN COUNCIL OF MINISTERS AND SO THE SHARES MAY NOT BE PUBLICLY OFFERED IN THE SULTANATE OF OMAN.

**FOR PHILIPPINES PROSPECTIVE SHAREHOLDERS ONLY:**

THE SHARES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE PHILIPPINE REVISED SECURITIES ACT AND MAY NOT BE SOLD OR OFFERED FOR SALE OR DISTRIBUTION IN THE PHILIPPINES, UNLESS THE SAME ARE SOLD IN A TRANSACTION EXEMPT UNDER THE PROVISIONS OF THE PHILIPPINE REVISED SECURITIES ACT. THE PHILIPPINE SECURITIES AND EXCHANGE COMMISSION HAS NOT PASSED UPON, COMMENTED ON OR ENDORSED THE MERITS OF THIS PLACEMENT OR THE ACCURACY OR ADEQUACY OF THIS MEMORANDUM.

**FOR QATAR PROSPECTIVE SHAREHOLDERS ONLY:**

THE OFFERING OF THE SHARES HAS NOT BEEN APPROVED BY THE QATAR CENTRAL BANK AND SO THE SHARES MAY NOT BE PUBLICLY OFFERED IN THE STATE OF QATAR.

**FOR SAUDI ARABIAN PROSPECTIVE SHAREHOLDERS ONLY:**

THE OFFERING OF THE SHARES HAS NOT BEEN APPROVED BY THE MINISTRY OF COMMERCE, THE MINISTRY OF FINANCE OR THE SAUDI ARABIAN MONETARY AGENCY. ACCORDINGLY, THE SHARES MAY NOT BE OFFERED IN THE KINGDOM OF SAUDI ARABIA.

**FOR SINGAPORE PROSPECTIVE SHAREHOLDERS ONLY:**

THE OFFER OR INVITATION OF THE SHARES AS DEFINED IN THIS CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM DO NOT RELATE TO A COLLECTIVE INVESTMENT SCHEME WHICH IS AUTHORISED UNDER SECTION 286 OF THE SECURITIES AND FUTURES ACT, (CAP. 289) (THE "SFA") OR RECOGNISED UNDER SECTION 287 OF THE SFA. THE COMPARTMENT IS NOT AUTHORISED OR

RECOGNISED BY THE MONETARY AUTHORITY OF SINGAPORE (THE “MAS”) AND THE SHARES ARE NOT ALLOWED TO BE OFFERED TO THE RETAIL PUBLIC. ANY 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. PROSPECTIVE INVESTORS SHOULD CONSIDER CAREFULLY WHETHER THE INVESTMENT IS SUITABLE FOR THEM.

THE CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM AND OTHER RELATED DOCUMENTS HAVE NOT BEEN REGISTERED AS A PROSPECTUS WITH THE MAS. ACCORDINGLY, THE CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM AND ANY OTHER DOCUMENT OR MATERIAL IN CONNECTION WITH THE OFFER OR SALE, OR INVITATION FOR SUBSCRIPTION OR PURCHASE, OF SHARES MAY NOT BE CIRCULATED OR DISTRIBUTED, NOR MAY 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 SHARES ARE SUBSCRIBED OR PURCHASED UNDER SECTION 305 OF THE SFA 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 6 MONTHS AFTER THAT CORPORATION OR THAT TRUST HAS ACQUIRED THE SHARES PURSUANT TO AN OFFER MADE UNDER SECTION 305 OF THE SFA EXCEPT:

- (1) TO AN INSTITUTIONAL INVESTOR OR TO A RELEVANT PERSON DEFINED IN SECTION 305(5), OR TO ANY PERSON ARISING FROM AN OFFER REFERRED TO IN SECTIONS 275(1A) OR 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.

**FOR SPANISH PROSPECTIVE SHAREHOLDERS ONLY:**

THE OFFER OF SHARES HAS NOT BEEN REGISTERED WITH THE SPANISH NATIONAL SECURITIES MARKET COMMISSION (COMISSION NACIONAL DEL MERCADO DE VALORES) AND, THEREFORE, NO SHARES MAY BE OFFERED, SOLD, DELIVERED, NOR MAY THIS MEMORANDUM



OR ANY OFFERING OR PUBLICITY MATERIAL RELATING TO THE SHARES BE DISTRIBUTED, IN THE KINGDOM OF SPAIN BY THE FUND OR ANY OTHER PERSON ACTING ON ITS BEHALF.

**FOR SWISS PROSPECTIVE SHAREHOLDERS ONLY:**

THE REPRESENTATIVE OF THE FUND IN SWITZERLAND IS CREDIT SUISSE FUNDS AG, UETLIBERGSTRASSE 231, POSTFACH, CH-8070 ZURICH. THE PAYING AGENT IN SWITZERLAND IS CREDIT SUISSE AG, PARADEPLATZ 8, CH-8001 ZURICH. FUND-RELATED DOCUMENTS (SUCH AS THE PRIVATE PLACEMENT MEMORANDUM, THE SUBSCRIPTION DOCUMENTS AND ANNUAL REPORT) OF THE FUND MAY BE OBTAINED FREE OF CHARGE FROM THE SWISS REPRESENTATIVE. IN RESPECT OF THE SHARES DISTRIBUTED IN SWITZERLAND TO QUALIFIED INVESTORS, THE PLACE OF PERFORMANCE AND JURISDICTION IS AT THE REGISTERED OFFICE OF THE REPRESENTATIVE IN SWITZERLAND. THE FUND, THE INVESTMENT MANAGER AND THEIR AGENTS DO NOT PAY ANY RETROCESSIONS TO THIRD PARTIES AS REMUNERATION FOR DISTRIBUTION ACTIVITY IN RESPECT OF FUND UNITS IN OR FROM SWITZERLAND. IN RESPECT OF DISTRIBUTION IN OR FROM SWITZERLAND, THE FUND, THE INVESTMENT MANAGER AND THEIR AGENTS DO NOT PAY ANY REBATES TO REDUCE THE FEES OR COSTS INCURRED BY THE INVESTOR AND CHARGED TO THE FUND. THE FUND IS NOT APPROVED BY THE SWISS FINANCIAL MARKET SUPERVISORY AUTHORITY FINMA FOR DISTRIBUTION IN SWITZERLAND TO NON-QUALIFIED INVESTORS, AND MAY THUS BE DISTRIBUTED PURSUANT TO ARTICLE 120 PARAGRAPH 4 OF THE SWISS COLLECTIVE INVESTMENT SCHEMES ACT OF 23 JUNE 2006 (CISA) AND ARTICLE 10 PARAGRAPH 3BIS OR 3TER CISA IN CONNECTION WITH ARTICLE 6 AND 6A OF THE ORDINANCE ON COLLECTIVE INVESTMENT SCHEMES OF 22 NOVEMBER 2006 (CISO) AS WELL AS REGULATED IN THE CIRCULAR 2013/9 REGARDING DISTRIBUTION OF COLLECTIVE INVESTMENT SCHEMES ISSUED BY FINMA, AS AMENDED FROM TIME TO TIME.

**FOR TAIWAN PROSPECTIVE SHAREHOLDERS ONLY:**

THE SHARES HAVE NOT BEEN AND WILL NOT BE REGISTERED WITH THE TAIWANESE SECURITIES AND EXCHANGE COMMISSION UNDER THE TAIWAN SECURITIES AND EXCHANGE LAW OF 1988 AND MAY NOT BE OFFERED OR SOLD IN TAIWAN.

**FOR UNITED ARAB EMIRATES SHAREHOLDERS ONLY:**

THE SHARES WILL BE SOLD OUTSIDE THE UNITED ARAB EMIRATES. NEITHER THE CENTRAL BANK OF THE UNITED ARAB EMIRATES NOR ANY OTHER REGULATORY AGENCY IN THE UNITED ARAB EMIRATES HAS REGISTERED THE SHARES OR APPROVED THE OFFERING MATERIALS OF THE COMPANY.

**FOR UNITED KINGDOM PROSPECTIVE SHAREHOLDERS ONLY:**

THE FUND IS A COLLECTIVE INVESTMENT SCHEME AS DEFINED IN THE FINANCIAL SERVICES AND MARKETS ACT 2000 (“FSMA”) OF THE UNITED KINGDOM. IT HAS NOT BEEN AUTHORISED OR OTHERWISE RECOGNISED OR APPROVED BY THE UK FINANCIAL CONDUCT AUTHORITY (“FCA”) AND AS AN UNREGULATED COLLECTIVE INVESTMENT SCHEME CANNOT BE PROMOTED IN THE UNITED KINGDOM TO THE GENERAL PUBLIC. THE ISSUE OR DISTRIBUTION OF THE MEMORANDUM IN THE UNITED KINGDOM IS BEING MADE ONLY TO, OR DIRECTED ONLY AT, PERSONS WHO ARE: (I) INVESTMENT PROFESSIONALS WITHIN THE MEANING OF ARTICLE 19 OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (FINANCIAL PROMOTION) ORDER 2005 (THE “FP ORDER”) OR ARTICLE 14 OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (PROMOTION OF COLLECTIVE INVESTMENT SCHEMES) (EXEMPTIONS) ORDER 2001 (THE “PCISE ORDER”); (II) HIGH NET WORTH COMPANIES AND CERTAIN OTHER ENTITIES FALLING WITHIN ARTICLE 49 OF THE FP ORDER OR ARTICLE 22 OF THE PCISE ORDER; OR (III) ANY OTHER PERSONS TO WHOM THE FUND MAY LAWFULLY BE PROMOTED IN ACCORDANCE WITH SECTION 4.12 OF THE FCA’S

CONDUCT OF BUSINESS SOURCEBOOK (THE PERSONS IN (I), (II) AND (III) TOGETHER, THE “RELEVANT PERSONS”).

THE MEMORANDUM MUST NOT BE ACTED ON OR RELIED ON BY PERSONS WHO ARE NOT RELEVANT PERSONS. ANY INVESTMENT OR INVESTMENT ACTIVITY TO WHICH THE MEMORANDUM RELATES, INCLUDING THE SHARES, IS AVAILABLE ONLY TO RELEVANT PERSONS AND WILL BE ENGAGED IN ONLY WITH RELEVANT PERSONS. PRIOR TO ACCEPTING AN APPLICATION FROM ANY APPLICANT WHO CLAIMS TO FALL WITHIN ANY OF THE ABOVE CATEGORIES, VERIFIABLE EVIDENCE OF THE APPLICANT'S STATUS MAY BE REQUIRED.

POTENTIAL INVESTORS IN THE UNITED KINGDOM ARE ADVISED THAT ALL, OR MOST, OF THE PROTECTIONS AFFORDED BY THE UNITED KINGDOM REGULATORY SYSTEM WILL NOT APPLY TO AN INVESTMENT IN THE FUND AND THAT COMPENSATION WILL NOT BE AVAILABLE UNDER THE UNITED KINGDOM FINANCIAL SERVICES COMPENSATION SCHEME.

## SAPIC-98 MASTER FUND

### SUMMARY

The information set out below is a summary of certain important terms and should be read in conjunction with, and is qualified in its entirety by, the full text of this Confidential Private Placement Memorandum, as the same may be amended, restated or supplemented from time to time (the “Memorandum”), the Memorandum of Association and Articles of Association, as amended or restated from time to time (together, the “Articles of Association”) of the Fund (as defined below) and the documents and agreements referred to herein.

#### **Fund**

*Generally.* SAPIC-98 Master Fund (the “Fund”) is a Cayman Islands exempted company which was incorporated in the Cayman Islands on May 15, 1998. The authorized share capital of the Fund consists of (i) U.S.\$100,000 divided into 100,000,000 shares of par value of U.S.\$0.001 per share (the “USD Participating Shares”); and (ii) €50,000 divided into 50,000,000 shares of par value of €0.001 per share (the “Euro Participating Shares” and, together with the USD Participating Shares, the “Participating Shares”). As of the date of this Memorandum, the Fund is offering Participating Shares in the following Classes:

Class A USD Participating Shares (the “Class A USD Participating Shares”), Class A British Pounds Sterling Participating Shares (the “Class A GBP Participating Shares”), Class A Euro Participating Shares, (the “Class A EUR Participating Shares”) and Class A Swiss Franc Participating Shares (the “Class A CHF Participating Shares” and, collectively with the Class A USD Participating Shares, the Class A GBP Participating Shares, and the Class A EUR Participating Shares, the “Class A Participating Shares”); and

Class INST USD Participating Shares (the “Class INST USD Participating Shares”), Class INST British Pounds Sterling Participating Shares (the “Class INST GBP Participating Shares”), Class INST Euro Participating Shares, (the “Class INST EUR Participating Shares”) and Class INST Swiss Franc Participating Shares (the “Class INST CHF Participating Shares” and, collectively with the Class INST USD Shares, the Class INST GBP Shares and the Class INST EUR Participating Shares, the “Class INST Participating Shares”); and; in limited circumstances as determined by the Directors,

SAPIC-98 I Class USD Participating Shares, SAPIC-98 II Class USD Participating Shares, SAPIC-98 III Class USD Participating Shares, SAPIC-98 IV Class Euro Participating

Shares, SAPIC-98 V Class USD Participating Shares and SAPIC-98 VI Class Euro Participating Shares (collectively, the “SAPIC-98 Participating Shares” and, together with the Class A Participating Shares and the Class INST Participating Shares, the “Shares”).

The Class A Participating Shares and Class INST Participating Shares are issued in U.S. dollars, British Pounds Sterling, Euros and Swiss Francs (as applicable) to eligible investors as set forth herein. The SAPIC-98 I Class USD Participating Shares, SAPIC-98 II Class USD Participating Shares, the SAPIC-98 III Class USD Participating Shares and SAPIC-98 V Class USD Participating Shares are issued in U.S. Dollars. The SAPIC-98 IV Class Euro Participating Shares and the SAPIC-98 VI Class Euro Participating Shares are issued in Euros. The Class A Participating Shares and the SAPIC-98 V Class USD Participating Shares are further issued in series (each, a “Series”), with a new Series being issued on each date that the Fund permits subscriptions for such Shares as further discussed herein. The Class INST Participating Shares, SAPIC-98 I Class USD Participating Shares, SAPIC-98 II Class USD Participating Shares, SAPIC-98 III Class USD Participating Shares, SAPIC-98 IV Class Euro Participating Shares and SAPIC-98 VI Class Euro Participating are not issued in Series.

The Class A Participating Shares and Class INST Participating Shares are designated as non-voting shares. The SAPIC-98 Participating Shares are designated as voting shares and are only open to investors affiliated with CSG (as defined herein).

Upon acquiring Shares, investors become shareholders in the Fund (each a “Shareholder” and collectively the “Shareholders”).

From time to time, the Fund may issue Class S Shares (the “Class S Shares”) in an effort to allow the Fund to isolate ownership of Special Situation Investments (as defined herein) for the benefit of existing shareholders in the Fund at such time. The Fund will issue Class S Shares in series (each, a “Special Investment Series”), with a new Special Investment Series being issued on each date that the Fund issues Class S Shares. In the event that the Fund issues Class S Shares, the Fund does not intend to list such Shares and any investment in such Class S Shares by an existing Shareholder will be made by way of compulsory redemption and subscription. Class S Shares will be subject to the payment of Management Fees and Performance Fees (as each term is defined herein) as provided herein.

*Class Differences.* Class A Participating Shares shall be issued to those investors whose Adjusted Subscription Amount (as

defined herein) is at least U.S.\$100,000 (or the British Pounds Sterling, Euro or Swiss Franc equivalent) but less than U.S.\$5,000,000 (or the British Pounds Sterling, Euro or Swiss Franc equivalent), whereas Class INST Participating Shares shall be issued to those investors whose Adjusted Subscription Amount equals or exceeds U.S.\$5,000,000 (or the British Pounds Sterling, Euro or Swiss Franc equivalent).

The SAPIC-98 Participating Shares shall be issued to investors affiliated with CSG (as defined herein) as determined by the Directors at an Adjusted Subscription Amount determined by the Directors.

Class A and Class INST Participating Shares, SAPIC-98 V Class USD Participating Shares and SAPIC-98 VI Class Euro Participating Shares are each subject to different Management Fees. SAPIC-98 I Class USD Participating Shares, SAPIC-98 II Class USD Participating Shares, SAPIC-98 III Class USD Participating Shares and SAPIC-98 IV Class Euro Participating Shares are not subject to a Management Fee. Additionally, Class A Participating Shares and SAPIC-98 V Class USD Participating Shares are subject to different Performance Fees whereas Class INST Participating Shares, SAPIC-98 I Class USD Participating Shares, SAPIC-98 II Class USD Participating Shares, SAPIC-98 III USD Participating Shares, SAPIC-98 IV Class Euro Participating Shares and SAPIC-98 VI Class Euro Participating Shares are not subject to a Performance Fee. “FEES AND EXPENSES” herein.

*Additional Classes of Shares.* In addition to the Participating Shares currently being offered, the Fund, from time to time, may offer additional classes of Participating Shares (together with the Class A and Class INST Participating Shares, the SAPIC-98 Participating Shares, hereinafter referred to as “Classes,” and each, a “Class”), including, without limitation, shares issued in a currency other than those discussed herein, which shares may be offered at the sole discretion of the Board and on terms that differ from (and may be more favorable than) those discussed herein. In connection with the issuance of additional classes of Participating Shares, the Fund may enter into foreign exchange transactions or hedging arrangements.

*Currency Hedging.* The Fund may, at the discretion of the Investment Manager, enter into foreign exchange hedging transactions in an attempt to hedge the non-U.S. dollar underlying exposure of the assets of the Fund. However, there is no assurance that these hedging activities will be effective and the Investment Manager may choose not to so hedge the Fund’s positions. The Investment Manager may pursue a “passive” currency risk-hedging program with respect to Shares issued in

British Pounds Sterling, Euros and Swiss Francs whereby the Fund seeks to reduce the British Pounds Sterling exposure, Euro exposure and Swiss Franc exposure (respectively) to the U.S. dollar through the use of currency hedging transactions. To this end, the Investment Manager intends to employ various hedging techniques that may include, but are not limited to, derivative transactions such as currency futures contracts, options on currency futures contracts, forward currency exchange contracts, swaps, swaptions, exchange-listed and over-the-counter put and call options on securities or on financial indices and various interest rate and foreign exchange transactions.

Although the Investment Manager engages in such transactions for the purpose of protecting Classes of Shares from currency exchange rate-related losses, such transactions could also prevent such Classes of Shares from profiting from any currency gains. As it is impossible to predict future performance, it is likely that any Class of Shares on behalf of which the Investment Manager engages in a currency hedging transaction will always be over or under-hedged against the related currency rate exchange risk. Further, there can be no assurance that any such hedging transactions will be successful in lessening the exchange-rate exposure of any Class of Shares, nor can there be any assurance that any such hedging transaction will not itself produce significant losses.

All profits, losses and expenses associated with the hedging transaction entered into on behalf of one or more particular Classes (including, without limitation any such transaction that hedges the Net Asset Value of a non-U.S. dollar denominated Class) are allocated solely to the applicable Class. In the event that losses on a particular hedging transaction exceed the net asset value of the applicable Shares, the assets of the Fund attributable to such non-U.S. dollar Shares denominated in other currencies could be used to satisfy the liabilities arising from such hedging transaction. See “CERTAIN RISK FACTORS - Currency Hedging.”

*Master Fund.* While not currently anticipated, the Fund may, in the discretion of the Board, in consultation with the Investment Manager, either (i) serve as a master fund to other investment vehicles (utilizing the same investment strategy as the Fund) that are managed by the Investment Manager (or an affiliate) or (ii) cause all or part of the Fund’s assets to be invested in a separate master fund (in which case the Fund will serve as a feeder fund) managed by the Investment Manager or an affiliate at that level, but at all times in accordance with the investment objective of the Fund as set forth in this Memorandum. To the extent the Fund’s capital is invested in a master fund, any or all of the fees and expenses payable or

allocable by the Fund, including, without limitation, the Management Fee and Performance Fee, will be paid by the Fund or the master fund, but will not be duplicated at both levels (other than fees and expenses incurred by both the Fund and the master fund, such as, without limitation, administration, professional, legal and auditing fees).

## **Investment Objective and Strategy**

*Investment Objective.* The Fund has been constructed with the objective of delivering to its shareholders capital appreciation with moderate volatility. Diversified exposure is maintained by the Fund through allocating the Fund's assets to managers (collectively, the "Underlying Managers") who manage investment funds and/or managed accounts (collectively, "Underlying Funds") that pursue non-traditional strategies. Underlying Managers are chosen based on a wide variety of qualitative and quantitative factors, which may include, without limitation, opinions of professional traders and equity research analysts, track record, depth of management team, adherence to investment strategy and openness with respect to the key risks of the strategy. The Fund may maintain assets in cash or cash equivalent instruments or affiliated money market funds pending investment, for temporary or defensive purposes, to fund redemptions, or otherwise.

Generally the Fund aims to allocate capital to 25 or more different Underlying Managers or Underlying Funds, although the Fund may invest with less than 25 Underlying Managers or Underlying Funds, in the Investment Manager's sole discretion. Notwithstanding the foregoing, the Investment Manager reserves the right to retain a portion of the Fund's assets and invest them directly at the Fund level. No guarantee can be made that the Fund's investment objective will be realized.

The Fund has been given broad investment parameters because the Investment Manager believes that in seeking profitable investment opportunities it is important to have maximum flexibility. Over time, markets change and the Fund must be able to capitalize on attractive opportunities wherever they might be.

The Fund may also take advantage of opportunities in the area of options and any other synthetic or derivative instruments that are not presently contemplated for use by the Fund or that are not currently available but that may be developed to the extent such opportunities are both consistent with the Fund's investment objective and are legally permissible for the Fund.

*Derivatives.* The Underlying Funds may also use derivatives. See "CERTAIN RISK FACTORS – Derivatives."

As discussed herein, prospective investors should be aware that situations involving uncertainties as to the valuation of an Underlying Fund could have an adverse effect on the determination of the Fund's Net Asset Value (as defined herein) and the net asset value per Share, should the valuation information for the Underlying Fund be reported in an untimely manner or prove incorrect.

In addition, if a Shareholder redeems its Shares from the Fund, subsequent adjustments may occur to the valuation of such Shares if there are adjustments to the Underlying Funds' valuations.

*Special Situation Investments.* From time to time, a portion of the assets of the Fund may consist of privately offered or other securities (including, but not limited to, ownership interests in investment vehicles or funds), structured products, over-the-counter derivative transactions or any other financial instruments, assets or investments of the Fund that the Investment Manager determines (i) are difficult to value or liquidate, (ii) are subject to regulatory, contractual or other restrictions on disposition, (iii) may have current values that do not accurately, reasonably or fairly reflect intrinsic, true or potential value, (iv) are subject to suspensions or restrictions on redemptions and/or payment of redemption proceeds and/or (v) would be in the interests of the shareholders of the Fund not to include in the Fund Net Asset Value (each such security, product, investment, instrument or transaction is referred to herein as a "Special Situation Investment").

The Fund may, in the discretion of the Investment Manager, hold in Special Situation Investments through separate or wholly-owned limited liability companies, limited partnerships or similar type companies. In the event investments are made at the Fund level, the Fund will implement a similar mechanism with respect to any Special Situation Investments held by the Fund.

*No Assurance.* There can be no assurance that the Investment Manager will be able to accurately determine the intrinsic value of securities, or be successful in pursuing the Fund's investment objective. Past results of the Investment Manager or its principal decision makers in this or in other activities are not necessarily indicative of the future performance of the Fund.

## **Board of Directors**

The Board of Directors of the Fund (the "Board" or the "Directors") consists of two (2) Directors. The Board is responsible for the operations and overall management of the Fund. Certain operations of the Fund, however, have been



delegated by the Board to the Administrator (as defined herein), and the management of the Fund's assets has been delegated to the Investment Manager. See "MANAGEMENT - Board of Directors."

### **Investment Manager**

The investment manager of the Fund is Credit Suisse AG (the "Investment Manager"). Pursuant to a termination agreement effective at close of business on June 30, 2015 between Credit Suisse Asset Management, LLC, a Delaware limited liability company and the prior investment manager to the Fund (the "Prior Investment Manager"), and the Fund and the parties terminated the agreement pursuant to which the Prior Investment Manager had been providing investment advisory services to the Fund. Effective July 1, 2015 the Fund entered into an agreement with the Investment Manager pursuant to which the Investment Manager was retained as the investment manager of the Fund (the "Investment Management Agreement"). Subject to the overall supervision of the Directors, the Investment Manager is responsible for making all investment decisions in respect of the Fund.

The Investment Manager is a subsidiary of the Credit Suisse Group (collectively with its affiliated entities, "CSG"), a leading global financial services company headquartered in Zurich. CSG's primary subsidiary is Credit Suisse ("CS"), a Swiss bank founded in 1856. CSG offers advisory services, comprehensive solutions and innovative products to companies, institutional clients and high net worth private clients globally, as well as to retail clients in Switzerland. CSG's registered shares (CSGN) are listed in Switzerland and, in the form of American Depository Shares (CS), in New York. See "MANAGEMENT – Investment Manager."

The Investment Manager and its affiliates serve as investment manager to other investment funds and/or managed accounts (collectively, the "CSG Funds"). The CSG Funds may actively engage in transactions with, or invest in, the same Underlying Funds and in the same type of securities and assets in which the Underlying Funds invest, and may therefore compete directly or indirectly with the Fund for investment opportunities. See "POTENTIAL CONFLICTS OF INTEREST."

### **Investment by Credit Suisse**

Various funds and accounts comprised of (i) employees of (a) CSG, (b) the Investment Manager and/or (c) their affiliates (such funds and accounts being referred to as the CSG Employee Funds (the "CSG Employee Funds"), as well as (ii) other CSG affiliated investment funds, may currently or in the future invest in the Fund. The investments of such CSG

Employee Funds and other CSG affiliates may not be subject to the Management Fee and/or the Performance Fee. Such CSG Employee Funds and other CSG affiliates have been issued and may be offered additional voting, participating shares in the Fund, while other investors not affiliated with CSG will be offered and issued non-voting, participating shares in the Fund. The Fund may issue separate Classes of Participating Shares for such investments at its discretion. CSG Employee Funds and other CSG affiliates investing in the Fund may have access to information regarding the investments and performance of the Fund's portfolio that might not be generally available to other Shareholders. See "POTENTIAL CONFLICTS OF INTEREST."

### **Administrator**

The Fund has entered into an administration agreement (the "Administration Agreement") with Citco Fund Services (Cayman Islands) Limited (the "Administrator"). The Administrator will perform various administrative services for the Fund, including without limitation, registrar and transfer agency services, calculation of the Fund's Net Asset Value, and preparation of reports to Shareholders. The Administrator also provides certain middle office services, including certain trade administration functions, anti-money laundering and client identification functions for the Fund. The Administrator has delegated certain of its functions to its affiliate Citco (Canada) Inc. (the "Sub-Administrator"). The Fund may appoint a different Administrator without the consent of the Shareholders. See "MANAGEMENT - The Administrator."

### **Custodians and Banks**

The Fund has retained Citco Global Custody N.A. N.V (the "Retiring Custodian") and Citco Custody Limited (the "Incoming Custodian" and together with the Retiring Custodian, the "Custodians") as custodians of its securities (being non-cash assets) and Citco Banking Corporation N.V. (the "Retiring Bank") and Citco Bank Nederland N.V.- Dublin Branch (the "Incoming Bank" and together with the Retiring Bank, the "Banks") to provide banking services to the Fund.

Pursuant to a Custody Agreement between the Fund, the Retiring Custodian and the Retiring Bank (the "Custody Agreement"), the Retiring Custodian and the Retiring Bank are responsible for, among other things, the safekeeping and custody of the Fund's assets. All of the assets of the Fund held at any time by the Retiring Custodian or any sub-custodian shall be recorded in and ascertainable from the books and/or ledgers of the Retiring Bank and the Retiring Custodian as the property of the Fund and not of the Retiring Bank and the Retiring Custodian (or sub-custodian) and such books and ledgers shall constitute conclusive evidence of the securities retained on behalf of the Fund.

Pursuant to a depositary agreement between the Incoming Custodian and the Fund (the “Depositary Agreement”), the Incoming Custodian shall be responsible for the safekeeping and custody of the Fund’s non-cash assets. All of the non-cash assets of the Fund held at any time by the Incoming Custodian (or any sub-custodian) shall be recorded in and ascertainable from the books and/or ledgers of the Incoming Custodian as the property of the Fund and not of the Incoming Custodian (or sub-custodian) and such books and ledgers shall constitute conclusive evidence of the non-cash assets retained on behalf of the Fund. See “SERVICE PROVIDERS–Custodians.” The Fund has opened cash accounts with the Incoming Bank.

### **Brokerage**

The Fund does not engage in any brokerage activities, and neither the Fund nor the Investment Manager has any discretion or control over the Underlying Managers’ decisions in choosing a broker. The Underlying Managers selected by the Investment Manager, in its capacity as investment manager to the Fund, may allocate portfolio transactions through brokerage accounts on the basis of best execution and also in consideration of such brokers’ provision or payment of the costs of research and other investment-management-related services and equipment (i.e., “soft dollar” payments). Such brokers may include Credit Suisse or one or more of its affiliates. Research and other investment management-related services and equipment obtained through soft dollar commission arrangements may benefit the Underlying Managers of the Underlying Funds. Some soft dollar arrangements also may be outside of the parameters of Section 28(e) of the United States Securities Exchange Act of 1934, as amended (the “Exchange Act”), which permits the use of soft dollars to acquire research and brokerage services. The commission rates charged by the brokers in the foregoing circumstances may be higher than those charged by other brokers who may not offer such services. See “MANAGEMENT–Brokerage.”

### **Placement Agents**

The Investment Manager may retain one or more affiliated or non-affiliated placement agent(s) on behalf of the Fund. Such placement agent(s) will be compensated by the Investment Manager at no additional cost to the Fund or the Shareholders.

### **Minimum Investment**

*Class A Participating Shares.* The Class A Participating Shares are available for subscription by those investors whose Adjusted Subscription Amount is at least U.S.\$100,000 (or the British Pounds Sterling, Euro or Swiss Franc equivalent) but less than U.S.\$5,000,000 (or the British Pounds Sterling, Euro or Swiss Franc equivalent).

*Class INST Participating Shares.* The Class INST Participating Shares are available for subscription by those investors whose Adjusted Subscription Amount is equal to or exceeds U.S.\$ 5,000,000 (or the British Pounds Sterling, Euro or Swiss Franc equivalent).

*SAPIC-98 Participating Shares.* The SAPIC-98 Participating Shares shall be issued to those investors affiliated with CSG as determined by the Directors at an Adjusted Subscription Amount determined by the Directors.

“Adjusted Subscription Amount” means, as of any date of determination with respect to any Shareholder, such Shareholder’s initial subscription amount for Shares plus the aggregate amount of additional subscriptions for Shares (if any) made by such Shareholder minus the aggregate amount of redemptions (if any) of Shares made by such Shareholder in excess of the aggregate appreciation in the net asset value (if any) attributable to such redeemed Shares since the date such Shareholder initially subscribed for such Shares.

Each of the investment brackets mentioned above is referred to herein as an “Investment Bracket.”

If a Shareholder in one Investment Bracket subsequently makes an additional investment or redeems a portion of its Shares that results in its Adjusted Subscription Amount falling within a different Investment Bracket, such Shareholder’s Shares will be converted, by way of compulsory redemption of the Shareholders’ current Class of Shares and the automatic application of the redemption proceeds in subscribing for Shares of the appropriate Class for the resulting Investment Bracket. In addition, at the time of such conversion, the Board may, in its discretion and upon consultation with the Investment Manager, carry over to the new Class of Shares the high water mark, if any, applicable with respect to the Class of Shares originally held by such Shareholder.

The application of these Investment Brackets may be waived and/or the minimum amounts reduced at the sole discretion of the Investment Manager in any particular case from time to time, provided that the minimum initial investment threshold will not be reduced below U.S.\$100,000 (or the British Pounds Sterling, Euro or Swiss Franc equivalent) at the time of subscription or such other amount required under Cayman Islands law from time to time.

## **Eligible Investors**

The Shares may be purchased only by “Eligible Investors” as described in this Memorandum. Persons interested in

purchasing the Shares should inform themselves as to the legal requirements within their own countries for the purchase of the Shares and any foreign exchange restrictions with which they must comply. Shares may not be sold to U.S. investors. The Board has the right to reject any subscription, in whole or in part, for any or no reason. See “ELIGIBLE INVESTORS,” and “TAX CONSIDERATIONS.”

**Special Situation Investments;  
Special Investment Series**

Each Shareholder who is a Shareholder at the time the Investment Manager designates one or more existing investments (or portion thereof) to be Special Situation Investment(s) will be issued Class S Shares of a new Special Investment Series, which will be consecutively numbered (“Class S1,” “Class S2,” “Class S3,” etc.) with regard to such Special Situation Investment. Upon the Investment Manager’s designating one or more previously acquired investments (or portion thereof) of the Fund as a Special Situation Investment, a pro-rata portion of each existing Shareholder’s Shares will be converted to Class S Shares of a new Special Investment Series by way of compulsory redemption and subscription, without the requirement for any notice to be served on such Shareholder.

Class S Shares of a new Special Investment Series will be issued to a Shareholder in a U.S. dollar amount (or the British Pounds Sterling, Euro or Swiss Franc equivalent) equal to (i) the aggregate value of such Shareholder’s Shares divided by the aggregate value of all of the issued and outstanding Shares (excluding for this purpose, any Class S Shares then outstanding) multiplied by (ii) the Fair Value (as defined below) of the Special Situation Investment attributable to the relevant Class S Shares.

Shareholders who purchase Shares after the Investment Manager designates one or more previously acquired investments (or portion thereof) of the Fund as a Special Situation Investment(s) are not entitled to receive any Class S Shares with respect to such Special Situation Investment(s) or to participate in the gain, loss or income relating to such Class S Shares. For the purpose of determining the number of Class S Shares in a Special Investment Series to be issued to each Shareholder, the initial Net Asset Value per Class S Shares of such Special Investment Series shall be determined by the Directors in consultation with the Investment Manager. Thereafter, the Net Asset Value of such Special Investment Series shall appreciate or depreciate in accordance with the valuation procedures described elsewhere in this Memorandum.

The term “Fair Value” shall mean the value of the investment provided by the Underlying Manager to the Fund or, if no such

value is available or if the Special Situation Investment is difficult to value by the Underlying Manager, the fair value of the Special Situation Investment as determined by the Investment Manager in its sole discretion.

In the event the Investment Manager (i) determines in its sole discretion that an investment (or portion thereof) of the Fund no longer constitutes a Special Situation Investment or (ii) liquidates a Special Situation Investment in whole or in part (including in the manner provided below), then the Shareholders holding corresponding Class S Shares shall receive an equivalent number of the relevant Class of Participating Shares, as applicable.

In the event the Investment Manager determines it is in the best interests of the Shareholders to do so, the Investment Manager may endeavor to provide a secondary market for the Special Situation Investments to facilitate liquidity for Shareholders of the Fund. Accordingly, the Investment Manager may offer one or more Special Situation Investments to other potential investors regardless of whether such investors are currently shareholders of the Fund. Such secondary market transactions in Special Situation Investments may occur at a discount to the value of such Special Situation Investments.

## **Subscriptions**

Initial investments and additional investments may generally be made on the last Business Day (as defined below) of each month (a “Dealing Day”) will generally be effective as of the first Business Day of the following month (the “Subscription Date”), subject to any suspension or closure of the Fund or the relevant Class of Shares as set forth herein, or at such other times as the Board may determine. The initial purchase price for Shares of each Class is \$1,000 (or the British Pounds Sterling, Euro or Swiss Franc equivalent) per Share for the initial offer of Shares. After the date on which the Fund first issues Shares of a particular Class, the purchase price for Shares of that Class will be equal to the prevailing net asset value per Share of that Class (determined as provided in the Articles on such Dealing Day). The term “Business Day” refers to any day when banks in New York City, London and the Cayman Islands are open for business (other than a Saturday or Sunday), or such other day approved by the Board in its sole discretion.

The Board has the right to accept, or to decline to accept, any subscription, in whole or in part, for any or no reason. Investments in the Fund must be made in cash, or in the Board’s sole discretion after consultation with the Investment Manager, may also be made in kind (either partially or fully). Such

investments shall be valued by the Investment Manager as of the relevant Dealing Day at their fair market value.

The Directors or the Investment Manager may modify the frequency of permitted subscriptions as well as the required notice period in any particular case from time to time. For example, the Investment Manager, in its sole discretion and without requiring a waiver, may permit subscriptions by funds or other commingled investment vehicles managed by CSG or its affiliates without complying with the foregoing subscription notice periods, provided the subscription documents, as well as subscription monies, are received by the Fund at any time up to and including the Subscription Date. Additionally, the Directors may “close” the Fund or any Class of Shares for subscription by refusing to issue any Shares. Notwithstanding the foregoing, the Directors may, in their sole discretion, reopen the Fund or relevant Class, as applicable, as of any date.

Class A Participating Shares and the SAPIC-98 V Class USD Participating Shares will be issued in Series for purposes of calculating the Performance Fee payable with respect to the Class A Participating Shares and SAPIC-98 V Class USD Participating Shares (as applicable). Upon subscription, Shareholders will receive the Series of Class A Participating Shares or SAPIC-98 V Class USD Participating Shares (as applicable) being offered on that Subscription Date. A new Series of Class A Participating Shares and SAPIC-98 V Class USD Participating Shares will be issued on each date that the Fund permits subscriptions with respect to such Classes. The Series will be numbered consecutively (i.e., commencing with A1, A2, etc.). Each of the outstanding Series of such Shares participates ratably with all other outstanding Series of such Shares in the expenses, assets and earnings with respect to each such Class. To the extent a Performance Fee is paid with respect to more than one issued and outstanding Series of the Class A Participating Shares or SAPIC-98 V Class USD Participating Shares (as applicable), all such Series, other than the oldest Series of such Classes, will be redesignated and converted (often called a “roll up”) into the oldest Series with respect to which a Performance Fee is payable. Such conversion will be made, after the payment of any Performance Fee, at the prevailing net asset value per Share of the oldest outstanding Series. Such conversion may take place by the compulsory redemption of Class A Participating Shares or SAPIC-98 V Class USD Participating Shares (as applicable) of the relevant Series and the automatic application of the redemption proceeds in subscribing for Class A Participating Shares or SAPIC-98 V Class USD Participating Shares (as applicable) of the relevant Series. See “SHARES OF THE FUND” for more information.

*Procedure for Subscriptions.* Completed subscription materials must be received by the Sub-Administrator by 2:00PM EST at least five (5) Business Days (or within such shorter period as determined by the Investment Manager in its discretion) prior to the Dealing Day. Applications received after such deadlines will be held in the Fund's account and treated as an application and applied (without interest) for the next Dealing Day, unless otherwise agreed by the Directors or the Investment Manager. Cleared subscription funds must be in the Fund's account at least two (2) Business Days before the Dealing Day. Payment of Shares must be made by wire transfer, unless otherwise determined in the Board's sole discretion. See "ELIGIBLE INVESTORS" and "SUBSCRIPTIONS."

In the case of a Shareholder's initial subscription into the Fund, the application may be sent by facsimile or by email (provided it contains a scanned copy of the relevant duly signed document). Any additional subscription may be made by facsimile only or by email.

Please note that when the subscription document is sent by facsimile or by email, the Administrator will send an official acknowledgement of receipt in the form of a Subscription Order by facsimile or e-mail back to the Shareholder. Thereafter, upon the approval of subscription by the Fund, the Sub-Administrator shall, on behalf of the Fund, send the Shareholder a confirmation of subscription. If the Shareholder does not receive such official acknowledgement of receipt within 48 hours, or receives an acknowledgement which contains information that differs from the subscription intended by the Shareholder, the Shareholder must contact the Administrator immediately. It is the Shareholder's sole responsibility to contact the Administrator, and in the event that the Shareholder does not so contact the Administrator, any unacknowledged subscription application may be voidable at the election of the Fund or the Administrator and any acknowledgement which differs from the subscription application submitted shall be final and conclusive. Please note that neither a facsimile transmission report indicating that a facsimile has been sent, nor any email delivery retained by the Shareholder, will be considered as an acknowledgement from the Administrator that it has received a subscription application and shall not constitute proof of such receipt. If the subscription is not accepted, payment will be returned without deduction or interest.

The following forms of communication are acceptable for submitting subscription, redemption, transfer or other instructions (such as change of address) to the Sub-Administrator:



Facsimile Transmission – On facsimile number +1 647-288-9103;

Email Transmission – Via email (provided that it contains a scanned copy of the relevant duly signed document) to:

General correspondences/queries – CreditSuisse-IR@citco.com

Investor trades – CSinvestortrades@citco.com

Notwithstanding the method of communication, the Fund and/or the Sub-Administrator reserve the right to request the production of original documents or other information to authenticate the communication. In the case of mis-receipt or corruption of any message, the subscriber will be required to re-send the documents. Note that each subscriber must use the form document provided by the Fund in respect of the subscription, redemption or transfer, unless such condition is waived by the Fund and/or the Sub-Administrator. Please note that messages sent via email must contain a duly signed document as an attachment.

## **Valuation**

Generally, the Administrator (or any party designated by the Investment Manager) will calculate the Net Asset Value of the Fund and the net asset value of each Class of Shares and Series thereof (if applicable) on a monthly basis as of close of business on the last Business Day of each calendar month, or any other day that the Board in consultation with the Investment Manager may determine as agreed to by the Administrator (each, a “Valuation Date”). See “DETERMINATION OF NET ASSET VALUE.”

As discussed above, prospective investors should be aware that situations involving uncertainties as to the valuation of an Underlying Fund could have an adverse effect on the Net Asset Value of the Fund, should the valuation information for the Underlying Funds be reported in an untimely manner or prove incorrect.

Absent gross negligence, bad faith or willful misconduct, the calculation of Net Asset Value of the Fund by the Administrator (subject to the overall supervision of the Investment Manager) in accordance with the Fund’s valuation policies and procedures is conclusive and binding on all Shareholders and prospective investors.

## **Fees and Expenses**

*Management Fee.* The Fund will pay the Investment Manager an asset based management fee (the “Management Fee”) at an annual rate of (i) eighty five basis points (.85%) of the net asset

value attributable to the Class A Participating Shares, (ii) seventy five basis points (.75%) of the net asset value attributable to the Class INST Participating Shares, (iii) fifty basis points (.50%) of the net asset value attributable to the SAPIC-98 V Class USD Participating Shares and (iv) sixty five basis points (.65%) of the net asset value attributable to the SAPIC-98 VI Class Euro Participating Shares. The Management Fee will be calculated and accrued monthly, in an amount equal to the product of (i) the applicable annual rate divided by 12 and (ii) the net asset value attributable to the relevant Class of Shares at the end of each month.

The SAPIC-98 I Class USD Participating Shares, SAPIC-98 II Class USD Participating Shares, SAPIC-98 III Class USD Participating Shares and SAPIC-98 IV Class Euro Participating Shares are not subject to a Management Fee.

The Management Fee shall be payable to the Investment Manager quarterly in arrears on the last Dealing Day in February, May, August and November. The payment of the Management Fee will be prorated for partial periods. The Investment Manager, in its sole discretion, may waive or reduce, by rebate or otherwise, all or part of the Management Fee otherwise due with respect to any Shareholder's investment, including, without limitation, its affiliates, members and/or employees and the Fund may issue any such Shareholder with a separate class of Participating Shares in respect thereof, if appropriate.

Any portion of Management Fees attributable to a Special Situation Investment will be payable based on the Fair Value of such Special Situation Investment until the date that the Investment Manager determines that the applicable Special Situation Investment no longer constitutes a Special Situation Investment or liquidates, in whole or in part, a Special Situation Investment.

*Performance Fee.* With respect to the Class A Participating Shares and the SAPIC-98 V Class USD Participating Shares only, the Investment Manager is entitled to receive a performance-based fee from the Fund (the “Performance Fee”) at the end of each Performance Fee Period (as defined herein). The Performance Fee is calculated on a Series-by-Series basis after all other fees and expenses, including the relevant Management Fee and Administration Fee (as defined herein), are deducted. The Performance Fee with respect to the Class A Participating Shares is equal to five percent (5%) of the appreciation of the Net Asset Value of each Series of Class A Participating Shares and the Performance Fee with respect to the SAPIC-98 V Class USD Participating Shares is equal to ten percent (10%) of the appreciation of the Net Asset Value of each Series of the SAPIC-98 V Class USD Participating Shares in excess of the Hurdle (as defined below).

The “Hurdle” is applicable only to Series of SAPIC-98 V Class USD Participating Shares and means, with respect to each Performance Fee Period, five percent (5%) multiplied by the Net Asset Value of the Series of SAPIC-98 V Class USD Participating Shares as of the first Business Day of such Performance Fee Period. The Hurdle is not cumulative from year to year and will be pro-rated for a Performance Fee Period of less than 12 months.

The Performance Fee is calculated on a Series-by-Series basis in an effort to ensure that the Performance Fees are equitably assessed among Shareholders which are charged a Performance Fee. A “Performance Fee Period”, with respect to a Series of Class A Participating Shares or SAPIC-98 V Class USD Participating Shares, shall commence on the date of issuance of such Series of Shares and, thereafter, following the close of the preceding Performance Fee Period, and shall end (i) as of each fiscal year-end, (ii) as of the Redemption Date in relation to such Series of Shares being redeemed, (iii) in the Board’s sole discretion, as of the effective date of a transfer of such Series of Shares, (iv) as of the date of the termination of the Investment Management Agreement and (v) as of any other date determined by the Board. The Investment Manager reserves the right to waive or rebate all or part of the Performance Fee, with respect to any Shareholder, including, without limitation, its affiliates, principals and/or employees for any reason and the Fund may issue any such Shareholder with a separate class of shares in respect thereof, if appropriate.

At the time the Investment Manager determines that an investment of the Fund no longer constitutes a Special Situation Investment or liquidates a Special Situation Investment in whole or in part, the Investment Manager will be immediately entitled to

a Performance Fee (if applicable) with regard to the appreciation, if any, attributable to the Special Investment Series with respect to such Special Situation Investment. After giving effect to the Performance Fee, such Special Investment Series shall be converted to a new Series of the Class A Participating Shares and SAPIC-98 V Class USD Participating Shares, except as otherwise provided in the section entitled “REDEMPTIONS” with respect to a Shareholder requesting redemption of its Class A Participating Shares.

*High Water Mark.* The Performance Fee with respect to a Series of Class A Participating Shares and SAPIC-98 V Class USD Participating Shares is calculated on a cumulative basis and is payable only where the net asset value per relevant Class A Participating Share or SAPIC-98 V Class USD Participating Share (as applicable) has risen above the higher of (a) the issue price of the relevant Class A Participating Share or SAPIC-98 V Class USD Participating Shares in the relevant Series (the net asset value per Class A Participating Share or SAPIC-98 V Class USD Participating Share on the Dealing Day) or (b) the net asset value per relevant Class A Participating Share or SAPIC-98 V Class USD Participating Share of the relevant Series immediately following the last payment of any Performance Fee with respect to such Series (the “High Water Mark”). In effect, a Performance Fee with respect to a particular Series of Class A Participating Shares or SAPIC-98 V Class USD Participating Share is not payable until all prior net losses with respect to such Series from the later of the date of issue or payment of the last Performance Fee (excluding the accrued Performance Fee from the calculation of net losses) are recouped. Adjustments will be made to the High Water Mark to take into account redemptions made by the holders of Class A Participating Shares and SAPIC-98 V Class USD Participating Shares (as applicable) such that the relevant High Water Mark is proportionately reduced as a result of such redemptions. To the extent a Performance Fee is paid with respect to more than one issued and outstanding Series of the Class A Participating Shares or SAPIC-98 V Class USD Participating Shares (as applicable), all such Series, other than the oldest Series of such Classes, will be redesignated and converted (often called a “roll up”) into the oldest Series with respect to which a Performance Fee is payable.

No performance fees with respect to the Class INST Participating Shares, SAPIC-98 I Class USD Participating Shares, SAPIC-98 II Class USD Participating Shares, SAPIC-98 III Class USD Participating Shares, SAPIC-98 IV Class Euro Participating Shares or SAPIC-98 VI Class Euro Participating Shares will be payable to the Investment Manager by the Fund.

*Ongoing Expenses.* The Fund shall be responsible for all of the ordinary and necessary expenses of its operation. Such expenses include, but are not limited to, costs associated with the Fund's investment in Underlying Funds and with Underlying Managers, and any fees payable to Underlying Funds and Underlying Managers with whom the Fund invests, research expenses, withholding taxes, legal and auditing expenses, accounting, reasonable and customary fund administration fees, investment related consultants and other service providers' expenses, investment related travel costs, expenses incurred with respect to the preparation, duplication and distribution to Shareholders and prospective Shareholders of the offering documents, annual reports and other financial information, reasonable and customary annual Directors' fees and reimbursements to Directors for reasonable out-of-pocket expenses, government fees, insurance premiums of the Fund, the Board of Directors and/or the Investment Manager (including insurance premiums with respect to any of their principals, partners and officers), the Management Fee, extraordinary expenses (such as litigation and indemnification of the Investment Manager and the Directors), tax preparation and other tax related expenses and similar ongoing operational expenses as well as the costs for in-house accountants and other personnel providing administrative or other services provided such costs and expenses are generally consistent with the costs customarily charged by third-party professionals (such costs, the "In-house Costs"); provided further that with respect to such In-house Costs, in no event will the aggregate fees paid to the Administrator and any such in-house party for such costs be greater than the market rate charged by the Administrator for administering other similar investment funds. Fees and expenses that are identifiable with a particular Class of Shares, in the discretion of the Board in consultation with the Investment Manager, are charged against that Class in computing its net asset value. Other fees and expenses will be charged to the Fund as a whole or otherwise in the discretion of the Board. See "POTENTIAL CONFLICTS OF INTEREST".

The Investment Manager and any affiliates retained by it will be reimbursed for out-of-pocket expenses incurred on behalf of the Fund. Unless otherwise provided herein, such reimbursable expenses shall not include any expense attributable to their provision of office personnel and space required for the performance of their services, marketing expenses, secretarial services and payroll taxes of their employees.

*Administration Fees.* For its administrative duties, the Administrator receives an administration fee (the "Administration Fee"), which is accrued and payable monthly. In addition, all out-of-pocket expenses incurred by the

Administrator on behalf of the Fund will be reimbursed by the Fund.

*Custody Fees.* The Fund pays the Custodians a custody fee as well as out of pocket expenses in accordance with the Custody Agreement and Depository Agreement (as further described herein).

*Placement Agent Fee/ Sales Fee.* The Management Fee and/or Performance Fee may be used by the Investment Manager to compensate affiliated or unaffiliated third party placement agents. Additionally, a sales fee of up to a maximum of three percent (3%) of the initial amount subscribed (the “Sales Fee”) may be charged to an investor. Any Sales Fee will be deducted from the investor’s subscription proceeds, and therefore the subscription proceeds net of the Sales Fee shall be used to purchase Shares. In certain circumstances, the Placement Agent may, in its sole and absolute discretion waive or rebate all or part of the Sales Fee for any investors, including certain affiliated investors.

*Subscription Fee.* Any fees or duties incurred by the Fund in processing an investor’s application for Shares may either be deducted from the investor’s subscription proceeds, in which case the subscription proceeds net of the subscription charges shall be applied towards the subscription for Shares, or the subscription charges may be charged in addition to the amount being subscribed.

*Fees of Underlying Funds.* Fees incurred with respect to the Underlying Managers of the Underlying Funds are borne by the Fund. Typically, such fees may include management fees, performance fees and other incentive arrangements. Generally, management fees range between one percent (1%) and two percent (2%) of the value of net assets under management. Generally, performance fees and incentive arrangements range between fifteen percent (15%) and twenty-five percent (25%) of the aggregate net capital appreciation of a fund.

## **Redemptions**

*Quarterly Redemptions.* Except as provided herein (including with regard to Special Investment Series), Shareholders have the right, upon at least sixty-five (65) days’ prior written notice to the Sub-Administrator, to request a partial or total redemption of their Shares as of the last Business Day of any calendar quarter or at such other times as the Directors, in consultation with the Investment Manager, determine in their sole discretion (each, a “Quarterly Redemption Date”).

*Monthly Redemptions.* In addition to the Quarterly Redemption Dates and except as provided herein (including with regard to Special Investment Series), a Shareholder also has the right, upon at least thirty-five (35) days' prior written notice to the Sub-Administrator, to request a partial redemption of its Shares, in an amount equal to, or less than, five percent (5%) of the Net Asset Value attributable to such Shareholder's Shares, as of the last Business Day of any calendar month that does not fall on a calendar quarter end or at such other times as the Directors, in consultation with the Investment Manager, determine in their sole discretion (each, a "Monthly Redemption Date" and together with the Quarterly Redemption Date, each, a "Redemption Date").

The redemption price is equal to the net asset value per Share of the relevant Class and Series (if applicable), on the corresponding Redemption Date.

If a redeeming Shareholder owns Shares of more than one Series (if applicable) or Class and has not designated the Shares to be redeemed, Shares will be redeemed on a first in first out basis for the purposes of determining the redemption proceeds. A redemption request, once made, will be irrevocable and may not be withdrawn without the consent of the Investment Manager or the Directors.

In the case of a partial redemption, a redeeming Shareholder's Shares must not fall below such Shareholder's Adjusted Subscription Amount, calculated after such Shareholder's partial redemption, unless otherwise determined by the Board (in consultation with the Investment Manager).

*Payment of Redemption Proceeds.* Subject to the Board's right to establish reserves for estimated accrued expenses, liabilities and/or contingencies, the Fund's ability to redeem funds from the Underlying Funds and in turn, the redemption of sufficient Fund Shares, and except as otherwise provided herein, generally ninety-five percent (95%) of the estimated redemption proceeds (on the basis of unaudited data) will be paid to the redeeming Shareholder within forty-five (45) days after the Redemption Date or as soon as practicably possible. Any remaining amounts held by the Fund will be paid within a reasonable time after the completion of the Fund's audit for the year in which the redemption is made. In the discretion of the Directors, the Fund may settle redemptions, in whole or in part, in kind. In the event that any amount of the redemption proceeds is paid to a redeeming Shareholder in kind, the Directors in consultation with the Investment Manager will have the discretion as to which assets are to be transferred to the redeeming Shareholder in satisfaction of the in kind portion of such redemption. For

example, redemption payments may be settled by the Fund in kind if the redemption payment received from an Underlying Fund in connection with the Fund's liquidation of a position to fund a redemption request is in kind.

*Borrowing.* In the event the Fund borrows capital in order to fund redemption request(s), the Fund will bear the cost of such loan(s).

*Special Situations Investments.* Except as otherwise provided for herein, Shareholders may not make redemptions with respect to their Special Investment Series unless the Directors (after consultation with the Investment Manager) permit an in-kind distribution or until the corresponding Special Situation Investment has been liquidated (at the discretion of the Investment Manager). Until such time as a Special Situation Investment has been liquidated or becomes liquid, such Shareholder's Special Investment Series with respect to such Special Situation Investment will remain at risk in the Fund (and the Shareholder remains a Shareholder with respect to such Special Investment Series), and, such Special Investment Series continues to be subject to the terms of this Memorandum until the Fund issues redemption proceeds relating to such Special Investment Series in accordance with the redemption terms set forth herein and net of all accrued Management Fees and Performance Fees thereon (to the extent applicable). The Fund may establish a liquidating trust, or similar mechanism, for the purpose of holding Special Situation Investments that constitute part or all of a Shareholder's redemption proceeds until such times as such Special Situation Investments no longer constitute Special Situation Investments or become readily capable of liquidation in whole or in part in the sole discretion of the Investment Manager. The Directors may permit redemption of a Special Situation Series in kind.

If a Shareholder requests a full redemption of its Shares while such Shareholder holds a Special Investment Series, the Fund shall withhold from the redemption proceeds of such Shareholder an amount equal to one (1) year (or more if the Board so determines) of Management Fees payable with respect to such Special Investment Series (the "Management Fee Holdback"). If the Fund disposes of the Special Situation Investment attributable to such Special Investment Series prior to the expiration of such one (1) year (or longer) period, the Fund shall distribute any remaining Management Fee Holdback attributable to such Special Investment Series accordance with the redemption terms set forth herein. If the Fund holds any Special Situation Investment attributable to any Special Investment Series held by a Shareholder that has completely redeemed its Shares for longer than such one (1) year (or



longer) period, the Fund shall accrue and deduct any Management Fees attributable to such Special Situation Investment in excess of the Management Fee Holdback of such Shareholder from the disposition proceeds of such Special Situation Investment.

*Inability to Liquidate; Suspension.* In circumstances where the Fund is unable to liquidate securities positions in an orderly manner in order to fund redemptions, or where the value of the assets and liabilities of the Fund cannot reasonably be determined, the Fund may take longer than the time periods mentioned above to effect settlements of redemptions and/or the Fund may suspend redemptions, establish a liquidating trust, special purpose vehicle or similar mechanism for the purpose of holding any illiquid investments or establish side pockets to hold such illiquid investments from which redemptions may not be made until the Investment Manager determines such investments are no longer illiquid.

Furthermore, the Fund reserves the right (i) to suspend the calculation of the Fund's Net Asset Value or any Class' net asset value and/or the ability of Shareholders to subscribe for Shares of the Fund and/or (ii) to suspend or limit the rights of Shareholders to redeem Shares of the Fund and/or to receive redemption payments, upon the occurrence of an event that may result in dissolution of the Fund or at any time in the sole discretion of the Directors. In the event the Directors suspend the rights of Shareholders in any of the foregoing circumstances, the suspension shall continue until the Directors determine, in their sole discretion, to lift such suspension. At the time the suspension is lifted, redemption requests that have been properly submitted will be processed as of the immediately following Redemption Date. See "SHARES OF THE FUND."

The Fund may withhold all or any portion of the proceeds of redemption if necessary to comply with applicable legal, tax or regulatory requirements.

*Compulsory Redemption.* The Fund, in the Board's sole discretion, may require the compulsory redemption of any or all of the Shares held by a Shareholder, at the price per Share equal to the then prevailing net asset value per Share of the relevant Class and Series (if applicable), for any or no reason, without prior written notice to the Shareholder.

When Shares are redeemed, all fees and allocations, including, without limitation, Management Fees and the Performance Fees, if any, that have been accrued as of the relevant Redemption Date will be calculated and deducted from the redemption proceeds.

*Underlying Funds.* The calculation and payment of a Shareholder's redemption proceeds will be based on estimated and unaudited data. Accordingly, adjustments and revisions may be made to the Fund's Net Asset Value following each month-end valuation and the year-end audit of the Fund. If a Shareholder (or former Shareholder) redeems all or part of its Shares, subsequent adjustments may occur to the valuation of such Shares for any reason, including, without limitation, adjustments to the Underlying Funds' valuations, which may result in an overpayment or underpayment of redemption proceeds to such Shareholder (or former Shareholder).

If such overpayment is found to be material by the Board, in its sole discretion, such Shareholder (or former Shareholder) may, in the Board's discretion, be required to return such overpayment promptly to the Fund. Conversely, if such underpayment is found to be material by the Board, in its sole discretion, such underpayment will be paid to such Shareholder by the Fund. In such a case, a redeeming Shareholder may be positively (in case of an increase in Net Asset Value) or adversely (in case of a decrease in Net Asset Value) affected by adjustments to the valuation of such Shareholder's Shares. Additionally, to the extent that a Shareholder (or former Shareholder) does not return any such payments to the Fund, the outstanding Shares will be adversely affected by such redemption.

If such audit adjustments are found by the Board, in its sole discretion, to be immaterial, then no such return or payment, as the case may be, will be required. In such a case, to the extent that such revisions to Net Asset Value decrease the Net Asset Value of the Fund or a Class or Series (if applicable), the outstanding Shares of the relevant Class(es) or Series (if applicable) will be adversely affected by redemptions. Conversely, any increases in the Net Asset Value of the Fund or a Class or Series (if applicable) resulting from such adjustments will be entirely for the benefit of the outstanding Shares of the relevant Class(es) or Series (if applicable).

*Procedure for Redemptions.* Redemption proceeds will be paid only to an account in the name of the redeeming Shareholders. The following forms of communication are acceptable for submitting subscription, redemption, transfer or other instructions (such as change of address) to the Sub-Administrator:

Facsimile Transmission – On facsimile number +1 647-288-9103;

Email Transmission – Via email (provided that it contains a scanned copy of the relevant duly signed document) to:

General correspondences/queries – CreditSuisse-IR@citco.com

Investor trades – CSinvestortrades@citco.com

Notwithstanding the method of communication, the Fund and/or the Sub-Administrator reserve the right to request the production of original documents or other information to authenticate the communication. In the case of mis-receipt or corruption of any message, the subscriber will be required to re-send the documents. Note that each subscriber must use the form document provided by the Fund in respect of the subscription, redemption or transfer, unless such condition is waived by the Fund and/or the Sub-Administrator. Please note that messages sent via email must contain a duly signed document as an attachment.

The Board, the Investment Manager, the Administrator and/or the Sub-Administrator reserve the right to require any Shareholders to submit, in a timely manner, originals of any documents submitted by facsimile or e-mail only.

The Administrator will not remit redemption proceeds if a Shareholder has not submitted a signed redemption request or is not considered to be compliant with all the necessary Anti-Money Laundering legislation and regulations. Nor will the Administrator remit any payment to a third party bank account. The Sub-Administrator will acknowledge receipt of any redemption request on behalf of the Fund, and in the event no acknowledgement is received from the Sub-Administrator within forty-eight (48) hours of submitting the request, the Shareholder should assume that the redemption request has not been received and they should contact the Sub-Administrator via telephone at +1 416-969-6700 to confirm the status of their request. No redemption proceeds will be paid to the redeeming Shareholder until the Sub-Administrator has received the redemption request signed by the Shareholder or an authorized signatory of the Shareholder. In the event that the Shareholder does not so contact the Administrator, any unacknowledged redemption application shall be voidable at the election of the Fund or the Sub-Administrator and any acknowledgement which the Shareholder believes differs from the redemption submitted shall be final and conclusive. None of the Fund, the Administrator or the Sub-Administrator shall be responsible for any mis-delivery or non-receipt of any facsimile or e-mail. Facsimiles and e-mails sent to the Fund or the Sub-

Administrator shall only be effective when actually received by the Fund or the Sub-Administrator. Shareholders who submit redemption requests initially by facsimile or e-mail to the Sub-Administrator are advised to contact the Sub-Administrator by telephone at +1 416-969-6700 to confirm that the Sub-Administrator has received the facsimile or e-mail redemption request.

See “REDEMPTIONS” for additional terms that apply to redemptions.

**Transfers**

Shares may not be transferred without the prior written consent of the Board, which may be granted or denied in the Board’s sole discretion. If the Board permits a transfer, the transferor and/or transferee will bear all expenses incurred by the Fund with respect to such transfer.

**Functional Currency**

The Fund’s functional currency (*i.e.*, the currency in which it maintains its books, records, and financial statements) is the U.S. dollar.

**Listing**

The Fund may list the Shares of any Class on any securities exchange in the future but does not intend to do so at this time. There is no current public market for the resale of Shares and, notwithstanding an application for listing, no such market is likely to exist in the future.

**Distributions and Reinvestment**

It is the present intention of the Directors not to distribute net income by way of dividends. Accordingly, net income effectively will be represented in the net asset value of the Shares. The Directors reserve the right to change such policy at any time and in respect of the Fund as a whole, or any particular Class or Series (as applicable).

**Risk Factors; Conflicts of Interest**

An investment in the Fund involves a high degree of risk, including the risk of a complete loss of an investor’s investment, and is suitable only for sophisticated investors. There is no assurance that the Fund will be profitable or that an investor will not lose some or all of its investment in the Fund. Past performance of the Fund, the Investment Manager or of the principals of the Investment Manager or any collective investment vehicles managed by such persons is no guarantee of the future performance of the Fund or any such party. The risks of an investment in the Fund include, but are not limited to, the efficacy of the Fund’s strategies and the charges that the Fund will incur regardless of whether any profits are earned. See “CERTAIN RISK FACTORS.” Moreover, because the Fund’s

Net Asset Value is calculated in U.S. dollars, each Shareholder, and not the Fund, will bear the risk of any foreign currency exposure resulting from differences, if any, in the value of the U.S. dollar and the currency in which such Shareholder maintains its net worth.

In the event of substantial redemption requests, the Fund may be faced with certain investment concentration risks as the Investment Manager redeems or withdraws from some Underlying Funds but not others.

The performance of the Fund depends on the success of the Investment Manager in selecting Underlying Managers and Underlying Funds for investment by the Fund. The Underlying Funds may not have an operating history and will generally not be registered as investment companies under the U.S. Investment Company Act of 1940, as amended (the “Company Act”). The Fund, as an investor in these Underlying Funds, will not have the benefit of the protections afforded by the Company Act to investors in registered investment companies. Although the Investment Manager will receive information from each Underlying Fund regarding its investment performance and investment strategy, the Investment Manager may have little or no means of independently verifying this information. An Underlying Manager may use proprietary investment strategies that are not fully disclosed to the Investment Manager and that may involve risks under some market conditions that are not anticipated by the Investment Manager.

The Fund is also subject to certain conflicts of interest, including that (i) the Investment Manager and its affiliates conduct substantial investment activities for the accounts of other clients in which the Fund has no interest; (ii) the Investment Manager and its affiliates will advise the Fund and advise other accounts, investment funds and funds of hedge funds which utilize the same, similar or different methodologies as the Fund; (iii) personnel who provide services to the Investment Manager and affiliates of the Investment Manager may choose to personally invest in certain, but not all, or none of the funds advised by the Investment Manager and/or in the Underlying Funds; and (iv) the Investment Manager’s affiliates are active participants in the market for hedge fund investments and also may, for a negotiated fee, perform advisory or other services or may engage in a variety of transactions with companies that issue securities or other assets of the same kind that the Fund seeks to acquire.

To the extent permitted by applicable law, the Fund may invest in Underlying Funds which themselves enter into transactions and invest in securities or other instruments in which CSG or its

affiliates, acting as principal or as agent for its customers, serves as the counterparty. The Fund and CSG-affiliated Underlying Funds may also enter into cross transactions where CSG or its affiliates act as agent on behalf of the Fund and on behalf of the other party to the transaction. Cross transactions may include trades between the Fund or accounts advised by the Investment Manager or its affiliates.

Cross transactions may enable the Investment Manager to purchase or sell an Underlying Fund interest at a set price and possibly avoid an unfavorable price movement that may be created through entrance into the market with such purchase or sell order. CSG or its affiliates may have a potentially conflicting division of responsibilities to both parties to a cross transaction. The Fund will only consider engaging in a cross transaction with CSG or its affiliates to the extent permitted by applicable law, including, if required or appropriate, the making of appropriate disclosure to and receipt of consent from either an advisory committee consisting of one or more of the Fund's Shareholders or an independent party. See "POTENTIAL CONFLICTS OF INTEREST."

**Fiscal Year**

The Fund's fiscal year-end is December 31<sup>st</sup>.

**Reporting**

Shareholders will receive annual audited financial statements from the Fund as soon as practicable after each fiscal year-end prepared in accordance with GAAP. In addition, Shareholders will receive monthly unaudited financial information. Upon request, the Investment Manager may offer certain Shareholders additional information not disclosed in this Memorandum, and such information may affect a Shareholder's decision to request a redemption of all or a portion of its Shares. Any Shareholder that is interested in receiving such additional information should contact the Investment Manager to have such request considered. The costs of preparing such information may be charged to the relevant Shareholder(s) unless the Investment Manager determines to assume such costs. The Investment Manager is not generally obligated to send such additional information to all Shareholders.

**Certain U.S. Regulatory Matters**

The Fund is not registered as an investment company and, therefore, is not required to adhere to certain investment policies under the Company Act. Accordingly, this Memorandum may be amended by the Fund without further notice to the Shareholders and/or action may be taken with regard to such matters as to comply with any rule, regulation or statute or act in a manner consistent therewith. See "CERTAIN RISK FACTORS."

## **Tax Status**

Under current Cayman Islands law, the Fund will not be subject to any Cayman Islands taxation and, except as otherwise provided below, under current laws of the United States, the Fund should not be subject to any U.S. income taxation (other than U.S. withholding taxes on dividends and certain interest income derived from U.S. sources). Certain dividend income, interest income and certain capital gains income realized by the Fund may be subject to income or withholding taxes in the jurisdiction of the source of such income.

Shareholders should obtain their own legal or tax advice on the tax and other consequences of purchasing, holding, transferring and selling the Shares. See “TAX CONSIDERATIONS.”

## **Bank Regulatory Considerations**

The Investment Manager is an affiliate of CS, a bank organized and regulated under the laws of Switzerland with banking operations in the United States, and CSG. CS is subject to regulation by the Swiss Federal Banking Commission. The Bank Holding Company Act of 1956 (as amended, the “BHCA”), which is applicable to CSG and CS through the International Banking Act of 1978, as amended by the Foreign Bank Supervision Enhancement Act of 1991, generally prohibits foreign banking organizations with United States banking operations (like CS) or their parent companies (like CSG) from acquiring an equity interest in non-banking entities unless certain exemptions apply. Each of CS and CSG is a financial holding company (an “FHC”) under the Gramm-Leach-Bliley Act and, as such, may engage (among other things) in a wide range of activities that are “financial in nature,” including certain banking, funds management, securities and merchant banking activities. The Investment Manager intends to rely on CS’s and CSG’s FHC status to conduct their advisory and related activities involving the Fund. See “BANKING REGULATORY CONSIDERATIONS.”

## **Volcker Rule**

On July 21, 2010, President Obama signed into law the “Dodd-Frank Wall Street Reform and Consumer Protection Act” (the “Dodd-Frank Act”). Section 619 of the Dodd-Frank Act and final regulations implementing that section issued on December 10, 2013 (collectively, the “Volcker Rule”) will, over time, restrict the ability of a banking entity, such as CSG, to engage in proprietary trading or to acquire or retain any equity, partnership or other ownership interest in, or sponsor, a “covered fund” (as defined in the Volcker Rule), and prohibit certain transactions between banking entities and their affiliates and the covered funds they invest in or sponsor. Section 619 of the Dodd-Frank Act became effective in July 2012, and that section’s final implementing rules (the “Final Rules”) became effective on April 1, 2014.

By the applicable Volcker Rule conformance date, generally set for July 21, 2015 except as noted below (the “conformance date”), a banking entity must bring its activities and investments into compliance with the Volcker Rule. As a result of action by the Federal Reserve, a banking entity must bring its investments in and relationships with covered funds and certain foreign funds that were in place prior to December 31, 2013 (“legacy covered funds”) into compliance by July 21, 2016, with the possibility that an additional extension may be granted until July 21, 2017 (the “extended conformance date”). Prior to the applicable conformance date, banking entities are expected to engage in “good-faith” efforts to begin to bring their activities and investments into compliance with the Final Rules.

CSG believes that it may perform the activities contemplated herein without violation of applicable banking laws and regulations. However, it is possible that future changes in applicable statutes, regulations or interpretations, as well as further judicial or administrative decisions and interpretations of present or future statutes or regulations could restrict (or possibly prevent) CSG from continuing to perform such activities in the manner currently contemplated. CSG may alter or restrict the exercise of its powers and authority or otherwise change its relationships with the Fund, in each case to the extent necessary to permit CSG to continue to serve the Fund, while enabling the Fund to continue to achieve its purposes and objectives. Other changes to the Fund may be required as a result of the Volcker Rule. See “CERTAIN RISK FACTORS – Banking Regulations.”

## **Privacy Notice**

Shareholders’ privacy is very important to the Fund. This notice sets forth the Fund’s policies with respect to non-public personal information of its investors, prospective investors and former investors. These policies apply to individuals only and may be changed at any time, provided a notice of such change is given to Shareholders. Shareholders provide the Fund with personal information, such as addresses, assets and/or income information: (i) in the subscription agreement annexed hereto and related documents; (ii) in correspondence and conversations with the Fund’s representatives; and (iii) through transactions in the Fund. The Fund does not disclose any of this personal information about the Fund’s investors, prospective investors or former investors to anyone, other than to the Fund’s affiliates, such as the Investment Manager, except as permitted or required by law, or to the Fund’s attorneys, auditors, administrator and regulators and certain service providers, in such case, only as necessary to facilitate the acceptance of the Shareholders’ investments and management of the Fund. Thus, it may be



necessary, under anti-money laundering and similar laws, to disclose information about the Fund's investors in order to accept subscriptions from them. The Fund will also release information about a Shareholder if such Shareholder directs the Fund to do so, if compelled to do so by law, or in connection with any government or self-regulatory organization request or investigation. The Fund may also disclose information a Shareholder provides to the Fund to companies that perform marketing services on the Fund's behalf, such as the Fund's placement agent(s). If such a disclosure is made, the Fund will require such third parties to treat a Shareholder's private information with confidentiality. The Fund seeks to carefully safeguard each Shareholder's private information and, to that end, restricts access to non-public personal information about Shareholders to those employees and other persons who need to know the information to enable the Fund to provide services to the Shareholders. The Fund maintains physical, electronic and procedural safeguards to protect Shareholders' non-public personal information.

#### **Legal Advisors**

Tannenbaum Helpert Syracuse & Hirschtritt LLP (as to United States law only) ("THSH") and Maples and Calder (as to Cayman Islands law only) ("Maples" and together with THSH, "Counsel") act as counsel to the Fund in connection with this offering; THSH also acts as counsel to the Investment Manager. In connection with this offering, the organization, operation and ongoing advice to the Fund, the Investment Manager and their affiliates, THSH and Maples have not represented, and will not be representing, the Shareholders. No independent counsel has been, nor is it anticipated will be, retained to represent the Shareholders. THSH's and Maples' representation of the Fund, the Investment Manager and their affiliates is limited to those specific matters upon which they have been consulted. No attorney-client relationship exists either with Counsel or any other person or entity solely by virtue of such person or entity making an investment in the Fund. There may exist other matters which would have a bearing on the Fund, the Investment Manager and their affiliates upon which THSH and Maples have not been consulted. Furthermore, in the event a conflict of interest or dispute arises between the Investment Manager and the Fund and any Shareholder, it will be accepted that THSH may act as counsel to the Investment Manager and not counsel to the Fund or Shareholders, notwithstanding the fact that, in certain cases, THSH's fees are paid through or by the Fund. THSH and Maples do not undertake to monitor the compliance of the Fund, the Investment Manager and their affiliates with the investment program, valuation procedures and other guidelines set out herein, nor do they monitor compliance with applicable laws. Additionally, in all cases, including the preparation of this

Memorandum, THSH and Maples rely upon information furnished to them by the Fund and its Investment Manager and its affiliates, and do not investigate or verify the accuracy and completeness of such information. In the course of advising the Fund and its Investment Manager and its affiliates, there may be times when the interests of the Investment Manager may differ from those of the Shareholders. THSH and Maples do not represent the interests of the Shareholders in resolving such issues. In connection with the preparation of this Memorandum, Maples' responsibility is limited to matters of Cayman Islands law and it does not accept responsibility in relation to any other matters referred to or disclosed in this Memorandum.

## DIRECTORY

### **The Fund's Registered Office**

SAPIC-98 Master Fund  
c/o Maples Corporate Services Limited  
P.O. Box 309  
Ugland House  
Grand Cayman KY1-1104  
Cayman Islands

### **Investment Manager**

Credit Suisse AG  
Paradeplatz 8  
8001 Zurich  
Switzerland

### **Administrator**

Citco Fund Services (Cayman Islands) Limited  
89 Nexus Way, 2<sup>nd</sup> Floor  
Camana Bay  
P.O. Box 31106  
Grand Cayman, KY1-1205  
Cayman Islands

### **Sub-Administrator**

Citco (Canada) Inc.  
2 Bloor Street East, Suite 2700  
Toronto, Ontario M4W 1A8  
Canada  
Telephone: 416-969-6700  
Facsimile: 647-288-9103

Email (for trades): [CSinvestortrades@citco.com](mailto:CSinvestortrades@citco.com)  
Email (for other queries): [CreditSuisse-IR@citco.com](mailto:CreditSuisse-IR@citco.com)

### **Custodians**

Citco Custody Ltd.  
Level 2 West, Mercury Tower  
The Exchange Financial & Business Centre  
Elia Zammit Street  
St. Julian's STJ 3155  
Malta

### **Auditor**

KPMG Cayman Islands  
P.O. Box 493  
Century Yard, Cricket Square  
Grand Cayman, KY1-1106  
Cayman Islands

Citco Global Custody N.A. N.V.  
De Ruyterkade 62  
Curaçao

## **Legal Advisors**

*As to United States Law:*  
Tannenbaum Helpert  
Syracuse & Hirschtitt LLP  
900 Third Avenue  
New York, N.Y. 10022  
U.S.A.

*As to Cayman Islands Law:*  
Maples and Calder  
P.O. Box 309  
Ugland House  
Grand Cayman KY1-1104  
Cayman Islands

## Table of Contents

|   |       |
|---|-------|
| NOTICES.....  | ii    |
| SUMMARY .....   | xi    |
| DIRECTORY .....   | xliii |
| OVERVIEW .....  | 1     |
| INVESTMENT POLICY.....  | 3     |
| Investment Objective .....  | 4     |
| Investment Strategy.....  | 4     |
| Distributions and Reinvestment.....   | 6     |
| Special Situation Investments.....  | 7     |
| Borrowing of Cash and Securities and Certain Loans; Short Sales .....         | 7     |
| Cash and Cash Equivalents.....  | 8     |
| Development and Risks of the Fund’s Investment Strategy.....                  | 8     |
| MANAGEMENT.....   | 9     |
| Board of Directors .....  | 9     |
| The Investment Manager .....  | 10    |
| SERVICE PROVIDERS.....  | 11    |
| Administration .....  | 11    |
| Brokerage.....  | 15    |
| Placement Agents.....   | 16    |
| Auditor .....   | 16    |
| Independent Client Representative .....                                       | 17    |
| FEES AND EXPENSES.....  | 17    |
| Management Fee.....   | 17    |
| Performance Fee .....   | 18    |
| Ongoing Expenses .....  | 19    |
| Administration Fees.....  | 20    |
| Custody Fees.....   | 20    |
| Placement Agent Fee/Sales Fee.....  | 20    |
| Subscription Fee .....  | 20    |
| Fees of the Underlying Funds.....   | 20    |
| SHARES OF THE FUND .....  | 21    |
| The Fund’s Share Capital .....  | 21    |
| Temporary Suspension of Dealings and/or Determination of Net Asset Value..... | 23    |
| Voting and Other Rights .....   | 24    |
| Registration and Transfer of Shares .....                                     | 25    |
| Listing.....  | 25    |

|  |    |
|--|----|
| SUBSCRIPTIONS .....  | 26 |
| ELIGIBLE INVESTORS .....                                   | 29 |
| REDEMPTIONS.....   | 31 |
| DETERMINATION OF NET ASSET VALUE .....                     | 35 |
| Net Asset Valuation.....                                   | 35 |
| CERTAIN RISK FACTORS .....                                 | 36 |
| GENERAL.....   | 37 |
| RISKS RELATED TO FUND OF FUNDS PLATFORM .....              | 38 |
| RISKS RELATED TO INVESTMENTS MADE BY UNDERLYING FUNDS..... | 40 |
| RISKS OF INVESTING IN THE FUND .....                       | 48 |
| BANKING REGULATORY CONSIDERATIONS.....                     | 53 |
| POTENTIAL CONFLICTS OF INTEREST .....                      | 57 |
| Allocation of Investment Opportunities .....               | 58 |
| Information Barriers .....                                 | 59 |
| Valuation of the Fund’s Assets.....                        | 59 |
| Placement Agent .....                                      | 59 |
| Conflicts Related to Affiliation with CSG .....            | 60 |
| Substantial Dealings with CSG.....                         | 60 |
| Strategic Investors.....                                   | 61 |
| Financial Instruments Underwritten or Issued by CSG .....  | 61 |
| Principal and Cross Transactions .....                     | 62 |
| Conflicts Related to Brokerage.....                        | 63 |
| Additional Conflicts of Interest .....                     | 63 |
| Allocation of Expenses .....                               | 63 |
| Common Counsel.....  | 63 |
| Valuation; Performance Fee .....                           | 64 |
| Other Activities.....                                      | 64 |
| TAX CONSIDERATIONS.....                                    | 64 |
| Introduction.....  | 64 |
| The Fund .....   | 65 |
| ADDITIONAL AND GENERAL INFORMATION.....                    | 68 |
| Cayman Islands Mutual Funds Law .....                      | 68 |
| Anti-Money Laundering Regulations .....                    | 69 |
| Further Issues of Shares .....                             | 71 |
| Principal Object .....                                     | 71 |
| Repurchase of Shares.....                                  | 71 |
| Alterations to the Fund’s Share Capital.....               | 71 |
| Variation of Class Rights.....                             | 72 |
| Amendment of Articles of Association .....                 | 72 |
| Directors’ Interest in Contracts.....                      | 73 |
| Directors’ Powers .....                                    | 73 |
| Removal of Directors.....                                  | 74 |

|  |    |
|--|----|
| Reports to the Shareholders .....      | 74 |
| Meetings of Shareholders .....         | 74 |
| Inquiries .....                        | 74 |
| Available Documents.....               | 74 |
| Electronic Delivery of Documents ..... | 76 |
| Soft Wind Down .....                   | 76 |

# SAPIC-98 Master Fund

---

## OVERVIEW

---

*Generally.* SAPIC-98 Master Fund (the “Fund”) is a Cayman Islands exempted company which was incorporated in the Cayman Islands on May 15, 1998. The authorized share capital of the Fund consists of (i) U.S.\$100,000 divided into 100,000,000 shares of par value of U.S.\$0.001 per share (the “USD Participating Shares”); and (ii) €50,000 divided into 50,000,000 shares of par value of €0.001 per share (the “Euro Participating Shares” and, together with the USD Participating Shares, the “Participating Shares”). As of the date of this Memorandum, the Fund is offering Participating Shares in the following Classes:

Class A USD Participating Shares (the “Class A USD Participating Shares”), Class A British Pounds Sterling Participating Shares (the “Class A GBP Participating Shares”), Class A Euro Participating Shares, (the “Class A EUR Participating Shares”) and Class A Swiss Franc Participating Shares (the “Class A CHF Participating Shares” and, collectively with the Class A USD Participating Shares, the Class A GBP Participating Shares and the Class A EUR Participating Shares, the “Class A Participating Shares”); and

Class INST USD Participating Shares (the “Class INST USD Participating Shares”), Class INST British Pounds Sterling Participating Shares (the “Class INST GBP Participating Shares”), Class INST Euro Participating Shares, (the “Class INST EUR Participating Shares”) and Class INST Swiss Franc Participating Shares (the “Class INST CHF Participating Shares” and, collectively with the Class INST USD Shares, the Class INST GBP Shares and the Class INST EUR Participating Shares, the “Class INST Participating Shares”); and; in limited circumstances as determined by the Directors,

SAPIC-98 I Class USD Participating Shares, SAPIC-98 II Class USD Participating Shares, SAPIC-98 III Class USD Participating Shares, SAPIC-98 IV Class Euro Participating Shares, SAPIC-98 V Class USD Participating Shares and SAPIC-98 VI Class Euro Participating Shares (collectively, the “SAPIC-98 Participating Shares” and together with the Class A Participating Shares and the Class INST Participating Shares, the “Shares”).

The Class A Participating Shares and Class INST Participating Shares are issued in U.S. dollars, British Pounds Sterling, Euros and Swiss Francs to eligible investors as set forth herein. The SAPIC-98 I Class USD Participating Shares, SAPIC-98 II Class USD Participating Shares, SAPIC-98 III Class USD Participating Shares and SAPIC-98 V Class USD Participating Shares are issued in U.S. Dollars to eligible investors set forth herein. The SAPIC-98 IV Class Euro Participating Shares and SAPIC-98 VI Class Euro Participating Shares are issued in Euros to eligible investors as set forth herein. The Class A Participating Shares and the SAPIC-98 V Class USD Participating Shares are further issued in series (each, a “Series”), with a new Series being issued on each date that the Fund permits subscriptions for such Shares as further discussed herein. The Class INST Participating Shares and the SAPIC-98 VI Class Euro Participating Shares are not issued in Series.

The Class A Participating Shares and Class INST Participating Shares are designated as non-voting shares. The SAPIC-98 Participating Shares are designated as voting shares and are only open to investors affiliated with CSG (as defined herein).

Upon acquiring Shares, investors become shareholders in the Fund (each a “Shareholder” and collectively the “Shareholders”).

From time to time, the Fund may issue Class S Shares (the “Class S Shares”) in an effort to allow the Fund to isolate ownership of Special Situation Investments (as defined herein) for the benefit of existing shareholders in the Fund at such time. The Fund will issue Class S Shares in series (each, a “Special Investment Series”), with a new Special Investment Series being issued on each date that the Fund issues Class S Shares. In the event that the Fund issues Class S Shares, the Fund does not intend to list such Shares and any investment in such Class S Shares by an existing Shareholder will be made by way of compulsory redemption and subscription. Class S Shares will be subject to the payment of Management Fees and Performance Fees (as each term is defined herein) as provided herein.

The information contained in this Memorandum is qualified in its entirety by the Fund’s Memorandum of Association and Articles of Association, as amended or restated from time to time (together, the “Articles of Association”) which are available on request together with the documents and agreements referred to herein.

*Class Differences.* Class A Participating Shares shall be issued to those investors whose Adjusted Subscription Amount (as defined herein) is at least U.S.\$100,000 (or the British Pounds Sterling, Euro or Swiss Franc equivalent) but less than U.S.\$5,000,000 (or the British Pounds Sterling, Euro or Swiss Franc equivalent), whereas Class INST Participating Shares shall be issued to those investors whose Adjusted Subscription Amount equals or exceeds U.S.\$5,000,000 (or the British Pounds Sterling, Euro or Swiss Franc equivalent). The SAPIC-98 Participating shall be issued to investors affiliated with CSG (as defined herein) as determined by the Directors at an Adjusted Subscription Amount determined by the Directors. Class A and Class INST Participating Shares, SAPIC-98 V Class USD Participating Shares and SAPIC-98 VI Class Euro Participating Shares are each subject to different Management Fees. SAPIC-98 I Class USD Participating Shares, SAPIC-98 II Class USD Participating Shares, SAPIC-98 III Class USD Participating Shares and SAPIC-98 IV Class Euro Participating Shares are not subject to a Management Fee. Additionally, Class A Participating Shares and SAPIC-98 V Class USD Participating Shares are subject to different Performance Fees. Class INST Participating Shares, SAPIC-98 I Class USD Participating Shares, SAPIC-98 II Class USD Participating Shares, SAPIC-98 III Class USD Participating Shares, SAPIC-98 IV Class Euro Participating Shares, and SAPIC-98 VI Class Euro Participating Shares are not subject to a Performance Fee. “FEES AND EXPENSES” herein.

*Additional Classes of Shares.* In addition to the Participating Shares currently being offered, the Fund, from time to time, may offer additional classes of Participating Shares (together with the Class A and Class INST Participating Shares, and the SAPIC-98 Participating Shares, hereinafter referred to as “Classes,” and each, a “Class”), including, without limitation, shares issued in a currency other than those discussed herein, which shares may be offered at the sole discretion of the Board and on terms that differ from (and may be more favorable than) those discussed herein. In connection with the issuance of additional classes of Participating Shares, the Fund may enter into foreign exchange transactions or hedging arrangements.

*Currency Hedging.* The Fund may, at the discretion of the Investment Manager, enter into foreign exchange hedging transactions in an attempt to hedge the non-U.S. dollar underlying exposure of the assets of the Fund. However, there is no assurance that these hedging activities will be effective and



the Investment Manager may choose not to so hedge the Fund's positions. The Investment Manager may pursue a "passive" currency risk-hedging program with respect to Shares issued in British Pounds Sterling, Euros and Swiss Francs whereby the Fund seeks to reduce the British Pounds Sterling exposure, Euro exposure and Swiss Franc exposure (respectively) to the U.S. dollar through the use of currency hedging transactions. To this end, the Investment Manager intends to employ various hedging techniques that may include, but are not limited to, derivative transactions such as currency futures contracts, options on currency futures contracts, forward currency exchange contracts, swaps, swaptions, exchange-listed and over-the-counter put and call options on securities or on financial indices and various interest rate and foreign exchange transactions.

Although the Investment Manager engages in such transactions for the purpose of protecting Classes of Shares from currency exchange rate-related losses, such transactions could also prevent such Classes of Shares from profiting from any currency gains. As it is impossible to predict future performance, it is likely that any Class of Shares on behalf of which the Investment Manager engages in a currency hedging transaction will always be over or under-hedged against the related currency rate exchange risk. Further, there can be no assurance that any such hedging transactions will be successful in lessening the exchange-rate exposure of any Class of Shares, nor can there be any assurance that any such hedging transaction will not itself produce significant losses.

All profits, losses and expenses associated with the hedging transaction entered into on behalf of one or more particular Classes (including, without limitation any such transaction that hedges the Net Asset Value of a non-U.S. dollar denominated Class) are allocated solely to the applicable Class. In the event that losses on a particular hedging transaction exceed the net asset value of the applicable Shares, the assets of the Fund attributable to such non-U.S. dollar Shares denominated in other currencies could be used to satisfy the liabilities arising from such hedging transaction. See "CERTAIN RISK FACTORS - Currency Hedging."

*Master Fund.* While not currently anticipated, the Fund may, in the discretion of the Board, in consultation with the Investment Manager, either (i) serve as a master fund to other investment vehicles (utilizing the same investment strategy as the Fund) that are managed by the Investment Manager (or an affiliate) or (ii) cause all or part of the Fund's assets to be invested in a separate master fund (in which case the Fund will serve as a feeder fund) managed by the Investment Manager or an affiliate at that level, but at all times in accordance with the investment objective of the Fund as set forth in this Memorandum. To the extent the Fund's capital is invested in a master fund, any or all of the fees and expenses payable or allocable by the Fund, including, without limitation, the Management Fee and Performance Fee (as each term is defined herein), will be paid by the Fund or the master fund, but will not be duplicated at both levels (other than fees and expenses incurred by both the Fund and the master fund, such as, without limitation, administration, professional, legal and auditing fees).

---

## INVESTMENT POLICY

---

*The following is a general description of the Fund's investment objective and strategy. The following description is merely a summary, and Shareholders should not assume that any descriptions of the specific activities in which the Fund may engage are intended in any way to limit the types of investment activities which the Fund may undertake or the allocation of Fund capital among such investments. The Investment Manager reserves the right to alter any investment policy or strategy as*

*deemed appropriate from time to time in its discretion without obtaining Shareholder approval, provided such changes are consistent with the Fund's investment objective. Nevertheless, the Fund intends to notify Shareholders (through its ongoing written communications or otherwise) of any major alteration of its investment policy or strategy.*

## **Investment Objective**

The Fund has been constructed with the objective of delivering to its Shareholders capital appreciation with moderate volatility.

## **Investment Strategy**

### *Generally*

Diversified exposure is maintained by the Fund through allocating the Fund's assets to managers (collectively, the "Underlying Managers") who manage investment funds and/or managed accounts (collectively, "Underlying Funds") that pursue non-traditional strategies. Underlying Managers are chosen based on a wide variety of qualitative and quantitative factors, which may include, without limitation, opinions of professional traders and equity research analysts, track record, depth of management team, adherence to investment strategy and openness with respect to the key risks of the strategy. The Fund may maintain assets in cash or cash equivalent instruments or affiliated money market funds pending investment, for temporary or defensive purposes, to fund redemptions, or otherwise.

The potential universe of Underlying Funds may be best understood in terms of specific investment strategy categories. By appropriately choosing (and re-balancing) the Underlying Funds and strategy categories, the Fund seeks to achieve the intended long-term returns with moderate volatility. In connection with this, the Investment Manager seeks to identify the strategy categories that it expects to perform well in the current environment, and to avoid strategy categories that it expects to underperform. Once the desired strategy categories have been identified, the Investment Manager reviews the potential universe of managers for those who are experienced and successful at managing capital in that strategy, and makes appropriate recommendations to the Fund.

Generally the Fund aims to allocate capital to 25 or more different Underlying Managers or Underlying Funds, although the Fund may invest with less than 25 Underlying Managers or Underlying Funds, in the Investment Manager's sole discretion. Notwithstanding the foregoing, the Investment Manager, in its capacity as investment manager of the Fund, reserves the right to retain a portion of the Fund's assets and invest them directly at the Fund level. No guarantee can be made that the Fund's investment objective will be realized.

The Fund has been given broad investment parameters because the Investment Manager believes that in seeking profitable investment opportunities it is important to have maximum flexibility. Over time, markets change and the Fund must be able to capitalize on attractive opportunities wherever they might be.

The Fund may also take advantage of opportunities in the area of options and any other synthetic or derivative instruments that are not presently contemplated for use by the Fund or that are not currently available but that may be developed to the extent such opportunities are both consistent with the Fund's investment objective and are legally permissible for the Fund.

The Underlying Funds may also use derivatives. See “CERTAIN RISK FACTORS – Derivatives.”

As discussed herein, prospective investors should be aware that situations involving uncertainties as to the valuation of an Underlying Fund could have an adverse effect on the Net Asset Value of the Fund, should the valuation information for the Underlying Funds be reported in an untimely manner or prove incorrect.

In addition, if a Shareholder redeems its Shares from the Fund, subsequent adjustments may occur to the valuation of such Shares if there are adjustments to the Underlying Funds’ valuations.

#### *Category Selection and Allocation Strategy*

The Fund’s allocations to strategy categories are intended to result in a portfolio that has proven performance potential, based upon past results, and that is positioned to avoid strategy pitfalls that may occur in the future. The Investment Manager examines the strategies employed by Underlying Funds and, based upon its knowledge of the financial markets and trading and arbitrage opportunities, recommends allocations to strategy categories it expects will perform well. In doing so, a sufficient number of strategy categories are recommended so as to maintain diversification between arbitrage and directional strategies, between judgmental and model-based trading strategies, and between liquid and illiquid underlying assets. The Investment Manager will pay careful attention to risk factors that may cause a strategy with strong historical returns to underperform in the future. Risk factors such as an overdependence upon dealer financing of illiquid positions, or excessive use of re-leverage to overcome diminishing return opportunities, may result in strategy categories not being recommended to the Fund. As market conditions change, the Investment Manager reviews the strategy category allocations and may periodically advise the introduction, elimination or change in allocation. The strategies currently employed by Underlying Funds of the Fund are: equity long/short; short-only; equity market neutral; event-driven equity; equity market-oriented; convertible arbitrage; global macro; managed futures; fixed income arbitrage; emerging markets; and multi-strategy (as well as holding cash and receivables).

#### *Underlying Fund Selection*

Within each of the strategy categories selected, the Investment Manager will recommend Underlying Funds based upon a variety of factors. The integrity, market prowess and experience of the Underlying Managers are key factors in the review. In addition, Underlying Managers generally need to demonstrate a focused and disciplined investment approach. Historical returns, volatilities thereof, and correlations with other similar funds will be examined and compared. Other critical factors include the willingness of the Underlying Managers to conceptualize and articulate clearly the fundamental premises and risks of the strategy and to provide ongoing returns and risk reporting to the Fund. The Investment Manager also considers the amount of capital from the Fund invested in any one Underlying Fund, both with respect to such Underlying Fund’s weighting in the Fund and to the proportion of such Underlying Fund’s capital originating from the Fund.

#### *Managed Accounts*

As part of the Fund’s investment strategy, the Fund has the power to invest into managed accounts managed by Underlying Managers. The Fund may invest in two different types of managed accounts. The first refers to a discretionary management service whereby an investor can allocate capital to an Underlying Manager yet have the ability to monitor the positions taken by the manager as well as considerable freedom with respect to liquidity if a decision is made to redeem capital from the manager

in whole or in part. Typically this type of managed account involves the investor (in this case the Fund) making an allocation to an Underlying Manager by placing capital with such Underlying Manager via its prime broker, such prime broker being a major securities dealer (typically the same prime broker that the Underlying Manager uses for its other funds).

The Fund enters into an investment management agreement with the selected Underlying Manager, who would be given power of attorney and would take on fiduciary responsibility to manage the assets of the managed account. As such, this type of managed account is not a distinct legal entity. The second type of managed account is in substance similar to the first type but has the advantage that allocations to one Underlying Manager are “ring fenced” or non-recourse from the perspective of an investor (in this case the Fund). This is potentially desirable because it is possible that an allocation to the first type of managed account could result in an economic loss greater than the amount allocated to such managed account (for example, if there were large losses on leveraged positions). In this manner, an investor (for example, the Fund) would purchase interests (either shares or partnership interests) in the vehicle dedicated to the Fund. The vehicle then enters into an investment management agreement with the selected Underlying Manager, who is given a power of attorney and fiduciary responsibility to manage the assets. The Underlying Manager coordinates fund transfers and security purchases through a prime broker, typically the same prime broker the Underlying Manager uses for its other assets. The Investment Manager may have a financial advisory role within the entity, which may include the ability to appoint and replace the Underlying Manager. The Investment Manager will not earn separate fees for this role as it is part of the overall investment process for the Fund. The Investment Manager may, from time to time, provide prime brokerage and other services (such as those as a financial adviser) to a manager of such vehicle in which the Fund invests. In such circumstances, the Investment Manager will not receive any performance or management type fee from the entity for the provision of these services (but will receive fees for its prime brokerage or other services).

### *Liquidity*

In addition to maintaining its investment in a diversified range of strategy categories and Underlying Funds and with Underlying Managers, it is expected that a portion of the Fund’s assets will be invested in cash and other liquid securities in order to meet anticipated requests for redemption of Shares. [The Fund will make arrangements with the Shareholders to be kept informed of expected redemption requests of Shares so that the liquidity of the Fund can be managed at its optimum level.]

### *Fees*

The Fund may incur fees (including without limitation management fees, administration fees and performance fees) charged to it in connection with an investment in an Underlying Fund and will be subject to routine fees and expenses. Notwithstanding the foregoing, the Investment Manager reserves the right to retain a portion of the Fund’s assets and invest them directly at the Fund level.

### **Distributions and Reinvestment**

It is the present intention of the Directors (as defined herein) not to distribute net income by way of dividends. Rather, the Fund will reinvest such income. Accordingly, net income effectively will be represented in the net asset value of the Shares. Potential investors should keep this limitation in mind when determining whether or not an investment in the Fund is suitable for their particular purposes. The Directors reserve the right to change such policy at any time and in respect of the Fund as a whole, or any particular Class or Series (as applicable).

## **Special Situation Investments**

*Special Situation Investments.* From time to time, a portion of the assets of the Fund may consist of privately offered or other securities (including, but not limited to, ownership interests in investment vehicles or funds), structured products, over-the-counter derivative transactions or any other financial instruments, assets or investments of the Fund that the Investment Manager determines (i) are difficult to value or liquidate, (ii) are subject to regulatory, contractual or other restrictions on disposition, (iii) may have current values that do not accurately, reasonably or fairly reflect intrinsic, true or potential value, (iv) are subject to suspensions or restrictions on redemptions and/or payment of redemption proceeds and/or (v) would be in the interests of the Shareholders of the Fund not to include in the Fund's Net Asset Value (each such security, product, investment, instrument or transaction is referred to herein as a "Special Situation Investment").

The Fund may, in the discretion of the Investment Manager, hold Special Situation Investments through separate or wholly-owned limited liability companies, limited partnerships or similar type companies.

## **Borrowing of Cash and Securities and Certain Loans; Short Sales**

*Borrowings.* The Fund may borrow capital for purposes of providing liquidity to fund redemptions by Shareholders, paying fees and expenses of the Fund, for other operational purposes and/or for investment or foreign exchange purposes, subject to regulatory requirements and for the payment of fees, expenses and other short-term Fund obligations. There are no limits on the Fund's or borrowing ability other than those imposed by applicable regulations and as otherwise discussed herein. Loans generally may be obtained from securities brokers and dealers or from other financial institutions, including, without limitation, from Credit Suisse and one or more of its affiliates; such loans may be secured by securities or other assets of the Fund pledged to such brokers. If the Fund borrows to satisfy a redemption request, the costs of such borrowing will be charged to the Fund as a whole. Loans of cash or securities may also be made from or to other investment companies on such terms as are commercially reasonable, including without limitation, from or to investment companies similar to the Fund, or from or to finance companies with respect to which the Investment Manager (or one or more of its affiliates) has an interest, either as sponsor, investment adviser, general partner, administrator, owner or otherwise. The Fund may pay a commitment fee to obtain a credit facility for temporary or emergency purposes, including, among other things, to meet portfolio redemption requests so as to permit the orderly disposition of portfolio securities, to facilitate settlement transactions on portfolio securities or to pay dividends.

In the event the Fund obtains a credit facility, the Investment Manager's investment discretion may be subject to certain limitations prior to and/or following an event of default. For example, pursuant to the terms of the credit facility, the Fund's trading may have to abide by certain formulas, or the Investment Manager may have to obtain the lender's consent to engage in some or all transactions while the credit facility is outstanding. After the occurrence of an event of default (whether because of nonpayment or otherwise), it is likely that, among other consequences, the lender would assume total control of the Fund's assets and/or trading activities and no distributions could be made or redemptions effected without the lender's consent. In the event that CSG (as defined herein) or a CSG affiliate provides financing to the Fund, it is anticipated that, in connection therewith, CSG will have access to information regarding the performance of the Fund's portfolio that might not be generally available to other Shareholders.

*Short Sales.* It is also anticipated that Underlying Funds may borrow to enhance their investment leverage. The Fund may invest in Underlying Funds that engage in “short sales” that is the practice of selling securities that are borrowed from a third party. Such Underlying Funds will be required to return securities equivalent to those borrowed for the short sale at the lender’s demand. Pending the return of such securities, the Underlying Funds will be required to deposit with the lender as collateral the proceeds of the short sale plus additional cash or securities. The amount of the required deposit will be adjusted periodically to reflect any change in the market price of the securities that the Fund is required to return to the lender.

The Underlying Fund will be required to pay brokerage commissions to execute short sales and may be required to pay a premium and/or interest to the lender of the securities, which would increase the cost of the securities sold. Until the borrowed securities are replaced, the Underlying Fund would generally be required to pay the lender amounts equal to any dividends or interest that accrue on the securities borrowed during the period of the loan. An Underlying Fund may generate cash income from the interest on proceeds of short sales deposited with brokers as collateral.

### **Cash and Cash Equivalents**

As discussed further herein, the Fund, without limitation, may hold cash or invest in cash equivalents for short-term investments. Among the cash equivalents in which the Fund may invest are: obligations of the U.S. Government, its agencies or instrumentalities (U.S. Government Securities; U.S. Treasury Bills); commercial paper; and repurchase agreements, money market mutual funds, and certificates of deposit and bankers’ acceptances issued by domestic branches of U.S. banks that are members of the Federal Deposit Insurance Corporation. In fact, if the Investment Manager believes that there is not sufficiently good value in any securities suitable for investment of the Fund’s assets, all such assets may be held in cash and cash equivalents. The Fund may also invest in debt securities of non-U.S. issuers.

In making investment decisions, the Fund will rely on the advice of the Investment Manager rather than any specific objective criteria.

\* \* \* \*

### **Development and Risks of the Fund’s Investment Strategy**

The development of an investment strategy is a continuous process and the Fund’s investment strategy and methods may therefore be modified from time to time. The Fund’s investment methods are confidential and the descriptions of them in this Memorandum are not exhaustive. The Fund’s investment strategies may differ from those used by the Investment Manager or its affiliates with respect to other accounts or funds managed by them. Trading decisions require the exercise of judgment by the Investment Manager. Such decisions may or may not yield profits or avoid losses. Shareholders cannot be assured that the strategies or methods utilized by the Fund will result in profitable trading for the Fund.

---

## MANAGEMENT

---

### **Board of Directors**

The Board of Directors of the Fund (the “Board” or the “Directors”) consists of two (2) Directors, each of whom serves in accordance with the laws of the Cayman Islands and in accordance with the Articles of Association. The Directors’ primary function is to supervise the general conduct and business affairs of the Fund. The Directors have appointed the Investment Manager to perform certain management and administrative tasks on behalf of the Fund and the Administrator to perform certain administrative tasks on behalf of the Fund. There is no mandatory age of retirement for directors. The Articles of Association provide that every Director and officer of the Fund shall be indemnified out of the assets of the Fund against any liability incurred as a result of any act or failure to act in carrying out his or her functions other than such liability (if any) that may be incurred by reason of the gross negligence or willful neglect or default of such Director or officer. The Articles of Association also provide that no such Director or officer shall be liable to the Fund for any loss or damage in carrying out his or her functions unless that liability arises through the gross negligence or willful neglect or default of such Director or officer. Each of the Directors is registered or licensed, as applicable, under the Director Registration and Licensing Law, 2014. A brief biographical description of each of the Directors follows:

#### *Cassandra Powell*

Cassandra Powell joined the Board on May 13, 2015, replacing Richard Douglas. Cassandra is a Director of The Harbour Trust Co. Ltd. and has responsibility for providing fiduciary services to Harbour’s fund clients, including serving as an independent director for such funds as well as having responsibility for unit trust structures for which Harbour serves as trustee. Cassandra is an accomplished fund professional, specializing in hedge funds and related structures with a variety of investment strategies. Cassandra holds a Master of Business Administration degree, is a Trust and Estate Practitioner, is an Executive Member of the Cayman Islands Directors Association, serves on the main committee and the educational sub-committee of the Cayman Islands location of 100 Women in Hedge Funds and is a Notary Public in the Cayman Islands. Before joining the firm in 2007, Cassandra worked at a locally based professional services firm for over 5 years where she dealt exclusively with fund clients, providing directorship and related fiduciary services. Prior to this, Cassandra was employed by the Portfolio of Finance and Economic Development of the Cayman Islands Government for over 4 years.

#### *William E.J. Walmsley.*

Mr. Walmsley is a Director of The Harbour Trust Co. Ltd. ("Harbour"), and has responsibility for advising on the establishment and ongoing administration of Cayman Islands trusts, companies and funds, including acting as a director of Cayman Islands regulated funds and other client companies. He is also a Partner with the Cayman Islands office of Rawlinson & Hunter, which owns and operates Harbour. Mr. Walmsley qualified as a Chartered Accountant in 1986, joined Rawlinson & Hunter in 1997 and was made a Partner in 2000. He has extensive experience in the offshore financial industry, having worked in the Cayman Islands since 1987. Mr. Walmsley is a Fellow of the Institute of Chartered Accountants in Ireland, a member of the Society of Trust and Estate Practitioners ("STEP"), a Director of

Cayman Finance, a member of the Cayman Islands Society of Professional Accountants and former Vice Chairman of the Cayman Islands branch of STEP.

## **The Investment Manager**

*General.* The investment manager of the Fund is Credit Suisse AG (the “Investment Manager”). Pursuant to a termination agreement effective at close of business on June 30, 2015 between Credit Suisse Asset Management, LLC, a Delaware limited liability company and the prior investment manager to the Fund (the “Prior Investment Manager”), and the Fund and the parties terminated the agreement pursuant to which the Prior Investment Manager had been providing investment advisory services to the Fund. Effective July 1, 2015 the Fund entered into an agreement with the Investment Manager pursuant to which the Investment Manager was retained as the investment manager of the Fund (the “Investment Management Agreement”). Subject to the overall supervision of the Directors, the Investment Manager is responsible for making all investment decisions in respect of the Fund.

The Investment Manager is a subsidiary of the Credit Suisse Group (collectively with its affiliated entities, “CSG”), a leading global financial services company headquartered in Zurich. CSG’s primary subsidiary is Credit Suisse (“CS”), a Swiss bank founded in 1856. CSG offers advisory services, comprehensive solutions and innovative products to companies, institutional clients and high net worth private clients globally, as well as to retail clients in Switzerland. CSG’s registered shares (CSGN) are listed in Switzerland and, in the form of American Depository Shares (CS), in New York.

The Investment Manager and its affiliates serve as investment manager to other investment funds and/or managed accounts (collectively, the “CSG Funds”). The CSG Funds may actively engage in transactions with, or invest in, the Underlying Funds and in the same type of securities and assets in which the Underlying Funds invest, and may therefore compete directly or indirectly with the Fund for investment opportunities. See “POTENTIAL CONFLICTS OF INTEREST.”

*Investment by Credit Suisse.* Various funds and accounts comprised of (i) employees of (a) CSG, (b) the Investment Manager and/or (c) their affiliates (such funds and accounts being referred to as the CSG Employee Funds (the “CSG Employee Funds”), as well as (ii) other CSG affiliated investment funds, may currently or in the future invest in the Fund. The investments of such CSG Employee Funds and other CSG affiliates may not be subject to the Management Fee and/or the Performance Fees. The Fund may issue separate Classes of Participating Shares for such investments at its discretion. CSG Employee Funds and other CSG affiliates investing in the Fund may have access to information regarding the investments and performance of the Fund’s portfolio that might not be generally available to other Shareholders. See “POTENTIAL CONFLICTS OF INTEREST.”

*Investment Management Agreement.* Pursuant to the terms of the Investment Management Agreement, the Investment Manager has agreed, *inter alia*, to manage all aspects of the Fund’s investment operations in accordance with all investment parameters adopted by the Fund. The Investment Manager may delegate any or all of its duties pursuant to the Investment Management Agreement.

The Investment Management Agreement between the Fund and the Investment Manager provides that the Investment Manager shall not be liable to the Fund for any error of judgment or for any acts or omissions other than fraud, willful default, bad faith or gross negligence in the performance or non-performance of its obligations or duties. The Investment Management Agreement contains provisions for the indemnification of the Investment Manager by the Fund against liabilities to third parties arising in



connection with the performance of its services, except under certain circumstances specified as per the Investment Management Agreement. Notwithstanding any of the foregoing to the contrary, the liability provisions of the Investment Management Agreement shall not be construed so as to relieve (or attempt to relieve) the Investment Manager of any liability to the extent (but only to the extent) that such liability may not be waived, modified or limited under applicable law (including liability under U.S. securities laws which, under certain circumstances, impose liability even on persons acting in good faith), but shall be construed so as to effectuate the provisions of the liability provisions to the fullest extent permitted by law.

The Investment Management Agreement is subject to termination by (i) either party in the event of the other party's willful default or fraudulent conduct in connection with the performance of the Investment Management Agreement or (ii) either party at any time upon not less than ninety (90) days' prior written notice to the other party.

See "FEES AND EXPENSES" herein for a general description of the fees payable to the Investment Manager.

The Investment Manager will devote as much time to the investment activities of the Fund as it shall determine to be necessary for the efficient operation of the Fund. The Investment Manager and its affiliates, principals and employees may engage or participate in other activities or ventures, whether or not of the same nature as the Fund. No Shareholder shall be entitled to any profits that the Investment Manager or any of its affiliates, principal or employees shall derive from any activities or ventures other than those derived from the Fund, whether or not such businesses or ventures are of the same nature as, and/or compete with, the Fund. The Investment Manager, its affiliates, principals and employees shall not be prohibited from buying or selling securities for their own account, including securities that are the same as those held by the Fund. As a result their other activities, the Investment Manager may have conflicts of interest in allocating time, services and functions among the Fund and other business ventures. See "CERTAIN RISK FACTORS" and "POTENTIAL CONFLICTS OF INTEREST."

---

## SERVICE PROVIDERS

---

### Administration

The Fund has entered into an administration agreement (the "Administration Agreement") with Citco Fund Services (Cayman Islands) Limited (the "Administrator"). The Administrator will perform, under the supervision of the Investment Manager, certain administrative, middle office, accounting, registrar and transfer agency services for the Fund. The Administrator has delegated certain of its functions to its affiliate Citco (Canada) Inc. (the "Sub-Administrator") and Citco Fund Services (USA) Inc. The Fund may appoint a different Administrator without the consent of the Shareholders.

Pursuant to the Administration Agreement, the Administrator will be responsible for matters pertaining to the day-to-day administration of the Fund and for certain middle office services, including, but not limited to: (i) calculating the Net Asset Value of the Fund in accordance with the Fund's valuation policies and procedures; (ii) maintaining the Fund's financial books and records so far as may be necessary to give a complete record of all transactions carried out by the Fund; (iii) providing registrar and transfer agency services in connection with issuance, transfer and redemption of Shares; (iv)

reconciliation between systems; (v) trade administration; (vi) preparing draft audit financial statements; (vii) cash management; and (viii) certain other services.

In addition, the Administrator provides anti-money laundering and client identification functions for the Fund.

The registrar and transfer agency services to be provided by the Administrator will include (i) verifying the identity of prospective investors in accordance with applicable anti-money laundering policies and procedures, (ii) maintaining the Fund's register of Shareholders, (iii) generally performing all actions related to the issuance, transfer and redemption of the Shares, (iv) disseminating the Net Asset Value of the Fund to Shareholders, (v) furnishing annual financial statements, as well as monthly Shareholder statements to Shareholders, and (vi) performing certain other administrative and clerical services in connection with the administration of the Fund as agreed between the Fund and the Administrator. The Sub-Administrator maintains the principal Register of Shareholders of the Fund at its office in Canada located at 2 Bloor Street East, Suite 2700 Toronto, Ontario M4W 1A8 Canada.

The Administrator may utilize the services of its affiliates in connection with the services provided by the Administrator to the Fund, and currently utilizes the Sub-Administrator to provide certain accounting and investor relations services to the Fund. All fees and expenses of the Sub-Administrator will be paid by the Administrator out of its fee.

For the purposes of determining the Net Asset Value of the Fund, the Administrator will follow the valuation policies and procedures adopted by the Fund as set out herein. In calculating the Net Asset Value of the Fund, the Administrator shall, and shall be entitled to, rely on, and will not be responsible for the accuracy of, financial data, opinions, advice or any information furnished to it by the Fund's prime broker(s), market makers and/or independent third party pricing service, and shall not be liable for any loss suffered by the Fund, any Shareholder, the Investment Manager or any other person by reason of any error in the calculation of the net asset value of the Fund and its securities resulting from any inaccuracy in the pricing and/or valuation information provided by any such persons. The Administrator may also use and rely on industry standard financial models in pricing any of the Fund's securities or other assets. If and to the extent that in accordance with the Fund's valuation policies and procedures set out in any fund documents, the Investment Manager is responsible for or otherwise involved in the pricing of portfolio securities or other assets held by the Fund, the Administrator may accept, use and rely on such prices in determining the net asset value of the Fund and shall not be liable to the Fund, any Shareholder, the Investment Manager or any other person in so doing.

The Administrator in no way acts as guarantor or offeror of the Shares or any underlying investment of the Fund, nor is it responsible for the actions of the Fund's sales agents, its prime broker(s), custodian(s), any other brokers or the Investment Manager.

The fees payable to the Administrator are based on its standard schedule of fees charged by the Administrator for similar services. These fees are detailed in the Administration Agreement.

Under the Administration Agreement:

(a) the Fund has agreed to indemnify and hold harmless the Administrator, its subsidiaries, affiliates, directors and other officers, shareholders, servants, employees, agents and permitted delegates under the Administration Agreement, including the Sub-Administrator (together "Indemnified Parties") against any liability, actions, proceedings, claims, demands, costs or expenses in connection therewith which may be incurred by the Administrator or any other Indemnified Parties or which may be made

against the Administrator or any other Indemnified Parties in respect of the same sustained or suffered by any third party, except that no Indemnified Party will be indemnified against any liability to which it would be subject by reason of its gross negligence, fraud or willful misconduct; and

(b) in the absence of gross negligence, fraud or willful misconduct in the performance of its duties under the Administration Agreement, neither the Administrator nor any other Indemnified Party shall be liable to the Fund, the Investment Manager or any Shareholder or any other person on account of anything done, omitted or suffered by the Administrator or any other Indemnified Party in good faith pursuant to the Administration Agreement in the performance of the services to be performed by the Administrator thereunder.

The Administrator is not responsible for any trading decisions of the Fund (all of which will be made by the Investment Manager). The Administrator will not be responsible in any way for the Fund's selection or ongoing monitoring of its prime broker(s), custodian(s) and other counterparties ("Counterparties"). The decision to select any Counterparties in connection with this offering will be made solely by the Fund.

THE ADMINISTRATOR WILL NOT PROVIDE ANY INVESTMENT ADVISORY OR MANAGEMENT SERVICE TO THE FUND AND THEREFORE WILL NOT BE IN ANY WAY RESPONSIBLE FOR THE FUND'S PERFORMANCE. THE ADMINISTRATION AGREEMENT DOES NOT CREATE ANY CONTRACTUAL RIGHTS AGAINST OR RELIANCE ON THE ADMINISTRATOR BY ANY PERSON NOT A PARTY THERETO INCLUDING, WITHOUT LIMITATION, ANY INVESTOR OR COUNTERPARTY APPOINTED BY THE FUND. THE ADMINISTRATOR WILL NOT BE RESPONSIBLE FOR MONITORING ANY INVESTMENT RESTRICTIONS OR COMPLIANCE WITH THE INVESTMENT RESTRICTIONS AND THEREFORE WILL NOT BE LIABLE FOR ANY BREACH THEREOF.

The Fund may appoint a different Administrator without the consent of the Shareholders.

See "FEES AND EXPENSES" herein for a description of the fees payable to the Administrator pursuant to the Administration Agreement.

## **Custodians**

The Fund has retained Citco Global Custody N.A. N.V (the "Retiring Custodian") and Citco Custody Limited (the "Incoming Custodian" and together with the Retiring Custodian, the "Custodians") as custodians of its securities (being non-cash assets) and Citco Banking Corporation N.V. (the "Retiring Bank") and Citco Bank Nederland N.V.- Dublin Branch (the "Incoming Bank" and together with the Retiring Bank, the "Banks") to provide banking services to the Fund.

The Retiring Custodian and the Retiring Bank shall continue to perform services to the Fund pursuant to the terms of the Custody Agreement until all non-cash assets, and cash assets are transferred to the Incoming Custodian and the Incoming Bank respectively.

*The Retiring Custodian and Retiring Bank.* Pursuant to the Custody Agreement between the Fund, the Retiring Custodian and the Retiring Bank (the "Custody Agreement"), the Retiring Custodian and the Retiring Bank are responsible for, among other things, the safekeeping and custody of the Fund's assets. All of the assets of the Fund held at any time by the Retiring Custodian (or any sub-custodian)

shall be recorded in and ascertainable from the books and/or ledgers of the Retiring Bank and the Retiring Custodian as the property of the Fund and not of the Retiring Bank and/or the Retiring Custodian (or any sub-custodian) and such books and ledgers shall constitute conclusive evidence of the securities retained on behalf of the Fund.

In the provision of custody services to the Fund under the Custody Agreement, the Retiring Bank and/or the Retiring Custodian may act through agents, sub-custodians or any other third party which the Retiring Bank and/or the Retiring Custodian may deem necessary. The Retiring Bank and/or the Retiring Custodian are authorised by the Fund to enter into further agreements for the appointment of the aforementioned agents, sub-custodians and/or third parties.

Each of the Retiring Bank and/or the Retiring Custodian shall exercise reasonable skill and care in the selection of any such sub-custodian, agent or other third party and the Retiring Bank and/or the Retiring Custodian shall exercise the same degree of skill and care in monitoring the condition and performance of such agent, sub-custodian or other third party on an ongoing basis as it would use if such agent, sub-custodian or other third party were holding the Retiring Custodian's own property. Provided that the Retiring Bank and/or the Retiring Custodian has exercised such reasonable skill and care in the selection of any such agent, sub-custodian or third party, the Retiring Bank and/or Retiring Custodian shall not be responsible for any act or omission or for the solvency of any sub-custodian, agent or third party pursuant to the terms of the Custody Agreement.

The Retiring Custodian and/or the Retiring Bank, their directors, officers, employees and/or agents shall not be liable for any action taken or failure to act in the course of performing the services under the Custody Agreement or for any loss suffered by the Fund in connection with the Custody Agreement unless such loss arises from wilful misfeasance, fraud, bad faith, negligence or reckless disregard in the performance of the Retiring Custodian's and/or the Retiring Bank's obligations and duties under the Custody Agreement. The Fund shall indemnify and hold harmless the Retiring Custodian and/or the Retiring Bank, their directors, officers, employees and agents from and against any losses, expenses, liabilities, obligations, damages, penalties, judgments, actions, suits, taxation or costs however so imposed on, asserted against or incurred by them in performance of their respective obligations and duties under the Custody Agreement, provided, however, that none of them shall be indemnified for their wilful misfeasance, fraud, bad faith, gross negligence or reckless disregard.

The Retiring Custodian and/or the Retiring Bank will not have any decision-making discretion relating to the Fund's investments nor for compliance with the Fund's investment policy and approach. The Retiring Custodian and the Retiring Bank accept no responsibility for the calculation of the Net Asset Value of the Fund by the Administrator.

The Retiring Custodian and the Retiring Bank are service providers to the Fund and are not responsible for the preparation of this Memorandum or the activities of the Fund and therefore accept no responsibility for any information contained in this Memorandum.

The Fund reserves the right to change the custodian arrangements described above in its discretion and to appoint additional or alternative custodian(s) without prior notice to Shareholders. Shareholders will be notified in due course of any appointment of additional or alternative custodian(s).

*The Incoming Custodian.* The Incoming Custodian has been appointed to act for the Fund pursuant to a depositary agreement between the Incoming Custodian and the Fund (the "Depositary Agreement"). The Incoming Custodian shall be responsible for the safekeeping and custody of the Fund's non-cash assets. The Incoming Custodian is organized under the laws of Malta and is regulated

by the Malta Financial Services Authority (the “MFSA”). The Incoming Custodian is licensed by the MFSA and is authorized to act as custodian to various funds.

Pursuant to the Depositary Agreement, the Incoming Custodian also carries out certain order processing services (the “Order Processing Services”) for the benefit of the Fund. To enable the Incoming Custodian to perform the Order Processing Services, the Fund shall grant the Incoming Custodian relevant access to and authority over the cash account(s) held by the Incoming Bank. The Incoming Custodian shall have no responsibility for verifying that there are sufficient monies deposited in the cash account(s) to support any instruction which requires Order Processing Services.

The Depositary Agreement shall continue in full force and effect until terminated by either the Fund or the Incoming Custodian upon ninety (90) days’ prior written notice to the other party (or such shorter period as such other party may agree to accept).

The Incoming Custodian shall be liable for direct losses arising directly from its fraud or negligence. The Incoming Custodian shall have no liability whatsoever for any consequential, special or indirect loss or damages (including, but not limited to, lost profits) arising out of or in connection with the performance or non-performance by the Incoming Custodian of its duties and obligations.

The Incoming Custodian may act through agents, sub-custodians or any other third party which the Incoming Custodian may, in its absolute discretion, deem necessary. The Incoming Custodian shall not be liable for any act or omission or for the solvency of any sub-custodian, agent or third party appointed by the Incoming Custodian provided that the Incoming Custodian can demonstrate that due care was taken in the selection and ongoing appropriate level of monitoring of any such sub-custodian, agent or third party. Additionally, the Incoming Custodian shall not be liable for any act or omission or for the solvency of any sub-custodian, agent or third party, which the Incoming Custodian is either compelled or directed to appoint by the Fund, the underlying Securities (as defined in the Depositary Agreement, or applicable law. The Fund shall indemnify and hold harmless the Incoming Custodian, its directors, officers, employees, shareholders, affiliates and agents from and against any losses, expenses, liabilities, obligations, damages, penalties, judgments, actions, suits or costs howsoever imposed on, asserted against or incurred by them for any act or omission or for the solvency of any sub-custodian, agent or third party.

The securities and other assets belonging to the Fund shall be (i) separately identifiable, recorded and segregated from assets held for the Incoming Custodian’s own account or for the account of third parties; (ii) identified in the books of the Incoming Custodian as belonging to the Fund; and (iii) clearly indicated as separate and distinct from the Incoming Custodian’s own assets or those of any third party. Provided that the Incoming Custodian may place and keep the securities and any other assets belonging to the Fund in a common pool of identical assets or otherwise deposit them in a clients’ or common account. Such books and ledgers shall constitute conclusive evidence of the securities retained on behalf of the Fund.

The Incoming Custodian does not act as a sponsor of the Fund or assume any controlling duties. The Incoming Custodian does not warrant the contents of this Memorandum (other than information pertaining to it), nor is it involved in the management, administration or Net Asset Value calculation of the Fund.

## **Brokerage**

The Fund does not engage in any brokerage activities, and neither the Fund nor the Investment Manager has any discretion or control over the Underlying Managers' decisions in choosing a broker. The Underlying Managers selected by the Investment Manager may allocate portfolio transactions through brokerage accounts on the basis of best execution and also in consideration of such brokers' provision or payment of the costs of research and brokerage services (i.e., "soft dollar" payments). Such brokers may include Credit Suisse or one or more of its affiliates. Research and brokerage services obtained through soft dollar commission arrangements may benefit the Underlying Managers of the Underlying Funds. Some soft dollar arrangements also may be outside of the parameters of Section 28(e) of the United States Securities Exchange Act of 1934, as amended (the "Exchange Act"), which permits the use of soft dollars to acquire research and brokerage services. The commission rates charged by the brokers in the foregoing circumstances may be higher than those charged by other brokers who may not offer such services.

Research or brokerage services and equipment provided by brokers through which portfolio transactions are executed, settled and cleared may include research reports on particular industries and companies, economic surveys and analyses, recommendations as to specific securities, on-line quotations, news and research services, and other services (e.g., computer and telecommunications equipment), providing lawful and appropriate assistance to the Underlying Managers in the performance of their investment decision-making responsibilities on behalf of their Underlying Funds (collectively, "soft dollar items").

Soft dollar items within the Section 28(e) safe harbor of the Exchange Act, whether provided directly or indirectly, as well as soft dollar items that fall outside of the Section 28(e) safe harbor, may be utilized for the benefit of the Underlying Managers. Underlying Managers may expect to use soft dollars to acquire soft dollar items that they would otherwise be obligated to provide to, or acquire at their own expense for, their investment vehicles.

Section 28(e) of the Exchange Act permits the use of soft dollar items in certain circumstances, provided that the investment vehicle does not pay a rate of commissions in excess of what is competitively available from comparable brokerage firms for comparable services, taking into account various factors, including commission rates, financial responsibility and strength and ability of the broker to efficiently execute transactions and refer investors. Non-research products acquired by Underlying Managers through the use of soft dollars, and soft dollars that are not generated through agency transactions in securities, are outside of the parameters of Section 28(e)'s safe harbor, as are transactions effected in futures, currencies or certain derivatives. Certain soft dollar items received by the Underlying Managers based on transactions for their investment vehicles may be outside of the safe harbor under Section 28(e). Shareholders should be aware that the Underlying Managers may or may not follow brokerage practices similar to those described above and as a result, the Investment Manager will not be able to monitor whether or not certain soft dollar items received by the Underlying Managers are outside the safe harbor of Section 28(e) of the Exchange Act.

### **Placement Agents**

The Investment Manager may retain one or more affiliated or non-affiliated placement agent(s) on behalf of the Fund. Such placement agent(s) will be compensated by the Investment Manager at no additional cost to the Fund or the Shareholders.

### **Auditor**

KPMG (Cayman Islands) shall serve as the Fund's auditor. The engagement letter entered into with the auditors may contain provisions in which the auditors seek to limit their liability and to be indemnified by the Fund in certain circumstances. The Fund may appoint a different auditor without the consent of the Shareholders.

### **Independent Client Representative**

The Fund has the authority to appoint a person (the "Independent Client Representative") unaffiliated with the Investment Manager or any of its affiliates to act as the agent of the Fund to give or withhold any consent of the Fund required under applicable law to a transaction in which the Investment Manager causes the Fund to purchase securities or other instruments from or sell securities or other instruments to, the Investment Manager or its affiliates or to engage in brokerage transactions in which any of the Investment Manager's affiliates acts as broker for another person on the side of the transaction opposite that of the Fund (i.e. agency cross transaction). If appointed, the Independent Client Representative may be paid by the Fund and will receive an indemnity from the Fund for claims arising out of its activity in such capacity.

---

## **FEES AND EXPENSES**

---

### **Management Fee**

The Fund will pay the Investment Manager an asset based management fee (the "Management Fee") at an annual rate of (i) eighty five basis points (.85%) of the net asset value attributable to the Class A Participating Shares, (ii) seventy five basis points (.75%) of the net asset value attributable to the Class INST Participating Shares, (iii) fifty basis points (.50%) of the net asset value attributable to the SAPIC-98 V Class USD Participating Shares and (iv) sixty five basis points (.65%) of the net asset value attributable to the SAPIC-98 VI Class Euro Participating Shares. The Management Fee will be calculated and accrued monthly, in an amount equal to the product of (i) the applicable annual rate divided by 12 and (ii) the net asset value attributable to the relevant Class of Shares at the end of each month.

SAPIC-98 I Class USD Participating Shares, SAPIC-98 II Class USD Participating Shares, SAPIC-98 III Class USD Participating Shares and SAPIC-98 IV Class Euro Participating Shares are not subject to a Management Fee.

The Management Fee shall be payable to the Investment Manager quarterly in arrears on the last Dealing Day in February, May, August and November. The payment of the Management Fee will be prorated for partial periods. The Investment Manager, in its sole discretion, may waive or reduce, by rebate or otherwise, all or part of the Management Fee otherwise due with respect to any Shareholder's investment, including, without limitation, its affiliates, members and/or employees and the Fund may issue any such Shareholder with a separate class of Participating Shares in respect thereof, if appropriate.

Any portion of Management Fees attributable to a Special Situation Investment will be payable based on the Fair Value of such Special Situation Investment until the date that the Investment Manager determines that the applicable Special Situation Investment no longer constitutes a Special Situation Investment or liquidates, in whole or in part, a Special Situation Investment.

## **Performance Fee**

*Performance Fee.* With respect to the Class A Participating Shares and the SAPIC-98 V Class USD Participating Shares only, the Investment Manager is entitled to receive a performance-based fee from the Fund (the “Performance Fee”) at the end of each Performance Fee Period (as defined herein). The Performance Fee is calculated on a Series-by-Series basis after all other fees and expenses, including the relevant Management Fee and Administration Fee (as defined herein), are deducted. The Performance Fee with respect to the Class A Participating Shares is equal to five percent (5%) of the appreciation of the Net Asset Value of each Series of Class A Participating Shares and the Performance Fee with respect to the SAPIC-98 V Class USD Participating Shares is equal to ten percent (10%) of the appreciation of the Net Asset Value of each Series of the SAPIC-98 V Class USD Participating Shares in excess of the Hurdle (as defined below).

The “Hurdle” is applicable only to Series of SAPIC-98 V Class USD Participating Shares and means, with respect to each Performance Fee Period (as defined below), five percent (5%) multiplied by the Net Asset Value of the Series of SAPIC-98 V Class USD Participating Shares as of the first Business Day of such Performance Fee Period. The Hurdle is not cumulative from year to year and will be pro-rated for a Performance Fee Period of less than 12 months.

The Performance Fee is calculated on a Series-by-Series basis in an effort to ensure that the Performance Fees are equitably assessed among Shareholders which are charged a Performance Fee. A “Performance Fee Period”, with respect to a Series of Class A Participating Shares or SAPIC-98 V Class USD Participating Shares, shall commence on the date of issuance of such Series of Shares and, thereafter, following the close of the preceding Performance Fee Period, and shall end (i) as of each fiscal year-end, (ii) as of the Redemption Date in relation to such Series of Shares being redeemed, (iii) in the Board’s sole discretion, as of the effective date of a transfer of such Series of Shares, (iv) as of the date of the termination of the Investment Management Agreement and (v) as of any other date determined by the Board. The Investment Manager reserves the right to waive or rebate all or part of the Performance Fee, with respect to any Shareholder, including, without limitation, its affiliates, principals and/or employees for any reason and the Fund may issue any such Shareholder with a separate class of shares in respect thereof, if appropriate.

At the time the Investment Manager determines that an investment of the Fund no longer constitutes a Special Situation Investment or liquidates a Special Situation Investment in whole or in part, the Investment Manager will be immediately entitled to a Performance Fee (if applicable) with regard to the appreciation, if any, attributable to the Special Investment Series with respect to such Special Situation Investment. After giving effect to the Performance Fee, such Special Investment Series shall be converted to a new Series of the Class A Participating Shares and SAPIC-98 V Class USD Participating Shares, except as otherwise provided in the section entitled “REDEMPTIONS” with respect to a Shareholder requesting redemption of its Class A Participating Shares.

*High Water Mark.* The Performance Fee with respect to a Series of Class A Participating Shares and SAPIC-98 V Class USD Participating Shares is calculated on a cumulative basis and is payable only where the net asset value per relevant Class A Participating Share or SAPIC-98 V Class USD Participating Share (as applicable) has risen above the higher of (a) the issue price of the relevant Class



A Participating Share or SAPIC-98 V Class USD Participating Shares in the relevant Series (the net asset value per Class A Participating Share or SAPIC-98 V Class USD Participating Share on the Dealing Day) or (b) the net asset value per relevant Class A Participating Share or SAPIC-98 V Class USD Participating Share of the relevant Series immediately following the last payment of any Performance Fee with respect to such Series (the “High Water Mark”). In effect, a Performance Fee with respect to a particular Series of Class A Participating Shares or SAPIC-98 V Class USD Participating Share is not payable until all prior net losses with respect to such Series from the later of the date of issue or payment of the last Performance Fee (excluding the accrued Performance Fee from the calculation of net losses) are recouped. Adjustments will be made to the High Water Mark to take into account redemptions made by the holders of Class A Participating Shares and SAPIC-98 V Class USD Participating Shares (as applicable) such that the relevant High Water Mark is proportionately reduced as a result of such redemptions. To the extent a Performance Fee is paid with respect to more than one issued and outstanding Series of the Class A Participating Shares or SAPIC-98 V Class USD Participating Shares (as applicable), all such Series, other than the oldest Series of such Classes, will be redesignated and converted (often called a “roll up”) into the oldest Series with respect to which a Performance Fee is payable.

No performance fees with respect to the Class INST Participating Shares, SAPIC-98 I Class USD Participating Shares, SAPIC-98 II Class USD Participating Shares, SAPIC-98 III Class USD Participating Shares, SAPIC-98 IV Class Euro Participating Shares or SAPIC-98 VI Class Euro Participating Shares will be payable to the Investment Manager by the Fund.

### **Ongoing Expenses**

The Fund shall be responsible for all of the ordinary and necessary expenses of its operation. Such expenses include, but are not limited to, research expenses, costs associated with the Fund’s investment in Underlying Funds and with Underlying Managers, and any fees payable to Underlying Funds and Underlying Managers with whom the Fund invests, withholding taxes, legal and auditing expenses, accounting, reasonable and customary fund administration fees, investment related consultants and other service providers’ expenses, investment related travel costs, expenses incurred with respect to the preparation, duplication and distribution to Shareholders and prospective Shareholders of the offering documents, annual reports and other financial information, reasonable and customary annual Directors’ fees and reimbursements to Directors for reasonable out-of-pocket expenses, government fees, insurance premiums of the Fund, the Board of Directors and/or the Investment Manager (including insurance premiums with respect to any of their principals, partners and officers), the Management Fee, extraordinary expenses (such as litigation and indemnification of the Investment Manager and the Directors), tax preparation and other tax related expenses and similar ongoing operational expenses as well as the costs for in-house accountants and other personnel providing administrative or other services provided such costs and expenses are generally consistent with the costs customarily charged by third-party professionals (such costs, the “In-house Costs”); provided further that with respect to such In-house Costs, in no event will the aggregate fees paid to the Administrator and any such in-house party for such costs be greater than the market rate charged by the Administrator for administering other similar investment funds. Fees and expenses that are identifiable with a particular Class of Shares, in the discretion of the Board in consultation with the Investment Manager, are charged against that Class in computing its net asset value. Other fees and expenses will be charged to the Fund as a whole or otherwise in the discretion of the Board. See “POTENTIAL CONFLICTS OF INTEREST”.

The Investment Manager and any affiliates retained by it will be reimbursed for out-of-pocket expenses incurred on behalf of the Fund. Unless otherwise provided herein, such reimbursable expenses shall not include any expense attributable to their provision of office personnel and space required for the

performance of their services, marketing expenses, secretarial services and payroll taxes of their employees.

### **Administration Fees**

Pursuant to the Administration Agreement, the Administrator will receive an administration fee (the “Administration Fee”) that accords with reasonable and customary administration fees and which is expressed as a sliding scale/blended basis points formula tied to the aggregate assets of the Fund. The compensation provisions of the Administration Agreement may be amended from time to time as circumstances dictate. The Administrator will receive fees for its services that are reasonable and customary for such services.

### **Custody Fees**

The Fund will pay the Custodians and the Bank fees in connection with the custodial services provided by such entities.

### **Placement Agent Fee/Sales Fee**

The Management Fee and/or Performance Fee may be used by the Investment Manager to compensate affiliated or unaffiliated third party placement agents. Additionally, a sales fee of up to a maximum of three percent (3%) of the initial amount subscribed (the “Sales Fee”) may be charged to an investor. Any Sales Fee will be deducted from the investor’s subscription proceeds, and therefore the subscription proceeds net of the Sales Fee shall be used to purchase Shares. In certain circumstances, the Placement Agent may, in its sole and absolute discretion waive or rebate all or part of the Sales Fee for any investors, including certain affiliated investors.

### **Subscription Fee**

Any fees or duties incurred by the Fund in processing an investor’s application for Shares may either be deducted from the investor’s subscription proceeds, in which case the subscription proceeds net of the subscription charges shall be applied towards the subscription for Shares, or the subscription charges may be charged in addition to the amount being subscribed.

### **Fees of the Underlying Funds**

Fees incurred with respect to the Underlying Managers of the Underlying Funds are borne by the Fund. Typically, such fees may include management fees, performance fees and other incentive arrangements. Generally, management fees range between one percent (1%) and two percent (2%) of the value of net assets under management. Generally, performance fees and incentive arrangements range between fifteen percent (15%) and twenty-five percent (25%) of the aggregate net capital appreciation of a fund.

---

## SHARES OF THE FUND

---

### **The Fund's Share Capital**

*Generally.* The authorized share capital of the Fund consists of (i) U.S.\$100,000 divided into 100,000,000 shares of par value of U.S.\$0.001 per share; and (ii) €50,000 divided into 50,000,000 shares of par value of €0.001 per share (the "Participating Shares"). As of the date of this Memorandum, the Fund is offering Class A and Class INST Participating Shares. Class A and Class INST Participating Shares may be issued in U.S. Dollars, British Pounds Sterling, Euros or Swiss Francs. Upon acquiring Shares, investors become shareholders in the Fund (each a "Shareholder" and collectively the "Shareholders"). The Class A Participating Shares are further issued in series (each, a "Series"), with a new Series being issued on each date that the Fund permits subscriptions for Shares as further discussed herein. The Class A Participating Shares and Class INST Participating Shares are designated as non-voting shares. The SAPIC-98 Participating Shares are designated and issued as voting shares and are only open to investors affiliated with CSG.

Each Participating Share of a Class has equal dividend, distribution and liquidation rights, and Participating Shares of a particular Class are redeemed in accordance with the Net Asset Value of the Participating Shares of that Class and, on a solvent winding up, surplus assets attributable to a particular Class of Participating Shares will be distributed to the holders of Participating Shares of that Class.

The Participating Shares are issued in registered form. When issued, all Participating Shares will be fully paid and non-assessable. No Participating Shares have pre-emption rights.

*Class Differences.* The Class A Participating Shares shall be issued to those investors whose Adjusted Subscription Amount (as defined herein) is at least U.S.\$100,000 (or the British Pounds Sterling, Euro or Swiss Franc equivalent) but less than U.S.\$5,000,000 (or the British Pounds Sterling, Euro or Swiss Franc equivalent), whereas Class INST Participating Shares shall be issued to those investors whose Adjusted Subscription Amount equals or exceeds U.S.\$5,000,000 (or the British Pounds Sterling, Euro or Swiss Franc equivalent). Class A and Class INST Participating Shares are subject to different Management Fees, Performance Fees and redemption terms, as discussed further herein. See "FEES AND EXPENSES" herein.

The Director may consent to offer the SAPIC-98 Participating Shares in the future. The SAPIC-98 V Class USD Participating Shares and SAPIC-98 VI Class Euro Participating Shares are subject to different Management Fees and Performance Fees. The SAPIC-98 I Class USD Participating Shares, SAPIC-98 II Class USD Participating Shares, SAPIC-98 III Class USD Participating Shares and SAPIC-98 IV Class Euro Participating Shares are not subject to a Management Fee or a Performance Fee. See "FEES AND EXPENSES" herein.

*Additional Classes of Shares.* In addition to the Participating Shares currently being offered, the Fund, from time to time, may offer additional Classes, including, without limitation, Classes of shares issued in a currency other than U.S. dollars, which shares may be offered at the sole discretion of the Board and on terms that differ from (and/or are more favorable than) those discussed herein.

*Conversion of Series.* The Class A Participating Shares and the SAPIC-98 V Class USD Participating Shares are further issued in series (each, a “Series”), with a new Series being issued on each date that the Fund permits subscriptions for Class A Participating Shares and SAPIC-98 V Class USD Participating Shares as further discussed herein. The Class INST Participating Shares and the SAPIC-98 I Class USD Participating Shares, SAPIC-98 II Class USD Participating Shares, SAPIC-98 III Class USD Participating Shares, SAPIC-98 IV Class Euro Participating Shares and SAPIC-98 VI Class Euro Shares are not issued in Series. Upon subscription, Shareholders will receive the Series being offered on that Subscription Date. A new Series of Class A Participating Shares or SAPIC-98 V Class USD Participating Shares (as applicable) will be issued on each date that the Fund permits subscriptions with respect to such Classes. The Series will be numbered consecutively (i.e., commencing with A1, A2, etc.). Each of the outstanding Series of Class A Participating Shares participates ratably with all other outstanding Series of Class A Participating Shares or SAPIC-98 V Class USD Participating Shares (as applicable) in the expenses, assets and earnings with respect to each such Class. To the extent a Performance Fee is paid with respect to more than one issued and outstanding Series of the relevant Class, all such Series, other than the oldest Series of such Class, will be redesignated and converted (often called a “roll up”) into the oldest Series with respect to which a Performance Fee is payable. Such conversion will be made, after the payment of any Performance Fee, at the prevailing net asset value per Class A Participating Share or SAPIC-98 V Class USD Participating Shares (as applicable) of the oldest outstanding Series. Such conversion may take place by the compulsory redemption of Class A Participating Shares or SAPIC-98 V Class USD Participating Shares (as applicable) of the relevant Series and the automatic application of the redemption proceeds in subscribing for Shares of the relevant Series.

*Special Investment Series.* Each Shareholder who is a Shareholder at the time the Investment Manager designates one or more existing Fund investments (or portion thereof) to be Special Situation Investment(s) (and the Fund issues Class S Shares to the Fund in respect thereof), will be issued Class S Shares of a new Special Investment Series, which will be consecutively numbered (“Class S1,” “Class S2,” “Class S3,” etc.) with regard to such Special Situation Investment (and issuance of Class S Shares). Upon the Investment Manager’s designating one or more previously acquired investments (or portion thereof) of the Fund as a Special Situation Investment, a pro-rata portion of each existing Shareholder’s Shares will be converted to Class S Shares of a new Special Investment Series by way of compulsory redemption and subscription, without the requirement for any notice to be served on such Shareholder.

Class S Shares of a new Special Investment Series will be issued to a Shareholder in a US Dollar (or the British Pounds Sterling, Euro or Swiss Franc equivalent) amount equal to (i) the aggregate value of such Shareholder’s Shares divided by the aggregate value of all of the issued and outstanding Shares (excluding for this purpose, any Class S Shares then outstanding) multiplied by (ii) the Fair Value (as defined below) of the Special Situation Investment attributable to the relevant Class S Shares.

Shareholders who purchase Shares after the Investment Manager designates one or more previously acquired investments (or portion thereof) of the Fund as a Special Situation Investment(s) are not entitled to receive any Class S Shares with respect to such Special Situation Investment(s) or to participate in the gain, loss or income relating to such Class S Shares. For the purpose of determining the number of Class S Shares in a Special Investment Series to be issued to each Shareholder, the initial Net Asset Value per Class S Shares of such Special Investment Series shall be determined by the Directors in consultation with the Investment Manager. Thereafter, the Net Asset Value of such Special Investment Series shall appreciate or depreciate in accordance with the valuation procedures described elsewhere in this Memorandum.

The term “Fair Value” shall mean the value of the investment provided by the Underlying Manager to the Fund or, if no such value is available or if the Special Situation Investment is difficult to

value by the Underlying Manager, the fair value of the Special Situation Investment as determined by the Investment Manager in its sole discretion.

In the event the Investment Manager (i) determines in its sole discretion that an investment (or portion thereof) of the Fund no longer constitutes a Special Situation Investment or (ii) liquidates a Special Situation Investment in whole or in part (including in the manner provided below), then the Shareholders holding corresponding Class S Shares shall receive an equivalent number of the relevant Class of Participating Shares, as applicable.

In the event the Investment Manager determines it is in the best interests of the Shareholders to do so, the Investment Manager may endeavor to provide a secondary market for the Special Situation Investments to facilitate liquidity for Shareholders. Accordingly, the Investment Manager may offer one or more Special Situation Investments to other potential investors regardless of whether such investors are currently Shareholders. Such secondary market transactions in Special Situation Investments may occur at a discount to the value of such Special Situation Investments.

### **Temporary Suspension of Dealings and/or Determination of Net Asset Value**

The Fund may declare a temporary suspension of the determination of the Fund's Net Asset Value and/or the net asset value of any Class and/or Series of Shares and/or the sale, allotment, issue or voluntary redemption (in whole or in part) of Shares of any Class and/or Series and/or the payment of any amount of redemption proceeds in such circumstances as the Board, in its sole discretion, considers appropriate, including, without limitation, during any period when in the opinion of the Directors (after consultation with the Investment Manager):

- (i) when one or more stock exchanges, or other regulated markets which provide the basis for valuing a substantial portion of the Fund's assets, or when one or more foreign exchange markets in the currency in which a substantial portion of the Fund's assets are denominated, is or are closed otherwise than for ordinary holidays or if trading thereupon is restricted or suspended;
- (ii) when, as a result of political, economic, military or monetary events, or any other circumstances outside the control of the Fund, the disposal of a substantial part of the Fund's assets is not reasonable or normally practicable without being seriously detrimental to the interests of the Shareholders;
- (iii) in the case of a breakdown in the normal means of communication used for the valuation of a substantial portion of the Fund's assets or if, for any reason, the value of a substantial portion of the Fund's assets may not be determined as rapidly and accurately as required or if the Board is aware that there is likely to be a material delay in the Fund receiving the settlement proceeds on the realization of a significant amount of any assets required to be realized to meet redemption requests;
- (iv) if, as a result of exchange restrictions or other restrictions affecting the transfer of funds, a substantial amount of transactions on behalf of the Fund is rendered impracticable, or if purchases and sales of a substantial portion of the Fund's assets cannot be effected at normal rates of exchange; or
- (v) at any other time in the sole discretion of the Directors.

In the event the Fund declares a suspension, the suspension shall continue until the Board determines, in its sole discretion, to lift such suspension. At the time a suspension in respect of the right of Shareholders to redeem all or part of their Shares is lifted, redemption requests that have been properly submitted will be processed as of the immediately following Redemption Date.

Where any of the events mentioned in clauses i–iv above does not affect a substantial portion of the Fund’s assets or a substantial amount of transactions on behalf of the Fund, as appropriate, then the suspension shall not take effect and historic valuations of the affected assets shall be used to calculate the Net Asset Value, unless the Board, on the recommendation of the Fund’s auditors, adopt alternative methodologies in calculating the Net Asset Value.

Suspensions due to any of the events mentioned in clauses i-iv above shall take effect at such times as the Board shall specify but not later than the close of business of the Business Day next following the declaration and thereafter there shall be no determination of the prices of Shares until the Board shall declare the suspension at an end, except that the suspension shall terminate in any event on the day following the first Business Day on which (i) the condition giving rise to the suspension shall have ceased to exist and (ii) no other condition under which suspension is authorized under the Articles shall exist. Whenever the Board shall declare a suspension of the determination of the Net Asset Value and the prices of Shares, then as soon as may be practicable after any such declaration, the Board shall cause a notice to be given to the holders of the Shares stating that such declaration has been made, and at the end of any period of suspension the Board shall cause another notice to be given to the holders of Shares stating that the period of suspension has ended.

## **Voting and Other Rights**

The authorized share capital of the Fund consists of (i) U.S.\$100,000 divided into 100,000,000 shares of par value of U.S.\$0.001 per share (the “USD Shares”); and (ii) €50,000 divided into 50,000,000 shares of par value of €0.001 per share (the “Euro Shares” and, together with the USD Shares, the “Participating Shares”).

As of the date of this Memorandum, the Fund is offering Participating Shares in the following Classes:

Class A USD Participating Shares (the “Class A USD Participating Shares”), Class A British Pounds Sterling Participating Shares (the “Class A GBP Participating Shares”), Class A Euro Participating Shares, (the “Class A EUR Participating Shares”) and Class A Swiss Franc Participating Shares (the “Class A CHF Participating Shares” and, collectively with the Class A USD Participating Shares, the Class A GBP Participating Shares, and the Class A EUR Participating Shares, the “Class A Participating Shares”); and

Class INST USD Participating Shares (the “Class INST USD Participating Shares”), Class INST British Pounds Sterling Participating Shares (the “Class INST GBP Participating Shares”), Class INST Euro Participating Shares, (the “Class INST EUR Participating Shares”) and Class INST Swiss Franc Participating Shares (the “Class INST CHF Participating Shares” and, collectively with the Class INST USD Shares, the Class INST GBP Shares and the Class INST EUR Participating Shares, the “Class INST Participating Shares”); and; in limited circumstances as determined by the Directors,

SAPIC-98 I Class USD Participating Shares, SAPIC-98 II Class USD Participating Shares, SAPIC-98 III Class USD Participating Shares, SAPIC-98 IV Class Euro Participating Shares, SAPIC-98

V Class USD Participating Shares and SAPIC-98 VI Class Euro Participating Shares (collectively, the “SAPIC-98 Participating Shares” and, together with the Class A Participating Shares and the Class INST Participating Shares, the “Shares”).

While the Participating Shares generally have voting rights, the Directors of the Fund, at their discretion, may designate certain Participating Shares as non-voting in order to avoid certain adverse tax, filing or other requirements. In particular, Class A Participating Shares and Class INST Participating Shares are designated and issued as non-voting shares. The SAPIC-98 Participating Shares are issued as voting shares and are only open to investors affiliated with CSG.

Subject to the Articles of Association, the holders of the Shares are subject to the following rights and restrictions: (i) Shares shall be issued fully paid; (ii) save in respect of Shares designated as non-voting Shares, holders of Shares are entitled to receive notice of, attend, speak or vote at general meetings of the Fund; (iii) Shares are redeemable in accordance with the provisions of the Articles of Association and this Memorandum; (iv) on a return of capital on liquidation or winding up of the Fund, holders of Shares shall have the rights set out in the Articles of Association; (v) holders of Shares shall be entitled to participate in the profits and assets of the Fund in accordance with the provisions of the Articles of Association and this Memorandum; and (vi) any of the class rights or terms of offer (including any representations, warranties or other disclosure relating to such offer) whether set out in this Memorandum, any subscription agreement or otherwise for the time being applicable to any Class or Series of Shares in issue may (unless otherwise provided by the terms of issue of those Shares) be varied (whether or not the Fund is being wound up) by a resolution of the Directors where such variation is considered by the Directors, acting reasonably, not to have a material adverse effect upon such class rights or terms of offer; otherwise, any such variation shall be made only with the prior consent in writing of the holders of not less than two thirds by net asset value of the issued Shares of that Class or Series, or with the sanction of a resolution passed by a majority of at least two thirds of the votes cast at a separate meeting of the holders of such Shares (for further details, please refer to the Articles of Association).

For completeness, although non-voting Participating Shares shall not have the right to vote at general meetings of the Fund, in the event of any proposed variation or abrogation of rights affecting non-voting Participating Shares as a class, non-voting Participating Shares shall have the right to receive notice of, attend and vote as a member at any class meeting.

### **Registration and Transfer of Shares**

Shares are issued only in registered form; the Fund does not issue bearer shares. The Administrator will maintain a current register of the names and addresses of the Shareholders, and the Administrator’s entry in the share register is conclusive evidence of ownership of such Shares. Certificates representing Shares will not be issued save in exceptional circumstances and then only at the discretion of the Board.

Transfers of Shares are permitted only with the prior consent of the Board, which consent may be withheld in the absolute discretion of the Board. If the Board permits a transfer, the transferor and/or transferee will bear all expenses incurred by the Fund with respect to such transfer. Any transferee of Shares is required to furnish the same information that would be required in connection with a direct subscription in order for a transfer application to be considered by the Fund. Violation of applicable ownership and transfer restrictions may result in a compulsory redemption.

### **Listing**

The Shares are not currently listed on any securities exchange, and it is not anticipated that there will be any secondary market for trading in the Shares. Notwithstanding the foregoing, the Fund reserves the right to list any Class or Series of Shares on the Irish Stock Exchange or a similar securities exchange without the consent of Shareholders.

---

## SUBSCRIPTIONS

---

Initial investments and additional investments may generally be made on the last Business Day of each month (a “Dealing Day”) and will generally be effective as of the first Business Day of the following month (the “Subscription Date”), subject to any suspension or closure of the Fund or the relevant Class of Shares as set forth herein, or at such other times as the Board may determine. The initial purchase price for Shares of each Class is \$1,000 (or the British Pounds Sterling, Euro or Swiss Franc equivalent) per Share for the initial offer of Shares. After the date on which the Fund first issues Shares of a particular Class, the purchase price for Shares of that Class will be equal to the prevailing net asset value per Share of that Class (determined as provided in the Articles of Association on such Dealing Day). The term “Business Day” refers to any day when banks in New York City, London and the Cayman Islands are open for business (other than a Saturday or Sunday), or such other day approved by the Board in its sole discretion.

The Board has the right to accept, or to decline to accept, any subscription, in whole or in part, for any or no reason. Investments in the Fund must be made in cash, or in the Board’s sole discretion after consultation with the Investment Manager, may also be made in kind (either partially or fully). Such investments shall be valued by the Investment Manager as of the relevant Dealing Day at their fair market value.

The Directors or the Investment Manager may modify the frequency of permitted subscriptions as well as the required notice period in any particular case from time to time. For example, the Investment Manager, in its sole discretion and without requiring a waiver, may permit subscriptions by funds or other commingled investment vehicles managed by CSG or its affiliates without complying with the foregoing subscription notice periods, provided the subscription documents, as well as subscription monies, are received by the Fund at any time up to and including the Subscription Date. Additionally, the Directors may “close” the Fund or any Class of Shares for subscription by refusing to issue any Shares. Notwithstanding the foregoing, the Directors may, in their sole discretion, reopen the Fund or relevant Class, as applicable, as of any date.

Class A Participating Shares and the SAPIC-98 V Class USD Participating Shares will be issued in Series for purposes of calculating the Performance Fee payable with respect to the Class A Participating Shares and the SAPIC-98 V Class USD Participating Shares, respectively. Upon subscription, Shareholders will receive the Series of Class A Participating Shares or SAPIC-98 Class USD Participating Shares (as applicable) being offered on that Subscription Date. A new Series of Class A Participating Shares and SAPIC-98 V Class USD Participating Shares will be issued on each date that the Fund permits subscriptions with respect to such Classes. The Series will be numbered consecutively (i.e., commencing with A1, A2, etc.). Each of the outstanding Series of such Shares participates ratably with all other outstanding Series of such Shares in the expenses, assets and earnings with respect to each



such Class. To the extent a Performance Fee is paid with respect to more than one issued and outstanding Series of the Class A Participating Shares or SAPIC-98 V Class USD Participating Shares (as applicable), all such Series, other than the oldest Series of such Classes, will be redesignated and converted (often called a “roll up”) into the oldest Series with respect to which a Performance Fee is payable. Such conversion will be made, after the payment of any Performance Fee, at the prevailing net asset value per Share of the oldest outstanding Series. Such conversion may take place by the compulsory redemption of Class A Participating Shares or SAPIC-98 V Class USD Participating Shares (as applicable) of the relevant Series and the automatic application of the redemption proceeds in subscribing for Class A Participating Shares or SAPIC-98 V Class USD Participating Shares (as applicable) of the relevant Series.

No interest will be earned on subscription funds received and held until the next Subscription Date. See “ELIGIBLE INVESTORS.”

*Class A Participating Shares.* The Class A Participating Shares are available for subscription by those investors whose Adjusted Subscription Amount is at least U.S.\$100,000 (or the British Pounds Sterling, Euro or Swiss Franc equivalent) but less than U.S.\$ 5,000,000 (or the British Pounds Sterling, Euro or Swiss Franc equivalent).

*Class INST Participating Shares.* The Class INST Participating Shares are available for subscription by those investors whose Adjusted Subscription Amount is equal to or exceeds U.S.\$5,000,000 or the British Pounds Sterling, Euro or Swiss Franc equivalent).

*SAPIC-98 Participating Shares.* The SAPIC-98 Participating Shares shall be issued to those investors affiliated with CSG as determined by the Directors at an Adjusted Subscription Amount determined by the Directors.

“Adjusted Subscription Amount” means, as of any date of determination with respect to any Shareholder, such Shareholder’s initial subscription amount for Shares plus the aggregate amount of additional subscriptions for Shares (if any) made by such Shareholder minus the aggregate amount of redemptions (if any) of Shares made by such Shareholder in excess of the aggregate appreciation in the net asset value (if any) attributable to such redeemed Shares since the date such Shareholder initially subscribed for such Shares.

Each of the investment brackets mentioned above is referred to herein as an “Investment Bracket.”

If a Shareholder in one Investment Bracket subsequently makes an additional investment or redeems a portion of its Shares that results in its Adjusted Subscription Amount falling within a different Investment Bracket, such Shareholder’s Shares will be converted, by way of compulsory redemption of the Shareholders’ current Class of Shares and the automatic application of the redemption proceeds in subscribing for Shares of the appropriate Class for the resulting Investment Bracket. In addition, at the time of such conversion, the Board may, in its discretion and upon consultation with the Investment Manager, carry over to the new Class of Shares the high water mark, if any, applicable with respect to the Class of Shares originally held by such Shareholder.

The application of these Investment Brackets may be waived and/or the minimum amounts reduced at the sole discretion of the Investment Manager in any particular case from time to time, provided that the minimum initial investment threshold will not be reduced below U.S.\$100,000 at the time of subscription or such other amount required under Cayman Islands law from time to time.

The acceptance of subscriptions is subject to confirmation of the prior receipt of cleared funds credited to the Fund's subscription account and the receipt of completed subscription documents. A purchaser acceptable to the Fund will be sold that number of Shares of the relevant Series of Shares (including fractional Shares) which its subscription payment will purchase (to the extent accepted).

*Procedure for Subscriptions.* Completed subscription materials must be received by the Sub-Administrator by 2:00PM EST at least five (5) Business Days (or within such shorter period as determined by the Investment Manager in its discretion) prior to the Dealing Day. Applications received after such deadlines will be held in the Fund's account and treated as an application and applied (without interest) for the next Dealing Day, unless otherwise agreed by the Directors or the Investment Manager. Cleared subscription funds must be in the Fund's account at least two (2) Business Days before the Dealing Day. Payment of Shares must be made by wire transfer, unless otherwise determined in the Board's sole discretion.

In the case of a subscriber's initial subscription into the Fund, the application may be sent by facsimile or by email (provided it contains a scanned copy of the relevant duly signed document). Any additional subscription may be made by facsimile or by email.

Please note that when the subscription document is sent by facsimile or by email, the Sub-Administrator will send an official acknowledgement of receipt in the form of a Subscription Order by facsimile or e-mail back to the subscriber. Thereafter, upon the approval of a subscription by the Fund, the Sub-Administrator shall, on behalf of the Fund, send the Shareholder a confirmation of subscription. If the subscriber does not receive such official acknowledgement within 48 hours, or receives an acknowledgement which contains information that differs from the subscription intended by the subscriber, the subscriber must contact the Administrator immediately. It is the subscriber's sole responsibility to contact the Administrator, and in the event that the subscriber does not so contact the Administrator, any unacknowledged subscription application may be voidable at the election of the Fund or the Administrator and any acknowledgement which differs from the subscription application submitted shall be final and conclusive. Please note that neither a facsimile transmission report indicating that a facsimile has been sent, nor any email delivery report retained by the subscriber shall be considered as an acknowledgement from the Administrator that it has received a subscription application and shall not constitute proof of such receipt. If the subscription is not accepted, payment will be returned without deduction or interest.

All applications to subscribe or redeem must initially be sent in by facsimile. Where original documents are required, those documents must follow by courier in a timely manner. Applicants who fail to follow this procedure and simply submit requests by mail only may miss their preferred dealing date and must receive official acknowledgement of receipt in the form of a Subscription or Redemption Note from the Administrator. The Administrator can take no responsibility for requests which are not appropriately transmitted, sent or acknowledged.

Provided that the Administrator is not party to any fraud or forgery, the Administrator shall, not be responsible to the Fund or any other person for acting upon/in accordance with forged or fraudulent document containing instructions, transfers or applications, be they received by facsimile, e-mail or otherwise, for the consequences of any action taken by the Administrator, acting in good faith, upon any such forged or fraudulent document.

Applicants should be aware of the risks associated with sending faxed applications and the Administrator does not accept responsibility for any loss caused due to the non-receipt of any facsimile. While the Administrator accepts facsimile copies, the Administrator shall not be liable for non-receipt.

The Fund and/or Administrator may require additional documentation from any Shareholder, including without limitation documentation required to satisfy any anti-money laundering laws or regulations which may then be applicable to the Fund. **In the event of delay or failure by the applicant to produce any information required for verification purposes, the Administrator may refuse to accept the application and the subscription monies relating thereto.**

The following forms of communication are acceptable for submitting subscription, redemption, transfer or other instructions (such as change of address) to the Sub-Administrator:

Facsimile Transmission – On facsimile number +1 647-288-9103;

Email Transmission – Via email (provided that it contains a scanned copy of the relevant duly signed document) to:

General correspondences/queries – CreditSuisse-IR@citco.com  
Investor trades – CSinvestortrades@citco.com

Notwithstanding the method of communication, the Fund and/or the Sub-Administrator reserve the right to request the production of original documents or other information to authenticate the communication. In the case of mis-receipt or corruption of any message, the subscriber will be required to re-send the documents. Note that each subscriber must use the form document provided by the Fund in respect of the subscription, redemption or transfer, unless such condition is waived by the Fund and/or the Sub-Administrator. Please note that messages sent via email must contain a duly signed document as an attachment.

Subscriptions may be suspended under certain circumstances. See “SHARES OF THE FUND - Temporary Suspension of Dealings and/or Determination of Net Asset Value.”

---

## ELIGIBLE INVESTORS

---

Each prospective investor is required to certify that the Shares are not being acquired directly or indirectly for the account or benefit of a Non-Eligible Person except as otherwise permitted herein. The term “Non-Eligible Person” as used in this Memorandum means any member of the public in the Cayman Islands or any U.S. Person as defined below and other persons from time to time designated as such by the Fund.

For the purposes of this Memorandum, “U.S. Person” means:

- (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; or
- (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 United States Securities Act of 1933, as amended (the "Securities Act"), unless it is organized or incorporated, and owned, by accredited investors (as defined in Rule 501(a) under the Securities Act) who are not natural persons, estates or trusts.

"U.S. Person" does not include:

- (a) any discretionary account or similar account (other than an estate or trust) held for the benefit or account of a non-U.S. Person by a dealer or other professional fiduciary organized, incorporated, or (if an individual) resident in the United States;
- (b) any estate of which any professional fiduciary acting as executor or administrator is a U.S. Person if (i) an executor or administrator of the estate who is not a U.S. Person has sole or shared investment discretion with respect to the assets of the estate and (ii) the estate is governed by foreign law;
- (c) any trust of which any professional fiduciary acting as trustee is a U.S. Person if a trustee who is not a U.S. Person has sole or shared investment discretion with respect to the trust assets, and no beneficiary of the trust (and no settlor if the trust is revocable) is a U.S. Person;
- (d) an employee benefit plan established and administered in accordance with the law of a country other than the United States and customary practices and documentation of such country;
- (e) any agency or branch of a U.S. Person located outside the United States if (i) the agency or branch operates for valid business reasons, and (ii) the agency or branch is engaged in the business of insurance or banking and is subject to substantive insurance or banking regulation, respectively, in the jurisdiction where located; and
- (f) the International Monetary Fund, the International Bank for Reconstruction and Development, the Inter-American Development Bank, the Asian Development

Bank, the African Development Bank, the United Nations and their agencies, affiliates and pension plans, and any other similar international organizations, their agencies, affiliates and pension plans.

While not currently anticipated, the Fund reserves the right to offer Shares to Non-Eligible Investors in the future, who will need to qualify for other eligibility standards. Each prospective investor will be required to make the representations set forth in the subscription agreement annexed hereto (the “Subscription Agreement”) and to indemnify the Fund, the Administrator and the Investment Manager and each of their respective directors, officers and employees against any liability, costs and expenses (including, without limitation, reasonable attorneys fees) resulting from a breach of such representations.

---

## REDEMPTIONS

---

*Quarterly Redemptions.* Except as provided herein (including with regard to Special Investment Series), Shareholders have the right, upon at least sixty-five (65) days’ prior written notice to the Sub-Administrator, to request a partial or total redemption of their Shares as of the last Business Day of any calendar quarter or at such other times as the Directors, in consultation with the Investment Manager, determine in their sole discretion (each, a “Quarterly Redemption Date”).

*Monthly Redemptions.* In addition to the Quarterly Redemption Dates and except as provided herein (including with regard to Special Investment Series), a Shareholder also has the right, upon at least thirty-five (35) days’ prior written notice to the Sub-Administrator, to request a partial redemption of its Shares, in an amount equal to, or less than, five percent (5%) of the Net Asset Value attributable to such Shareholder’s Shares, as of the last Business Day of any calendar month that does not fall on a calendar quarter end or at such other times as the Directors, in consultation with the Investment Manager, determine in their sole discretion (each, a “Monthly Redemption Date” and together with the Quarterly Redemption Date, each, a “Redemption Date”).

The redemption price is equal to the net asset value per Share of the relevant Class and Series (if applicable), on the corresponding Redemption Date.

If a redeeming Shareholder owns Shares of more than one Series (if applicable) or Class and has not designated the Shares to be redeemed, Shares will be redeemed on a first in first out basis for the purposes of determining the redemption proceeds. A redemption request, once made, will be irrevocable and may not be withdrawn without the consent of the Investment Manager or the Directors.

In the case of a partial redemption, a redeeming Shareholder’s Shares must not fall below such Shareholder’s Adjusted Subscription Amount, calculated after such Shareholder’s partial redemption, unless otherwise determined by the Board (in consultation with the Investment Manager).

*Payment of Redemption Proceeds.* Subject to the Board’s right to establish reserves for estimated accrued expenses, liabilities and/or contingencies, the Fund’s ability to redeem funds from the Underlying Funds and in turn, the redemption of sufficient Fund Shares, and except as otherwise provided herein, generally ninety-five percent (95%) of the estimated redemption proceeds (on the basis of unaudited data) will be paid to the redeeming Shareholder within forty-five (45) days after the Redemption Date or as soon as practicably possible. Any remaining amounts held by the Fund will be paid within a

reasonable time after the completion of the Fund's audit for the year in which the redemption is made. In the discretion of the Directors, the Fund may settle redemptions, in whole or in part, in kind. In the event that any amount of the redemption proceeds is paid to a redeeming Shareholder in kind, the Directors in consultation with the Investment Manager will have the discretion as to which assets are to be transferred to the redeeming Shareholder in satisfaction of the in kind portion of such redemption. For example, redemption payments may be settled by the Fund in kind if the redemption payments received from an Underlying Fund in connection with the Fund's liquidation of a position to fund a redemption request is in kind.

*Borrowing.* In the event the Fund borrows capital in order to fund redemption request(s), the Fund will bear the cost of such loan(s).

*Special Situations Investments.* Except as otherwise provided for herein, Shareholders may not make redemptions with respect to their Special Investment Series unless the Directors (after consultation with the Investment Manager) permit an in-kind distribution or until the corresponding Special Situation Investment has been liquidated (at the discretion of the Investment Manager). Until such time as a Special Situation Investment has been liquidated or becomes liquid, such Shareholder's Special Investment Series with respect such Special Situation Investment will remain at risk in the Fund (and the Shareholder remains a Shareholder with respect to such Special Investment Series), and, such Special Investment Series continues to be subject to the terms of this Memorandum until the Fund issues redemption proceeds relating to such Special Investment Series in accordance with the redemption terms set forth herein and net of all accrued Management Fees and Performance Fees thereon (to the extent applicable). The Fund may establish a liquidating trust, or similar mechanism, for the purpose of holding Special Situation Investments that constitute part or all of a Shareholder's redemption proceeds until such times as such Special Situation Investments no longer constitute Special Situation Investments or become readily capable of liquidation in whole or in part in the sole discretion of the Investment Manager. The Directors may permit redemption of a Special Situation Series in kind.

If a Shareholder requests a full redemption of its Shares while such Shareholder holds a Special Investment Series, the Fund shall withhold from the redemption proceeds of such Shareholder an amount equal to one (1) year (or more if the Board so determines) of Management Fees payable with respect to such Special Investment Series (the "Management Fee Holdback"). If the Fund disposes of the Special Situation Investment attributable to such Special Investment Series prior to the expiration of such one (1) year (or longer) period, the Fund shall distribute any remaining Management Fee Holdback attributable to such Special Investment Series accordance with the redemption terms set forth herein. If the Fund holds any Special Situation Investment attributable to any Special Investment Series held by a Shareholder that has completely redeemed its Shares for longer than such one (1) year (or longer) period, the Fund shall accrue and deduct any Management Fees attributable to such Special Situation Investment in excess of the Management Fee Holdback of such Shareholder from the disposition proceeds of such Special Situation Investment.

*Inability to Liquidate; Suspension.* In circumstances where the Fund is unable to liquidate securities positions in an orderly manner in order to fund redemptions, or where the value of the assets and liabilities of the Fund cannot reasonably be determined, the Fund may take longer than the time periods mentioned above to effect settlements of redemptions and/or the Fund may suspend redemptions, establish a liquidating trust, special purpose vehicle or similar mechanism for the purpose of holding any illiquid investments or establish side pockets to hold such illiquid investments from which redemptions may not be made until the Investment Manager determines such investments are no longer illiquid.

Furthermore, the Fund reserves the right (i) to suspend the calculation of the Fund's Net Asset Value or any Class' net asset value and/or the ability of Shareholders to subscribe for Shares of the Fund and/or (ii) to suspend or limit the rights of Shareholders to redeem Shares of the Fund and/or to receive redemption payments, upon the occurrence of an event that may result in dissolution of the Fund or at any other time in the sole discretion of the Directors. In the event the Directors suspend the rights of Shareholders in any of the foregoing circumstances, the suspension shall continue until the Directors determine, in their sole discretion, to lift such suspension. At the time the suspension is lifted, redemption requests that have been properly submitted will be processed as of the immediately following Redemption Date.

The Fund may withhold all or any portion of the proceeds of redemption if necessary to comply with applicable legal, tax or regulatory requirements.

*Compulsory Redemption.* The Fund, in the Board's sole discretion, may require the compulsory redemption of any or all of the Shares held by a Shareholder, at the price per Share equal to the then prevailing net asset value per Share of the relevant Class and Series (if applicable), for any or no reason, without prior written notice to the Shareholder.

When Shares are redeemed, all fees and allocations, including, without limitation, Management Fees and the Performance Fees, if any, that have been accrued as of the relevant Redemption Date will be calculated and deducted from the redemption proceeds.

*Underlying Funds.* The calculation and payment of a Shareholder's redemption proceeds will be based on estimated and unaudited data. Accordingly, adjustments and revisions may be made to the Fund's Net Asset Value following each month-end valuation and the year-end audit of the Fund. If a Shareholder (or former Shareholder) redeems all or part of its Shares, subsequent adjustments may occur to the valuation of such Shares for any reason, including, without limitation, adjustments to the Underlying Funds' valuations, which may result in an overpayment or underpayment of redemption proceeds to such Shareholder (or former Shareholder).

If such overpayment is found to be material by the Board, in its sole discretion, such Shareholder (or former Shareholder) may, in the Board's discretion, be required to return such overpayment promptly to the Fund. Conversely, if such underpayment is found to be material by the Board, in its sole discretion, such underpayment will be paid to such Shareholder by the Fund. In such a case, a redeeming Shareholder may be positively (in case of an increase in Net Asset Value) or adversely (in case of a decrease in Net Asset Value) affected by adjustments to the valuation of such Shareholder's Shares. Additionally, to the extent that a Shareholder (or former Shareholder) does not return any such payments to the Fund, the outstanding Shares will be adversely affected by such redemption.

If such audit adjustments are found by the Board, in its sole discretion, to be immaterial, then no such return or payment, as the case may be, will be required. In such a case, to the extent that such revisions to Net Asset Value decrease the Net Asset Value of the Fund or a Class or Series (if applicable), the outstanding Shares of the relevant Class(es) or Series (if applicable) will be adversely affected by redemptions. Conversely, any increases in the Net Asset Value of the Fund or a Class or Series (if applicable) resulting from such adjustments will be entirely for the benefit of the outstanding Shares of the relevant Class(es) or Series (if applicable).

*Procedure for Redemptions.*

Redemption proceeds will be paid only to an account in the name of the redeeming Shareholders. The following forms of communication are acceptable for submitting subscription, redemption, transfer or other instructions (such as change of address) to the Sub-Administrator:

Facsimile Transmission – On facsimile number +1 647-288-9103;

Email Transmission – Via email (provided that it contains a scanned copy of the relevant duly signed document) to:

General correspondences/queries – [CreditSuisse-IR@citco.com](mailto:CreditSuisse-IR@citco.com)

Investor trades – [CSinvestortrades@citco.com](mailto:CSinvestortrades@citco.com)

Notwithstanding the method of communication, the Fund and/or the Sub-Administrator reserve the right to request the production of original documents or other information to authenticate the communication. In the case of mis-receipt or corruption of any message, the subscriber will be required to re-send the documents. Note that each subscriber must use the form document provided by the Fund in respect of the subscription, redemption or transfer, unless such condition is waived by the Fund and/or the Sub-Administrator. Please note that messages sent via email must contain a duly signed document as an attachment.

The Board, the Investment Manager, the Administrator and/or the Sub-Administrator reserves the right to require any Shareholders to submit, in a timely manner, originals of any documents submitted by facsimile or e-mail only.

The Administrator will not remit redemption proceeds if a Shareholder has not submitted a signed redemption request or is not considered to be compliant with all the necessary Anti-Money Laundering legislation and regulations. Nor will the Administrator remit any payment to a third party bank account. The Sub-Administrator will acknowledge receipt of any redemption request on behalf of the Fund, and in the event no acknowledgement is received from the Sub-Administrator within forty-eight (48) hours of submitting the request, the Shareholder should assume that the redemption request has not been received and they should contact the Sub-Administrator via telephone at +1 416-969-6700 to confirm the status of their request. No redemption proceeds will be paid to the redeeming Shareholder until the Sub-Administrator has received the redemption request signed by the Shareholder or an authorized signatory of the Shareholder. In the event that the Shareholder does not so contact the Administrator, any unacknowledged redemption application shall be voidable at the election of the Fund or the Sub-Administrator and any acknowledgement which the Shareholder believes differs from the redemption submitted shall be final and conclusive. None of the Fund, the Administrator or the Sub-Administrator shall be responsible for any mis-delivery or non-receipt of any facsimile or e-mail. Facsimiles and e-mails sent to the Fund or the Sub-Administrator shall only be effective when actually received by the Fund or the Sub-Administrator. Shareholders who submit redemption requests initially by facsimile or e-mail to the Sub-Administrator are advised to contact the Sub-Administrator by telephone at +1 416-969-6700 to confirm that the Sub-Administrator has received the facsimile or e-mail redemption request.



---

## DETERMINATION OF NET ASSET VALUE

---

### Net Asset Valuation

The Fund's net asset value is generally equal to its assets less its liabilities (the "Net Asset Value"). The Fund's Net Asset Value is calculated in U.S. dollars using GAAP as a guideline. The net asset value of a Series of Shares (if applicable) will be equal to the gross assets less the gross liabilities attributable to such Series as of any date of determination.

Each Series' and Class' net asset value per Share will be calculated by dividing the particular Series' (if applicable) and Class' net asset value by the number of Shares of that Series (if applicable) and Class then outstanding. The Fund's Net Asset Value and the net asset value of each Class of Shares and each Series thereof (if applicable), are calculated by the Administrator (or any party designated by the Investment Manager) on a monthly basis as of close of business on the last Business Day of each calendar month, or any other day that the Investment Manager may determine as agreed to by the Administrator (each, a "Valuation Date"). The Fund's Net Asset Value and the net asset value of each Class of Shares and each Series thereof (if applicable) is determined by the Administrator based, in general, on the following valuation principles:

- a. The value of any cash in hand or on deposit, bills and demand notes and accounts receivable, prepaid expenses, cash distributions or dividends declared to holders of record on a date on or before the day on which the Net Asset Value is being determined but not yet received, and interest accrued and not yet received, shall be deemed to be the full amount thereof, unless the Board has determined that any such deposit, bill, demand note or account receivable is unlikely to be paid or received in full or is otherwise not worth the full amount thereof, in which event the value thereof shall be such value as the Board determines to be the fair value thereof;
- b. In the case of any unquoted security, the value thereof shall be determined by a pricing service approved by the Investment Manager;
- c. Assets which are quoted in a currency other than U.S. dollars shall be valued by translating the quoted value into U.S. dollars at the exchange rate determined by the Board prevailing at the close of business on the day on which the Net Asset Value is determined;
- d. The value of any share, unit, security or interest in any mutual fund, investment trust, collective investment scheme or other similar Underlying Fund will be determined based on the most recent pricing information or valuation as is provided to or generally made available to the Board by any such Underlying Fund by the manager, administrator or operator of such Underlying Fund;
- e. For the purpose of valuing the Fund's assets as aforementioned, the Board may rely upon the opinions of any persons who appear to them to be competent to value assets of any class or classes by reason of any appropriate professional qualification or of experience of any relevant market or asset;

- f. Special Situation Investments and other securities for which no such market prices are available will be generally carried on the books of the Fund at fair value as reasonably determined by the Investment Manager in accordance with the U.S. Financial Accounting Standards Board Statement No. 157; and
- g. In cases when the valuation in respect of any asset is determined by the Board not to represent a fair valuation, the value of such asset may be calculated using such other method of valuation as the Board may determine.

All accrued debts and liabilities are deducted from the value of the Fund's assets in determining the Fund's Net Asset Value and, to the extent possible, from the value of the assets attributable to the Shares in determining the net asset value per Class and per Series (if applicable). These debts and liabilities include (a) fees of the Investment Manager that are earned but not yet paid, (b) any allowance for the Fund's estimated annual audit and legal fees and other operating expenses, and (c) any contingencies for which reserves are determined to be required. To the extent debts and liabilities cannot be determined to be attributable to any one particular Series or Class of Shares, they are borne pro-rata by every Series or Class, as the case may be. Net Asset Values are expressed in United States dollars and any items denominated in other currencies are translated at prevailing exchange rates as determined by the Investment Manager.

The Fund may declare a suspension of the determination of the Fund's Net Asset Value under certain circumstances See "SHARES OF THE FUND – Temporary Suspension of Dealings and/or Determination of Net Asset Value."

Fiscal year-end Net Asset Value calculations are audited by the Fund's independent auditors in accordance with GAAP and may be revised as a result of such audit.

Absent gross negligence, bad faith or willful misconduct, the calculation of Net Asset Value of the Fund by the Administrator (subject to the overall supervision of the Investment Manager) in accordance with the Fund's valuation policies and procedures is conclusive and binding on all Shareholders and prospective investors. In no event shall the Investment Manager or any entity appointed by the Fund to determine the Fund's Net Asset Value, incur any individual liability or responsibility for any determination made or action taken or omitted except as provided in their agreements with the Fund.

---

## CERTAIN RISK FACTORS

---

Prospective investors should give careful consideration to the following risk factors in evaluating the merits and suitability of an investment in the Fund as they relate specifically to Shares or to the Fund in general, as the context requires. The following does not purport to be a comprehensive summary of all of the risks associated with an investment in the Fund. Rather, the following are only certain risks to which the Fund is subject and that the Board encourages prospective investors to discuss in detail with their professional advisors.

## GENERAL

1. *No Assurances.* The past performance of the Fund, the Investment Manager or the principals or employees of the Investment Manager is not an indication of the future success of the Fund. There can be no assurance that the Fund or the Underlying Funds will achieve their investment objectives or that the strategies described herein will be successful. Given the factors that are described below, there exists a possibility that an investor could lose all or substantially all of an investment in the Fund.

2. *Expenses May be a High Percentage of Assets.* Operating expenses that are necessary for the Fund's proper operation may be a high percentage of the Fund's Net Asset Value and, even if the Fund's strategy is successful, the Fund may still not be profitable. In some instances when the Fund begins trading it may have substantially less assets with which to trade than it may have over time. In addition, as a result of redemptions or other circumstances the Fund's necessary operating expenses may be a high percentage of the Fund's Net Asset Value. For example, it is possible that the Fund may have trading gains while the Fund's Net Asset Value may not increase or may even decrease.

3. *Performance Fee.* The Investment Manager's Performance Fee 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 a performance fee.

4. *Investment Decisions.* All decisions with respect to the investment of the Fund's assets will be made by the Investment Manager, which relies on the services of certain members of the Investment Manager's portfolio management team. Moreover, the Fund is highly dependent upon the expertise and abilities of the Underlying Managers of the Underlying Funds who will have investment discretion over the Fund's assets. Shareholders will have no right or power to take part in the investment of the Fund's assets. As a result, the success of the Fund for the foreseeable future will depend largely upon the abilities of certain members of the Investment Manager's portfolio management team. In addition, should the Investment Manager terminate its relationship with the Fund, the profitability of the Fund's investments may suffer. There can be no assurance that the Investment Manager will be successful. The death, incapacity or retirement of any key personnel of the Investment Manager may adversely affect investment results.

5. *Current Income.* The Fund's investment policies should be considered speculative, as there can be no assurance that the Investment Manager's assessments of the short-term or long-term prospects of investments will generate a profit. In view of the fact that the Fund will likely not pay dividends, an investment in the Fund is not suitable for investors seeking current income for financial or tax planning purposes.

6. *Illiquidity.* There is no market for the resale of the Shares and accordingly, the Shares may be disposed of only through the redemption procedures, described elsewhere in this Memorandum and in the Articles of Association. The Shares are subject to limited redemption rights. Furthermore, the Fund may be unable to liquidate some of its investments to fund redemptions in a timely manner. Neither the Fund, the Investment Manager, nor any of their affiliates have agreed to purchase or otherwise acquire from any Shareholder any Shares or assume the responsibility for locating prospective purchasers of Shareholders' Shares. Even if a purchaser for a Shareholder's Shares were available, approval of the transfer by the Board and satisfaction of certain requirements would be required before any transfer may occur. In addition, the Shares have not been registered under the securities laws of any jurisdiction and the Fund has no plans to, and is under no obligation to, register the Shares under any such law. In light of the restrictions imposed on a transfer of Shares, and in light of the limitations imposed on a Shareholder's ability to redeem his or its Shares, an investment in the Fund should be viewed as illiquid and subject to

risk. Moreover, to the extent a Shareholder holds Class S Shares, such Shareholder may not redeem those Shares until the Investment Manager, in its sole discretion, determines that such investment no longer constitutes a Special Situation Investment, liquidates such investment in whole or in part (to the extent liquidated) or determines to distribute same.

7. *Currency Hedging.* The Fund may, at the discretion of the Investment Manager, enter into hedging transactions in an attempt to hedge the non-U.S. dollar underlying exposure of the assets of the Fund. However, there is no assurance that these hedging activities will be effective and the Investment Manager may choose not to hedge the Fund's positions. The Investment Manager will pursue a "passive" currency risk-hedging program with respect to Shares issued in British Pounds Sterling, Euros and Swiss Francs whereby the Fund seeks to reduce the British Pounds Sterling exposure, Euro exposure and Swiss Franc exposure (respectively) to the U.S. dollar through the use of hedging transactions. The profits, losses and expenses associated with the hedging transactions will be allocated solely among such Shares. However, in the event that losses on a hedging transaction exceed the net asset value of such Shares, the assets of the Fund attributable to other investors in the Fund could be used to satisfy the liabilities arising from the hedging transaction. The Investment Manager intends to minimize the risk that the losses on a hedging transaction exceed the net asset value of such Shares. However, there can be no assurance that the net asset value of the other Classes of Shares will be unaffected by significant losses by the Fund on its hedging transactions that exceeds the net asset value of the relevant Class Shares.

8. *Lack of Diversification.* As discussed, the Investment Manager does not intend or expect to diversify the Fund's investments and may concentrate a substantial part of the Fund's assets in a small number of Underlying Funds. While this limited diversification may improve the return of an investment in the Fund if the Underlying Funds selected by the Investment Manager are successful, a loss in any one Underlying Fund could have a material adverse impact on the Fund's capital.

### **RISKS RELATED TO FUND OF FUNDS PLATFORM**

1. *Multi Manager Concept.* Prospective investors should carefully consider the effect on the Fund of the Investment Manager's strategy of investing all or substantially all of the Fund's assets with selected Underlying Funds. Two aspects of this investment strategy which will affect the success of the Fund are the risk of delegating control of a majority of the Fund's assets to persons other than the Investment Manager and the increased cost. There is no way of predicting how the Underlying Managers will make investments or whether they will act in accordance with any disclosure documents or descriptive materials given by them to the Fund. This strategy significantly increases the fees and expenses payable by the Fund since the Underlying Managers typically charge their own fees and expenses. The cost of investment advisory and management services relating to investments by the Fund, including investments made by the Underlying Funds, are also paid by the Fund.

2. *Access to Information from Underlying Funds.* The Fund expects to receive periodic reports from the Underlying Managers at the same time as any other investor in such Underlying Fund. The Investment Manager will request detailed information on a continuing basis from each Underlying Fund regarding the Fund's investment strategies. However, the Investment Manager may not always be provided with detailed information regarding all the investments made by the Underlying Funds because certain of this information may be considered proprietary information by the Underlying Manager of the Underlying Fund. This lack of access to information may make it more difficult for the Investment Manager to successfully allocate the Fund's assets among the Underlying Funds and evaluate the Underlying Managers of the Underlying Funds. Moreover, although the Investment Manager expects to receive detailed information from the Underlying Manager of each Underlying Fund regarding its

historical performance and investment strategy, in most cases there will be little or no means of independently verifying this information. Accordingly, neither the Investment Manager nor the Fund undertakes any due diligence activity with regard to assessing the merits and risks associated with investing in a particular fund. Moreover, the investment strategies of the Underlying Managers of the Underlying Funds may include such investment techniques as short sales and leverage (as further discussed herein) which practices can, in certain circumstances, maximize the adverse impact to which the Fund's assets may be subject.

3. *Investment Decisions of the Underlying Managers Are Independent of Each Other.* Investment decisions made by the Underlying Managers are independent of each other. By way of example, one Underlying Manager may be purchasing shares of an issuer while shares of the same issuer are being sold by another Underlying Manager at the same time. Consequently, the Fund could indirectly incur certain transaction costs without accomplishing any net investment result. Overall, there can be no guarantee that each Underlying Manager will perform and continue to perform accurately and in good faith, and the Investment Manager has no ability to proactively determine whether or not the stated objective of such Underlying Manager is being pursued accurately and in good faith.

4. *Performance Fees Payable Irrespective of Fund Performance.* Each Underlying Manager may receive a performance-based fee or allocation to which it is entitled irrespective of the performance of the other Underlying Funds and the Fund generally. Accordingly, an Underlying Manager with positive performance may receive compensation from the Fund even if the Fund's overall investment return is negative.

5. *Delays in Reporting.* For the Fund to provide an audited annual report to its Shareholders, it must receive information on a timely basis from the administrators of the Underlying Funds. An Underlying Fund's administrator's delay in providing this information could delay the Fund's preparation of the Fund's annual and other reports.

6. *Sole Principal Underlying Managers.* Some of the Underlying Managers to whom the Investment Manager has allocated or may allocate capital may consist of only one principal. If that individual dies or becomes incapacitated, the Fund might sustain losses.

7. *Limited Knowledge of Manner of Investment; Possibility of Fraud or Misconduct.* The Investment Manager will not generally be given access to information regarding the actual investments made by the Underlying Managers, as such information may be considered proprietary. At any given time, the Fund may not know the composition of Underlying Manager portfolios with respect to the degrees of hedged or directional positions, or the extent of concentration risk or exposure to specific markets. In addition, the Investment Manager may not learn of significant structural events, such as personnel changes, major asset redemptions or substantial capital growth, until after the fact.

Additionally, when the Fund invests funds with an Underlying Manager, it does not have custody of such funds or control over the investment. Therefore, there is always the risk that an Underlying Manager could divert or abscond with the assets, fail to follow agreed-upon investment strategies, provide false reports of operations or engage in other misconduct. The Underlying Managers with whom the Fund invests may be private and may not have registered their investment advisory operations under federal or state laws.

8. *Dependence on Underlying Managers.* The success of the Fund will depend in large part upon the Investment Manager's ability to select appropriate Underlying Managers. The Fund's ability to monitor and control its investments may be less than if the Fund were not employing a multi-

manager strategy. Specifically, the Fund will have to rely on information provided by the Underlying Fund and Underlying Managers with which it invests regarding the value of the Fund's investments. The Fund will make investments in Underlying Funds created and managed by Underlying Managers affiliated with the Investment Manager only with the assets attributable to the Participating Partners.

9. *Portfolio Valuation.* Because of the Fund's strategy, its valuation will be derived from the valuations provided by the Underlying Funds with which it invests. Prospective investors should be aware that situations involving uncertainties as to the valuation of an Underlying Fund could have an adverse effect on the Net Asset Value determination of the Fund, should the valuation information for the Underlying Funds be reported in an untimely manner or prove incorrect.

10. *Inability to Invest in Underlying Funds.* In the event that the Fund is able to make investments in Underlying Funds only at certain times or considers it inadvisable to make a Underlying Fund investment at a certain time, the Fund may invest any portion of its assets that is not invested in Underlying Funds in cash equivalents or certain other instruments as discussed herein pending investment in Underlying Funds. During this time that the Fund's assets are not invested in Underlying Funds, that portion of the Fund's assets will not be used to pursue the Fund's investment objective and such investments may yield returns that are lower than the returns that could have been obtained if such assets were invested in Underlying Funds.

11. *Withdrawals/Redemptions from Underlying Funds.* Underlying Funds generally are permitted to redeem their interests in-kind. Thus, upon the Fund's redemption of all or a portion of its interest in an Underlying Fund, the Fund may receive securities that are illiquid or difficult to value. In such circumstances, the Investment Manager would seek to dispose of these securities in a manner that is in the best interests of the Fund, which may include distributions in-kind to Shareholders.

12. *Valuation.* As the Investment Manager anticipates that market prices will not be readily available for most Underlying Funds in which the Fund invests, the Fund's valuation procedures provide that the fair value of the Fund's investments in Underlying Funds ordinarily will be the value determined for each Underlying Fund in accordance with the Underlying Fund's valuation policies. The Investment Manager will have little or no means of independently verifying valuations provided by such Underlying Managers.

13. *Dilution.* If an Underlying Manager limits the amount of capital that may be contributed to an Underlying Fund by the Fund, additional sales of Shares of the Fund will dilute the participation of existing Shareholders in the returns to the Fund from such Underlying Fund.

14. *Exchange Fluctuations.* The Net Asset Value of the Underlying Funds will be computed in U.S. dollars whereas the Underlying Funds may make their investments in a wide range of currencies. In addition, to the extent the Investment Manager seeks to manage the Fund's foreign exchange position to achieve a return denominated in U.S. dollars, this will, as a consequence, involve the Fund in foreign exchange risks. To the extent investments denominated in foreign currencies are not hedged, the value of the Fund's assets will fluctuate with U.S. dollar exchange rates as well as with price changes of the Fund's investments in the various foreign markets and currencies.

#### **RISKS RELATED TO INVESTMENTS MADE BY UNDERLYING FUNDS**

The Fund is engaged in a diversified investment strategy concentrating primarily on investing in securities through Underlying Funds, some of which may not be marketable. The securities business is speculative, prices are volatile, and market movements are difficult to predict. Supply and demand for

securities change rapidly and are affected by a variety of factors, including interest rates, merger activities and general economic trends. Different Underlying Funds in which the Fund's assets are invested may hold offsetting positions in the same or similar investments, thus reducing the Fund's potential for gain (as well as potential for loss) on such particular investment.

In addition to these general investment risks, Underlying Managers may use investment techniques that may subject an Underlying Fund as well as the Fund to certain risks; some, but not all, of these techniques and risks are summarized below.

1. *Short Selling and Leverage.* The Underlying Funds' investment programs may include such investment techniques as short selling and leverage which practices can, in certain circumstances, maximize the adverse impact to which the Underlying Fund's investments may be subject.

*Short Selling.* The Fund may invest with Underlying Funds that engage in short sales of an issuer in the expectation of covering the short sale with securities purchased in the open market at a price lower than that received in the short sale. If the price of the issuer's securities declines, the Underlying Funds may then cover the short position with securities purchased in the market. The profit realized on a short sale will be the difference between the price received in the sale and the cost of the securities purchased to cover the sale. The possible losses from selling short a security differ from losses that could be incurred from a cash investment in the security; the former may be unlimited, whereas the latter can only equal the total amount of the cash investment. Short selling activities are also subject to restrictions imposed by the federal securities laws and the various national and regional securities exchanges, which restrictions could limit the Underlying Fund's investment activities. There can be no assurance that securities necessary to cover a short position will be available for purchase.

*Leverage.* The Underlying Funds may use leverage in their investment programs when deemed appropriate by their Underlying Managers and subject to applicable regulations. At times, the amount of such leverage may be substantial. Leverage creates an opportunity for greater yield and total return, but at the same time increases exposure to capital risk and higher current expenses. If the Underlying Funds purchase securities on margin and the value of those securities falls, the Underlying Funds may be obligated to pay down the margin loans to avoid liquidation of the securities. If loans to the Underlying Funds are collateralized with portfolio securities that decrease in value, the Underlying Funds may be obligated to provide additional collateral to the lender in the form of cash or securities to avoid liquidation of the pledged securities. Any such liquidation could result in substantial losses. Moreover, counterparties of the Underlying Funds, in their sole discretion, may change the leverage limits that they extend to the Underlying Funds.

2. *Forward Trading.* Underlying Managers may invest in forward contracts and options thereon. Such contracts and options, unlike futures contracts, are not traded on exchanges and are not standardized; rather banks and dealers act as principals in these markets, negotiating each transaction on an individual basis. Forward and "cash" trading is substantially unregulated; there is no limitation on daily price movements and speculative position limits are not applicable. The principals who deal in the forward markets are not required to continue to make markets in the currencies or commodities they trade, and these markets can experience periods of illiquidity, sometimes of significant duration. There have been periods during which certain participants in these markets have refused to quote prices for certain currencies or commodities or have quoted prices with an unusually wide spread between the price at which they were prepared to buy and that at which they were prepared to sell.

3. *Futures.* Underlying Managers may engage in futures transactions. Futures contracts are usually made on a futures exchange which call for the future delivery of a specified "commodity" at

a specified time and place. These contractual obligations, depending on whether one is a buyer or a seller, may be satisfied either by taking or making physical delivery of the “commodity” or by making an offsetting sale or purchase of an equivalent futures contract on the same exchange prior to the end of trading in the contract month. Futures prices are highly volatile. Financial instrument and foreign currency futures prices are influenced by, among other things, interest rates, changes in balances of payments and trade, domestic and international rates of inflation, international trade restrictions and currency devaluations and revaluations. The Fund’s profitability will depend on the Underlying Manager’s ability to analyze price movements in those markets. Because low margin deposits are normally required, an extremely high degree of leverage is obtainable in futures trading. A relatively small price movement in a futures contract, consequently, may result in large losses. Thus, like other highly leveraged investments, any purchase or sale of a futures contract may result in losses which exceed the amount invested.

Most U.S. futures exchanges limit fluctuations during a single day in futures contract prices by regulations referred to as “daily price fluctuation limits” or “daily limits.” During a single trading day, no trade may be executed at prices beyond the daily limits, and positions in a particular contract can neither be taken nor liquidated at a price beyond the applicable limit. Futures prices in various commodities have occasionally moved the daily limit for several consecutive days with little or no trading. Similar occurrences could prevent the Underlying Managers from promptly liquidating unfavorable positions and subject the Fund to substantial losses, which could exceed the margin initially committed to such trades. In addition, even if futures prices have not moved the daily limit, the Underlying Managers may not be able to execute futures trades at favorable prices if little trading in the contracts the Underlying Managers wish to trade is taking place. It is also possible that an exchange or regulatory authority may suspend trading in a particular contract or order that trading in a contract be conducted for liquidation of open positions only.

4. *Lack of Liquidity in Markets.* The securities acquired by the Underlying Managers of the Underlying Funds may lack a liquid trading market, which may result in the inability of the Underlying Managers of the Underlying Funds to sell such assets and may impair the Fund’s ability to realize the full value of its assets in the event of a voluntarily or involuntarily liquidation of such assets. Liquidity relates to the ability of the Underlying Funds to sell and invest in a timely manner.

5. *Option Trading.* The Underlying Funds with which the Fund invests may purchase and sell call and put options on both securities and stock indexes. A stock index measures the movement of a certain group of stocks by assigning relative values to the common stocks included in the index. Examples of well-known stock indexes are the S&P 500 and the S&P 100 Index. Both the purchasing and the selling of call and put options contain risks. Although an option buyer’s risk is limited to the amount of the purchase price of the option, an investment in an option may be subject to greater fluctuation than an investment in the underlying securities. In theory, the exposure to loss is potentially unlimited in the case of an uncovered call writer (i.e. a call writer who does not have and maintain during the term of the call an equivalent long position in the stock or other security underlying the call), but in practice the loss is limited by the term of existence of the call. The risk for a writer of an uncovered put option (i.e., a put option written by a writer that does not have and maintain an offsetting short position in the underlying stock or other security) is that the price of the underlying security may fall below the exercise price. The effectiveness of purchasing or selling stock index options as a hedging technique may depend upon the extent to which price movements in investments that are hedged to correlate with price movements of the stock index selected. Because the value of an index option depends upon movement in the level of the index rather than the price of a particular stock, whether a gain or loss will be realized from the purchase or writing of options on an index depends upon



movements in the level of stock prices in the stock market generally, rather than movements in the price of a particular stock.

6. *Derivatives.* The Underlying Funds and the Fund may use derivatives such as options, futures and swaps. Derivatives have significant risk characteristics, including risks arising from the volatility of securities, financial futures, derivatives, currency and interest rate markets, the leverage factors associated with such instruments, and the potential exposure to loss resulting from counterparty defaults. The leverage inherent in derivatives means that a derivative transaction may result in losses in excess of the amount invested.

7. *Use of Swap Agreements.* As noted above, the Fund and Underlying Funds may use swap agreements. The use of swaps is a highly specialized activity that involves investment techniques and risks different from those associated with ordinary securities transactions. Interest rate swaps, for example, do not typically involve the delivery of securities, other underlying assets or principal. Accordingly, the market risk of loss with respect to an interest rate swap is often limited to the amount of interest payments that the Fund or Underlying Fund is contractually obligated to make on a net basis. If the other party to an interest rate swap defaults, the Fund's or Underlying Fund's (as applicable) risk of credit loss may be the amount of interest payments that the Fund or Underlying Fund (as applicable) is contractually entitled to receive on a net basis. However, where swap agreements require one party's payments to be "up-front" and timed differently than the other party's payments (such as is often the case with currency swaps), the entire principal value of the swap may be subject to the risk that the other party to the swap will default on its contractual delivery obligations. If there is a default by the counterparty, the Fund or Underlying Fund (as applicable) may have contractual remedies pursuant to the agreements related to the transaction. The swap market has grown substantially in recent years, and has become relatively more liquid, with a large number of banks and investment banking firms acting both as principals and as agents utilizing standardized swap documentation. The investment performance of the Fund or Underlying Fund, however, may be adversely affected by the use of swaps if the Fund's or Underlying Fund's (as applicable) forecasts of market values, interest rates or currency exchange rates are inaccurate.

8. *Turnover and Trading Costs.* The investment strategies to be employed by the Underlying Funds with which the Fund invests may have a high degree of turnover which will result in higher transaction costs than would be the case if the funds or manager with which the Fund invested employed a buy-and-hold strategy. The transaction costs associated with an active trading strategy may lower returns. This strategy may also generate significant amounts of short-term capital gain, which is taxed at higher rates than long-term capital gain.

9. *No Guarantee of Best Execution.* There is no assurance by the Fund or the Investment Manager that the purchase and sale of investments made by any Underlying Managers with whom the Fund invests will be made on a best price and best execution basis. The Underlying Funds or Underlying Managers may pay brokerage commissions in excess of the lowest rates available to brokers who execute transactions for the accounts of the Underlying Funds or Underlying Managers or who otherwise provide brokerage and research services utilized by the Underlying Managers.

10. *Over-the-Counter Trading.* Underlying Managers may use derivative instruments. Derivative instruments that may be purchased or sold by the Underlying Funds are expected to regularly consist of instruments not traded on an exchange. The risk of nonperformance by the obligor on such an instrument may be greater, and the ease with which the Underlying Fund can dispose of or enter into closing transactions with respect to such an instrument may be less, than in the case of an exchange-traded instrument. In addition, significant disparities may exist between bid and asked prices for

derivative instruments that are not traded on an exchange. Derivative instruments not traded on exchanges are also not subject to the same type of government regulation as exchange traded instruments, and many of the protections afforded to participants in a regulated environment may not be available in connection with such transactions.

11. *Foreign Currency Transactions.* The Underlying Funds may engage in foreign currency transactions for a variety of purposes, including to “lock in” the U.S. dollar price of the security between trade and settlement date, the value of a security the Underlying Fund has agreed to buy or sell, or to hedge the U.S. dollar value of securities an Underlying Fund already owns. The Underlying Funds may also engage in foreign currency transactions for non-hedging purposes to generate returns.

12. *Risks Associated with Investments in Distressed Securities.* The Underlying Funds may invest in distressed securities and obligations of domestic and foreign companies that are experiencing significant financial or business difficulties, including companies involved in bankruptcy or other reorganization and liquidation proceedings. Although such investments may result in significant returns to the Underlying Funds, they involve a substantial degree of risk. The level of analytical sophistication, both financial and legal, necessary for successful investment in companies experiencing significant business and financial difficulties is unusually high. There is no assurance that the Underlying Managers will correctly evaluate the value of a company’s assets or the prospects for a successful reorganization or similar action. In any reorganization or liquidation proceeding relating to a company in which an Underlying Fund invests, the Underlying Fund may lose its entire investment, may be required to accept cash or securities with a value less than the Underlying Fund’s original investment and/or may be required to accept payment over an extended period of time. Under such circumstances, the returns generated from such investments may not compensate the investors adequately for the risks assumed.

Troubled company and other asset-based investments require active monitoring and may, at times, require participation in business strategy or reorganization proceedings by the Underlying Managers and/or the Underlying Funds. To the extent this occurs, the Underlying Fund may have a more active participation in the affairs of the issuer than that assumed generally by an investor; however, the Underlying Fund will not be involved in the day-to-day management of the issuer. In addition, involvement by the Underlying Managers and/or the Underlying Funds in an issuer’s reorganization proceedings could result in the imposition of restrictions limiting their ability to liquidate their position in the issuer.

The Underlying Funds may invest in debt, including, without limitation, “higher yielding” (and, therefore, higher risk) debt securities, when it believes that such debt securities offer opportunities for capital appreciation. In most cases, such debt will be rated below “investment grade” or will be unrated and face ongoing uncertainties and exposure to adverse business, financial or economic conditions and the issuer’s failure to make timely interest and principal payments. The market values of certain of these debt securities may reflect individual corporate developments. It is likely that a major economic recession could have a materially adverse impact on the value of such securities. In addition, adverse publicity and investor perceptions, whether or not based on fundamental analysis, may also decrease the value and liquidity of these debt securities.

In liquidation (both in and out of bankruptcy) and other forms of corporate reorganization, there exists the risk that the reorganization either will be unsuccessful (due to, for example, failure to obtain requisite approvals), will be delayed (for example, until various liabilities, actual or contingent, have been satisfied) or will result in a distribution of cash or a new security the value of which will be less

than the purchase price to the Underlying Fund of the security in respect to which such distribution was made.

13. *Bankruptcy Claims.* The Underlying Funds may invest in bankruptcy claims, which are amounts owed to creditors of companies in financial difficulty. Bankruptcy claims are illiquid and generally do not pay interest and there can be no guarantee that the debtor will ever be able to satisfy the obligation on the bankruptcy claim. The markets in bankruptcy claims are not generally regulated by Federal securities laws or the SEC. Because bankruptcy claims are frequently unsecured, holders of such claims may have a lower priority in terms of payment than certain other creditors in a bankruptcy proceeding. In addition, under certain circumstances, payments and distributions may be reclaimed if any such payments are later determined to have been a fraudulent conveyance or a preferential payment.

Many of the events within a bankruptcy case are adversarial and often beyond the control of the creditors. While creditors generally are afforded an opportunity to object to significant actions, there can be no assurance that a bankruptcy court would not approve actions which may be contrary to the interests of the Underlying Fund. Furthermore, there are instances where creditors and equity holders lose their ranking and priority as such if they are considered to have taken over management and functional operating control of a debtor.

Generally, the duration of a bankruptcy case can only be roughly estimated. The reorganization of a company usually involves the development and negotiation of a plan of reorganization, plan approval by creditors and confirmation by the bankruptcy court. This process can involve substantial legal, professional and administrative costs to the company and the Underlying Fund; it is subject to unpredictable and lengthy delays; and during the process the company's competitive position may erode, key management may depart and the company may not be able to invest adequately. In some cases, the company may not be able to reorganize and may be required to liquidate assets. The debt of companies in financial reorganization will, in most cases, not pay current interest, may not accrue interest during reorganization and may be adversely affected by an erosion of the issuer's fundamental value. Such investments can result in a total loss of principal.

U.S. bankruptcy law permits the classification of "substantially similar" claims in determining the classification of claims in a reorganization for purpose of voting on a plan of reorganization. Because the standard for classification is vague, there exists a significant risk that the Underlying Fund's influence with respect to a class of securities can be lost by the inflation of the number and the amount of claims in, or other gerrymandering of, the class. In addition, certain administrative costs and claims that have priority by law over the claims of certain creditors (for example, claims for taxes) may be quite high.

Furthermore, there are instances where creditors and equity holders lose their ranking and priority as such when they take over management and functional operating control of a debtor. In those cases where the Underlying Fund, by virtue of such action, is found to exercise "domination and control" of a debtor, the Underlying Fund may lose its priority if the debtor can demonstrate that its business was adversely impacted or other creditors and equity holders were harmed by the Underlying Fund.

The Underlying Funds may invest in companies based in OECD and other non-U.S. countries, including emerging markets. Investment in the debt of financially distressed companies domiciled outside the United States involves additional risks. Bankruptcy law and process may differ substantially from that in the United States, resulting in greater uncertainty as to the rights of creditors, the enforceability of such rights, reorganization timing and the classification, seniority and treatment of claims. In certain

developing countries, although bankruptcy laws have been enacted, the process for reorganization remains highly uncertain.

The Underlying Funds may purchase creditor claims subsequent to the commencement of a bankruptcy case. Under judicial decisions, it is possible that such purchase may be disallowed by the bankruptcy court if the court determines that the purchaser has taken unfair advantage of an unsophisticated seller, which may result in the rescission of the transaction (presumably at the original purchase price) or forfeiture by the purchaser.

14. *Litigation Generally.* Reorganizations can be contentious and adversarial. It is by no means unusual for participants to use the threat of, as well as actual, litigation as a negotiating technique. The Underlying Funds and perhaps certain of their investors (such as the Fund) may be named as defendants in civil proceedings. The expense of defending against claims by third parties and paying any amounts pursuant to settlements or judgments would generally be borne by the Underlying Fund and would reduce net assets or could require limited partners to return to the Underlying Funds distributed capital and earnings.

15. *Certain Securities.* Investing in the securities of companies (and governments) in certain countries (such as emerging nations or countries with less well regulated securities markets than the U.S. or the UK or other European Union countries, for that matter) involves certain considerations not usually associated with investing in securities of United States companies or the United States Government. For instance, there are, including 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 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; certain government policies that may restrict investment opportunities; and in some cases less effective government regulation than is the case with securities markets in the United States.

16. *Special Situation Investments.* Some of the securities in which the Underlying Funds invest may be relatively illiquid, either because they are thinly traded or because they are subject to transfer restrictions. An Underlying Fund may not be able promptly to liquidate those investments if the need should arise, and its ability to realize gains, or to avoid losses in periods of rapid market activity, may therefore be affected. Moreover, to the extent investments of an Underlying Fund become special situation investments, such investments may be valued at fair value or some other value until they attain an ascertainable value. Accordingly, such investments may be illiquid and may limit the Fund's, and ultimately a Shareholder's, ability to receive cash upon a request for redemption.

Underlying Funds and ultimately the Fund may be subject to additional risks which include possible adverse political and economic developments, possible seizure or nationalization of foreign deposits and possible adoption of governmental restrictions which might adversely affect the payment of principal and interest to investors located outside the country of the issuer, whether from currency blockage or otherwise. Furthermore, some of the securities may be subject to brokerage taxes levied by governments, which has the effect of increasing the cost of such investment and reducing the realized gain or increasing the realized loss on such securities at the time of sale. Income received by an Underlying Fund from sources within some countries may be reduced by withholding and other taxes imposed by such countries. Any such taxes paid by an Underlying Fund will reduce its net income or return from such investments. While these factors will be taken into consideration in making investment allocations for the Fund, no assurance can be given that these risks can be fully avoided.

17. *Hedging Transactions.* Underlying Managers may utilize a variety of financial instruments such as derivatives, options, interest rate swaps, caps and floors and forward contracts, both for investment purposes and for risk management purposes. Hedging also involves special risks including the possible default by the other party to the transaction, illiquidity and, to the extent the Underlying Managers' assessment of certain market movements is incorrect, the risk that the use of hedging could result in losses greater than if hedging had not been used. The Underlying Funds are subject to the risk of the failure or default of any counterparty to the Underlying Funds' transactions. If there is a failure or default by the counterparty to such a transaction, the Underlying Funds will have contractual remedies pursuant to the agreements related to the transaction (which may or may not be meaningful depending on the financial position of the defaulting counterparty).

18. *Illiquidity of Investments.* Investments of the Underlying Funds' assets will, in certain cases, be long-term in nature and may require several years before they are suitable for sale. Realization of value from such investments may be difficult in the short-term, or may have to be made at a substantial discount compared to other freely tradable investments. In placing funds with a particular Underlying Fund for investment, the Underlying Fund may be restricted in its ability to redeem its investment therein to meet redemption requests by the Fund or to pay expenses or fees.

The securities acquired by the Underlying Managers may lack a liquid trading market, which may result in the inability of the Underlying Managers to sell such assets and may impair the Fund's ability to realize the full value of its assets in the event of a voluntarily or involuntarily liquidation of such assets. Liquidity relates to the ability of the Fund to sell and invest in a timely manner.

19. *Nature of Certain Investments.* There is no limitation on the size or operating experience of the companies in which the Underlying Managers may invest. Some small companies in which the Underlying Managers may invest through the various Underlying Funds may lack management depth or the ability to generate internally or obtain externally the Funds necessary for growth. Companies with new products or services could sustain significant losses if projected markets do not materialize. Further, such companies may have, or may develop, only a regional market for products or services and may be adversely affected by purely local events. Such companies may be small factors in their industries and may face intense competition from larger companies and entail a greater risk than investment in larger companies.

20. *Risk Arbitrage Transactions.* The Underlying Funds may engage in risk arbitrage transactions where they will purchase securities at prices that may be only slightly below the anticipated value of the cash, securities or other consideration to be paid or exchanged for such securities at the time of a proposed merger, exchange offer, tender offer or other similar transaction. Such purchase prices may be substantially in excess of the market price of the securities prior to such time. If the proposed merger, exchange offer, tender offer or other similar transaction later appears likely not to be consummated or in fact is not consummated or is delayed, the market price of the security purchased by the Underlying Funds may decline sharply and result in losses to the Underlying Fund.

21. *Trading Risks.* The success of the Fund's investment activities will depend on the ability of the Underlying Managers to identify and exploit price discrepancies in the capital markets. Identification and exploitation of the market opportunities involve uncertainty. No assurance can be given that the Underlying Managers will be able to locate investment opportunities or to correctly exploit price discrepancies in the capital markets.

For any given period of time, the investments of an Underlying Fund may be concentrated in a relatively small number of positions, with the attendant risk that fluctuations in the value of a small number of positions will significantly affect the value of the portfolio.

22. *Bonds and Other Fixed Income Securities.* Underlying Funds may invest in bonds and other fixed income securities, both U.S. and non-U.S., and may take short positions in these securities. Underlying Funds will invest in these securities when they offer opportunities for capital appreciation (or capital depreciation in the case of short positions) and may also invest in these securities for temporary defensive purposes and to maintain liquidity. Fixed income securities include, among other securities: bonds, notes and debentures issued by U.S. and non-U.S. corporations; U.S. Government securities or debt securities issued or guaranteed by a non-U.S. government; municipal securities; and mortgage backed and asset backed securities. These securities may pay fixed, variable or floating rates of interest, and may include zero coupon obligations. Fixed income securities are subject to the risk of the issuer's inability to meet principal and interest payments on its obligations (i.e., credit risk) and are subject to price volatility resulting from, among other things, interest rate sensitivity, market perception of the creditworthiness of the issuer and general market liquidity (i.e., market risk).

Underlying Funds may invest in both investment grade debt securities and non-investment grade debt securities (commonly referred to as junk bonds). Non-investment grade debt securities may involve a substantial risk of default or may be in default. Adverse changes in economic conditions or developments regarding the individual issuer are more likely to cause price volatility and weaken the capacity of the issuers of non-investment grade debt securities to make principal and interest payments than issuers of higher grade debt securities. An economic downturn affecting an issuer of non-investment grade debt securities may result in an increased incidence of default. In addition, the market for lower grade debt securities may be less liquid and less active than for higher grade debt securities.

23. *Purchasing Initial Public Offerings.* The Underlying Funds may purchase securities of companies in initial public offerings or shortly after those offerings are complete. Special risks associated with these securities may include a limited number of shares available for trading, lack of a trading history, lack of investor knowledge of the issuer, and limited operating history. These factors may contribute to substantial price volatility for the shares of these companies. The limited number of shares available for trading in some initial public offerings may make it more difficult for an Underlying Fund to buy or sell significant amounts of shares without an unfavorable effect on prevailing market prices. In addition, some companies in initial public offerings are involved in relatively new industries or lines of business, which may not be widely understood by investors. Some of these companies may be undercapitalized or regarded as developmental stage companies, without revenues or operating income, or near-term prospects of achieving revenues or operating income.

## **RISKS OF INVESTING IN THE FUND**

1. *Banking Regulations.* The Investment Manager is an affiliate of CS, a bank organized and regulated under the laws of Switzerland with banking operations in the United States, and CSG. CS is subject to regulation by the Swiss Federal Banking Commission. The Bank Holding Company Act of 1956 (as amended, the "BHCA"), which is applicable to CSG and CS through the International Banking Act of 1978, as amended by the Foreign Bank Supervision Enhancement Act of 1991, generally prohibits foreign banking organizations with United States banking operations (like CS) or their parent companies (like CSG) from acquiring an equity interest in non-banking entities unless certain exemptions apply. Each of CS and CSG is a financial holding company (an "FHC") under the Gramm-Leach-Bliley Act ("GLBA") and, as such, may engage in (among other things) a wide range of activities that are "financial in nature," including certain banking, funds management, securities and merchant

banking activities. The Investment Manager intends to rely on CS's and CSG's FHC status to conduct its advisory and related activities involving the Fund. To the extent limitations under the BHCA apply to the Fund, those limitations, and certain investments or activities of CS or CSG unrelated to the Fund, may limit or restrict the Fund's investments or activities.

Additionally, the Volcker Rule (as defined herein) imposes significant restrictions on CSG's ability to sponsor or invest in "covered funds". All banking entities, including CSG, that are subject to the Volcker Rule generally have until July 21, 2015 to comply with the provisions of the Volcker Rule, subject to a possible extension for up to two additional years. If the Fund is deemed to be a covered fund under the Volcker Rule, CSG would have to bring its relationships with and investments in the Fund into compliance with the Volcker Rule by the end of the applicable conformance period. Any restructuring of the Fund or actions required to comply with the Volcker Rule may have a negative impact on the Fund or the manner by which the Fund operates its business. See also "BANKING REGULATORY CONSIDERATIONS."

2. *Strategic Investors.* Certain affiliates of CSG may be substantial investors in the Fund ("Strategic Investors"). As a result of their investment and affiliation with CSG, such investors may receive additional benefits including, but not limited to, enhanced liquidity in certain circumstances and/or a reduced obligation with respect to compensation otherwise payable or allocable, as the case may be, to the Investment Manager. In addition, as a result of their affiliation with the Investment Manager, such Strategic Investors may have access to more information than other investors, including access to certain operations of the Investment Manager, and accordingly would be in a position to time the redemption of their Participating Shares ahead of other Shareholders based on such information. Such Strategic Investors may be issued a separate Class of Participating Shares. Further, such Strategic Investors and other CSG-affiliated investors in the Fund may, in the ordinary course of their trade or business, enter into transactions in financial instruments designed to reduce or eliminate the risk inherent in holding their investments, including their investments in the Fund. These transactions may be executed on various exchanges or in the over-the-counter markets. See "POTENTIAL CONFLICTS OF INTEREST – Strategic Investors" herein.

3. *Distributions in Cash or Kind; Deferred Distributions.* The Fund is not required to distribute cash or other property to the Shareholders. Notwithstanding the foregoing, the Fund may, in the Board's discretion, settle a given redemption, in whole or in part, in kind. Moreover, with regard to deferred distributions, the amount deferred remains an asset of the Fund (even though the same may be placed in a separate account) and as such remains subject to claims of creditors of the Fund, as well as the terms of this Memorandum and the Articles of Association.

4. *Changes in Applicable Law.* The Fund must comply with various legal requirements, including requirements imposed by the securities laws, tax laws and pension laws in various jurisdictions. Should any of those laws change over the scheduled term of the Fund, the legal requirements to which the Fund and the Shareholders may be subject could differ materially from current requirements.

5. *Fraud Risk.* As with any fund of funds, there is always some risk that an Underlying Fund could abscond with the assets and/or that the assets could be misappropriated. In addition, information supplied by the Underlying Manager may be inaccurate or even fraudulent. The Investment Manager is entitled to rely on such information (provided it does so in good faith) and is not required to undertake any due diligence to confirm the accuracy thereof.

6. *Side Letters.* The Fund, by consent of the Board, in consultation with the Investment Manager, may seek to induce investment in the Fund by offering investment terms to certain prospective investors which are not available to existing investors in the Fund. In such cases the parties will enter into a written side arrangement varying the standard terms of offer herein. Such variations may include, without limitation, variations to fees, minimum investment or redemptions, with the effect that not all investors in the Fund will invest on the same terms and some investors may be expected to enjoy more favorable terms than others and such Shareholders may be issued a separate Class of Shares.

7. *Side Pockets.* The Directors, in consultation with the Investment Manager, may determine to create a “side pocket” within the Fund at its absolute discretion and such “side pocket” shall be capable of being constituted as a separate Class of Shares of the Fund, to which the Investment Manager may determine to allocate or attribute a particular investment or asset, including but not limited to investments or assets which are illiquid, difficult to value, subject to lock-up or non-redemption provisions, subject to special circumstances in the opinion of the Investment Manager, or such assets and investments which it may be prudent, necessary or desirable in the opinion of the Investment Manager to segregate from other assets or investments of the Fund. The Directors, in consultation with the Investment Manager may determine to apply and/or impose particular investment restrictions with respect to the side pocketed assets. The “side pocket” Shares will not be redeemable at the option of the Shareholder, as further discussed herein. See “SHARES OF THE FUND.”

8. *Institutional Risk and Custodial Risks.* The institutions, including brokerage firms and banks, with which the Fund (directly or indirectly) does business, or to which securities have been entrusted for custodial and prime brokerage purposes, may encounter financial difficulties that impair the operational capabilities or the capital position of the Fund. Brokers may trade with an exchange as a principal on behalf of the Fund, in a “debtor-creditor” relationship, unlike other clearing broker relationships where the broker is merely a facilitator of the transaction. Such broker could, therefore, have title to all of the assets of the Fund (for example, the transactions which the broker has entered into on behalf of the Fund as principal as well as the margin payments which the Fund provides). In the event of such broker’s insolvency, the transactions which the broker has entered into as principal could default and the Fund’s assets could become part of the insolvent broker’s estate, to the detriment of the Fund. In this regard, Fund assets may be held in “street name” such that a default by the broker may cause Fund’s rights to be limited to that of an unsecured creditor.

9. *Reserves.* Under certain circumstances, the Fund may find it necessary to establish a reserve for contingent liabilities or withhold a portion of the Shareholder’s settlement proceeds at the time of redemption, in which case the reserved portion would remain at the risk of the Fund’s activities.

10. *Substantial Redemptions.* Substantial redemptions by Shareholders within a short period of time could require the Investment Manager to liquidate positions more rapidly than would otherwise be desirable, which could adversely affect the value of the Fund’s assets. The resulting reduction in the Fund’s assets could make it more difficult to generate a positive rate of return or to recoup losses due to a reduced equity base. Additionally, the Fund may, in the Board’s sole discretion, delay, limit or suspend payment(s) of redemption proceeds, fully or partially, if such redemption(s) would have an adverse impact on the remaining Shareholders.

11. *Notice Required.* A Shareholder must give prior written notice to the Fund to make a partial or total redemption of its Shares. During such notice period, the Shareholder’s investment remains at risk and may decrease in value from the date that notice of redemption is made to the Investment Manager until the effective date of redemption.



12. *Lawsuits.* The Fund and the Investment Manager, as independent legal entities, may be subject to lawsuits or proceedings by government entities or private parties. Except in certain limited circumstances, expenses or liabilities of the Fund arising from any suit would be borne by the Fund.

13. *Conflicts of Interest.* The Fund and the Investment Manager are subject to various conflicts of interest as set forth in the section of this Memorandum entitled “POTENTIAL CONFLICTS OF INTEREST.”

14. *Lack of Independent Experts Representing Shareholders.* The Investment Manager has consulted with counsel, accountants and other experts regarding the Fund and the preparation of these offering materials. Each prospective investor should consult his own legal, tax, and financial advisors regarding the desirability of an investment in the Fund.

15. *Registration.* The Fund is not registered as an investment company under the Company Act (or any similar state laws). Shareholders, therefore, will not be accorded the protective measures provided by such legislation. The Investment Manager, however, is registered as an investment adviser under the Advisers Act.

16. *Potential Mandatory Redemption.* The Board may, require a Shareholder to redeem all or a portion of his or her Shares. Such mandatory redemption could result in adverse tax and/or economic consequences to that Shareholder.

17. *Economic and Business Conditions.* General economic and business conditions may affect the Fund’s activities. Interest rates, the prices of securities and participation by other investors in the financial markets may affect the value of securities purchased by the Fund.

18. *Indemnification.* The Fund may be required to indemnify the Investment Manager and other service providers to the Fund for liabilities incurred in connection with the affairs of the Fund. Such liabilities may be material and have an adverse effect on the returns to the Shareholders. The indemnification obligations of the Fund would be payable from the assets of the Fund.

19. *Early Termination.* In the event of the early termination of the Fund, the Fund would have to distribute to the Shareholders their pro rated interest in the assets of the Fund. Certain assets held by the Fund may be highly illiquid and might have little or no marketable value. It is possible that at the time of such sale or distribution, certain securities held by the Fund would be worth less than the initial cost of such securities, resulting in a loss to Shareholders.

20. *Borrowing.* The Fund is permitted to borrow for purposes of providing liquidity to fund redemptions by Shareholders and/or for investment purposes, subject to regulatory requirements and for the payment of fees, expenses and other short-term Fund obligations. In the event of a sudden, precipitous drop in value of the Fund’s assets occasioned by a sudden market decline, the Fund might not be able to liquidate assets quickly enough to meet its margin or borrowing obligations. The Fund’s borrowing capacity is limited by the limitations imposed by lenders and any applicable credit regulations.

21. *Attorney-Client Relationship.* Tannenbaum Helpert Syracuse & Hirschtritt LLP (“THSH”) and Maples and Calder (as to Cayman Islands law) (“Maples”) act as counsel to the Fund in connection with this offering; THSH also acts as counsel to the Investment Manager. In connection with this offering and ongoing advice to the Fund, the Investment Manager and their affiliates, THSH and Maples have not represented, and will not be representing, the Shareholders. No independent counsel

has been, nor is it anticipated will be, retained to represent the Shareholders. THSH's and Maples' representation of the Fund, the Investment Manager and their affiliates is limited to those specific matters upon which it has been consulted. There may exist other matters which would have a bearing on the Fund, the Investment Manager and their affiliates upon which THSH and Maples have not been consulted. Furthermore, in the event a conflict of interest or dispute arises between the Investment Manager and the Fund and any Shareholder, it will be accepted that THSH may act as counsel to the Investment Manager and not counsel to the Fund or Shareholders, notwithstanding the fact that, in certain cases, THSH's fees are paid through or by the Fund. THSH and Maples do not undertake to monitor the compliance of the Fund, the Investment Manager and their affiliates with the investment program, valuation procedures and other guidelines set out herein, nor do they monitor compliance with applicable laws. In connection with the preparation of this Memorandum, Maples and Calder's responsibility is limited to matters of Cayman Islands law and it does not accept responsibility in relation to any other matters referred to or disclosed in this Memorandum. Additionally, in all cases, including the preparation of this Memorandum, THSH and Maples rely upon information furnished to them by the Fund and its Investment Manager and its affiliates, and do not investigate or verify the accuracy and completeness of such information. In the course of advising the Fund and its Investment Manager and its affiliates, there may be times when the interests of the Investment Manager may differ from those of the Shareholders. THSH and Maples do not represent the interests of the Shareholders in resolving such issues.

22. *Cross-Collateralization.* The Fund has power to issue shares in Classes or Series. The Articles of Association provide for the manner in which the liabilities are to be attributed across the various Classes or Series (liabilities are to be attributed to the specific Class(es) or Series in respect of which the liability was incurred). However, the Fund is a single legal entity. Shareholders of one or more Classes or Series may be compelled to bear the liabilities incurred in respect of other Classes or Series which such Shareholders do not themselves own if there are insufficient assets in that other Class or Series to satisfy those liabilities. Accordingly, there is a risk that liabilities of one Class or Series may not be limited to that particular Class or Series and may be required to be paid out of one or more other Classes or Series.

23. *Handling of Mail.* Mail addressed to the Fund and received at its registered office will be forwarded unopened to the Investment Manager to be dealt with. None of the Fund, its directors, officers, advisors or service providers (including the organization which provides registered office services in the Cayman Islands) will bear any responsibility for any delay howsoever caused in mail reaching the Investment Manager. In particular the Directors will not receive, open or deal directly with mail addressed to the Fund.

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

25. *Security Breaches and Disruptions.* In the ordinary course of business, the Fund, the Investment Manager and their service providers collect and store, on such parties' networks and/or on the networks of their third party vendors, sensitive data including the intellectual property, trading data and personally identifiable information of the Shareholders. The secure processing, maintenance and transmission of this information is critical to the Fund's operations. Despite the security measures implemented by the Fund, the Investment Manager and their service providers and/or vendors, such parties' information technology and infrastructure may be vulnerable to attacks by hackers and/or breaches as a result of employee error, malfeasance or other technological disruptions. These attacks or

breaches may remain undetected for an extended period of time and could compromise such networks, resulting in the information stored therein being accessed, publicly disclosed, lost and/or stolen. Any such access, disclosure or loss of information may have legal ramifications (including legal claims or proceedings, liability under laws that protect the privacy of personal information and regulatory penalties under federal and/or state securities laws) and may result in the disclosure or misuse of confidential information concerning the Shareholders, cause reputational harm to the Investment Manager and/or the Fund and increase their respective costs. All of the foregoing potential consequences of an attack or breach could negatively impact the Fund and its Shareholders.

26. *Security Breaches and Disruptions.* In the ordinary course of business, the Fund, the Investment Manager and their service providers collect and store, on such parties' networks and/or on the networks of their third party vendors, sensitive data including the intellectual property, trading data and personally identifiable information of the Shareholders. The secure processing, maintenance and transmission of this information is critical to the Fund's operations. Despite the security measures implemented by the Fund, the Investment Manager and their service providers and/or vendors, such parties' information technology and infrastructure may be vulnerable to attacks by hackers and/or breaches as a result of employee error, malfeasance or other technological disruptions. These attacks or breaches may remain undetected for an extended period of time and could compromise such networks, resulting in the information stored therein being accessed, publicly disclosed, lost and/or stolen. Any such access, disclosure or loss of information may have legal ramifications (including legal claims or proceedings, liability under laws that protect the privacy of personal information and regulatory penalties under federal and/or state securities laws) and may result in the disclosure or misuse of confidential information concerning the Shareholders, cause reputational harm to the Investment Manager and/or the Fund and increase their respective costs. All of the foregoing potential consequences of an attack or breach could negatively impact the Fund and its Shareholders.

*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. To the extent that prospective investors would benefit from an independent review, such benefit is not available through THSH or through the Investment Manager or any of its affiliates. Prospective investors are encouraged to seek the advice of independent legal counsel in evaluating the risks of the offering. 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 risks.*

---

## **BANKING REGULATORY CONSIDERATIONS**

---

CS is subject to regulation by the Swiss Federal Banking Commission. The BHCA generally prohibits foreign banking organizations with United States banking operations (like CS) or their parent companies (like CSG) from acquiring an equity interest in non-banking entities unless certain exemptions apply. Each of CS and CSG is an FHC under the GLBA and, as such, may engage (among other things) in a wide range of activities that are "financial in nature," including certain banking, funds management, securities and merchant banking activities. The Investment Manager intends to rely on CS's and CSG's FHC status to conduct its advisory and related activities involving the Fund.

The BHCA activity and investment limitations may apply indirectly to the Fund as it is expected that the Investment Manager, and therefore possibly the Fund, will be controlled for BHCA purposes by one or more Credit Suisse Entities.

The Fund may be able to rely on Section 4(c)(6) of the BHCA to make equity investments. Pursuant to Section 4(c)(6), CS and CSG (and their subsidiaries) may, as a general matter, make investments in the aggregate of not more than (i) 5% of a class of voting securities of a portfolio company, and (ii) 24.99% of the total equity of such company (investment limitations and restrictions imposed by Section 4(c)(6) of the BHCA, the “4(c)(6) Criteria”). Under the BHCA and applicable Federal Reserve Board interpretations, so-called “Section 4(c)(6) investments” must be “non-controlling” and “passive” – standards that substantially restrict business inter-relationships, common employees (e.g., officers and directors), cross-referrals, joint marketing and the like between the investor and its affiliates (i.e., the Investment Manager, CSG, CS and their affiliates), on the one hand, and the portfolio company, on the other. Unlike a Merchant Banking Investment (as defined below), a Section 4(c)(6) investment is not subject to a maximum holding period.

The Fund itself may be able to make investments pursuant to Section 4(c)(7) of the BHCA. As interpreted by the Federal Reserve Board, Section 4(c)(7) of the BHCA permits unlimited investment in any investment fund that owns only (i) debt securities, and/or (ii) equity securities all of which comply with the 4(c)(6) Criteria.

A proposed equity investment that would not be permissible as a Section 4(c)(6) or Section 4(c)(7) investment, may be permitted as part of CSG’s and CS’s merchant banking activities as permitted under the GLBA (in which event, such investment would be a “Merchant Banking Investment”). CSG and CS may determine to treat investments in the Fund by Credit Suisse Entities as part of their merchant banking activities.

Certain rules (“Merchant Banking Rules”) adopted by the United States Federal Reserve Board and the United States Secretary of the Treasury governing the merchant banking activities of an FHC (i) place certain restrictions on CSG’s and CS’s (and their subsidiaries’) involvement in the routine management and operations of a Merchant Banking Investment; (ii) provide guidelines that may restrict lending by the United States banking branch of CS (the “CS United States Banking Office”) to Merchant Banking Investments; (iii) limit other transactions by the CS United States Banking Office with portfolio companies and cross-marketing by the CS United States Banking Office with Merchant Banking Investments; (iv) require that Merchant Banking Investments only be held for such period of time as is necessary to enable disposition on a reasonable basis, and impose a maximum holding period on the Merchant Banking Investments (in general, 10 years, possibly extendable under certain circumstances and with certain restrictions with prior Federal Reserve Board approval); and (v) in general, only authorize Merchant Banking Investments in portfolio companies engaged in non-financial activities. The Merchant Banking Rules also contain certain record-keeping and reporting requirements.

In addition to the foregoing investment authorities, under the BHCA and the Federal Reserve Board’s Regulation K, Credit Suisse Entities are authorized to invest in, control, and engage in the routine management and operation of any portfolio company which is not engaged in business in the United States (i.e., does not have an office, other than a representative office, or a subsidiary with an office, other than a representative office, in the United States) or, if it is so engaged in business in the United States, satisfies certain requirements as to the nature and scope of such business.

As a result of BHCA restrictions, the Fund would not expect to invest in United States depository organizations or their holding companies.

If in the future CSG or CS ceases to qualify as an FHC under the GLBA and the regulations of the Federal Reserve Board, additional restrictions may be imposed on the Fund’s activities in respect of

Merchant Banking Investments, or CSG may be required to divest or restructure its interests in the Investment Manager or the Fund.

The Investment Manager does not expect the regulations imposed by the BHCA, the GLBA, the Merchant Banking Rules or any other related laws and regulations to materially adversely affect its current investment strategy with respect to the Fund or the management of its investments. There can be no assurance, however, that any changes in U.S. bank regulatory requirements would not have a material adverse effect on the Fund's investment program or performance. Moreover, neither CSG nor CS anticipates being obligated to divest any investments or refrain from engaging in any transactions or activities in order to permit the Fund to own or retain any particular investment or engage in any particular activity, but the Fund may be required to do so to enable CSG or CS to comply with the BHCA.

### **Volcker Rule**

CSG is subject to the prohibitions and restrictions of the Volcker Rule (codified as Section 13 of the BHCA, 12 CFR 44, 248 and 351 and 17 CFR 75 and 255). The statute came into effect on July 21, 2012, and the final implementing regulations came into effect on April 1, 2014, subject to a conformance period that has been implemented in a phased manner as described above under "SUMMARY—VOLCKER RULE." The Volcker Rule generally prohibits any "banking entity," such as CSG and any of its subsidiaries and affiliates, from sponsoring or acquiring as principal, directly or indirectly, an ownership interest in a covered fund other than pursuant to a permitted activity. A banking entity is also prohibited from engaging in certain "covered transactions" with certain related covered funds, including sponsored covered funds. The Final Rules implementing the Volcker Rule define a "covered fund" as (i) any issuer that would be an investment company, as defined in the Company Act, but for Section 3(c)(1) or Section 3(c)(7) of that Act, (ii) a commodity pool under section 1a(10) of the Commodity Exchange Act for which (a) the registered commodity pool operator ("CPO") has claimed an exemption under CFTC Rule 4.7 or (b) the CPO is registered with the CFTC as a CPO in connection with the operation of the commodity pool, substantially all units in the pool are owned by qualified eligible persons ("QEPs") as defined under 17 CFR 4.7(a)(2) and (3), and no participation units in the pool have been publicly offered to persons other than QEPs or (iii) for a banking entity located or organized under the laws of the United States or any State or controlled directly or indirectly by such a banking entity (a "U.S. Banking Entity"), any vehicle (a) that is organized and established outside the United States and is, or holds itself out as being, an entity or arrangement that raises money from investors primarily for the purposes of investing in securities for resale or other disposition or otherwise trading in securities, the ownership interests of which are offered and sold solely outside the United States, and (b) has as its sponsor the U.S. Banking Entity or an affiliate thereof or has issued an ownership interest that is owned directly or indirectly by that U.S. Banking Entity or an affiliate thereof. If the Fund is deemed to be a covered fund under the Volcker Rule, CSG would have to bring its relationships with and investments in the Fund into compliance with the Volcker Rule by the end of the applicable conformance period.

Although it is not certain how all aspects of the Volcker Rule and its final implementing regulations will be interpreted and applied, or the impact that the Volcker Rule will have on the Fund or on CSG's relationship to the Fund, CSG believes that it may perform the services for the Fund contemplated herein without violation of applicable United States banking laws and regulations. However, it is possible that future changes or clarifications in applicable statutes, regulations or interpretations, as well as further judicial or administrative decisions and interpretations of present or future statutes or regulations could restrict (or possibly prevent) CSG from continuing to perform such services for the Fund in the manner currently contemplated. In such event, CSG and the Board may agree to alter or restrict the exercise of the powers of CSG and its affiliates or take other actions to the

extent necessary to permit CSG and its affiliates to continue to serve the Fund, while enabling the Fund to continue to achieve its purposes and objectives.

If the Fund is deemed to be a covered fund for Volcker Rule purposes, such actions could include taking steps to come into compliance with the Volcker Rule's exemptions permitting banking entities to sponsor and invest in covered funds subject to certain conditions. This could require CSG to comply with the Volcker Rule prohibition on banking entities entering into covered transactions, as defined in Section 23A of the Federal Reserve Act, with covered funds that are advised or managed by the banking entity, or with any covered fund that is controlled by such a covered fund (subject to exceptions for prime brokerage transactions with certain controlled covered funds and other transactions described in section 14(a)(2) of the final implementing regulations). The term "covered transaction" includes, among other things, a loan or extension of credit to the covered fund, a purchase of or investment in securities issued by the covered fund, purchases of most assets of the covered fund, the issuance of guarantees, acceptance of letters of credit on behalf of the covered fund and any derivative transaction, repo, reverse repo or securities lending or borrowing transaction resulting in credit exposure to the covered fund. If the Fund is deemed to be a covered fund, there could be certain business relationships or other transactions that would be beneficial to the Fund that could not be effectuated in view of this prohibition, which could adversely affect the Fund's performance. The Volcker Rule further prohibits a banking entity from engaging in a transaction or activity that is otherwise a permitted activity if it would (i) involve or result in a material conflict of interest between the banking entity and its clients, customers or counterparties, (ii) result, directly or indirectly, in a material exposure by the banking entity to a high-risk asset or high-risk trading strategy or (iii) pose a threat to the safety and soundness of the banking entity or the financial stability of the United States. Accordingly, the investment opportunities, business relationships, investment strategies or other actions of the Fund could be limited in order to comply with these restrictions.

If CSG were to determine in the future to offer or sell Shares in the Fund to U.S. Persons (as defined above), CSG may need to take steps to come into compliance with the Volcker Rule's asset management exemption. This could require that the aggregate interest of CSG and its affiliates in the Fund be reduced to less than 3% of their net asset value, and could further require investors in the Fund that are directors or employees of CSG to redeem their Shares in the Fund if such directors or employees were not directly engaged in providing investment advisory, commodity trading advisory or other services to the Fund at the time they took such an ownership interest. Such redemptions could be funded through the liquidation of the investments of the Fund or through subscriptions made by other Shareholders. Substantial redemptions by affiliates of CSG and any directors or employees of CSG could require the Fund to liquidate assets more rapidly than would otherwise be desirable and may have a material adverse effect on the Fund and its Shareholders.

Finally, if CSG is deemed to control the Fund for the purposes of the BHCA, the Fund itself could be subject to the Volcker Rule's restrictions on investments in covered funds, which could affect the ability of the Fund to invest in the Underlying Funds. In such circumstances, the Fund may seek to rely on an exemption from the Volcker Rule to invest in covered funds, including the exemption permitting foreign banking organizations to invest in and sponsor covered funds "solely outside of the United States", subject to certain conditions (the "SOTUS Exemption"). The SOTUS Exemption generally should permit the Fund to invest in a covered fund for which CSG and its affiliates do not serve as the investment manager, investment adviser, commodity pool operator or commodity trading advisor, even if the covered fund has been marketed to U.S. residents by the fund's sponsor, manager or distributor (or other parties), so long as CSG and its affiliates do not participate in any offers or sales of covered fund interests to a resident of the United States. However, the ability of the Fund to invest in Underlying Funds sponsored or managed by CSG or its affiliates may be limited by the Volcker Rule.

A restructuring of the Fund to comply with applicable laws, rules and regulations, including the Volcker Rule, is authorized in the constituent documents of the Fund without the consent of the Shareholders. Any restructuring of the Fund or actions required to comply with the Volcker Rule may have a negative impact on the Fund or the manner by which the Fund operates its business.

---

## POTENTIAL CONFLICTS OF INTEREST

---

The Investment Manager, the Administrator, and their respective affiliates, which shall be deemed to include, in each case, their respective officers, directors, employees and entities owned by any of the aforementioned parties (the “Related Parties”), may face certain conflicts of interests in relation to the Fund. These conflicts include, but are not limited to, those set forth below.

The Investment Manager and each of its principal decision makers presently and may in the future, directly or indirectly, direct, sponsor or manage other managed pools or accounts in addition to the Fund. The Investment Manager and each of its principal decision makers may have financial or other incentives to favor some such pools or accounts over the Fund. The Investment Manager shall, under normal conditions, allocate investment opportunities between the Fund and its other clients on a fair and equitable basis as measured over time, subject to applicable law and client guidelines. The Investment Manager will make its own decisions for the Fund, which decisions may differ from time to time from those recommended by analysts of the Investment Manager for its other advisory clients.

The Investment Manager believes that it will continue to have sufficient staff personnel and resources to perform all of its duties with respect to the Fund. However, because some of the officers of the Investment Manager may have duties in connection with other investment funds and other matters, such officers may have conflicts of interest in the allocation of responsibilities, services and functions among the Fund and other entities similar to the Fund.

Some or all of the Related Parties may be involved with other entities utilizing investment strategies similar to those of the Fund and with other business in general. The Investment Manager may cause the Fund to invest in securities in which some or all of the Related Parties have a financial interest, or to engage in transactions with brokers or others with whom some or all of the Related Parties have financial or other relationships. The Investment Manager also may cause the Fund to invest in funds or other commingled investment vehicles that (a) are managed by entities in which CSG and/or its affiliates have a minority ownership or other financial interest, (b) utilize CSG prime services capabilities, and/or (c) are distributed by CSG or its affiliates. To the extent required under applicable law, the Fund will appoint an Independent Client Representative to give or withhold the consent of the Fund to any of the above transactions.

The Related Parties may engage for their own accounts, or for the accounts of others, in other business ventures of any nature, and the Fund has no right to participate in or benefit from the other management activities of the Investment Manager described above and the Related Parties shall not be obliged to account to the Fund for any profits or benefits made or derived therefrom, nor shall they have any obligation to disclose or refer to the Fund any of the investment or service opportunities obtained through such activities. Related Parties may own Shares in the Fund, 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 shall be entitled to retain any profits or customary commissions resulting from such dealings.

Prospective investors should understand that (i) the relationships among the Fund, the CSG Funds, the Investment Manager and CSG are complex and dynamic and (ii) the Investment Manager's, CSG's and the Fund's businesses change over time, and the Investment Manager and CSG may be subject to and the Fund may be exposed to new or additional conflicts of interest in the future.

The Investment Manager and/or its affiliates and/or its employees may from time to time have an interest, direct or indirect, in a security, the purchase or sale of which by the Fund is recommended, or which in fact is purchased or sold by or otherwise traded for the Fund. Moreover, such recommendation, purchase, sale or trading may occur in connection with a transaction involving another fund or account managed by the Investment Manager. Accordingly, the Investment Manager may sell or recommend the sale of a particular security for certain accounts, including accounts in which it has an interest, and it or others may buy or recommend the purchase of such security for other accounts, including accounts in which it has an interest, and, thus, transactions in particular accounts may not be consistent with transactions in other accounts or with the Investment Manager's investment recommendations. For example, the Investment Manager may recommend that the Fund sell a security, while not recommending such sale for other accounts in order to enable the Fund to have sufficient liquidity to honor Shareholders' redemption requests. When there is a limited supply of investments, the Investment Manager will use its reasonable efforts to allocate or rotate investment opportunities, but the Investment Manager cannot assure absolute equality among all of its accounts and clients. The Investment Manager will, however, seek to ensure that all such potential conflicts of interests are resolved fairly and in the best interests of the Fund. When allocating investment opportunities, the Investment Manager will seek to ensure that all such investment will be allocated in a fair and equitable manner.

Additionally, the Investment Manager will have access to, and may share with other CSG entities, information about the relationship between the Fund and each Shareholder ("Shareholder Data"), which information may be stored at any CSG facility globally. The Investment Manager, the Fund and CSG may make Shareholder Data available to third parties that CSG engages to assist it in providing products and services to the Fund, provided that any such third party has agreed to maintain the confidentiality of such Shareholder Data. The Shareholder Data may become subject to foreign laws or regulations, and may be subject to disclosure to other regulatory authorities and other parties pursuant to such laws and regulations, which may not offer the same confidentiality, bank secrecy or data protection as is provided under U.S. and/or Cayman Islands laws.

Conflicts of interest may also be inherent in the fact that certain senior management and investment professionals of the Investment Manager have been employees of CSG for an extended period of time, own significant amounts of stock and stock options in CSG and may receive a significant amount of CSG stock as compensation. Further, conflicts of interest may arise from the fact that the Investment Manager and its affiliates engage in a wide variety of businesses and currently and in the future will provide investment management services to the CSG funds which include, without limitation, investment funds, CDOs, structured investment vehicles, managed accounts and proprietary accounts.

### **Allocation of Investment Opportunities**

Although the Investment Manager expects to allocate its investment opportunities among the clients of the Investment Manager and of its affiliates in a manner which it believes to be fair and equitable over time, neither the Investment Manager nor any of its affiliates has any obligation to obtain for the Fund any particular investment opportunity, and the Investment Manager may be precluded from



offering to the Fund particular investment opportunities in certain situations including, without limitation, where the Investment Manager or its affiliates may have a prior contractual commitment with other accounts or clients or as to which the Investment Manager or any of its affiliates possesses material, non-public information. There is no assurance that the Fund will hold the same investments or perform in a substantially similar manner as other funds with similar strategies under the management of the Investment Manager. There is also a possibility that the Fund will invest in opportunities declined by the Investment Manager or its affiliates for the accounts of others or for their own accounts. The Investment Manager may, in its discretion, give priority over the Fund in the allocation of investment opportunities (i) to certain accounts or clients designated by the Investment Manager in its discretion and (ii) to other accounts or clients of the Investment Manager or its affiliates to the extent obligated, provided that all such allocations will be made in accordance with applicable regulatory requirements, internal policy and client guidelines and principles of fiduciary duty.

When it is determined that it would be appropriate for the Fund and one or more other investment accounts managed by the Investment Manager or its affiliates to participate in an investment opportunity, the Investment Manager will seek to make such investments for all of the participating investment accounts, including the Fund, on an equitable basis, taking into account such factors as the relative amounts of capital available for new investments and the investment programs and portfolio positions of the Fund and the affiliated entities for which participation is appropriate. Orders may be combined for all such accounts, and if any order is not filled at the same price, they may be allocated on an average price basis. Similarly, if an investment on behalf of more than one account cannot be fully executed under prevailing market conditions, investments may be allocated among the different accounts on a basis which the Investment Manager or its affiliates consider equitable. The Investment Manager may recommend that the Fund sell a security, while not recommending such sale for other accounts in order to enable the Fund to have sufficient liquidity to honor Shareholders' redemption requests.

### **Information Barriers**

CSG maintains information barriers between its personnel who make investment decisions for the Investment Manager and its other personnel. Such barriers are intended to both (i) control the transfer of material non-public information and (ii) mitigate conflicts of interest in the investment decision process, by reducing the influence of other activities and interests of CSG. There is no assurance that such information barriers will have their intended effect.

### **Valuation of the Fund's Assets**

Valuations of the Fund's securities and other investments will be made by the Investment Manager, although the Investment Manager may have conflicts of interest in making such determinations because such determinations may affect the amount of its compensation, and may involve uncertainties and judgmental determinations.

### **Placement Agent**

One or more affiliated or non-affiliated placement agent(s) may be retained on behalf of the Fund. The placement agent(s) may be paid a percentage of the Management Fee to compensate them for their services. This compensation arrangement and any affiliation between the placement agent(s) and the Investment Manager represent conflicts of interests that investors should consider carefully.

## **Conflicts Related to Affiliation with CSG**

Since the Investment Manager is an affiliate of CSG, certain intrinsic conflicts of interest will arise when the Investment Manager causes the Fund to deal with CSG rather than parties unaffiliated with CSG. Conflicts of interest may also be inherent in the fact that certain senior management and investment professionals of the Investment Manager have been employees of CSG for an extended period of time, own significant amounts of stock and stock options in CSG and may receive a significant amount of CSG stock as compensation.

Further, conflicts of interest may arise from the fact that the Investment Manager and its affiliates engage in a wide variety of businesses and currently and in the future will provide investment management services to the CSG funds which include, without limitation, investment funds, CDOs, structured investment vehicles, managed accounts and proprietary accounts.

## **Substantial Dealings with CSG**

The Fund, the Investment Manager and the Underlying Funds may have substantial dealings with CSG and may be dependent on CSG for certain transactions, financing, derivatives intermediation and prime brokerage services, as described herein. Since the Investment Manager is an affiliate of CSG, certain intrinsic conflicts of interest may exist when the Investment Manager makes decisions on behalf of the Fund to deal with CSG rather than other parties unaffiliated with CSG. CSG itself, however, is under no obligation to act in the best interests of the Fund or provide competitive pricing or other competitive terms to the Fund, and CSG may take actions in its capacity as a service provider or counterparty that are adverse to the Fund's interests or the interests of counterparties to the Fund. For example, for purposes of the calculation of economic risk capital exposure of CSG, the risk management group and credit allocation and risk management committee of CSG will have access to information with respect to the Fund generally not available to other service providers, potentially including position level information, and, as a result, CSG or its affiliates may take certain actions (including but not limited to reducing financing, synthetic security counterparty or prime brokerage activities) in order to reduce CSG's exposure, or otherwise modify its relationship to the Fund or to one or more of the Underlying Funds, which could have an adverse impact on the interests of the Fund.

CSG will compete with the Investment Manager, the Fund and the Underlying Funds. CSG is engaged in a broad spectrum of investment banking, private banking, commercial banking, asset management, proprietary trading and other activities globally (including, without limitation, investment advisory, research, securities issuance, trading and brokerage) for a wide range of asset classes and clients. CSG is a major participant in the equity, credit derivative, commercial lending, commodity, global currency and fixed income markets, among others.

The current and prospective businesses of CSG may significantly overlap with the business of the Investment Manager, the Fund and/or one or more of the Underlying Funds, and CSG may engage in activities in the normal course of its businesses or establish new businesses that conflict with the interests and activities of the Fund and/or an Underlying Fund. Such activities could adversely affect the Fund, for example, by affecting the prices or availability of financial instruments in which the Underlying Funds may invest and transactions in which the Underlying Funds may engage. In certain cases, CSG may compensate its employees for referring business to other areas within the firm which may, for example, result in a CSG employee referring an Underlying Fund to another area within CSG for the provision of certain brokerage, custodial or other services. In these cases, CSG and its employees will at all times act in accordance with applicable regulatory requirements, internal policy and client guidelines and principles of fiduciary duty. CSG also may sponsor, advise, underwrite, manage or invest in

investment vehicles and accounts that pursue investment strategies similar to those of the Fund. CSG may compete with the Fund and one or more of the Underlying Funds for investment opportunities, and is under no obligation to share any investment opportunity, idea or strategy with the Fund or the Investment Manager.

CSG will have access to a substantial amount of information about the Fund. CSG will have greater access to information than other investors in the Fund and will be entitled to receive information regarding the Fund and its activities, including without limitation, about the size of the Fund, its portfolio, subscriptions, redemptions and the identity of Shareholders. Certain of the Investment Manager's senior management also have direct reporting lines to CSG personnel. Other investors generally will not have, and will not be entitled to have, the same type, amount or timeliness of information about the Fund. CSG and the Investment Manager will generally seek to utilize a combination of training, policies and procedures, monitoring and, in certain instances, personnel and logical systems segregation to protect the integrity of the Fund's confidential data.

### **Investment by Credit Suisse**

Various funds and accounts comprised of (i) employees of (a) CSG, (b) the Investment Manager and/or (c) their affiliates (such funds and accounts being referred to as the CSG Employee Funds (the "CSG Employee Funds")), as well as (ii) other CSG affiliated investment funds, may currently or in the future invest in the Fund. The investments of such CSG Employee Funds and other CSG affiliates may not be subject to the Management Fee and/or the Performance Fee. The Fund may issue separate Classes of Participating Shares for such investments at its discretion. Such CSG Employee Funds and other CSG affiliates have been issued and may be offered additional voting, participating shares in the Fund, while other investors not affiliated with CSG will be offered and issued non-voting, participating shares in the Fund. Accordingly, such CSG Employee Funds and CSG affiliates will have the opportunity to vote at general meetings on issues, including, but not limited to, (i) any alteration or amendment of the authorized share capital of the Fund, (ii) any change in the name of the Fund and (iii) to amend the Memorandum and the Articles of Association. CSG Employee Funds and other CSG affiliates investing in the Fund may have access to information regarding the investments and performance of the Fund's portfolio that might not be generally available to other Shareholders.

### **Strategic Investors**

Certain affiliates of CSG may be substantial investors in the Fund ("Strategic Investors"). As a result of their investment and affiliation with CSG, such investors may receive additional benefits including, but not limited to, enhanced liquidity in certain circumstances and/or a reduced obligation with respect to compensation otherwise payable or allocable, as the case may be, to the Investment Manager. In addition, as a result of their affiliation with the Investment Manager, such Strategic Investors may have access to more information than other investors, including access to certain operations of the Investment Manager, and accordingly would be in a position to time the redemption of their Participating Shares ahead of other Shareholders based on such information. Such Strategic Investors may be issued a separate Class of Participating Shares. Further, such Strategic Investors and other CSG-affiliated entities in the Fund may, in the ordinary course of their trade or business, enter into transactions in financial instruments designed to reduce or eliminate the risk inherent in holding their investments, including their investments in the Fund. These transactions may be executed on various exchanges or in the over-the-counter markets.

### **Financial Instruments Underwritten or Issued by CSG**

The Investment Manager may cause the Fund to purchase financial instruments that are issued, or the subject of an underwriting or other distribution, by CSG. The Fund also may invest in financial instruments related to companies affiliated with CSG or in which CSG has an equity or other interest. The purchase, holding and sale of such financial instruments by the Fund may enhance CSG's profitability.

### **Principal and Cross Transactions**

The Fund may enter into transactions and other arrangements with CSG or the CSG Funds that may be viewed as related party or principal transactions (i.e., transactions with CSG where CSG may be deemed to be acting for its own account) or cross transactions (i.e., transactions where CSG or an affiliate acts as agent on behalf of the Fund and the other party to the transaction or trades between the Fund and funds or accounts advised by the Investment Manager or an affiliate). The number of such transactions may be substantial.

The Investment Manager may, on behalf of the Fund, for liquidity, portfolio rebalancing Underlying Fund allocation or other reasons, enter into agreements with CSG Funds (i.e., "cross transactions"). The terms of any such cross transactions will be commercially reasonable and will not be materially less favorable to the Fund than those available in the market. The Investment Manager will receive no special fees or other compensation in connection with cross transactions. Expenses incurred in such transactions will be allocated equitably in the sole discretion of the Investment Manager between the Fund and the other party to the cross transaction. Similarly, if a transaction is cancelled, any costs incurred will be allocated equitably in the sole discretion of the Investment Manager between the Fund and the other party to the cross transaction. The number of such transactions may be substantial.

The Fund will only consider engaging in a cross transaction with CSG or its affiliates to the extent permitted by applicable law, including, if required or appropriate, the making of appropriate disclosure to and receipt of consent from an advisory committee (an "Advisory Committee") which may be formed by the Fund, consisting of the Fund's Shareholders and/or other independent party, retained to act on behalf of the Fund and the Shareholders, or an independent client representative unaffiliated with the Investment Manager or any of its affiliates to act as the agent of the Fund to give or withhold any consent of the Fund.

In connection with transactions that may be viewed as cross transactions with the Investment Manager, CSG or their affiliates, the Investment Manager intends to comply with Section 206(3) of the Advisers Act by requesting an independent approval of such transactions. In this regard, the Investment Manager may enter into an agreement (the "Conflicts Services Agreement") with an unaffiliated third party to serve as the Fund's conflicts review service provider (together with any successor entity, the "Conflicts Review Service Provider"), to review and approve on behalf of the Shareholders such transactions on a trade-by-trade basis. Alternatively, in connection with certain transactions, the Investment Manager may also comply with Section 206(3) by seeking the consent of the Advisory Committee. The Conflicts Review Service Provider or the Advisory Committee may also be consulted on policy matters and other aspects of the business of the Fund including, without limitation, transactions and/or relationships that may present conflicts of interest. Each investor will be asked as a condition of its subscription to consent to the Fund engaging in cross transactions and the actions of the Conflicts Review Service Provider or the Advisory Committee will be binding on all of the Shareholders and the Fund. The Fund may also indemnify the Conflicts Review Service Provider and an Advisory Committee member for any losses incurred in serving in such capacities.

## **Conflicts Related to Brokerage**

The Fund will utilize various brokers to execute, settle and clear securities transactions for them which may include CS or one or more of its affiliates. In selecting brokers to effect portfolio transactions, an investment manager may consider such factors as price, the ability of the brokers to effect the transactions, the brokers' facilities, reliability and financial responsibility, and any research or investment-management-related services and equipment provided by such brokers. If an Underlying Manager obtains research or investment-management-related services from a broker, such manager may pay commissions to such broker in an amount greater than the amount another broker might charge.

## **Additional Conflicts of Interest**

Certain actual and potential conflicts of interest may arise from the fact that (i) the Investment Manager and its affiliates conduct substantial investment activities for the accounts of other clients in which the Fund has no interest; (ii) the Investment Manager and its affiliates will advise the Fund and advise other accounts, investment funds and funds of hedge funds which utilize the same, similar or different methodologies as the Fund; (iii) personnel who provide services to the Investment Manager and affiliates of the Investment Manager may choose to personally invest in certain, but not all, or none of the funds advised by the Investment Manager; (iv) the Fund may acquire securities of Underlying Funds for which the Investment Manager or its affiliate acts as investment advisor, general partner or placement agent (in accordance with the parameters set forth herein); and (v) the Investment Manager's affiliates are active participants, and CSG generally is an active participant, in the market for hedge fund investments and also may, for a negotiated fee, perform advisory or other services or may engage in a variety of transactions with companies that issue securities or other assets of the same kind that the Fund seeks to acquire.

Other present and future activities of the Investment Manager and its affiliates may give rise to additional conflicts of interest. In the event that a conflict of interest arises, the Investment Manager will attempt to resolve such conflicts in a fair and equitable manner over time.

The Fund pays for expenses relating to its operation, which includes expenses from third party service providers (including the Administrator) that provide analytical, valuation or similar services. However, rather than outsourcing to third parties, the Investment Manager and/or certain entities or personnel affiliated with or employed by the Investment Manager or CSG may provide certain of these services to the Fund and charge the Fund for the provision of such services as In-house Costs. However, in no event will the aggregate fees paid to the Administrator and any such in-house party for such costs be greater than the market rate charged by the Administrator for administering other similar investment funds.

## **Allocation of Expenses**

The Investment Manager and its affiliates may from time to time incur expenses on behalf of the Fund and/or one or more existing or subsequently created investment vehicles. Although the Investment Manager will attempt to allocate such expenses on a basis that it considers equitable, there can be no assurance that such expenses will in all cases be allocated appropriately.

## **Common Counsel**

The law firms of Tannenbaum Helpert Syracuse & Hirschtitt LLP and Maples and Calder serve as counsel to the Investment Manager and/or the Fund and together or individually may serve as counsel

to other investment funds sponsored or managed by the Investment Manager or its affiliates. Should a future dispute arise between the Fund and the Investment Manager, separate counsel may be retained as circumstances then dictate. Counsel to the Fund does not represent the Shareholders. Potential investors should seek independent legal counsel before making an investment in the Fund.

### **Valuation; Performance Fee**

Valuations of the Fund's securities and other investments will be made by the Investment Manager. The Investment Manager may have conflicts of interest in making such determinations because the determinations will affect the amount of its compensation. If such valuations should prove to be incorrect, the Net Asset Value of the Fund could be adversely affected.

As the Investment Manager is entitled to receive a Performance Fee the Investment Manager may have an incentive to recommend higher securities values than it otherwise may have without the Performance Fee.

### **Other Activities**

The Investment Manager and each of its respective affiliates may engage in other business activities and manage the accounts of clients other than the Fund, including those of other collective investment vehicles. The investment strategy for such other clients may vary from that of the Fund. The Investment Manager and its respective affiliates are not required to refrain from any other activity, nor must they disgorge any profits from any such activity, including acting as general partner, managing member or managing agent for investment vehicles with objectives similar to those of the Fund.

---

## **TAX CONSIDERATIONS**

---

### **Introduction**

This summary of the principal tax consequences applicable to the Fund and its Shareholders is based upon advice received from the Fund's Cayman Islands and U.S. legal and tax advisors. Moreover, while this summary is considered to be a correct interpretation of existing laws in force on the date of this Memorandum, no assurance can be given that courts or fiscal authorities responsible for the administration of such laws will agree with such interpretation or that changes in such laws will not occur.

THIS SUMMARY IS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED, FOR THE PURPOSE OF AVOIDING UNITED STATES FEDERAL TAX PENALTIES. THIS SUMMARY WAS WRITTEN TO SUPPORT THE PROMOTION OR MARKETING OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN, AND ANY TAXPAYER TO WHOM THE TRANSACTIONS OR MATTERS ARE BEING PROMOTED, MARKETED OR RECOMMENDED SHOULD SEEK ADVICE BASED ON ITS PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

## **The Fund**

*Cayman Islands Taxation.* The Government of the Cayman Islands will not, under existing legislation, impose any income, corporate or capital gains tax, estate duty, inheritance tax, gift tax or withholding tax upon the Fund or the Shareholders. The Cayman Islands are not party to a double taxation treaty with any country that is applicable to any payments made to or by the Fund.

The Fund has received an undertaking from the Governor-in-Cabinet of the Cayman Islands that, in accordance with section 6 of the Tax Concessions Law (2011 Revision) of the Cayman Islands, for a period of 20 years from the date of the undertaking, no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciations shall apply to the Fund or its operations and, in addition, that no tax to be levied on profits, income, gains or appreciations or which is in the nature of estate duty or inheritance tax shall be payable (i) on or in respect of the shares, debentures or other obligations of the Fund or (ii) by way of the withholding in whole or in part of a payment of dividend or other distribution of income or capital by the Fund to its members or a payment of principal or interest or other sums due under a debenture or other obligation of the Fund.

*United States Federal Income Taxation.* The Fund has been advised that it should not, directly or indirectly through its investments in the Underlying Funds, be subject to U.S. federal income taxes on any U.S. source income or gains from its trading (except in respect of any dividends received in the course of such trading) provided that it does not engage in a trade or business within the U.S. to which such income or gains are effectively connected. Pursuant to a safe harbor under the Code, a non-U.S. corporation which trades stock or securities or commodities for its own account should not be treated as engaged in a trade or business within the U.S. provided that the non-U.S. corporation is not a dealer in stock or securities or commodities. The Fund intends to conduct its business in a manner so as to meet the requirements of this safe harbor. If the activities of the Fund are not covered by the foregoing safe harbor, there is a risk that the Fund (but not any investor) will be required to file a U.S. federal income tax return for such year and pay tax at full U.S. corporate income tax rates as well as an additional thirty percent (30%) branch profits tax.

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

## **The Cayman Islands and FATCA**

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

Cayman Islands regulations (with respect to the US IGA, the "Cayman US Regulations", with respect to the UK IGA, the "Cayman UK Regulations" and together the "Regulations") were issued on 4

July 2014 to give effect to the IGAs. Pursuant to the Regulations, the Cayman Islands Tax Information Authority (the "Cayman TIA") has published guidance notes (the "Guidance Notes") on the application of the IGAs (which the Cayman TIA will keep under review and will revise periodically). The US IGA provides that Cayman Islands financial institutions ("FIs") which comply with the Cayman US Regulations (and through them the US IGA and the Guidance Notes) will be treated as satisfying the due diligence and reporting requirements of US FATCA and accordingly will be "deemed compliant" with the requirements of US FATCA, will not be subject to withholding tax, and will not be required to close recalcitrant accounts. Failure to comply with the Regulations by an entity in scope is an offence and such entity is liable upon summary conviction to a fine and in certain cases the operators of such entity may be subject to a term of imprisonment. Directors, general partners, trustees, secretaries and other similar officers, as well as controlling persons of certain entities, can also be proceeded against where the act in question is committed with the consent or connivance, or is otherwise attributable to the neglect of, any such person.

The Regulations categorise FIs as either "Reporting FIs" or "Non-Reporting FIs". By default, all Cayman FIs will be Reporting FIs, unless they qualify as Non-Reporting FIs. The categories of Non-Reporting FIs are defined in the Regulations by cross reference to Annex II to the relevant IGA.

In relation to US FATCA, pursuant to the Cayman US Regulations a Reporting FI is, amongst other things, (i) not required to enter an "FFI agreement" with the US Internal Revenue Service ("IRS"), (ii) required to register with the IRS to obtain a Global Intermediary Identification Number, (iii) required to conduct due diligence on its investors to identify whether accounts are held directly or indirectly by "Specified US Persons", and (iv) required to report information on such Specified US Persons to the Cayman TIA. The Cayman TIA will exchange the information reported to it with the IRS annually on an automatic basis. A Non-Reporting FI will not be subject to these requirements. Both Reporting and Non-Reporting FIs may need to provide self-certification, on US tax forms, as to their US FATCA status to withholding agents to avoid the imposition of the FATCA withholding tax (currently at the rate of 30%). Under the terms of the US IGA, US FATCA withholding tax will not be imposed on payments made to the Fund unless it is deemed to be a Nonparticipating Financial Institution (as defined in the US IGA) as a result of "significant non-compliance". The Cayman US Regulations do not require the Fund to withhold tax on payments made by the Fund to an account holder on account of US FATCA or otherwise.

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

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

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

- (i) the Fund (or its agent) may be required to disclose to the Cayman TIA 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 Cayman TIA may be required to automatically exchange information as outlined above with the IRS, HMRC and other foreign fiscal authorities;
- (iii) the Fund (or its agent) may be required to disclose to the IRS, HMRC and other foreign fiscal authorities certain confidential information when registering with such authorities and if such authorities contact the Fund (or its agent directly) with further enquiries;
- (iv) the Fund may require the investor to provide additional information and/or documentation which the Fund may be required to disclose to the Cayman TIA;
- (v) in the event an investor does not provide the requested information and/or documentation, whether or not that actually leads to compliance failures by the Fund, or a risk of the Fund or its investors being subject to withholding tax under the relevant legislative or inter-governmental regime, the Fund reserves the right to take any action and/or pursue all remedies at its disposal including, without limitation, compulsory redemption of the investor concerned, re-designating such investor's Shares as Shares of another class or series or exchanging (by way of compulsory redemption and automatic re-subscription) such investor's Shares for Shares of a new class or series and/or deduct from, or hold back, redemption or repurchase proceeds, dividend payments or any other distributions to the investor concerned; and
- (vi) no investor affected by any such action or remedy shall have any claim against the Fund (or its agent) for any form of damages or liability as a result of actions taken or remedies pursued by or on behalf of the Fund in order to comply with any of the US IGA, the UK IGA or any future IGAs, the Regulations or any of the relevant underlying legislation.

*Other Jurisdictions.* The Fund should not be generally subject to any tax on its entire income or revenues in any other jurisdiction, although the Fund may be subject to income taxes or withholding taxes at source on dividend, interest and capital gain income derived from certain jurisdictions. The Fund will be responsible for payment of such taxes should they become liable.

Persons interested in purchasing the Fund's Shares should inform themselves as to any tax consequences particular to their circumstances arising in the jurisdiction in which they are resident or domiciled for tax purposes in connection with the acquisition, ownership, redemption or disposition of the Fund's Shares.

*Changes in Law.* All laws, including laws relating to taxation in the Cayman Islands, the United States and other jurisdictions are subject to change without notice.

### **Shareholders of the Fund**

Shareholders who are not otherwise subject to Cayman Islands or United States taxes by reason of their residence, domicile or other particular circumstances should not become subject to any such taxes by reason of the ownership, transfer or redemption of the Shares.

Shareholders who are or may be subject to U.S. Federal income tax on their worldwide income should be aware of certain tax consequences of investing directly or indirectly in Shares and should be certain to consult with their own tax advisors in this regard.

Dividend and redemption payments made by the Fund to Shareholders who are not U.S. Persons should not be subject to U.S. Federal income tax, provided that Shares are not held in connection with a U.S. trade or business of the Shareholder in the year of receipt. Individual holders of Shares who are neither present or former U.S. citizens nor U.S. residents (as determined for U.S. estate and gift tax purposes) should not be subject to U.S. estate and gift taxes with respect to their ownership of such Shares. A Shareholder's change in status to a U.S. Person could result in adverse U.S. tax consequences and will constitute a violation of the terms of this Memorandum, resulting in a compulsory redemption of Shares.

\* \* \*

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

---

## ADDITIONAL AND GENERAL INFORMATION

---

### **Cayman Islands Mutual Funds Law**

The Fund is regulated as a mutual fund under the Mutual Funds Law (2013 Revision) of the Cayman Islands ("Mutual Funds Law"). The Cayman Islands Monetary Authority (the "Authority") has supervisory and enforcement powers to ensure compliance with the Mutual Funds Law. Regulation under the Mutual Funds Law entails the filing of prescribed details and audited accounts annually with the Authority. As a regulated mutual fund, the Authority may at any time instruct the Fund to have its accounts audited and to submit them to the Authority within such time as the Authority specifies. Failure to comply with these requests by the Authority may result in substantial fines on the part of the Directors and may result in the Authority applying to the court to have the Fund wound up.

The Fund is not subject to supervision in respect of its investment activities or the constitution of the Fund's portfolio by the Authority or any other governmental authority in the Cayman Islands, although the Authority does have power to investigate the activities of the Fund in certain circumstances. Neither the Authority nor any other governmental authority in the Cayman Islands has passed judgment upon or approved the terms or merits of this Memorandum. There is no investment compensation scheme available to investors in the Cayman Islands.

The Authority may take certain actions if it is satisfied that a regulated mutual fund is or is likely to become unable to meet its obligations as they fall due or is carrying on or is attempting to carry on business or is winding up its business voluntarily in a manner that is prejudicial to its investors or creditors. The powers of the Authority include the power to require the substitution of the directors of the Fund, 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 the Authority including the ability to apply to court for approval of other actions.

### **Anti-Money Laundering Regulations**

As part of the Fund's responsibility for the prevention of money laundering, the Fund, the Investment Manager, the Administrator and/or the Sub-Administrator (including its affiliates, subsidiaries or associates) will require a detailed verification of the applicant's identity and the source of payment.

The Fund, the Investment Manager, the Administrator, and the Sub-Administrator reserve the right to request such information as they deem necessary to verify the identity of a Shareholder, any beneficial owner underlying the subscriber, and source of payment. In the event of delay or failure by a Shareholder to produce any information required for verification purposes, the Fund may refuse to accept the application or process a redemption request or may compulsorily redeem such Shareholder's shares and/or payment of redemption proceeds may be delayed and none of the Fund, the Board of Directors, the Investment Manager, the Administrator, or the Sub-Administrator's, shall be liable to the Shareholder where an application for Shares is not processed or Shares are compulsorily redeemed in such circumstances and the subscription monies relating thereto will be returned without interest, at the risk and cost of the Shareholder, to the account from which the monies were originally debited.

The Fund, the Investment Manager, the Administrator, and/or the Sub-Administrator also reserve the right to refuse to make any redemption payment to a Shareholder if the Investment Manager, Administrator, or Sub-Administrator suspect or are advised that the payment of redemption proceeds to such Shareholder might result in a breach of applicable anti-money laundering or other laws or regulations by any person in any relevant jurisdiction or if such refusal is considered necessary or appropriate to ensure the compliance by the Fund, the Investment Manager, the Administrator and/or the Sub-Administrator with any such laws or regulations in any applicable jurisdiction.

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 Law (2014 Revision) of the Cayman Islands if the disclosure relates to criminal conduct or money laundering, or (ii) to a police officer of the rank of constable or higher or the Financial Reporting Authority pursuant to the Terrorism Law (2011 Revision) of the Cayman Islands if the disclosure relates to involvement with terrorism or terrorist financing and property. Such a report will not be treated as a breach of confidence or of any restriction upon the disclosure of information imposed by any enactment or otherwise.

Each Shareholder shall be required to make such representations to the Fund, the Investment Manager(s), the Sub-Administrator, and the Administrator as they may each require in connection with

applicable anti-money laundering programs, including, without limitation, representations to the Fund that such Shareholder or any underlying beneficial owner is not a prohibited country, territory, individual or entity listed on the U.S. Department of Treasury's Office of Foreign Assets Control ("OFAC") 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. Such Shareholder or Shareholder shall also represent to the Fund that amounts contributed by it to the Fund were not directly or indirectly derived from activities that may contravene U.S. Federal, state or international laws and regulations, including, without limitation, any applicable anti-money laundering laws and regulations.

The Fund and the Sub-Administrator will comply with all applicable anti-money laundering regulations. The Fund may impose additional requirements from time to time to comply with all applicable anti-money laundering laws, including the USA PATRIOT ACT. In addition, 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, "Requirements") and the Fund and/or the Sub-Administrator could be requested or required to obtain certain assurances from Shareholders subscribing for Shares, 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. It is the Fund's policy to comply with Requirements to which it is or may become subject to and to interpret them broadly in favor of disclosure. Each Shareholder will be required to agree in the Subscription Agreement, and will be deemed to have agreed by reason of owning any Shares, that it will provide additional information or take such other actions as may be necessary or advisable for the Fund (in the sole judgment of the Investment Manager and/or the Sub-Administrator) to comply with any Requirements, related legal process or appropriate requests (whether formal or informal) or otherwise. Each Shareholder, by executing the Subscription Agreement, consents and, by owning Shares, is deemed to have consented to disclosure by the Fund and its agents, including the Administrator and Sub-Administrator, to relevant third parties of information pertaining to it in respect of Requirements or information requests related thereto. Failure to honor any such request may result in redemption by the Fund or a forced sale to another investor of such Shareholder's Shares.

By subscribing, Shareholders consent to the disclosure by the Fund, the Administrator, and the Sub-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.

## **Requests for Information**

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

### **Further Issues of Shares**

The Fund may, by resolution of the Board, at any time decide to offer further Participating Shares up to the amount of authorized share capital and, without prejudice to any special rights previously conferred on the holders of existing shares, to allot, issue, grant options over or otherwise dispose of the Participating Shares or any other classes of shares (including fractions of shares) with or without preferred, deferred or other special rights or restrictions, whether with regard to dividend, redemption or otherwise and to such persons, at such times and on such other terms as the Board may think proper subject to any variation of class rights.

### **Principal Object**

The objects of the Fund, as provided for in the Memorandum of Association, are not restricted. The Fund therefore has the full power and authority to carry out any object not prohibited by the Companies Law of the Cayman Islands (2013 Revision) (the “Companies Law”) or any other law of the Cayman Islands.

### **Repurchase of Shares**

Under the Companies Law, subject to certain conditions, the Fund is permitted to repurchase its Shares in accordance with the manner set forth in the Articles of Association, and redeem its Shares in such manner as may be authorized by or pursuant to the Articles of Association (i) out of profits, (ii) in exchange for newly issued Shares made for the purpose of redemption or purchase or (iii) out of capital, provided that the Fund is able to pay its obligations as they fall due in the ordinary course of its business. Repurchased or redeemed Shares will be treated as cancelled but will continue to form part of the authorized share capital of the Fund and will be available for reissue by the Fund at any time. Redemptions of Shares will be made in accordance with the terms of this Memorandum and subject to the Articles of Association.

### **Alterations to the Fund’s Share Capital**

The Fund may by ordinary resolution of the holders of the voting Participating Shares increase its share capital, consolidate its shares or subdivide any of them into shares of a smaller amount or cancel authorized but unissued shares. Subject to the provisions of Cayman Islands law and the rights of any holders of any class of shares, the Fund may by special resolution of the holders of the voting Participating Shares reduce its share capital or any capital redemption reserve or share premium account.

## **Variation of Class Rights**

Subject to the Companies Law (2013 Revision) and the Articles of Association, all or any of the class rights or terms of offer (including any representations, warranties or other disclosure relating to such offer) whether set out in this Memorandum, any subscription agreement or otherwise for the time being applicable to any class or series of shares in issue (of which there are none at present save as referred to herein) may (unless otherwise provided by the terms of issue of those shares) be varied (whether or not the Fund is being wound up) by a resolution of the Directors where such variation is considered by the Directors, acting reasonably, not to have a material adverse effect upon such class rights or terms of offer; otherwise, any such variation shall be made only with the prior consent in writing of the holders of not less than two thirds by net asset value of the issued shares of that class or series, or with the sanction of a resolution passed by a majority of at least two thirds of the votes cast at a separate meeting of the holders of such shares. To any such meeting all the provisions of the Articles of Association as to general meetings of the Fund shall mutatis mutandis apply, but so that any holder of a share present in person or by proxy may demand a poll, and the quorum for any such class or series meeting shall be one or more shareholders holding not less than twenty per cent by net asset value of the issued shares of that class or series. At any class meeting, the voting rights attributable to each participating share shall be calculated by reference to the net asset value per participating share (calculated as at the most recent valuation date) and not on the basis of one participating share, one vote. For the purposes of a class consent, the Directors may treat two or more classes or series of shares as forming one class or series if the Directors consider that such classes or series would be affected in the same way by the proposals under consideration, but in any other case shall treat them as separate classes or series.

The rights applicable to any class or series of share in issue shall be deemed to be varied by the creation or issue of any shares ranking in priority to them with respect to the participation in the profits or assets of the Fund, except as otherwise provided in the Articles of Association.

Subject to the paragraphs above, the rights and terms of offer applicable to any class or series of shares in issue shall not (unless otherwise expressly provided by the conditions of issue of such shares) be deemed to be varied by:

- (a) the creation, allotment or issue of further shares ranking *pari passu* therewith; or
- (b) the purchase or redemption by the Fund of any shares; or
- (c) the exercise of the powers to allocate assets and charge liabilities to different classes (or series) of participating shares, as provided for in the Articles of Association; or
- (d) any reduction or waiver of management or performance chargeable to any class or series of shares; or
- (e) any reduction or waiver of any gate/lock-up period applicable to any class or series of shares.

## **Amendment of Articles of Association**

Subject as provided herein, the Articles of Association may only be altered or amended by the passing of a special resolution by the holders of the voting Participating Shares to that effect, subject to certain restrictions in circumstances where there is a variation of class rights.

## **Directors' Interest in Contracts**

A Director may hold any other office or place of profit under the Fund (other than the office of auditor) in conjunction with the Director's office of Director for such period and on such terms as to remuneration and otherwise as the Directors may determine. A Director may act alone or by the Director's firm in a professional capacity for the Fund and the Director or the Director's firm shall be entitled to remuneration for professional services as if the Director were not a Director or alternate Director.

A Director or alternate Director of the Fund may be or become a director or other officer of or otherwise interested in any company promoted by the Fund or in which the Fund may be interested as shareholder or otherwise, and no such Director or alternate Director shall be accountable to the Fund for any remuneration or other benefits received by such Director or alternate Director as a director or officer of, or from the interest in, such other company.

No person shall be disqualified from the office of Director or alternate Director or prevented by such office from contracting with the Fund, either as vendor, purchaser or otherwise, nor shall any such contract or any contract or transaction entered into by or on behalf of the Fund in which any Director or alternate Director shall be in any way interested be or be liable to be avoided, nor shall any Director or alternate Director so contracting or being so interested be liable to account to the Fund for any profit realized by any such contract or transaction by reason of such Director holding office or of the fiduciary relationship thereby established. A Director (or the Director's alternate in the Director's absence) shall be at liberty to vote in respect of any contract or transaction in which the Director is interested provided that the nature of the interest of any Director or alternate Director in any such contract or transaction shall be disclosed by such Director or alternate Director at or prior to its consideration and any vote thereon.

A general notice that a Director or alternate Director is a shareholder, director, officer or employee of any specified firm or company and is to be regarded as interested in any transaction with such firm or company shall be sufficient disclosure for the purposes of voting on a resolution in respect of a contract or transaction in which the Director or alternate Director has an interest, and after such general notice it shall not be necessary to give special notice relating to any particular transaction.

## **Directors' Powers**

Subject to the provisions of the Companies Law, the Articles of Association the business of the Fund shall be managed by the Directors who may exercise all the powers of the Fund. The Directors may exercise all the powers of the Fund to borrow money and to mortgage or charge its undertaking, property and uncalled capital or any part thereof and to issue debentures, debenture stock, mortgages, bonds and other such securities whether outright or as security for any debt, liability or obligation of the Fund or of any third party. Notwithstanding the foregoing, the Directors shall not exercise the powers specified herein in breach of any limits or restrictions specified in this Memorandum. Certain of the operations of the Fund, however, have been delegated by the Board to services providers, such as the Administrator in respect of, among other things, the calculation of the Net Asset Value of the Fund, and the management of the Fund's assets has been delegated to the Investment Manager, as described in this Memorandum.

## **Removal of Directors**

The Directors hold office subject to and in accordance with the terms of the Articles of Association. A Director may be removed from office or a person may be appointed to the office of director by an ordinary resolution of the voting participating shareholders.

## **Reports to the Shareholders**

The Fund intends to provide monthly unaudited financial information to the Shareholders. The Investment Manager reserves the right not to disclose the Fund's positions in all or some financial instruments, at its discretion. Costs incurred with respect to such reporting are treated as an expense of the Fund. The annual audited financial statements will be audited in accordance with GAAP and examined and reported upon by KPMG (Cayman Islands) or such other independent certified public accountants or auditors as designated by the Fund from time to time.

Upon request, the Investment Manager may offer certain Shareholders additional information not disclosed in this Memorandum, and such information may affect a Shareholder's decision to request a redemption of all or a portion of its Shares. Any Shareholder that is interested in receiving such additional information should contact the Investment Manager to have such request considered. The costs of preparing such information may be charged to the relevant Shareholder(s) unless the Investment Manager determines to assume such costs. The Investment Manager is not generally obligated to send such additional information to all Shareholders.

## **Meetings of Shareholders**

Meetings of shareholders will be held at such time and place as may be determined by the Board in accordance with the Articles of Association and otherwise in accordance with Cayman Islands law.

## **Inquiries**

Inquiries concerning the Fund and the Shares, including information concerning subscription and redemption procedures and current Net Asset Value, should be directed to the Sub-Administrator at the address set forth in the DIRECTORY appearing elsewhere in this Memorandum.

## **Available Documents**

This Memorandum is not intended to provide a complete description of the Articles of Association or the Fund's agreements with the Investment Manager and the Administrator summarized herein. Copies of all such documents are available for inspection by Shareholders and prospective investors during normal business hours at the registered office.

## **U.S. HIRE Act and Compliance with U.S. Withholding Requirements**

The Hiring Incentives to Restore Employment Act (the "HIRE Act") gives effect to the U.S. Foreign Account Tax Compliance Act ("FATCA") and provides that a 30 percent withholding tax will be imposed on certain payments to a "foreign financial institution" ("FFI"), such as the Company, of U.S. source income and proceeds received by the FFI from the sale of property that could give rise to U.S. source interest or dividends unless (i) the FFI enters into an agreement (an "FFI Agreement") directly with the IRS to disclose the name, address and taxpayer identification number of certain U.S. persons that own, directly or indirectly, an interest in the FFI, as well as certain other information relating to any



such interest (collectively, "FFI Information") or (ii) the FFI reports the FFI Information to the tax authority of the FFI's local jurisdiction and such jurisdiction has entered into a Model 1 intergovernmental agreement ("Model 1 IGA") with the IRS to directly transmit to the IRS such FFI Information. On November 29, 2013, the governments of the Cayman Islands and the United States signed a Model 1 IGA and, accordingly, FFIs, such as the Company, will report FFI Information directly to the Tax Information Authority of the Cayman Islands or its delegate.

The Cayman Islands has signed two inter-governmental agreements to give effect to the foregoing (and equivalent) reporting and withholding rules - one with the United States and one with the United Kingdom which are referred to below as the US IGA and UK IGA, respectively. The Cayman Islands has also committed, along with around 50 other countries, to the implementation of the OECD Standard for Automatic Exchange of Financial Account Information – Common Reporting Standard (the "CRS"). It is anticipated that the Cayman Islands Government will pass legislation in 2015 to give effect to the CRS, which will require "Financial Institutions" to identify, and report information in respect of, specified persons in the jurisdictions which sign and implement the CRS. As the OECD initiative develops, further inter-governmental agreements may be entered into by the Cayman Islands Government. Cayman Islands regulations were issued on 4 July 2014 to give effect to the US IGA and UK IGA (the "Regulations"). Pursuant to these regulations, the Cayman Islands Tax Information Authority (the "TIA") has published guidance notes (the "Guidance Notes") on the application of the US and UK IGAs (which the TIA will keep under review and will revise periodically). All Cayman Islands "Financial Institutions" will be required to comply with the reporting requirements of the Regulations, unless they can rely on one of the reporting exemptions in Annex II of the IGAs. The Regulations in respect of the US IGA require the Fund to, amongst other things (i) register with the IRS to obtain a GIIN, (ii) notify the TIA of its status as a "Reporting Financial Institution"; (iii) conduct due diligence on its account holders to identify whether accounts are held directly or indirectly by "Specified US Persons", and (iv) report information on such Specified US Persons to the TIA. The TIA will exchange the information reported to it with the IRS annually on an automatic basis. The Regulations do not require the Fund to withhold tax on any payments made by the Fund.

The Company's ability to comply with the HIRE Act will depend on each Shareholder providing the Company with information that the Company requests concerning the Shareholder and, if applicable, the direct and indirect owners of such Shareholder. Although the Company will attempt to satisfy any obligations imposed on them to avoid the imposition of this withholding tax, no assurance can be given that the Company will be able to satisfy these obligations. If the Company becomes subject to a withholding tax as a result of the HIRE Act, the Net Asset Value of each Class of Shares may be materially affected. The Directors may reduce any redemption proceeds payable to a Shareholder by the amount of any withholding or other tax borne by the Company that the Directors determine is attributable to such Shareholder's failure to provide the Company with the requested information, and retain such amount for the benefit of the Company and/or deduct from any amount payable to such Shareholder in connection with the redemption of Shares an amount equal to any withholding or other tax (or pro-rata portion thereof) paid or payable, whether directly or indirectly, by the Fund pursuant to the U.S. HIRE Act and/or re-designating such Shareholder's Shares as Shares of another class or series or exchanging (by way of compulsory redemption and automatic re-subscription) such Shareholder's Shares for Shares of a new class or series.. The Directors are also entitled to compulsorily redeem the Shares held by such Shareholder. Prospective investors are encouraged to consult their own tax advisers regarding the possible implications of the HIRE Act on their investments in the Company.

Such withholding tax under the HIRE Act will be phased in and effective on U.S. source dividends and interest payable to an FFI such as the Company beginning on January 1, 2015 and withholding on all withholdable payments will be fully phased in on January 1, 2017.

## **Electronic Delivery of Documents**

The Fund, the Administrator, the Sub-Administrator, the Investment Manager or other party on behalf of the Fund is required to deliver to the Shareholders of the Fund certain notices and documents from time to time, such as Net Asset Value statements, notices of meetings and annual audited financial statements. The Fund, the Administrator, the Investment Manager or other party on behalf of the Fund, may elect to deliver such notices and documents by e-mail to the address in the Fund's records or by posting them on a password protected website. When delivering documents by e-mail, the Fund will generally distribute them as attachments to e-mails in Adobe's Portable Document Format (PDF) (Adobe Acrobat Reader software is available free of charge from Adobe's web site at [www.adobe.com](http://www.adobe.com) and the Reader software must correctly be installed on the investor's system before the investor will be able to view documents in PDF format). Shareholders who do not wish to receive such documents electronically, or who wish to change the method of notice, should elect to do so by notifying the Administrator in writing.

Neither the Fund, the Investment Manager nor the Administrator will be liable for any interception of Investor Communications. A Shareholder should note that it may incur charges from its Internet service provider or other Internet access provider. In addition, there are risks, such as systems outages, that are associated with electronic delivery.

## **Soft Wind Down**

If the Directors, in consultation with the Investment Manager, decide that the investment strategy is 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 Shareholders in such manner as they determine to be in the best interests of the Company, in accordance with the terms of the Articles and this Memorandum. This process is integral to the business of the Fund and may be carried out without recourse to a formal liquidation under the Companies Law (2013 Revision) or any other applicable bankruptcy or insolvency regime but shall be without prejudice to the right of the voting participating Shareholders to place the Fund into liquidation.