



Offering Document

March 2023

www.vitanovahedgefund.com

Disclaimer

Vita Nova Hedge Fund

(An open-ended investment company established under the laws of the Cayman Islands)

Offering Document for Investors

March 2023

Any distribution or reproduction of all or any part of this Offering Document (the "**Document**") or the divulgence of its contents other than as specifically set forth herein, is unauthorised.

This Document may be issued in translation in languages other than English. In the event of any conflict between this Offering Document in the English language and the text in any other language, this English text shall prevail.

This Document does not constitute an offer of the Shares of Vita Nova Hedge Fund (the "**Fund**") to the members of the Public in the Cayman Islands, for so long as the Shares of the Fund are not listed on the Cayman Islands Stock Exchange. "Public" for these purposes does not include a sophisticated person, a high net worth person, a company, partnership or trust of which the shareholders, unit holders or limited partners are each a sophisticated person, a high net worth person any exempted or ordinary non-resident company registered under the Companies Act (2022 Revision) or a foreign company registered pursuant to Part IX of the Companies Act (2022 Revision) or any such company acting as general partner of a partnership registered pursuant to the provisions of the Exempted Limited Partnership Act (2020 Revision) or any director or officer of the same acting in such capacity or the Trustee of any trust registered or capable of registering pursuant to the provisions of the Trusts Act (as Revised).

The Shares have not been and will not be registered under the United States Securities Act of 1933, as amended, and are subject to US tax Act requirements. The Shares may not be offered, sold or delivered and this Document may not be circulated or transmitted to or within the United States of America or to US Persons.

THE FUND IS REGULATED AS A SECTION 4(4) FUND FOR THE PURPOSES OF THE MUTUAL FUNDS ACT (2021 REVISION) OF THE CAYMAN ISLANDS. THE FUND IS REGISTERED WITH THE CAYMAN ISLANDS MONETARY AUTHORITY (THE "**AUTHORITY**") PURSUANT TO THAT LAW AND PRESCRIBED DETAILS IN RESPECT OF THE FUND AND A COPY OF THIS DOCUMENT HAVE BEEN FILED WITH THE AUTHORITY.

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

FURTHERMORE, IN REGISTERING A FUND, THE AUTHORITY SHALL NOT BE LIABLE FOR ANY LOSSES OR DEFAULT OF THE FUND OR FOR THE CORRECTNESS OF ANY OPINIONS OR STATEMENTS EXPRESSED IN THIS DOCUMENT.

THE FACT THAT THE FUND IS REGISTERED AS A MUTUAL FUND IN THE CAYMAN ISLANDS, DOES NOT MEAN OR IMPLY THAT THE ACTIVITIES OF THE FUND ARE GUARANTEED BY THE AUTHORITY OR BY THE CAYMAN ISLANDS GOVERNMENT OR THAT ANY REGULATORY AUTHORITY IN THE CAYMAN ISLANDS HAS PASSED UPON THE MERITS OF THIS OFFERING OR REVIEWED THIS DOCUMENT.

This Document contains a summary of the Memorandum of Association and Articles of Association of the Fund (and of other documents referred to herein) which do not purport to be complete. The summaries are subject to and qualified in their entirety by reference to the Memorandum of Association and Articles of Association of the Fund and other documents. Copies are available at the Fund's registered office or from the Administrator and should be reviewed for complete information concerning the rights, privileges and obligations of the Shareholders of the Fund.

The Directors of the Fund whose names appear in this Document accept responsibility for the information contained in this Document. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this Document is in accordance with the facts and does not omit anything likely to affect the import of such information. The Directors accept responsibility accordingly. This Document is accurate as of its date and no representation or warranty is made as to its continued accuracy after such date.

Information relating to the Fund is based on the beliefs of the Manager, and the Fund, as well as assumptions made by, and information currently available to, the Manager, and the Fund. When used in this Document, the words "anticipate", "believe", "estimate", "intend", and words or phrases of similar import, as they relate to the Fund or the investments to be made by the Fund, are intended to identify forward looking statements. Such statements reflect the current risks, uncertainties, and assumptions related to certain factors including, without limitation, competitive factors, general economic conditions, market conditions, one (1) time events, and other factors described herein, particularly in the section entitled "certain risk factors". Based upon changing conditions, should any one (1) or more of these risks or uncertainties materialise or should an underlying assumption prove incorrect, actual results may vary materially from those described herein as anticipated, believed, estimated, expected or intended. The delivery of this Document does not imply that the information set forth herein is correct subsequent to the date of this Document. The Manager and the Fund do not intend to update these forward looking statements.

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I Introduction

Important Notice to All Readers

The date of this Document is March 2023.

This Document has been furnished on a confidential basis solely for the information of the person to whom it has been delivered and may not be reproduced, distributed or used for any other purpose.

This Document contains a summary of the Memorandum of Association and Articles of Association of the Fund (and of other documents referred to herein) which do not purport to be complete. The summaries are subject to and qualified in their entirety by reference to the Memorandum of Association and Articles of Association of the Fund and other documents. Copies are available at the Fund's registered office and are available from the Administrator and should be reviewed for complete information concerning the rights, privileges and obligations of the Shareholders of the Fund.

The Directors of the Fund (the "**Directors**") whose names appear in Section II "The Parties" are the persons responsible for all the information contained in this Document. To the best of the knowledge and belief of such Directors (who have taken all reasonable care to ensure that such is the case) such information is in accordance with the facts and does not omit anything that is likely to affect the import of such information. The Directors accept responsibility accordingly.

The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this Document and confirm, having made reasonable enquiry that to the best of their knowledge and belief, there are no facts the omission of which would make any statement within this Document misleading.

No person has been authorised to give any information or to make any representations, other than those contained in this Document, in connection with the participating, non-voting (save in the case of a vote in regard to the appointment or removal of the Directors), redeemable, shares ("**Shares**") in the capital of the Fund and, if given or made, such information or representations must not be relied on as having been authorised by the Fund. Neither the delivery of this Document nor the issue of Shares shall, under any circumstances, create any implication that there has been no change in the financial position or prospects of the Fund since the date hereof.

No action has been taken to permit the distribution of this Document in any jurisdiction where action would be required for such purpose. This Document does not constitute an offer to or solicitation by anyone in any jurisdiction in which such an offer or solicitation is not authorised, or to any person to whom it is unlawful to make such an offer or solicitation. In particular: (i) none of the Shares have been or will be registered under the United States Securities Act of 1933, as amended (the "**1933 Act**"), and none of the Shares may be offered or sold, directly or indirectly, in the United States of America, its territories or possessions and all areas subject to its jurisdiction (the "**United States**" or "**US**") or to or for the benefit of any national or resident thereof (including any corporation, partnership or other entity created or organised in or under the laws of the United States or any political subdivision thereof) and any estate or trust which is subject to United States federal income taxation regardless of the source of its income; (ii) this Document may be issued or promoted in Switzerland only in accordance with the Collective Investment Schemes Act ("**CISA**") of 23rd June 2006 (status as of 1st July 2016) to regulated Qualified Investors. The distribution of the Fund in Switzerland is subject to certain requirements, including the appointment of a representative and a paying agent in Switzerland (Art. 120 para.4 and 123 para.1 CISA) in some circumstances; and, (iii) this Document may be issued in the United Kingdom of Great Britain and Northern Ireland (the "**United Kingdom**" or "**UK**") and the Fund may be promoted in the United Kingdom only in accordance with section 21 of the Financial Services and Markets Act 2000 ("**FSMA**") and the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 ("**FPO**") to the following persons:

- (i) authorised firms under FSMA and certain other investment professionals falling within article 19 of FPO and their directors, officers and employees acting for such entities in relation to investment;
- (ii) high value entities falling within article 49 of FPO and their directors, officers and employees acting for such entities in relation to investment; and,
- (iii) persons who receive this Document outside the United Kingdom.

The distribution of this Document to any person in the United Kingdom not falling within one (1) of the above categories is not permitted by the Fund and may contravene FSMA. No person falling outside those categories should treat this Document as constituting a promotion to him, or act on it for any purposes whatsoever.

Investors should inform themselves as to: (i) the legal requirements within their own countries for purchase and holding of the Shares; (ii) any foreign exchange restrictions to which they might be subject; and, (iii) the income and other taxation consequences which might apply in their own countries relevant to the purchase, holding or disposal of the Shares. Investors should not construe the contents of this Document as legal, tax or investment advice and if acquiring Shares Investors will be required to make a representation to that effect. Investors should review the proposed investment and the consequences thereof with their own professional adviser.

Copies of this Document, application forms and information regarding purchases or redemptions of Shares may be obtained from the Administrator.

Investment in the Fund is only appropriate for those whose business and investment experience is such that they are capable, in conjunction with their professional advisers, of evaluating the merits of their prospective investment, can afford the loss of the whole of their investment and have no need for their investment to be liquid. You should accordingly consult a suitably qualified professional adviser before committing yourself to an investment in the Fund.

No representations or warranties of any kind are intended or should be inferred with respect to the economic return from, or the tax consequences of, an investment in the Fund. No assurance can be given that existing laws will not be changed or interpreted adversely. Before purchasing Shares, Investors should carefully consider various risk factors and conflicts of interest, as well as suitability requirements, restrictions on transfer and redemption of Shares and various legal, tax and other considerations, all of which are discussed elsewhere in this Document. An investment in the Shares offered by the Fund should be viewed as a non-liquid investment and involves a high degree of risk. Investors should consider a subscription to purchase Shares only if they have carefully read this Document.

The distribution of this Document and the offer and sale of the Shares in certain jurisdictions may be restricted by law. This Document does not constitute an offer to buy or sell Shares in any jurisdiction to any person to whom it is unlawful to make such offer or solicitation in such jurisdiction. No action has been or will be taken to permit an offering in any jurisdiction where action would be required for that purpose. Accordingly, the Shares may not be offered or sold, directly or indirectly, and this Document may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Shares that are acquired by persons not entitled to hold them will be compulsorily redeemed.

The information contained in this Document has been prepared for the benefit of certain persons and entities that are suitable to purchase Shares. This Document may not be reproduced, either in whole or in part, without prior express written consent of the Manager. By accepting delivery of this Document, you agree not to reproduce or divulge its contents and, if you do not purchase any Shares, to return this Document to the Manager.

The information contained herein is current only as of the date hereof and Investors should not, under any circumstances, assume that there has not been any change in the matters discussed herein since the date hereof.

Definitions

The following definitions apply throughout this Document unless the context otherwise requires in addition to terms defined within the relevant Sections of this Document.

Capitalised terms not herein defined shall have the meaning ascribed to them in the Memorandum of Association and Articles of Association of the Fund.

Administration Agreement	The amended agreement between the Fund, the Manager and the Administrator dated 1 st July 2022 which was amended on 1 st January 2023;
Administrator	Taurus Administration Services Limited;
Articles	The Articles of Association of the Fund;
Auditor	Cohen & Co (International) Cayman (trading as "Cohen & Co.");
Authority	The Cayman Islands Monetary Authority or CIMA;
Base Currency	The base currency of the Fund, which is US Dollars;
Business Day	Any day on which banks are normally open for business in the United Kingdom, Liechtenstein, Malta, Switzerland, Spain, the British Virgin Islands and the Cayman Islands, and/or such other day or days as the Directors may from time to time determine;
Calendar Year	A period of twelve (12) consecutive months starting 1 st January;
Collective Investment Scheme	Arrangements with respect to investments enabling those holding units or shares in such a scheme to participate in or receive profits or income (if any) from the acquisition, disposal, holding or management of such investments;
Dealing Day(s)	Generally, the first Business Day of each calendar month or such other day as the Directors may determine from time to time for the purpose of facilitating subscriptions and for the redemption of Shares;
Directors	The Directors of the Fund from time to time;
Fund	Vita Nova Hedge Fund or VNHF, an exempted company incorporated in the Cayman Islands with limited liability;
Gross Asset Value	The asset value of the Fund before deduction of any liability to repay borrowings, associated interest, and other costs;
Investment Adviser	Equity International SA or EISA;
Investment Advisory Agreement	The agreement between the Fund, the Manager and the Investment Adviser dated 1 st July 2022;

Investor	A Shareholder or a prospective Shareholder of the Fund that is eligible to subscribe for Shares;
Life Settlements	Life Settlements are United States issued life insurance policies that have been sold by the policy owner before maturity;
Management Agreement	The agreement between the Fund and the Manager dated on or around 20 th July 2022 and effective from 1 st July 2022;
Manager	Managing Partners Fund Management Limited or MPFM;
Net Asset Value	The value of the Fund's net assets calculated in accordance with the Articles and adjusted as the case may be for the issue or redemption of Shares;
Policy Movement	The sale or the purchase of a Life Settlement by the Fund;
Professional Investor	An eligible counterparty under Article 24(2) of EU Directive 2004/39/CE (Markets in Financial Instruments Directive or " MiFID ") or an investor considered to be a professional client or which may, on request, be treated as a professional client within the meaning of Annex II of MiFID;
Promoter	Managing Partners Investment Management Limited or MPIML;
Qualified Investor	Means one of the eligible investors as regulated by article 10.3 of the Swiss Federal Act on Collective Investments Act of 23 rd June 2006 (and subsequent modifications) and article 6 of Swiss Collective Investment Schemes Ordinance of the 22 nd November 2006 (and subsequent modifications);
Shares or Participating Shares	The non-voting (save in the case of a vote in regard to the appointment or removal of the Directors), participating, redeemable Shares of the Fund;
Shareholder	A holder of Shares;
Supplements	The supplements contained in the Schedule to this Document and any supplementary offering documents approved by the Directors (and as amended from time to time) which set out the offer terms and conditions of each class of Shares, which are supplementary to, and should be read in conjunction with, the terms of this Document (as amended from time to time);
US Dollars or USD or US\$	Refers to the currency of the United States and references to "cents" should be construed accordingly;
Valuation Day(s)	Generally, the Business Day prior to each Dealing Day, normally the last Business Day of each calendar month or such other day as the Directors may determine from time to time.

Risk Factors

Returns are not guaranteed and prospective Shareholders should consider the risks attached to an investment in the Fund, including, but not limited to those indicated below. Consideration should be given as to whether such risks are suitable for them and prospective Shareholders should ensure that they fully understand the contents of this Document.

The Fund is being offered only to Eligible Investors (as defined in Section III of this Document) and is a non-retail fund. Accordingly, the protection generally afforded as a result of the investment and borrowing restrictions and other conditions related to retail schemes imposed by CIMA, or any other regulators, do not apply thereto. As a result, the degree of risk to which the Fund and its Shareholders may be exposed renders it unsuitable for members of the general public. In the event of the Fund's failure, Shareholders are not protected by any statutory compensation arrangements.

Summary

The following is a summary of certain risk factors which should be read in conjunction with the risk factors contained throughout this Document.

As the Fund has no present intention to pay dividends to Shareholders, an investment in the Fund is not suitable for persons who require regular income from their investments.

An investment in Shares should be considered high risk, therefore investment in the Fund or a holding of Shares should not be considered a complete investment programme.

The Directors do not anticipate that an active secondary market in the Shares will develop.

The Net Asset Value per Share can fall as well as rise. The value of the Shares and the income produced can fall as well as rise. Investors may not get back the value of their original investment. There can be no guarantee that the stated investment objectives of the Fund will be achieved.

The liquidity of investments held by the Fund cannot be guaranteed. Any illiquidity may prevent the Fund from concluding an investment transaction on satisfactory terms and, in certain circumstances, may prevent redemptions of (and subscriptions for) investments and Shares.

The Fund's assets may comprise investment in another Fund or Fund's and, therefore, may have to bear the cost of any charges, including initial charges, imposed by the managers of any funds into which the Fund may invest. The potential insolvency or default by any such other funds may adversely affect the ability of the Fund to achieve its objectives. The Manager may receive commission from such funds in respect of subscriptions effected by the Fund in respect thereof.

There can be no guarantee that the stated investment objectives of the Fund will be achieved.

Although separate classes will be established and maintained, the Fund is one (1) legal entity, and in the event of the insolvency of the Fund, all of the assets of the Fund, regardless of the class to which they are attributable, will be available to meet all of the unsatisfied liabilities of the Fund.

Due to the nature of the underlying assets of the Fund it may not always be practicable to spread the risk across a wide range of counterparties. There is no guarantee that there will not be a default in respect of

obligations owed to the Fund which may impact on returns to Shareholders. In particular in the event of a default by one (1) or more of the life assurance companies who have issued Life Settlements to the Fund, this may considerably impact on returns to Shareholders.

Investment decisions made or advice given by the Directors or the Manager will not always prove to have been successful or correct.

As the Fund has no present intention to pay dividends to Shareholders, an investment in the Fund is not suitable for persons who require regular income from their investments.

The use of borrowings to finance the purchase of assets, pay expenses of the Fund, or to redeem or purchase Shares may, under adverse conditions, reduce overall returns to Shareholders. Interest rates may significantly affect the operating results of the Fund.

The Fund is not protected against the effects of inflation.

The liquidity of investments held by the Fund cannot be guaranteed. Any illiquidity may prevent the Fund from concluding an investment transaction on satisfactory terms.

The Net Asset Value of the Fund can fall as well as rise.

Credit Risk

Credit risk is determined by the borrower's credit capacity and creditworthiness and is therefore a measure of the borrower's solvency. The Fund's risk is the danger of the insolvency of the borrower, i.e. the borrower's potential inability to fulfil obligations in a timely or complete manner, such as dividend payments, interest rate payments, repayment, etc. This risk can be estimated with the help of ratings, a scale for evaluating the solvency of the borrower. The rating is published by the recognised rating agencies, ranging from 'AAA' (best credit rating) to 'D' (worst credit rating). The higher the credit risk, the lower the corresponding rating and, as a rule, the higher the interest rate (risk premium) paid on a financial instrument. A deterioration of solvency or the complete insolvency of the borrower entails at least a partial loss of the invested capital.

Foreign Currency Risk

The performance of the Fund may be additionally affected, unfavourably as well as favourably, by fluctuations in currency rates.

Subscription monies may be exchanged into the same currency as the selected Share class at the time of receipt, or as soon as practicable thereafter. Any charges in respect of the foreign exchange ("FX") transaction will be deducted from the subscription monies. If cancellation of any such subscription occurs prior to the next Dealing Day, a discrepancy may occur between the amounts remitted and those returned, due to any such FX transaction.

Certain of the assets of the Fund may be invested in currencies other than the currency of the relevant class. Accordingly, the value of such assets may be affected both favourably and unfavourably by fluctuations in currency rates. In order to minimise the risk of the adverse impact of currency fluctuations and where the Manager or Directors considers it appropriate to do so, currency risk may be hedged. However, such techniques may not always be effective in limiting or preventing currency risk and related losses. From time to time the Manager may elect to hedge any currency risk exposure.

Force Majeure Risk

The Fund could be adversely impacted by catastrophic events such as wars, political upheaval, epidemics, pandemics, earthquakes, hurricanes, tornados, floods, terrorist attacks, and other similar events. These disasters may affect not only economic growth prospects but also physical infrastructure. The potential impacts from a force majeure event could adversely affect the Fund's operating results and its ability to achieve its investment objective.

Risks Related to COVID-19

Since its discovery in December 2019, a new strain of coronavirus, which causes the viral disease known as COVID-19, has spread from China to many other countries, including the United States. The outbreak has been declared to be a pandemic by the World Health Organization, and the Health and Human Services Secretary has declared a public health emergency in the United States in response to the outbreak. A significant outbreak of COVID-19 and other infectious diseases could result in a widespread health crisis that could adversely affect the economies and financial markets worldwide, and any of the Fund's investments could be materially and adversely affected. Governmental mandates to control the outbreak may require forced shutdowns of business. Furthermore, the Fund may be unable to consummate an investment if continued concerns relating to COVID-19 restrict travel, limit the ability to have meetings with potential investees. Service providers may be unavailable to negotiate and consummate a transaction in a timely manner. The extent to which COVID-19 impacts the Fund's search for, and profit from, potential investments will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of COVID-19 and the actions to contain COVID-19 or treat its impact, among others. If the disruptions posed by COVID-19 or other matters of global concern continue for an extensive period of time, the Fund's ability to consummate an investment or make profitable investments may be materially adversely affected.

Investment Management Risk

The investment performance of the Fund is substantially dependent on the performance of the management team of the Manager who are responsible for managing the investment of the assets of the Fund. In the event of the death, incapacity, departure, insolvency or withdrawal of any of these individuals, the performance of the Fund may be adversely affected.

The Fund's assets may comprise investments in another fund or funds and therefore have to bear the cost of any charges, including initial charges, imposed by the manager any of any the funds into which the Fund may invest. The potential insolvency or default by any such other funds may adversely affect the ability of the Fund to achieve its objectives. The Manager may receive commission placement fee from such funds in respect of subscriptions effected by the Fund in respect thereof.

The Fund may also purchase investments in or enter into transactions with other funds or entities that are managed by or are closely associated with the Manager. The Manager may therefore receive management fees and placement fees from such funds in addition to any fees that are payable to the Manager by the Fund set out in this Document.

There can be no guarantee that the stated investment objectives of the Fund will be achieved.

Investment decisions made or advice given by the Directors or the Manager will not always prove to have been successful or correct. The Fund is not intended to be a complete investment programme.

Counterparty Risk

The Fund will be exposed to the credit risk of the parties with which it transacts and may also bear the risk of settlement default. Credit risk is the risk that the counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. This would include the counterparties to any derivatives, repurchase or reverse repurchase agreement or securities lending agreement that it enters into. Trading in derivatives which have not been collateralised gives rise to direct counterparty exposure.

Waiver of Fees

The Manager may waive part or all of their contractual fee entitlement if it is in the long term best interest of the Fund, in order to support the Net Asset Value of the Fund. This may make the performance of the Fund look better than it would otherwise have been.

Investment in Illiquid Assets

Because there is not a recognisable market for investments which the Fund may make it may be difficult for the Fund to deal in any such investments or to obtain reliable information about their value or the extent of the risks to which such investments are exposed.

The liquidity of investments held by the Fund cannot be guaranteed. Any illiquidity may prevent the Fund from concluding an investment transaction on satisfactory terms and, in certain circumstances, may prevent redemptions of (and subscriptions for) investments and Shares.

The liquidity of fixed income securities issued by small and mid-capitalisation companies and emerging country issuers are particularly likely to be reduced during adverse economic, market or political events or adverse market sentiment. The credit rating downgrade of fixed income securities and changes in prevailing interest rate environments may also affect their liquidity.

Liquidity risk also includes the risk that the Fund may be forced to defer redemptions, issue in specie redemptions or suspend dealing because of stressed market conditions, an unusually high volume of redemption requests, or other factors beyond the control of the Manager.

The Directors do not anticipate that an active secondary market in the Shares will develop.

Leverage and Interest Rates

The Fund may borrow money in order to increase investment positions or to make additional investments and to cover operational expenses. The magnitude of risk and the potential gains or losses are substantially increased by the use of borrowing for these purposes. Fluctuations in the market value of an investment portfolio will have a greater effect relative to the Fund's Net Asset Value than would be the case in the absence of leverage.

The use of the leverage can be heavily affected by the economic conditions which the Directors will take into consideration when reviewing the aggregate amount of borrowings that the Fund may have outstanding from time to time.

Interest costs are an expense of the Fund and will affect the operating results. The interest costs incurred by the Fund will in turn be affected by its borrowing levels and by fluctuations in interest rates.

Short Selling, Derivatives and Relative Value Strategies

The Fund may engage in selling securities short. Short selling exposes the seller to unlimited risk, because there is no upper limit on the price to which the relevant securities may rise.

In addition, the Fund may utilise derivative instruments, such as equity index futures, options and swaps. Market movements that would adversely affect the Fund's financial obligations under derivative instruments may be difficult to predict in advance. Accordingly, one (1) or more markets may move against the derivative positions held by the Fund, thereby causing substantial losses. Substantial risks are also involved in borrowing and lending against derivative instruments.

The use of relative value hedging or arbitrage strategies by the Fund should not be taken to imply that the use of such strategies is without risk. Every relative value strategy involves exposure to some second order market risk, such as the implied volatility in convertible bonds and warrants, the yield spread between similar term government bonds, the yield or swap spread between government and corporate bonds or the price spread between different classes of stock issued by the same company. Substantial losses may be incurred by the Fund on hedge or arbitrage positions, and illiquidity or default by a counterparty can cause the position to have the same economic effect as an outright speculation.

Possible Effects of Substantial Redemptions

Substantial redemptions of the Participating Shares of any Share class of the Fund at any particular time could require the Fund to liquidate positions more rapidly than would otherwise be desirable.

Concentration of Investments

As part of its investment strategy, the Fund may make concentrated investments in certain issuers, industries or asset types. This lack of diversification may expose the Fund to the risks relating to a specific industry or asset type. In addition, the Fund may coincidentally accumulate substantial positions in identical or similar issuers, industries or asset types at or about the same time. Such accumulations could impair achievement of the diversification goals (if any) of the Fund and the Manager may be unable to determine whether such accumulations have occurred.

Absence of Secondary Market

Currently there is no public market for the Participating Shares and it is unlikely that any active secondary market for any of the Participating Shares will develop. Participating Shares are not being registered to permit a public offering under the securities laws of any jurisdiction. The Shareholders might be able to dispose of their Participating Shares only by means of redemptions on the relevant Redemption Day at the Redemption Price, in the absence of an active secondary market. The risk of any decline in the Net Asset Value during the period from the date of notice of redemption until the Redemption Day will be borne by the Shareholder(s) requesting redemption. In addition, the Directors have the power to suspend and compel redemptions. There are also restrictions on transferring Participating Shares.

Operating Deficits

The expenses of operating the Fund (including the fees payable to the Manager, the Administrator, the Investment Adviser and other service providers) may exceed the Fund's income, thereby requiring that the difference be paid out of the Fund's capital, reducing the value of the Fund's investments and potential for profitability.

The Use of Borrowings

The use of borrowings to achieve the Fund's investment objectives and to pay expenses of the Fund, or to redeem or purchase Shares may, under adverse conditions, reduce overall returns to Shareholders. The cost of borrowing may significantly affect the operating results of the Fund.

Risk Factors Specific to Life Settlements and the Life Settlement Business

An investment in the Fund involves substantial risks, including those discussed below and elsewhere in this Document. It is designed only for sophisticated Investors who are able to bear the economic risk of the entire loss of their investment in the Fund and is not intended as a complete investment programme. Before purchasing any Shares or Bonds, any prospective Investors should carefully consider all the various risk factors and potential conflicts of interest, as well as suitability requirements, restrictions on transfer of the Shares, and all the various legal, tax, financial, regulatory, and other investment related issues associated with an investment in the Fund. Prospective Investors are urged to consult their own legal, tax, financial and investment advisers regarding the suitability of this investment. Neither the Fund or the Manager can provide investment advice or any other type of advice to prospective Investors.

(a) Uncertainty of the Life Settlement Market

The value of a Life Settlement in the secondary or tertiary life settlement market depends significantly on the most recent evidence of health, medical condition and LE of the Insured, actuarial mortality tables then in use by the Life Settlement industry and any changes in general economic conditions, including interest rates, inflation rates, government regulations, overall industry conditions, competition, political conditions, volatility in the financial markets, and legislation at the time the Fund may seek to sell or purchase a Life Settlement. The demand for the purchase and the liquidity of Life Settlements is uncertain. Therefore, Life Settlements acquired by the Fund may be over-priced by the Manager or the Valuation Agent and/or may not be readily saleable in the Life Settlement or secondary life insurance market should the need arise for the liquidation of Life Settlements. Life Settlements are highly illiquid assets for which there is only a limited trading market, and there can be no assurance that there will be a trading market in the future for Life Settlements should the Fund decide or need to sell any or all of its Life Settlements.

(b) Life Expectancy Risks

The cost to the Fund of purchasing Life Settlements depends, in large measure, upon the estimated LE and a summary of the health and medical data used to calculate the LE of the Insured of each Life Settlement, and also the price demanded by the seller of the Life Settlement. The potential investment return to the Fund for a Life Settlement it purchases is almost entirely dependent upon how accurate the estimated LE of an Insured for a Life Settlement, and the value of premiums that the Fund will be required to pay to ensure the Life Settlement remains in force, relative to the actual longevity of the Insured when the Life Settlement matures. LEs are only estimates of the expected longevity or mortality of an Insured and are inherently uncertain. There can be no assurance that any LE estimate obtained for an Insured of a Life Settlement by the Fund will be precisely predictive of the actual future mortality of the Insured. Any future LEs obtained by the Fund for an Insured of a Life Settlement may increase or decrease after the Fund has purchased a Life Settlement, which may affect the potential investment return to the Fund. The actual maturity date of any Life Settlement may therefore be longer than projected when the Fund purchased the Life Settlement, which would negatively impact the time within which the Fund would receive payment of the death benefit of the Life Settlement and consequently when Shareholders could expect to receive a return on their investment in the Fund or the Fund's ability to make timely

payments of interest and principal due in respect of Bonds. In addition, improvements in medicine, disease treatment, pharmaceuticals, and other medical and health services may enable the Insured of the Life Settlement acquired by the Fund to live longer than their LE estimates used by the Fund to purchase the Life Settlements. The business of rendering LEs for individual Insured of Life Settlements in the Life Settlement market is not currently regulated by the US federal or state governments except in the State of Florida, which requires a LE provider to register with the Florida Office of Insurance Regulation, and the State of Texas, which requires a LE provider to be licensed as a Life Settlement broker with the Texas Department of Insurance. However, there can be no assurance that this business will not become more regulated and, if so, that any such regulation would not have a material adverse effect on the ability of the Fund to obtain LE estimates for Insured in connection with the purchase or sale of Life Settlements by the Fund. The Fund intends to mitigate this risk as much as possible through purchasing a diversified portfolio of Life Settlements.

(c) Updating of LEs

In accordance with best practise and recommendations received from actuarial advisers it is the intention of the Fund wherever possible to obtain a minimum of two (2) LEs from independent specialist medical underwriters for each Insured owned by the Fund. Over periods of time the mental, physical and overall health conditions of each Insured may change and any such changes may significantly affect the value of a Life Settlement positively or negatively. The Fund intends to update the medical underwriting data for each Insured periodically, when it is possible to do so, in order for the Fund to obtain updated LEs for each Life Settlement owned by the Fund.

A multi-step process is required to obtain an updated LE, which ultimately relies on the cooperation of the Insured. To apply for and to receive the most up to date medical records from each medical physician of the Insured that will be used by specialist medical underwriters to produce a LE, a valid and in date Health Insurance Portability and Accountability Act ("**HIPAA**") release form is required, which must be signed by the Insured. Once a signed HIPAA has been received from the respective Insured the most up to date health and medical records can be requested from each known physician of the Insured. Once the updated health and medical records have been received from the physicians of the Insured, it will then be possible for the Fund to request updated LEs from the specialist medical underwriters. The specialist medical underwriters may include but are not restricted to: 21st Services LLC, AVS Underwriters LLC, Fasano Associates, IBU, Focus Medical Underwriters LLC, Elevation Underwriting LLC, EMSI, Life Benefit Resources, Clarity Evaluations LLC, Lapetus Life Event Solutions and ISC Services (the "**Underwriters**").

The updated health and medical records will be supplied to the specialist medical underwriters to calculate new LEs. With the immediate cooperation of the Insured, it will take approximately three (3) months for the Fund to obtain new LEs. If the Fund does not receive the immediate cooperation of the Insured it may significantly increase the timescale and the possibly of obtaining a new LE. There is no guarantee that the Insured will provide the necessary cooperation and may refrain from signing a new HIPAA and it may not therefore be possible for the Fund to obtain new LEs on the Insureds in all cases.

The Fund will use its best endeavours to obtain updated HIPAA's for each life Insured but if it is not possible to do so, the Fund has derived an alternative process of determining an estimation of the adjustment of the existing LE, to identify updated LEs for valuation and audit purposes.

Valuation Process

The Life Settlements owned by the Fund are valued on a quarterly basis by an independent Valuation Agent which applies a probabilistic actuarial valuation model to calculate the Net Present Value ("**NPV**") of each Life Settlement in the Fund's portfolio. The primary assumptions and criteria used by the model are: valuation discount rate, mortality (or Life Expectancy) estimations, forecasted future premiums and other expenses.

The model takes the most recent life expectancy estimates for each Life Settlement and assumes improvements in mortality in line with actuarial mortality tables, which are produced periodically by the American Academy of Actuaries ("**AAA**") for individuals under life policies in the US. The most recent being the 2015 Valuation Basic Tables ("**VBt's**"). This method results in mortality extensions being made to the mortality expectations of each live insured in the model on each valuation date.

The forecast premium payments required to keep the Life Settlement in force over the remaining duration of each Life Settlement are calculated. The mortality extensions impact on and increase the expected value of future premiums which will need to be paid on each respective Life Settlement until the calculated maturity date.

Having established the ongoing cost of maintaining the Life Settlement for the duration and anticipated maturity date, an Internal Rate of Return ("**IRR**") or discount rate is applied to maturity value less anticipated costs to NPV.

Where possible, the Manager observes accessible market data regarding market pricing and market implied IRRs. The information collected is reviewed on a regular basis and is considered when establishing the IRR to be applied to the valuation model.

(d) Cost of Updating LEs

There is a significant cost to the Fund to obtain new LEs on the Insureds of Life Settlements owned by the Fund. The process will require the time and resources of the Manager, Custodian Trustee and its servicing agent to coordinate obtaining updated HIPAAs from the Insureds to then obtain updated medical reports from the physicians and medical attendants of each Insured, which is then passed to the Underwriters to produce the LE report for each Insured of the Life Settlements owned by the Fund. Whilst the amount of time and cost to obtain each LE will vary, it is estimated that there will be a cost to the Fund of between USD1000 – USD1500 per LE, per Insured. In the event that the Fund does not initially receive cooperation from an Insured it may be necessary for the Fund to offer the Insured a financial incentive to cooperate by signing a new HIPAA, which could potentially increase the cost significantly.

(e) Mortality Tables and other Actuarial Assumptions Risks

Mortality estimates and assumptions are inherently uncertain and based upon certain defined populations of individuals, which may or may not be reflective of the insured under Life Settlements acquired by the Fund. There can be no assurance that any mortality table or other actuarial data that may be utilised by the Fund to value a Life Settlement will be predictive of the actual future mortality of an insured under a Life Settlement. To the extent actuarial assumptions differ from actual results, as to LE estimates or other assumptions made in the pricing or valuing of Life Settlements acquired by the Fund, the Fund may receive more or less than the perceived value of a Life Settlement. In addition, to the

extent the Fund purchases any Life Settlement based on a LE estimate which proves to be too short, the Fund's receipt of payment of death benefits from the maturity of the Life Settlement would be delayed. Current mortality tables will be relied upon by the Fund in part to forecast its expected future cash flows in determining the prices to be paid by the Fund to acquire Life Settlements. However, future mortality experiences may vary from past mortality experiences. It is possible for Insured with a certain LE to experience a different mortality rate in the future than experienced by lives insured with the same traits in the past. Many purchasers of Life Settlements use the 2015 Valuation Basic Table (the "**2015 VBT**"), a mortality table developed by the American Academy of Actuaries ("**AAA**") for individuals insured under life insurance policies issued in the US. The 2015 VBT reflects insured having a lower mortality than under the AAA's most recent predecessor mortality table. There are other proprietary mortality tables which some purchasers of Life Settlements use but to which the Fund may not have access, such as the 2007 Older Age Mortality Study created by Tillinghast, a major consulting actuarial services company and part of Towers Watson, which states that it is the largest older age mortality study conducted in the US for the life insurance industry. In addition, Fasano Associates, a LE provider used by many purchasers of Life Settlements which the Fund intends to use, announced in February, 2008, its development of new mortality tables for the over sixty five (65) years of age Life Settlement market, which has resulted in many Insured having longer life expectancies, as estimated by Fasano Associates, than life expectancies of comparable insured estimated by Fasano Associates prior to 2008. In January 2013, 21st Services, LLC, another LE provider which the Fund intends to use, issued its revised mortality tables which generally extended LE estimates from its LE estimates rendered in prior years. The development of future mortality tables and estimates of life expectancies of Insured under Life Settlements, especially for older age Insured, is uncertain and could result in assumptions and estimates of lower or higher mortality of the Insured. The Fund intends to mitigate this risk as much as reasonably possible through purchasing a diversified portfolio of Life Settlements.

The Manager will ensure that the valuation of the Life Settlements held by the Fund will be carried out by a professional Valuation Agent who will make every effort to ensure that this valuation is an appropriate reflection of a policy's market worth, but such a valuation will ultimately be a matter of informed judgment. The valuation method associated with Life Settlements is based on the LE opinions of medical experts and the expected value of premiums that the Fund would be required to pay over the duration of the LE, and therefore cannot be guaranteed. Life Settlements that run for longer than their estimated LE will require a greater number of premiums to be paid by the Fund which could reduce the overall returns to Shareholders. The valuation model is normally based upon previous mortality experience that may not be accurately reflected by the Life Settlements held by the Fund. If average terms to maturity of Life Settlements owned by the Fund become greater than the LE opinions provided for the Insureds of the Life Settlements owned by the Fund, the overall returns to Shareholders may be reduced.

(f) Risk of Funding Premiums on Acquired Life Settlements

Failure by the Fund to pay premiums required for the Life Settlements when due will result in termination or "lapse" of the Life Settlement and will result in the loss of the Fund's entire investment in that Life Settlement. The Fund must build these premium payment requirements into its projections of the Fund's expected future costs for a given Life Settlement, which will be part of the working capital reserve of the Fund and reserves will generally be accumulated for this purpose. Factors such as the LE estimates of Insured under Life Settlements and mortality tables used by the Fund to purchase Life Settlements may not be accurate and cause the Fund to underestimate the amount of premiums required to be paid for a Life Settlement acquired by the Fund until its maturity. The Fund will be relying on the Custodian Trustee to make timely premium payments for the Life Settlements acquired by the Fund and confirm these payments are received by the life insurance companies that have issued the Life Settlements. If the Custodian Trustee fails to make a premium payment for a Life Settlement on time following the life insurance company's issue

of a lapse notice for lack of receipt of the required premium payment, the affected Life Settlement will lapse and the Fund will not receive payment of the Life Settlement's death benefit, which could have a material adverse effect on the Fund's ability to achieve its investment objectives and the ability of the Fund to make payments of interest and principal on Bonds on a timely basis.

(g) Insurable Interest Risk

All US states require that the initial purchaser of a new life insurance policy have an insurable interest in the Insured's life at the time of original issuance of the policy. Whether a valid insurable interest existed in the context of the purchase of a life insurance policy in a secondary life insurance market transaction is critical because, in the absence of a valid insurable interest, life insurance policies are unenforceable under most US states' insurance laws. Where a life insurance policy has been issued to an original policy holder without an insurable interest in the life of the Insured, the life insurance company generally may rescind the policy and is not required to pay the death benefit under the policy, but historically have been required to repay to the owner of the policy all premium payments paid for the policy, usually without interest. Some US states (such as Utah and New York) permit the heirs and beneficiaries of an Insured to recover the death benefits payable under life insurance policies that have been issued in violation of insurable interest laws, rather than the policy owner which lacked insurable interest, and do not allow the life insurance company to void the policy. Generally, there are two (2) forms of insurable interests for life insurance, a certain close familial relationship and financial or pecuniary interest between the original policy owner and the Insured, providing an interest of original policy owner in the continued life of the Insured. Additionally, an individual is deemed to have an insurable interest in his or her own life. Any determination that a Life Settlement purchased by the Fund was issued without insurable interest would generally make the Life Settlement void. Recently, insurers have been aggressive in challenging the existence of an insurable interest, with more than one hundred (100) cases across the US in which insurers are attempting to rescind life insurance policies for absence of insurable interest. Broadly, a life insurance company may contest the existence of an insurable interest at any time and is not restricted to raising the challenge only during the two (2) year contestability period of a life insurance policy. Many cases have also been initiated by life insurance companies attacking the original issuance of life insurance policies funded by non-recourse premium finance loans based on insurable interest grounds and/or grounds related to "Stranger-Originated Life Insurance" or "STOLI," which is defined as a practice or plan to initiate a life insurance policy for a third party investor who, at the time of policy origination, has no insurable interest in the Insured. In many of these STOLI cases, life insurance companies have sought both to rescind their policies and retain the premiums that they have received for them, and some courts in these cases have permitted the life insurance companies to retain these premiums. While the Manager intends to conduct rigorous due diligence on all Life Settlements acquired by the Fund, there can be no assurance that one (1) or more of the Life Settlements that the Fund purchases may be found to have lacked a valid insurable interest when originally issued.

(h) Risk of Premium Increases for Life Settlements

For all Life Settlements acquired by the Fund, the Fund will be responsible for maintaining the Life Settlements, including paying insurance premiums required to keep the Life Settlements in force until their maturity or, if applicable, disposal by the Fund. Some Life Settlements, by their contractual terms, allow the life insurance company that has issued them to increase the amount of the periodic premium charge for the Life Settlement, usually the "cost of insurance" or "net amount at risk" charge for the mortality risk assumed under the Life Settlement (as opposed to other components of a premium charge, such as for administrative costs or commissions paid to an insurance agent for the sale of the Life Settlement). Generally, however, under US state insurance laws, a life insurance company may only increase the amount of the periodic premium charge for the Life Settlement for a "class" of similar Insured, even if

the life insurance company has a broader right contractually to increase the amount of the premium charge. Historically, life insurance companies' increases of the amount of periodic premium charges for Life Settlements have been infrequent. However, in the last few years, a relatively small number of life insurance companies have sought to increase premium charges payable under the Life Settlements that they carry. In some of these cases, the owners of Life Settlements purchased in Life Settlement transactions have brought lawsuits challenging the life insurance company's action. Accordingly, there can be no assurance that life insurance company issuers of policies sold in Life Settlement transactions will not seek to increase the amount of periodic premium charges for Life Settlements where they consider that they have the lawful right to do so. Moreover, there is absolutely no certainty that the holder of a Life Settlement in those circumstances could successfully contest the insurance company's actions. If a life insurance company is able to increase the cost of insurance charged for any of the Life Settlements acquired by the Fund, the amounts required to be paid by the Fund for insurance premiums due for these Life Settlements may increase, requiring the Fund to incur additional costs for the Life Settlements which may adversely affect the Fund's investment returns on such Life Settlements and consequently reduce the secondary market sale value of such Life Settlements. The attendant challenges to the Fund's liquidity could also have a material adverse effect on the Fund's ability to make timely payments of interest and principal on Bonds.

(i) Credit Risk of Life Insurance Companies that have Issued the Life Settlements

The Fund will assume the credit risk of the life insurance companies that have issued Life Settlements acquired by the Fund. The insolvency, bankruptcy or similar failure of any such life insurance company could have a material adverse impact on the Fund's ability to achieve its investment objectives. A life insurance company's business tends to track general economic and market conditions that are beyond its control, including extended economic recessions, interest rate changes, the subprime lending market crisis or changes in Shareholder perceptions regarding the strength of insurers generally and the policies or annuities they offer. Adverse economic factors and volatility in the financial markets may have a material adverse effect on a life insurance company's business obligation to pay death benefits on Life Settlements. To mitigate this risk, the Fund intends to purchase Life Settlements issued by a diversified group of life insurance companies each of which is rated at least "B-" or higher by A.M. Best or "A" or higher by Standard and Poor's, Moody's, and Fitch. After the purchase of a Life Settlement, it is possible that there may be a subsequent revision to the financial strength rating of the issuing life company. The financial strength rating of the issuing life company of each Life Settlement is reviewed on a quarterly basis. In the event that there is change to the financial strength rating of the issuing life company of a Life Settlement, the Manager in consultation with investment strategy committee reserves the right to decide to retain or dispose of the Life Settlement. In the event of an insurance company default, certain US state sponsored insurance guarantee funds may be available to pay a portion of the death benefits or cash surrender values payable under Life Settlements acquired by the Fund that have been issued by such insurance company, but there can be no assurance that all or even some of the Fund's losses would be covered in such circumstances.

(j) State Regulation of the Life Settlement Business

The Life Settlement business is primarily regulated under US state insurance laws in approximately forty three (43) states based on the form of one (1) of two (2) model Life Settlement acts developed by the National Association of Insurance Commissioners ("**NAIC**") and the National Conference of Insurance Legislators ("**NCOIL**"). These Life Settlement acts regulate both Life Settlement providers, which purchase Life Settlements from their original owners and resell them to investors and Life Settlement brokers that represent original Life Settlement owners in their sales of Life Settlements to Life Settlement providers.

In US states that have adopted Life Settlement laws, Life Settlement providers must be licensed and have their Life Settlement transaction document forms approved by state insurance departments and maintain certain financial security requirements, such as deposits of liquid assets with a state insurance department or the purchase of an errors and omissions insurance policy or a surety bond. Further, Life Settlement brokers must be licensed as Life Settlement producers, or in some US states, hold a Life Settlement broker license. Life Settlement brokers owe a fiduciary duty to the sellers of Life Settlements that the Life Settlement brokers represent and must make certain consumer protection disclosure statements to sellers of Life Settlements, such as the amount of purchase offers for Life Settlements that the Life Settlement brokers receive from their solicitations of Life Settlement providers and the amount of commissions or fees charged to sellers of Life Settlements brokers for their services. Life Settlement providers are also required to provide certain consumer protection disclosure statements to sellers of Life Settlements and must close their Life Settlement transactions by escrowing Life Settlement proceeds to be paid to the sellers of Life Settlements with a third party escrow agent. Additionally, under the Life Settlement laws sellers of Life Settlements have the right to rescind Life Settlement transactions, usually within thirty (30) days after the Life Settlement sale.

NAIC Viatical Settlements Model Act. The NAIC passed the NAIC Viatical Settlements Model Act (the **"NAIC Model Act"**) to encourage US states to adopt uniform standards to regulate the Life Settlement industry. Certain regulated states have enacted statutes or adopted or proposed regulations based on the NAIC Model Act that establish minimum purchase prices to be paid for viatical settlements according to the Insured's LE. Viatical settlements in this context are those generally where the Insured has a LE of less than two (2) years and is terminally ill. In June 2007, the NAIC adopted amendments to the NAIC Model Act (the **"Amended NAIC Model Act"**) which are principally designed to deter non-recourse financing of newly issued life insurance policies or "manufactured" life insurance policies which may have a propensity to be sold in the Life Settlement market. These amendments negatively impact certain Life Settlement transactions. Specifically, they: (a) expand from two (2) years to five (5) years the prohibition on the Life Settlement of a life insurance policy purchased using non-recourse financing following its issuance except under certain narrowly defined circumstances; (b) expand the definition of a Life Settlement to encompass some life insurance policies that are subject to certain types of financing arrangements; (c) impose greater disclosure requirements to Life Settlement sellers and insurers; (d) address conflict of interest situations between a Life Settlement providers and brokers; and, (e) impose additional advertising constraints. Delaware, Iowa, Nebraska, New Hampshire, North Dakota, Nevada, Ohio, Oregon, Vermont, West Virginia, and Wisconsin are US states that have expanded the prohibition on Life Settlements from two (2) years to five (5) years in line with the Amended NAIC Model Act and other states may follow suit, which may impact the market for Life Settlements.

NCOIL Life Settlements Model Act. In November 2007, the NCOIL adopted amendments to its Life Settlements Model Act (the **"Amended NCOIL Model Act"**). Among other restrictions and regulations, the Amended NCOIL Model Act created a definition of "Stranger-Originated Life Insurance" or "STOLI" which is defined as a practice or plan to initiate a life insurance policy for a third party investor who, at the time of policy origination, has no insurable interest in the person insured under the Life Settlement. These amendments included the recommendation that states amend their insurable interest laws, if necessary, to prevent the use of life insurance trusts as a means for investors without insurable interest in an Insured to obtain an investment in a life insurance policy. To mitigate risks associated with the STOLI policies, the Fund does not intend to acquire any Life Settlements, the premiums for which have been financed under a loan transaction not approved by the issuing life insurance company.

(k) Changes in US Insurance Regulation

The regulation of the Life Settlement business is still evolving. Changes in US state and federal statutes, laws and regulations might make it more difficult for the Fund to purchase and sell Life Settlements, thereby hindering the implementation of the Fund's strategies for acquiring, reselling, holding, or securitising the Life Settlements. For example, in March 2010, the American Council of Life Insurers, an insurance carrier trade association, issued a press release calling for a complete ban on Life Settlement "securitisations". Any such federal or state legislation, if passed, could have the effect of severely limiting or potentially prohibiting the continued operation of the Fund's Life Settlement purchasing operations. See "Other Regulatory Risks - Compliance with Federal and State Securities Laws" below. In addition, the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "**Dodd-Frank Act**"), which generally became effective in July 2010, created a new federal agency called the Federal Insurance Office which is required to make recommendations regarding reforms of state insurance regulation some of which could include proposals for increased regulation of the Life Settlement industry. The Dodd-Frank Act also created another new federal agency called the Bureau of Consumer Financial Protection, which has broad jurisdictional oversight for many types of consumer financial products and services, and there is some uncertainty whether its purview may extend to the Life Settlement, depending upon whether Life Settlements are considered to be in the "business of insurance," which historically has been regulated by state insurance departments.

(l) Privacy Laws and Other Factors May Limit the Information that the Fund may receive about Insured

US federal and state privacy laws may limit the information the Manager receives about the persons Insured under the Life Settlements, such as the Insured's current health or medical condition. In addition, other factors, such as an Insured's unwillingness to cooperate, may limit the information about the Insured that the Manager may obtain after its acquisition of a Life Settlement.

(m) Certain Litigation Risks

The Life Settlement industry has been tainted by allegations of fraud and misconduct, as illustrated by several noteworthy litigations have focused the spotlight on this burgeoning industry. Many of those cases, some of which have been commenced by regulatory authorities, involve allegations of fraud, breaches of fiduciary duty, bid rigging, non-disclosure of material facts, and associated misconduct in Life Settlement transactions. A significant number of suits have been brought by life insurance companies seeking to attack the original issuance of Life Settlements on absence of insurable interest and fraud grounds. In order to attempt to mitigate these litigation risks, the Fund will endeavour to comply with all state regulations regarding Life Settlement transactions. All Life Settlement acquisitions will be investigated in an attempt to confirm that insurable interest was created at the time the Life Settlement was first issued and all regulations were complied with in connection with any sale of the Life Settlement.

(n) Purchase Price of Life Settlements

The purchase price of Life Settlements to be paid to the owners of the Life Settlements is determined by, among other factors, market conditions of supply and demand, by general economic conditions, including fluctuating market interest rates and by various state regulations described above. All of these factors and conditions bear heavily on the investment returns available to the Fund in connection with Life Settlement transactions and its ability to make payments of interest and principal on Bonds in a timely basis.

(o) Life Insurance Companies' Aversion to Investment Transactions Involving Life Settlements

Some US life insurance companies have voiced concerns about the Life Settlement industry and the sale of Life Settlements to investors generally. Life insurance policies are frequently issued with "lapsed-based" pricing assumptions, whereby the premium charge established by a life insurance company for a Life Settlement includes an assumption that a certain number of similar Life Settlements issued by that life insurance company will lapse over time. This assumption generally becomes invalid for Life Settlements purchased by investors because the investors will not permit the lapse of Life Settlements in which they have invested unless there is a determination that the cost of maintaining a Life Settlement will exceed the investment in the Life Settlement. Life insurance companies may seek to delay the transfer of a Life Settlement being acquired in a secondary life insurance market transaction or payment of death benefits under a Life Settlement which has been sold in a secondary life insurance market transaction, especially when they may believe the initial premiums for such Life Settlements might have been financed, directly or indirectly, by an investor without insurable interest in the Insured. Life insurance companies have sought to cause the enactment of laws and regulations which limit the ability of Life Settlement providers to purchase, and original owners to sell, Life Settlements and there is no assurance that life insurance companies will not continue to seek adoption of such laws and regulations. Also, some life insurance companies prohibit their life insurance agents, some of whom would otherwise act as Life Settlement brokers representing original Life Settlement owners seeking to sell their Life Settlements, from engaging in the Life Settlement brokerage business, which could restrict the availability of Life Settlements for sale in the Life Settlement market.

(p) Life Settlement Variables

The Fund's investments in individual Life Settlements have distinct terms and provisions with respect to the purchase price, premium payments, face amount and LE of the Insured. As each Life Settlement will be evaluated individually as a potential investment, a projection of the overall yield for the Fund's entire portfolio of Life Settlements may not be accurate and, consequently, the proceeds of the Life Settlements may be realised over a longer time than projected. Accordingly, this could also have a material negative impact on the Fund's ability to redeem or refinance Bonds at their stated maturity.

(q) Challenges by Former Beneficiaries, Heirs of Insured, and Insurance Companies; Payment of Life Settlements Proceeds

Persons who would have been the beneficiaries under the Life Settlements in the absence of a sale of the Life Settlement to the Fund, or heirs of the Insured, or the life insurance company issuing a Life Settlement may challenge the validity of the sale of the Life Settlement to the Fund and consequently contest, deny or delay the payment of the proceeds of a Life Settlement following an Insured's death, based on a variety of factors including a lack of insurable interest, mental capacity of the Insured, applicable periods of contestability or suicide provisions. If the death of an Insured cannot be verified and no death certificate can be produced, the issuing life insurance company may not pay the proceeds of a Life Settlement until after the passage of a statutory period (usually five (5) to seven (7) years) for the presumption of death without proof.

(r) Certain Fraudulent Activities

An Insured or his agent may submit an original application for life insurance containing false or misleading information or failing to include complete, true, and correct information. For example, but not by way of limitation, the applicant and/or Insured may misrepresent (by a statement or omission) to the life insurance company the status of the proposed Insured's health or medical condition, that the applicant and/or Insured has no intention of selling the Life Settlement in a Life Settlement transaction, that the applicant and/or Insured has not been involved in, and no other life insurance policy insuring the life of the proposed Insured has been the subject of, a previous Life Settlement transaction or that none of the premiums for the Life Settlement will be financed. Typically, a life insurance company has the right to rescind a Life Settlement based on false representations contained in, or omissions of information from, the application for life insurance. Rescission of the Life Settlement by the issuing life insurance company would render the Life Settlement virtually worthless. An Insured or the owner of a Life Settlement may misrepresent or may fail to disclose to the purchaser all beneficiaries under the Life Settlement or may sell or attempt to sell a Life Settlement to more than one (1) purchaser. In the event that Life Settlement brokers or others submit inaccurate Life Settlement information to the Manager, it may not be able to uncover the presence of defects through its due diligence. The Manager intends to acquire all Life Settlements after the expiration of the time period in which an insurance company can contest a Life Settlement or during the suicide period for which a life insurance company does not have to pay the claim, both of which are typically two (2) years. In any event, there can be no assurance that in the event of fraud, an insurance company will not refuse to pay the claim on a Life Settlement acquired by or for the benefit of the Fund.

(s) Tracking of Insured

Another risk regarding Life Settlements that are obtained by the Fund is tracking the location and life status of the Insured. The Fund will rely on the ability of a third party servicing company to track the lives of the Insured under the Life Settlements and to file claims to the issuing insurer of the Life Settlement, and to collect the death benefit proceeds on behalf of the Fund when the Insured dies. If the Fund cannot maintain current information about the whereabouts or life status of an Insured under a Life Settlement acquired by the Fund, the Fund may be delayed in learning of the death of an Insured and filing and collecting a claim for death benefits payable under the Life Settlement, which could adversely affect the Fund's investment return on the Life Settlement.

(t) Some Life Settlements Automatically Terminate When the Insured Reaches a Certain Age

Certain life insurance policies terminate if the Insured lives to a certain age, usually between ninety five (95) and one hundred (100) years old. If the Insured outlives the Life Settlement, the Fund would get nothing on that Life Settlement, as the insurer is relieved of its obligation. Such a Life Settlement termination would result in a loss of investment return on the Life Settlement and eliminate any potential proceeds realisable by the Fund from the sale or the maturity of the Life Settlement and could therefore impair the Fund's ability to make timely redemption settlement payments or interest and principal payments on Bonds.

(u) Overall Life Settlement Transaction Risks

Despite the good faith efforts of the Manager in selecting what it believes to be suitable Life Settlements for the Fund's investment programme, there can be no assurance that the programme will perform as anticipated. The Fund's goal is to reduce, to the extent possible, controllable risks relating to Life Settlements, with the understanding that forecasting maturity (at the death of the insured) of Life

Settlements in the Fund's portfolio precisely will not be possible. Nevertheless, efforts will be made through medical underwriting and actuarial projections to keep the Fund's Life Settlement maturity profile within a reasonably predictable timeframe.

(v) Certain Risks Related to Recent IRS Revenue Rulings

On 1st May 2009, the US Internal Revenue Service issued revenue rulings addressing certain tax aspects of secondary market sales of life insurance policies. Revenue Ruling 2009-13 held that an original owner of a Life Settlement selling such Life Settlement in a Life Settlement transaction must reduce the tax basis in such Life Settlement by the cost of insurance charges, thereby increasing the total taxable gain realised by the owner of such Life Settlement. As a result of such holding, the potential tax liability for original owners of Life Settlements will be greater when selling the Life Settlements in Life Settlement transactions, which may have a material adverse effect on the availability of Life Settlements that the Fund needs to acquire to achieve its investment objectives and may also increase the cost of acquiring such Life Settlements.

(w) Income Taxation of Death Benefits

Death benefits paid under a life insurance policy are generally not subject to income tax. However, death benefits paid under a life insurance policy that has been transferred for value by its original owner, such as in a Life Settlement transaction, are subject to taxation as ordinary income to the extent the amount of death benefits exceeds the transferee's income tax basis in the life insurance policy, which, in the case of a secondary market owner, is the purchase price paid for the policy, plus the premiums paid for the policy after its purchase. There is no assurance that federal and state tax laws will not change making the entire amount of the death benefit paid under a life insurance policy to a secondary market owner subject to taxation as ordinary income.

Net Realisable Value

If the Fund is required to sell an asset to meet liquidity requirements, it may realise a price (the "**Net Realisable Value**") for the asset that is lower than the prevailing value of the Net Asset Value which will consequently impact negatively on the value of the redemption (the "**NRV Redemption Price Reduction**"). The NRV Redemption Price Reduction will be passed on to the redeeming Shareholders on the relevant Dealing Day as the Directors shall in their absolute discretion determine, which will consequently reduce the Redemption Price payable to such redeeming Shareholders. For the avoidance of doubt, the NRV Redemption Price Reduction will not affect the Net Asset Value of the Participating Shares which are not the subject of a redemption request on such Dealing Day.

The Net Realisable Value calculation (the "**Calculation**") will be based on the average net realised loss on all asset sales the Fund has made in the last twelve (12) months or over another period as the Directors determine may be more appropriate based on prevailing market conditions. The Calculation will be calculated as a percentage and determined by the difference between the actual asset sales value and the last asset valuation in the portfolio immediately prior to the disposal.

In the event that the sale of Assets is required to complete to meet the liquidity requirements of a redemption, the Fund may delay the issue of a redemption settlement payment until such time as the proceeds from the sale of Assets has been received by the Fund.

Smoothing Reserve

In order for the Fund to achieve its objectives, a smoothing reserve (the “**Smoothing Reserve**”) is used as the best method of achieving the target returns with a consistently low volatility.

The Smoothing Reserve allows periodic peaks and troughs in performance to be avoided. These could be caused by events including, but not limited to, currency hedging and periods where acquisition or disposal of assets give rise to significant pricing movement. At such times the Smoothing Reserve may carry a positive or negative balance to enable the Manager to smooth in these variations to the Net Asset Value as the Manager deems appropriate. The balance will be posted to the Smoothing Reserve (which sits as an asset or liability on the balance sheet of the Fund) and will be expensed over time.

Investors need to be aware that should the Directors determine, following a prolonged period when a substantial and/or increasingly negative balance has been posted to the Smoothing Reserve, that all or a significant part of the Smoothing Reserve be unwound more properly to reflect the long term value of the Fund, this is likely to have an immediate and materially adverse impact on Net Asset Value.

Shareholders Will Not Participate in Management

A Shareholder has no right to participate in the management of the Fund or in the conduct of its business. There exists broad discretion to expand, revise, or contract the Fund's business without the consent of the Shareholders. Any decision to engage in a new activity could result in the exposure of the Fund's capital to additional risks which may be substantial.

Separate Classes

Although separate classes will be established and maintained, the Fund is one (1) legal entity, and in the event of the insolvency of the Fund, all of the assets of the Fund, regardless of the class to which they are attributable, will be available to meet all of the unsatisfied liabilities of the Fund.

Limited Role of the Directors and the Administrator

The Directors have ultimate authority over all of the Fund's operations. However, as substantially all of the Fund's operations consist (indirectly) of implementing highly specialised, alternative investment strategies, the ability of the Directors to control these operations is inherently limited. The Directors' role will be oversight or, not active involvement in, the Fund's trading activities.

The Administrator will have strictly limited administrative and corporate secretarial responsibilities and will not provide any independent verification of the Fund's accounting or valuation procedures.

General Economic and Financial Conditions

The success of any investment activity is influenced by general economic and financial conditions that may affect the level and volatility of equity prices, interest rates, and the extent and timing of investor participation in the markets for both equity and interest rate sensitive securities. Unexpected volatility, illiquidity, governmental action, currency devaluation, or other events in global markets in which the Fund directly or indirectly holds positions could impair the Fund's ability to carry out its business and could cause the Fund to incur substantial losses.

Investments in Foreign and Unrecognised or Unregulated Markets

The Fund will invest in markets which may be subject to regulation which is different from internationally recognised standards and investment in such markets may involve additional risk.

Investments in Warrants, Futures, Options and Other Geared Instruments

Futures, certain options contracts and other instruments which involve an element of gearing carry a high degree of risk. A relatively small market movement or certain investment strategies involving such instruments will have a disproportionately large impact, unfavourable as well as favourable on the amount of funds invested or committed to such instruments or strategies.

Investment in Exempt International Schemes or other Unregulated Collective Investment Schemes

The Fund has the power to invest in schemes, which may not be subject to any form of authorisation or regulatory supervision. Such schemes are not required to have an independent custodian or any custodian at all. Therefore, investment in such schemes carries a higher potential risk and this should be taken into account in any investment decision.

Conflicts of Interest

The Directors and the service providers may have conflicts of interest in relation to their duties to the Fund. However, each will, at all times, pay regard to their obligations to act in the best interest of the Fund, and the Manager will ensure that all such potential conflicts of interests are resolved fairly and in the best interests of Shareholders.

The investment performance of the Fund is substantially dependent on the services of the Manager and any other appointed parties who are responsible for advising on the investment strategy of the Fund. In the event of the death, incapacity, departure, insolvency or withdrawal of any of the principals of the Manager, the performance of the Fund may be adversely affected.

The Manager, the Administrator, the Investment Adviser, and any other service provider, any of their directors, officers, employees, agents and affiliates and the Directors and any person or company with whom they are affiliated or by whom they are employed (each an **"Interested Party"**) may be involved in other financial, investment or other professional activities including in connection with other Collective Investment Schemes in which the Fund may purchase assets from, invest, or transact with in respect of Life Settlements, that may cause conflicts of interest with the Fund. In particular, Interested Parties may provide services similar to those provided to the Fund to other entities and will not be liable to account for any profit earned from any such services. The Interested Parties will at all times have due regard to their duties owed to the Fund and where a conflict arises, they will endeavour to ensure that it is resolved fairly. For example, an Interested Party may acquire investments in which the Fund may invest on behalf of clients. Furthermore, when the Manager allocates an investment into a fund which is also managed by the Manager, the Manager may collect a placement fee and or management charge on such investments in addition to the management charge set out in this Document. However, where the Manager could: (i) allocate an investment between two (2) or more funds or accounts which it or the Manager manages (including the Fund's); or (ii) make a disposal of investments held by two (2) or more such funds or accounts; or (iii) negotiate a sale and purchase of Life Settlements between two (2) or more such funds or accounts, it will act fairly as between the relevant funds or accounts in making such allocation or disposal or sale and purchase, having regard to, inter alia, factors such as cash availability, portfolio balance and prices reasonably obtained in the prevailing market for such

investments between counterparties at arm's length for immediate execution. Each decision of the Directors will be made in good faith and the Directors will ensure that at all times the Fund and the service providers enter into transactions with each other on bona fide arm's length terms that the Directors consider to be in the best interest of the Fund.

The Fund may acquire securities from or dispose of securities to any Interested Party or any investment fund or account advised or managed by any such person. An Interested Party may provide professional services to the Fund (provided that no Interested Party will act as Auditor to the Fund) or hold Shares and buy, hold and deal in any investments for their own accounts notwithstanding that similar investments may be held by the Fund. An Interested Party may contract or enter into any financial or other transaction with any Shareholder or with any entity any of whose securities are held by or for the account of the Fund, or be interested in any such contract or transaction. Furthermore, any Interested Party may receive commissions to which it or he is contractually entitled in relation to any sale or purchase of any investments of the Fund effected by it for the account of the Fund, provided that in each case the terms are no less beneficial to the Fund than a transaction involving a disinterested party and any commission is in line with market practice.

In order to manage shorter term liquidity surpluses and shortfalls, the Fund may enter into loan finance agreements with, amongst others, Collective Investment Schemes managed by the Manager or its affiliates or directly with Interested Parties ("**Loan Counterparties**"). The Directors will seek to ensure that to the best of their knowledge, financing terms negotiated with Loan Counterparties reflect those reasonably obtainable in the market and are in accordance with the Fund's investment objectives. However, absolutely no assurance can be given that financing terms and conditions negotiated with Loan Counterparties (including Interested Parties) are the best available in the prevailing market for Collective Investment Scheme financing generally or that they are not materially inferior to those available at the time to Collective Investment Schemes that are not connected with Interested Parties.

For the avoidance of doubt, no contract or other transaction between the Fund and any other company and/or firm shall be affected or invalidated by the fact that any one (1) or more of the Directors or the Manager is interested in, or is a director, associate, officer or employee of such company and/or firm. Any of the Directors or the Manager, officer or employee of any company and/or firm with which the Fund will contract or otherwise engage in business with not, by reason of such affiliation with such other company and/or firm, be prevented from considering and voting or acting upon any matters with respect to such contract or other transaction.

Jeremy Leach is the ultimate beneficial owner of the Manager, the Investment Adviser and the Administrator. He is also a director of the Fund, the Manager, the Administrator and the Investment Adviser.

Although Jeremy Leach is the shareholder of the Administrator he is not involved in the day-to-day operations of this company. He is an authorised signatory on the Fund's bank account, which allows him to transfer any Fund money however he has no power to transfer assets of the Fund.

Taxation

Although the Fund has obtained a tax undertaking from the Governor-in-Council (described in Section V "Charges and Expenses" of this Document), there can be no assurance that Cayman Islands tax laws will not be changed adversely with respect to the Fund and the Shareholders or that the Fund's income tax status will not be successfully challenged by such authorities.

The Fund is classified as a Non-US Person as defined later in this Document. As such it is liable to pay tax on gains made in the United States. Whilst the Manager aims to mitigate as much of the Fund's tax liabilities as possible it expects the Fund to pay tax on the gains made by Life Settlement maturities that will impact on the returns.

Investors should consult their own advisers regarding tax treatment by the jurisdictions applicable to them. Investors should rely only upon advice received from their own tax advisers based upon their own individual circumstances and the laws applicable to them.

Risk factors relating to individual Share classes of the Fund are set out in the relevant Supplements.

Limited Regulatory Oversight in the Cayman Islands

The fact that the Fund is registered as a mutual fund in the Cayman Islands does not mean or imply that the activities of the Fund are guaranteed by the Authority or by the Cayman Islands government or that any regulatory authority in the Cayman Islands has passed on the merits of this offering or reviewed this Document. A mutual fund registration certificate issued by the Authority does not constitute an obligation of the Authority to any investor as to the performance or credit worthiness of the Fund. Furthermore, in issuing such a registration certificate, the Authority shall not be liable for any losses or default of the Fund or for the correctness of any opinions or statements expressed in the Document.

THE FOREGOING RISK FACTORS DO NOT PURPORT TO BE A COMPLETE EXPLANATION OF ALL OF THE RISKS INVOLVED IN THE OFFERING OF THE SHARES. POTENTIAL INVESTORS SHOULD READ THIS DOCUMENT IN ITS ENTIRETY BEFORE DETERMINING WHETHER TO SUBSCRIBE FOR SHARES.

II The Parties

The Directors

The Directors are registered with the Authority in accordance with the requirements of the Directors Registration and Licensing Act, 2014 of the Cayman Islands.

The details of the current Directors are set out below.

Jeremy Leach

Jeremy Leach commenced his career in composite insurance broking in 1984 where he developed an extensive level of experience in all facets of personal lines, commercial insurance and discretionary asset management. When polarisation of the Insurance and Financial Services industry occurred in the United Kingdom in the late 1980's, he gravitated towards the Financial Services sector, furthering his knowledge and experience in respect of investment management and collective investment schemes.

He holds a number of non-executive board positions with Regulated Mutual Funds and Securitisations and also sits on the board of a number of financial services companies. He is the CEO of Managing Partners Group ("MPG"), a Global Fund Management group that manages and administrates a number of Regulated Mutual Funds and Collective Investment Schemes that principally invest in insurance linked securities, property, alternatives, absolute return and high liquidity asset classes.

He is a member of the Worshipful Company of International Bankers (Incorporated by Royal Charter).

As a result of his background in insurance and asset management, Jeremy Leach is widely regarded as one of the most knowledgeable asset managers in the field of Life Settlements. He has written in excess of 100 technical articles on Life Settlements, financials and economic trends for retail media groups including the Financial Times Group as well as being a guest speaker on CNBC.

Paul Morrison

Paul Morrison is a UK national who commenced his career in the Middle East – Bahrain in 1991 where he joined Equity International conducting international Insurance and Investment Advisory Services where he developed an extensive level of experience in all facets of personal and corporate Asset Management.

Over time Paul's responsibilities continued to increase and he ultimately assumed responsibility for Riyadh, Jeddah, Oman and Jakarta regions where he managed teams of advisers and client managers. The main disciplines comprised Real Estate Assets, Portfolio Advisory, Alternatives, Structured Products and Debt Instruments.

In 1996 Paul Morrison founded European based NWD Asset Management, an International Asset Management Company that focused on Europe, UK and the Middle East. In 2006, NWD Asset Management expanded to other European cities became regulated in the EU and was licensed by a Central European National Bank.

In 2015 Paul founded The In Group, which is a EU based deal flow specialist in Alternative Assets and Real Estate, with focus on income producing assets with a property and geographical focus on UK, Western Europe and the CEE regions.

In 2019 Co-Founded 3i Property Ltd, private UK based alternative investment platform, which focusses on creating, sourcing, developing, and co-managing income producing asset backed projects in the UK and Europe. In 2020 Paul Co-Founded UK Community Homes Ltd, which engages in the acquisition, consolidation, and management of social and affordable residential properties in the Northwest & Northeast of England, Midlands and Wales.

Paul is a member of the Chartered Institute for Securities and Investment (CISI), London, and the Worshipful Company of International Bankers (Incorporated by Royal Charter), London.

The Directors fees are defined in the Charges and Expenses Section of this Document.

Jeremy Leach acts in an executive capacity (by virtue of the fact that he is a director of the Manager and of the Investment Adviser) he has a contract for services with the Fund, which is terminable with three (3) months' notice. Paul Morrison acts in a non-executive capacity. The contract for services indemnifies each Director and keeps them indemnified from and against all claims or liabilities arising out of or in connection with their appointment as a Director of the Fund. Such indemnity will not include any liability that the Director may incur to the Fund to pay a criminal fine or a regulatory penalty; in defending criminal proceedings in which the Director is convicted; or in defending civil proceedings brought by the Fund, or an associated company, in which judgment is given against the Director; and in an unsuccessful application to court for relief from any liability or for any liability arising from the negligence, wilful default, fraud or dishonesty of such Director.

Every Director (including any alternate) President, Vice President, Managing Director, Treasurer, Assistant Treasurer, Secretary, Assistant Secretary, or other officer for the time being and from time to time of the Fund (but not including the Fund's Auditor) and the personal representatives of the same ("**Indemnified Person**") shall be indemnified and secured harmless against all actions, proceedings, costs, charges, expenses, losses, damages or liabilities incurred or sustained by him in or about the conduct of the Fund's business or affairs or in the execution or discharge of his duties, powers, authorities or discretions, including without prejudice to the generality of the foregoing, any costs, expenses, losses or liabilities incurred by him in defending (whether successfully or otherwise) any civil proceedings concerning the Fund or its affairs in any court whether in the Cayman Islands or elsewhere ("**Loss**") out of the general assets of the Fund to the extent (if any) that such Loss was incurred or sustained by such Indemnified Person solely in or about the conduct of the Fund's business.

No such Director, duly appointed alternate, President, Vice President, Managing Director, Treasurer, Assistant Treasurer, Secretary, Assistant Secretary or other officer of the Fund (but not including the Fund's Auditor) shall be liable: (i) for the acts, receipts, neglects, defaults or omissions of any other such Director or officer or agent of the Fund; or (ii) by reason of his having joined in any receipt for money not received by him personally; or (iii) for any loss on account of defect of title to any property of the Fund; or (iv) on account of the insufficiency of any security in or upon which any money of the Fund shall be invested; or (v) for any loss incurred through any bank, broker or other agent; or (vi) for any loss occasioned by any negligence, default, breach of duty, breach of trust, error of judgment or oversight on his part; or (vii) for any loss, damage or misfortune whatsoever which may happen in or arise from the execution or discharge of the duties, powers, authorities, or discretions of his office or in relation thereto, unless the same shall happen through his own dishonesty.

The Manager

Managing Partners Fund Management Limited ("**MPFM**" or the "**Manager**") has been appointed by the Fund to act as the manager to the Fund and to provide specialist fund management services to the Fund as detailed in the Management Agreement is effective 1st July 2022 between the Fund and the Manager. MPFM is a multi-disciplined investment management and investment advisory company that manages a broad range of funds in a variety of sectors, and specialises in the management of regulated mutual funds and Collective Investment Schemes which invest in alternative asset classes.

MPFM is classified as an Approved Manager in accordance with the Securities and Investment Business Act, 2010 and is supervised by the BVI Financial Services Commission. MPFM is classified as a 'regulated person' and is therefore subject to enforcement and other action under the Financial Services Commission Act, 2001

The senior management team of MPFM has over fifty years of in-depth knowledge, experience and expertise in asset and mutual fund management. MPFM provides a pro-active approach to asset management, and aims to deliver consistent investment performance through disciplined decision taking, robust risk management and innovative solutions.

The Manager will manage the Fund's assets within the parameters of the investment policy laid down from time to time by the Directors. MPFM will receive remuneration from the Fund for the provision of management services, more specifically defined in the Charges and Expenses Section of this Document.

The Manager will provide its services to the Fund on a non-exclusive basis, and reserves the right to provide similar services to other parties. MPFM may also provide investment management services to other Collective Investment Schemes or funds, into which the Fund may invest. In the event that any perceived conflicts of interest may arise, MPFM will at all times have due regard to its duties owed to the Fund, and where a conflict arises, it will endeavour to ensure that it is resolved fairly.

The Management Agreement provides for indemnification of the Manager for all actions other than those, which constitute wilful misfeasance, bad faith or gross negligence on its part in the performance of its duties.

The Management Agreement may be terminated (with respect to all parties) for cause as defined in the Management Agreement without the payment of any penalty by any party upon sixty (90) days' prior written notice to the other party.

MPFM is part of the Managing Partners Group, which has offices in Switzerland, mainland Europe and the United Kingdom. In addition to the management of absolute return and alternative funds MPFM has a specialist team that concentrates on United States issued traded life policies, an asset class that is renowned for its inherent guarantees and balanced growth characteristics.

The Investment Adviser

Equity International SA ("**EISA**" or the "**Adviser**") has been appointed by the Fund to provide services to the Manager in relation to the Fund on the terms and conditions of the Investment Advisory Agreement. Under the Investment Advisory Agreement, the Fund shall pay the Portfolio Adviser a monthly fee ("**Investment Advisory Fee**") as set out in the Charges and Expenses section of this Document.

EISA is incorporated in Switzerland and its trading address is at Avenue de Champel 29, CH-1206, Geneva, Switzerland.

EISA's core disciplines are to advise third party financial institutions on the investment, valuation and management of non-correlated asset classes including traded life policies, life settlements and currency hedging.

The Investment Adviser may also act for other funds that may invest in the Fund thereby allowing for the possibility of conflicts of interest to arise. In such a case, the Investment Adviser will at all times have due regard to its duties owed to the Fund and where a conflict arises they will endeavour to ensure that it is resolved fairly.

The Investment Advisory Agreement may be terminated on three (3) months written notice.

Under the Investment Advisory Agreement the Manager undertakes to hold harmless and indemnify the Investment Adviser against all actions, proceedings, claims and demands (including taxation for the account of the Company) and costs and expenses incidental thereto which may be brought against, suffered or incurred by the Investment Adviser by reason of its performance or non-performance of its obligations or duties under the terms of the Investment Advisory Agreement except in any such case as shall arise from wilful default or negligence in the performance or non-performance by the Investment Adviser of its obligations or duties under the Investment Advisory Agreement.

The Administrator

The Fund and the Manager entered into an Administration Agreement with Taurus Administration Services Limited on the 1st July 2022 to provide services to the Fund as administrator, registrar and transfer agent.

Taurus Administration Services Limited ("**Taurus**") is a company under the laws of England and Wales, with registered offices at 167-169 Great Portland Street, London, W1W 5PF, United Kingdom. The principle activity of the company is the provision of a range of accounting and administration services to mutual funds and collective investment schemes.

Details of the functions to be performed under the terms of the Administration Agreement are set out below.

The Administrator shall administer the Fund's day to day activities in coordination with the Manager, which includes the responsibility for accounting, administration and reporting based on information provided by the Manager, and any other service provider and monitoring of all payments and receipt of money. The Administrator receives all applications for subscriptions and notifications for redemptions.

In calculating the value of any security, the Administrator will rely upon information provided to the Manager or, if so instructed by the Manager, it may use information provided by particular pricing services, brokers, market makers or other intermediaries. In the case of the Fund's investments in Collective Investment Schemes the Administrator will rely on the value determined by managers of such Collective Investment Schemes or otherwise in accordance with the offer conditions of the relevant class of Shares in the Fund, as determined by the Directors. In such circumstances, the Administrator shall not, in the absence of negligence or wilful default on its part, be liable for any loss suffered by the Fund, or any Shareholder by reason of any error in the calculation of the security resulting from any inaccuracy in the information provided by any such pricing service, broker, market maker or other intermediary.

As registrar and transfer agent, the Administrator is responsible for the recording and processing of subscriptions, transfers and redemptions for Shareholders, for recording the pertinent Shareholder information in the Fund's Shareholder register, and for issuing the appropriate share certificates (if any) to new Shareholders.

It should be noted that in relying on information furnished by other persons in performing services for the Fund, the Administrator will not be responsible or liable for the accuracy of the underlying data. The Administrator in no way acts as guarantor or offeror of the investment described herein and is not responsible for the actions of the sales agents, Manager, advisers, consultants and brokers the Directors may select.

Under the Administration Agreement, it is anticipated that the Administrator will not, in the absence of wilful default, dishonesty, fraud or negligence or any act or omission not performed in good faith on its part or on the part of any of its agents or employees, be liable for any loss, damage or expense sustained or suffered by the Fund arising as the result of or in the course of the performance by the Administrator of its duties. The Fund intends to indemnify the Administrator and any of its controlling persons, shareholders, directors,

officers, agents and employees from and against any and all claims, liabilities, losses, damages and expenses whatsoever arising from, or incurred in connection with the Administrator performing its obligations or duties under its agreements, other than any such claims, liabilities, losses, damages and expenses resulting from the Administrator's gross negligence or wilful misfeasance, or any act or omission not performed in good faith by the Administrator or its agents or employees.

The Administration Agreement may be terminated by the Fund or the Administrator for cause, at any time, and otherwise upon ninety (90) days' prior written notice.

The fees of the Administrator as set out in the Charges and Expenses section of this Document will be discharged by the Fund.

The Promoter

Pursuant to the Management Agreement, Managing Partners Investment Management Limited has been appointed to act as Promoter to the Fund.

The Promoter's objectives are to use all reasonable endeavours to promote (or procure the promotion of by use of a Distributor) the distribution of its Participating Shares.

The Promoter may receive a fee from the Manager and a Deferred Sales Charge from the Fund for any services it renders.

The Valuation Agent

The Manager may appoint a third-party Valuation Agent or actuarial firm to value the portfolio of Life Settlements held within the Fund. The Fund has appointed Eagle Alliance Limited as Valuation Agent.

The Custodian Trustee

The Fund's portfolio of Life Settlements is held in USA domiciled trust entitled First Policy Trust (the "**Trust**"). The Manager and the Trust has entered into an agreement with Mills Potoczak & Company ("**MPC**") appointing them as trustee to the Trust and as such they act as the custodian trustee for the Fund's policy portfolio.

MPC was founded in 1991, and in 1994 began providing services to the Life Settlement market. Over time MPC's services to the Life Settlement market have grown steadily and it presently services the needs of over sixty (60) financial institutions worldwide. MPC have administered the acquisition of over five thousand (5,000) Life Settlements with a face value of six billion (6,000,000,000) US Dollars and presently service over three thousand (3,000) Life Settlements with an estimated value of five billion (5,000,000,000) US Dollars. MPC are widely regarded as a leader within their specialist field.

The fees of the Custodian Trustee as set out in the Charges and Expenses section of this Document will be discharged by the Fund.

Custodian & Prime Broker

No custodian, sub custodian or prime broker is appointed by the Fund.

The Banker

The Banker of the Fund is Kaiser Partner Privatbank AG.

Kaiser Partner Privatbank AG ("**Kaiser Partner**") is an award-winning wealth manager with roots dating back to 1931, with its head office in Vaduz, Principality of Liechtenstein. Kaiser Partner brings together a leading trustee firm, a private bank specialising in asset management, an investment advisor registered with the SEC, the US stock market regulator, and a family office for clients looking for holistic services that put their family interests at the forefront.

Kaiser Partner multifaceted expertise provides comprehensive, knowledgeable advice and support to private individuals and families on all issues relating to their wealth. Kaiser Partner develops tailor-made strategies and solutions to help clients protect and grow their wealth in a rapidly changing world and to deal with asset protection and succession issues in a way that puts the interests of the family at the centre. Kaiser Partner are supported in their endeavours by an ever-expanding international network of experts in a wide variety of disciplines.

Auditor

The auditor of the Fund is Cohen & Co (International) Cayman (trading as "**Cohen & Co.**") Cohen & Co. are part of the Cohen & Company Group. Cohen & Company are a global top 50 accountancy firm and a top 6 auditor globally of alternative investment funds. Cohen & Company was founded in 1977 and has more than 60 partners and 1,000 associates across several locations including Cayman Islands, Ireland, New York, Chicago and Singapore.

Cohen & Co. has developed its presence in Ireland, Cayman Islands and Singapore over the last ten years and has become one of the fastest growing audit service providers in the alternative investment fund and private equity markets.

The Fund will have its accounts audited annually by its Auditor and submit them to the Authority within 180 days of its financial year end in each year.

Legal Counsel

Stuarts Walker Hersant Humphries, Attorneys-at-Law acts as Cayman Islands legal counsel to the Fund and not the Shareholders in accordance with their normal terms of business in connection with the offering of Shares. In respect to the review of this Document, Stuarts Walker Hersant Humphries has relied upon the information provided to them by the Fund and the Manager and its affiliates and has not investigated or verified the accuracy and completeness of the information contained herein or any information concerning the Manager, the Fund's service providers and any of their affiliates and personnel. No independent counsel has been retained to act for the Shareholders.

In the course of advising the Fund and the Manager and its affiliates, there are times when the interests of the Shareholders may differ from those of the Manager or its affiliates. Issues may arise relating to trade errors, fees to be charged to the Fund, redemption rights of Shareholders and other terms of the Fund's Articles and the terms of any of the services agreements with the service providers, such as those relating to termination of the agreement and indemnification. Stuarts Walker Hersant Humphries does not represent the Shareholders interests in resolving these issues.

Summary of Directors and Service Providers

The Fund:

Directors:

Jeremy Leach
Paul Morrison

Registered Office:

Kensington House
69 Dr Roy's Drive
PO Box 2510
Grand Cayman KY1-1104
Cayman Islands

Manager:

Managing Partners Fund
Management Limited
6th Floor, Waters Edge
Building 1, Wickham's Cay 1
Road Town, Tortola
British Virgin Islands

Promoter:

Managing Partners Investment
Fund Management Limited
Kensington House,
69 Dr Roy's Drive
PO Box 2510
Grand Cayman KY1-1104
Cayman Islands

Investment Adviser:

Equity International SA
Avenue de Champel 29
CH-1206, Geneva
Switzerland

Cayman Islands Legal Adviser:

Stuarts Walker Hersant Humphries
Attorneys-at-Law
Kensington House
69 Dr Roy's Drive, PO Box 2510
Grand Cayman KY1-1104
Cayman Islands

Valuation Agent:

Eagle Alliance Limited
PO Box 233
Uckfield
East Sussex, TN22 9AG
United Kingdom

Administrator:

Taurus Administration
Services Limited
167-169 Great Portland Street
London W1W 5PF
United Kingdom

Auditor:

Cohen & Co.
Artemis House, 2nd Floor
67 Fort Street, PO Box 1748
Grand Cayman KY1-1109
Cayman Islands

Banker:

Kaiser Partner Privatbank AG
Herrengasse 23
9490 Vaduz
Liechtenstein

Custodian Trustee:

Mills Potoczak & Co.
27600 Chagrin Boulevard
Suite 200
Cleveland
Ohio 44122
United States

III The Fund

Constitution of the Fund

- (a) The name of the Fund is Vita Nova Hedge Fund.
- (b) The Fund was incorporated in the Cayman Islands on 21st March 2014 as an exempted company limited by shares. The registered number of the Fund is ST-286267 and its registered office is Kensington House, 69 Dr Roy's Drive, PO Box 2510, Grand Cayman KY1-1104, Cayman Islands.
- (c) The Fund has an authorised share capital of US\$10,100 divided into 100 voting, non-participating management shares of a nominal or par value of US\$0.01 ("**Management Shares**") of each and 1,000,000 Unclassified Shares of USD0.01 each; (ii) EUR10,000 divided up into 1,000,000 Unclassified Shares of EUR0.01 par value each; (iii) GBP10,000 divided up into 1,000,000 Unclassified Shares of GBP0.01 each; and, (iv) CHF10,000 divided up into 1,000,000 Unclassified Shares of CHF0.01 par value each ("**Unclassified Shares**"). Unclassified Shares are available for issue as shares of any class of Shares (as the Directors may determine from time to time). All of the Management Shares have been issued fully paid at par to the Manager. The Fund may by special resolution from time to time reduce its authorised capital in any way. The Fund may from time to time by ordinary resolution consolidate, subdivide or cancel (without reducing) its authorised capital.
- (d) The Fund may by ordinary resolution increase its share capital by such sum to be divided into such amounts as the ordinary resolution shall prescribe. Subject to and in accordance with the Companies Act (2022 Revision) (the "**Companies Act**") of the Cayman Islands and the Articles, the Fund may by special resolution reduce its share capital.
- (e) The rights attaching to any class (unless otherwise provided by the terms of the issue of the Shares of that class) may be varied with the consent in writing of the holders of two thirds of the issued Shares of that class or with the sanction of a resolution passed by two thirds of the votes cast at a separate general meeting of the holders of the Shares of that class. It shall not be deemed to be a variation of the rights attaching to any particular class of Shares for the Fund to create or issue further Shares ranking pari passu therewith. The rights attached to the Shares of any class shall not, unless otherwise expressly provided by the terms of issue of the Shares of that class, be deemed to be varied:
 - (i) by the creation or issue of further Shares ranking pari passu therewith; and,
 - (ii) by the creation, allotment, issue, repurchase or redemption of Shares of any class.
- (f) The financial year-end of the Fund is such date as the Directors determines from time to time and, in default of such determination, it shall be 31st December in each year.
- (g) The objects of the Fund, as provided for in Clause 3 of the memorandum of association, are not restricted and the Fund therefore has the full power and the authority to carry out any object not prohibited by the Companies Laws or any other law of the Cayman Islands.
- (h) A Director of the Fund may, notwithstanding his interest, be counted in the quorum present at any meeting at which he or any other Director is appointed to hold any such office or at which the terms of any such appointment are arranged and he may vote on any such appointment or arrangement other than his own appointment or the arrangement of the terms thereof.

Characteristics of Shares

(a) Management Shares

Holders of Management Shares are entitled to receive notice of and attend and vote at general meetings of the Fund. On a show of hands every holder of a Management Share who is present in person shall have one (1) vote, and on a poll every holder of Management Shares present in person or by proxy shall be entitled to one (1) vote for every share of which he is the holder.

Management Shares do not entitle their holders to any dividend or distribution rights.

(b) Participating Shares

Participating Shares ("**Shares**") may be issued out of the Unclassified Share capital of the Fund and designated to any new or existing sub-class of Shares, at the sole discretion of the Directors from time to time. Shares do not carry the right to vote at general meetings save in the case of the appointment or removal of Directors and save in the case of separate class voting pursuant to the Articles.

Shares entitle their holders to participate in the profits of the Fund as set out in the Articles, may be redeemed as described in Section IV below and, on a winding up, have the rights set out in Section VI. Shares are issued in accordance with the Articles and on the terms provided in the relevant Supplement. Currently, the following classes of Shares are available for issue:

Share Classes	ISIN	BLOOMBERG	VALOREN
USD Arbitrage	KYG938261081	VITANOV KY	CH024149814
EUR Arbitrage	KYG938261578	VITNOVE KY	CH046601011
GBP Arbitrage	KYG938261404	VITNOVG KY	CH046601053
CHF Arbitrage	KYG938261321	VITNOVC KY	CH046600881
USD Distribution	KYG938261651	VITNOUD KY	CH052432018
EUR Distribution	KYG938261735	VITNOED KY	CH052434182
GBP Distribution	KYG938261818	VITNOGD KY	CH052434294
CHF Distribution	KYG938261990	VITNOCD KY	CH052434328

Supplements for the above class of Shares are attached in the Schedule to this Document.

(c) Unclassified Shares

Unclassified Shares of US\$0.01, EUR0.01, GBP0.01 and CHF0.01 are available for issue as shares in any class of Shares (as the Directors may determine).

(d) Share Rights

Holders of Shares in the capital of the Fund have the rights as set out in the Articles, and, in particular, the non-voting (save in respect of the appointment and removal of the directors) and the right to participate in the profits as set out therein, both of which are summarised above. The holders of Shares may by majority appoint or remove a Director.

(e) Share Register

A holding of Shares and Management Shares in the capital of the Fund will be evidenced by entries on the registers of Shareholders and members, and every Shareholder shall be entitled to receive a statement setting out the details of his holding.

The registers of Shareholders and members are maintained by the Administrator and a Shareholder may inspect his own entry in the register of Shareholders.

Cayman Islands Mutual Funds Act

The Fund falls within the definition of a “mutual fund” in terms of the Mutual Funds Act (2021 Revision) of the Cayman Islands (the “**Funds Act**”) and, accordingly, will be regulated in terms of the Funds Act. Accordingly, the obligations of the Fund are (a) to register the Fund with the Cayman Islands Authority (the “**Authority**”) in the Cayman Islands appointed in terms of the Funds Act, (b) to file with the Authority prescribed details of this Memorandum and any changes to it, (c) to file annually with the Authority accounts audited by an approved auditor and pay the prescribed filing fee of US\$366, and (d) to pay a prescribed registration fee of US\$366 and annual registration fee of US\$4,268.

As a regulated mutual fund, the Fund will be subject to the supervision of the Authority, and 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. In addition, the Authority may ask the Directors to give the Authority such information or such explanation in respect of the Fund as the Authority may reasonably require in order to enable it to carry out its duty under the Funds Act.

The Directors must give the Authority access to or provide at any reasonable time all records relating to the Fund and the Authority may copy or take an extract of a record it is given access to. Failure to comply with these requests by the Authority may result in substantial fines being imposed on the Directors and may result in the Authority applying to the court to have the Fund wound up.

The Authority is prohibited by the Funds Act from disclosing any information relating to the affairs of a mutual fund other than disclosure required for the effective regulation of a mutual fund or when required to by law or by the court.

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 obligation 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 inter alia the power to require the substitution of Directors, to appoint a person to advise the Fund on the proper conduct of its affairs or to appoint a person to assume control of the affairs of the Fund. There are other remedies available to the Authority including the ability to apply to the court for approval of other actions.

Securities Investment Business

In providing management and administrative services to the Fund, the Manager is considered to be carrying on investment business in or from within the British Virgin Islands ("**BVI**"), which requires licensing by the BVI Financial Services Commission ("**the Commission**"). However, under the Securities and Investment Business Act, 2010 ("**SIBA**") there is a simplified framework in the form of the Investment Business (Approved Managers) Regulations, 2012 ("**the Regulations**"), which establishes a system that allows investment managers and advisers who meet the established criteria to provide such services through a simple process separate and apart from the licensing regime outlined in SIBA.

MPFM qualifies as an approved investment manager ("**Approved Manager**") under the Regulations and has been approved as such by the Commission under Regulation 7 of the Regulations. MPFM is a regulated person and will be subject to enforcement and other action under the Financial Services Commission Act, 2001, and may carry out any of the business outlined in Regulation 9 of the Regulations. Accordingly, MPFM is not required to obtain a licence under SIBA, although it may wish to apply for such licence in the future.

An Approved Manager may act as an investment adviser or investment manager to any fund incorporated, formed or organised under the laws of a recognised jurisdiction as defined in Regulation 9 (2A) of the Regulations, where the fund has certain characteristics of a private or professional fund.

Under the Regulations, there are certain restrictions in relation to the assets under management of an Approved Manager; namely the assets under management may not exceed, in aggregate, four hundred million dollars or its equivalence in any other currency in relation to private or professional funds. An Approved Manager exceeding this amount ceases to qualify as an Approved Manager unless, within three months of the date on which it ceased to qualify, the Approved Investment Manager no longer exceeds the prescribed amount, or has submitted an application to the Commission to be licensed under SIBA.

Investment Objectives

The investment objectives of the Fund are to achieve long term capital growth by identifying short to medium term investment opportunities with inherent pricing weaknesses and the potential to improve over time.

The Fund's investment management team may rely on economic forecasts and analysis in respect of interest rate trends, macroeconomic developments, global imbalances, business cycles and other broad systemic factors that may lead to arbitrage and alpha opportunities.

As is common with most hedge funds, VNHF has a flexible investment mandate. The majority of the assets of VNHF are intended to be invested in arbitrage and/or alpha investment opportunities and may take long and short positions in various equity, fixed income, foreign exchange, commodity, and futures markets.

Where the Manager identifies value opportunities it has the ability to use gearing to over invest wherever possible, whilst preserving liquidity to afford relatively quick changes to the portfolio weighting and to take advantage of short term market trends.

The Fund may also invest directly in companies, mutual funds, collective investment schemes and other types of investment programmes that the Manager feels may complement the overall investment strategy.

The Manager may, at its absolute discretion and subject to all applicable investment restrictions, engage in transactions involving hedging for any class of Share created by the Fund from time to time, when this is considered necessary for the purposes of the reduction of risk in accordance with the investment policy of the relevant class of Share.

The Fund may appoint a third party service provider, at its absolute discretion, to engage in transactions involving hedging for any class in accordance with the hedging strategy of the Fund from time to time. If the appointed third party service provider underwrites any hedging arrangement in respect of currency exchanges, then any currency profits in respect of such additional services shall be paid to the third party service provider.

Investment Policies and Powers

The Directors and the Manager intend to concentrate the Fund's investment activities primarily in a diversified portfolio of fixed income instruments of varying maturities. The Fund intends to mainly invest in unlisted bonds and notes, corporate bonds, asset-backed securities, and US insurance linked securities. The average investment duration may vary from one to five years based on the Manager's forecast for interest rates.

The Fund will seek to achieve its objectives through selective investment in fixed income securities, and open and closed-ended mutual funds, bonds and US insurance linked securities. The Manager will seek to identify the most appropriate investments, be they securities or mutual funds, through a process of quantitative and qualitative analysis. These investments may offer exposure to strategic areas such as global, regional, sector, investment style and asset class. The Manager may invest in other selected opportunities in which a strong investment theme is seen to be present. The diversification of investments for the Fund including the allocation between asset classes, geographic regions and investment style may be varied by the Manager from time to time in its absolute discretion.

The Manager may, at its absolute discretion and subject to all applicable investment restrictions, engage in transactions involving hedging for any class in accordance with the hedging strategy of the Fund from time to time. If the Manager underwrites any hedging arrangement in respect of currency exchanges, then any currency profits in respect of such additional services shall be paid to the Manager.

Investment Restrictions

There are no investment restrictions.

Life Settlement Purchase Criteria

Unless any of the foregoing requirements are waived by the Fund or the Manager, Life Settlements purchased by the Fund must conform to the following requirements:

- Life Settlement must be issued by US licensed insurance companies with a B- rating or higher;
- Minimum of one LE at the points of purchase of Life Settlement;
- the LE for each life assured must be at least thirty-six (36) months;
- each life assured must be at least sixty-five (65) years old at the time the Life Settlement is purchased by the Fund;
- Life Settlement shall be sold to the Fund at a price that yields a minimum IRR or discount rate, inclusive of base fees, of no less than the prevailing discount rate applied by the Valuation Agent to value the Fund's portfolio of Life Settlements, which is calculated utilising the Model Actuarial Pricing Systems ("MAPS") valuation software;
- Life Settlements must have clear title and be unencumbered and free of any liens;
- Life Settlement must be beyond the contestability period; and,
- LEs should be no more than ninety (90) days old or aged appropriately.

Acceptable LE Providers:

- 21st Services
- AVS
- EMSI
- Fasano
- Midwest AVS
- IBU Inc
- ISC Services
- Focus Medical Underwriters LLC
- Elevation Underwriting LLC
- Life Benefit Resources
- Clarity Evaluations LLC
- Lapetus Life Event Solutions

Borrowing

In part, the Fund's activities may be financed by borrowings which may be used to purchase assets or other financial instruments to maximise growth potential, smooth cash flow within the Fund in the event of net redemptions of Shares and to meet the Fund's management and administration expenses. The Directors may, at their absolute discretion amend the investment restrictions and borrowing powers.

Changes to Investment Objectives and/or Investment Restrictions and Borrowing Powers

Any amendment to or variation or waiver of any of the investment objectives, investment restrictions or borrowing powers applicable to the Fund may be effected only by resolution of the Directors passed at a duly convened, quorate and ordered meeting of the board of Directors, or by resolution of all of the Directors in writing, such resolution to include authorisation and approval of all attendant amendments to this Document necessary to render it in accordance with the facts and not omit anything likely to affect the import of information related to the amendment, variation or waiver. This Document as amended by such resolution shall, if applicable, be filed with CIMA for approval. The Administrator shall make available a copy of the amended and restated Offering Document to each Shareholder.

Returns to Investors

It is not intended to distribute to holders of Shares any income by way of dividend. All of the Fund's income, including all dividends, interest and investment gains will be accumulated.

Eligible Investors

Each Investor must represent and warrant to the Fund that, amongst other things, he is able to acquire or hold Shares without violating applicable laws, including the 1933 Act. The Fund will not knowingly offer or sell Shares to any Investor to whom such offer or sale would be unlawful.

This Document is not and should not be considered as an invitation to the public in the Cayman Islands to subscribe for any Shares. However, Cayman Islands Exempted and Ordinary Non-Resident companies and certain other persons engaged in offshore business may be permitted to acquire Shares.

The Fund reserves, and intends to exercise, the right at its sole discretion compulsorily to redeem any Shares offered, sold, transferred assigned, delivered or held in contravention of these prohibitions or in circumstances where shareholdings would have adverse legal, fiscal or pecuniary consequences on the Fund or its remaining Shareholders.

A person who applies for Shares and a transferee of Shares (other than an existing Shareholder) will be required to represent that he is not a United States Person.

An applicant for Shares or transferee may also be required to produce evidence of his identity satisfactory to the Administrator and the Fund.

For United States Persons

Shares may not, directly or indirectly, be offered, sold, transferred, assigned or delivered to, or held by, any United States Person ("**US Person**") as defined below, at any time or any person in the United States without the prior approval of the Directors or any person in circumstances which might result in the Fund incurring any liability to taxation or suffering any other pecuniary disadvantages which the Fund might not otherwise incur or suffer, or would result in the Fund being required to register under the United States Investment Company Act of 1940 or any affiliate being required to register under the United States Commodity Exchange Act, as amended, and Shares may not be offered, sold, transferred, assigned, delivered to or held by, any person whose holding may be in breach of the law or requirement of any country or governmental authority including, without limitation, exchange control regulations.

Definition of "US Person"

For the purposes of this Document, but subject to applicable law and to such changes as may be notified by the Fund to applicants for Shares and transferees, "US Person" as defined by Rule 902 of Regulation S under the 1933 Act, generally includes the following: (a) any natural person who is a resident of the United States; (b) any partnership or corporation organised or incorporated under the laws of the United States; (c) any estate of which any executor or administrator is a US Person as defined in sub-paragraphs (a) and (b) herein; (d) any trust of which any trustee is a US Person as defined in sub-paragraphs (a) and (b) herein; (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 fiduciary for the benefit or account of a US Person; (g) any discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary organised, incorporated, or, if an individual, resident in the United States; (h) any partnership or corporation if: (i) organised or incorporated under the laws of any foreign jurisdiction; and, (ii) formed by a US Person principally for the purpose of investing in securities not registered under the 1933 Act unless it is organised or incorporated and owned, by accredited investors (as defined in Rule 301 (a) under the 1933 Act) who are not natural persons, estates or trusts; or (iii) any entity organised principally for passive investment such as a commodity pool, investment fund or other similar entity (other than a pension plan for the employees, officers or principals of an entity organised and with its principal place of business outside the United States): (1) in which US Persons hold units of participation representing in the aggregate ten (10) percent or more of the beneficial interest in the entity; or, (2) which has as a principal purpose the facilitating of investment by a US Person in a commodity pool with respect to which the operator is exempt from certain requirements under the United States Commodity Exchange Act regulations by virtue of its participants being non-US Persons. "US Person" does not include: (a) a discretionary account or similar account (other than an estate or trust) held for the benefit or account of a non-US Person by a dealer or other professional

fiduciary organised, 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 US Person if: (i) an executor or administrator of the estate who is not a US 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 US person if a trustee who is not a US 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 US 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; or (e) any agency or branch of a US 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.

The above definition is provided for guidance only. It is not a statement of the present legal definition of US Person and has not been verified by a United States attorney. Investors should seek independent legal advice if they are unsure of their status.

For Switzerland Prospective Shareholders

The Shares of the Fund shall be distributed in Switzerland exclusively to qualified investors as defined by Article 10 § 3 of the Collective Investment Scheme Act 2006, as amended, ("**CISA**") and Article 6 of the Collective Investment Scheme Ordinance 2006, as amended, ("**CISO**") (Qualified Investors). The Fund has not been and will not be registered with the Swiss Financial Market Supervisory Authority ("**FINMA**").

For United Kingdom Prospective Shareholders

Neither Managing Partners Fund Management Limited or Managing Partners Investment Management Limited nor the Fund are regulated or authorised by the United Kingdom Financial Conduct Authority ("**FCA**"). In the United Kingdom, this Document is distributed by Managing Partners Capital Limited.

The content of this Document has not been approved by an authorised person and such approval is, save where an exemption applies, required by section 21 of FSMA. Accordingly, the Fund may be promoted in the United Kingdom only in accordance with section 21 of FSMA and the FPO to the following persons:

- (i) authorised firms under FSMA and certain other investment professionals falling within article 19 of FPO and their directors, officers and employees acting for such entities in relation to investment; and,
- (ii) high value entities falling within article 49 of FPO and their directors, officers and employees acting for such entities in relation to investment.

The distribution of this Document to any person in the United Kingdom not falling within one (1) of the above categories is not permitted by the Fund and may contravene FSMA. No person falling outside those categories should treat this Document as constituting a promotion to him, or act on it for any purposes whatsoever.

The Fund is an unregulated Collective Investment Scheme within the meaning of section 235 of FSMA. Prospective Investors who are individuals should invest only on the basis that an appropriately qualified FCA authorised person has assessed an investment in Shares as suitable for the prospective Investor concerned.

IV Valuations, Dealings and Distributions

Valuation of Shares

The Articles provide for the Net Asset Value of each respective class of Participating Shares to be determined by the Directors on each Valuation Day by reference to the value of the Fund on the relevant Valuation Day. The Net Asset Value per class of Participating Shares is calculated by dividing the value of the assets of the Fund attributable to that class of Participating Shares, less its liabilities (including accrued charges and expenses and provisions for contingent liabilities as appropriate) and the amounts paid up on the Management Shares and any other class of Participating Shares then in issue, by the total number of Shares of the relevant class in issue.

The Manager will appoint a Valuation Agent to value the Life Settlements owned by the Fund (the “**Policy Valuation**”) on a quarterly basis and the Policy Valuation will be passed to the Administrator who will calculate the Net Asset Values.

The Net Asset Value is the value of the assets of the Fund less its liabilities determined in accordance with such policies as the Directors may from time to time determine. The realised gain or loss on disposal of assets will be booked directly to the income statement.

In calculating the Net Asset Value, the Directors shall apply such generally accepted accounting principles as they may determine. The assets of the Fund shall be valued in accordance with such policies as the Directors may determine.

The assets of the Fund shall be deemed to comprise:

- (i) all cash on hand and on deposit, including any interest accrued thereon;
- (ii) all bills and demand notes and accounts receivable;
- (iii) all investments owned or contracted for by the Fund;
- (iv) all stock, stock dividends and cash dividends and cash distributions to be received by the Fund and not yet received by it, when the Net Asset Value is being determined as at the record date (or the ex dividend date if different from the record date) or a date subsequent thereto;
- (v) all interest accrued on any interest bearing investments owned by the Fund (except interest accrued on investments in default and interest which is included in the quoted price); and,
- (vi) all other assets of every kind and nature including prepaid expenses as defined from time to time by the Directors.

The value of the assets of the Fund shall be determined as follows:

- (i) The value of any cash on hand or on deposit, bills, demands and promissory notes and accounts receivable, prepaid expenses, cash dividends and interest declared or accrued as aforesaid and not yet received shall be deemed to be the full amount thereof unless the Directors shall have determined that any such deposit, bill, demand or promissory note or account receivable or other amount is not worth the full amount thereof, in which event the value thereof shall be deemed to be such value as the Directors, with the approval of the Auditor, shall deem to be the reasonable value thereof;

- (ii) Certificates of deposit, treasury bills, bank acceptances, trade bills and any other monetary instruments not otherwise provided for hereunder shall each be valued (on the basis of notification to the Directors by a person approved by the Directors and the Auditor, whose business includes dealing in or effecting transactions in such investments) according to the normal dealing practice therein;
- (iii) Save as otherwise herein provided all investments shall be valued:
 - (1) in the case of an investment which is an investment of any description other than units or shares in a Collective Investment Scheme, at the mid market dealing price of that investment;
 - (2) in the case of investments which are units or shares in a Collective Investment Scheme at the value determined by the Manager of such Collective Investment Scheme, or at the mid market dealing price for units or shares of the kind in question following the most recent valuation of the relevant scheme or otherwise in accordance with the offer conditions of the relevant class of Shares, as determined by the Directors; and,
 - (3) if there is no price for the investment in question under (i) or (ii) above, at a reasonable estimate of the amount which would be paid to a seller by way of consideration for an immediate transfer or assignment to him at arm's length plus any fiscal charges or other charges payable.
- (iv) In the case of any investment for which no price quotations are available as above provided, the value thereof shall be the fair value thereof as shall be determined from time to time in such manner as the Directors or the Manager deem appropriate;
- (v) In the case of any investment realised or contracted to be realised at a known value the net proceeds of such realisation (the "**Net Realisable Value**") shall be taken into account in lieu of any other method of determining the value of the asset concerned subject to such allowance as the Directors consider appropriate if such net proceeds are receivable at some future date subsequent to the Valuation Day;
- (vi) If the Fund is required to sell an asset to meet liquidity requirements it may realise a Net Realisable Value that is lower than the prevailing value of the asset or Life Settlements Net Asset Value which will consequently impact on the value of the redemption from the asset (the "**NRV Redemption Price Reduction**"). The NRV Redemption Price Reduction will be passed on to the redeeming Shareholders on the relevant Dealing Day as the Directors determine, which will consequently reduce the Redemption Price payable to such redeeming Shareholders. For the avoidance of doubt the NRV Redemption Price Reduction will not affect the Net Asset Value of the Participating Shares which are not the subject of a redemption request on such Dealing Day;
- (vii) If, in valuing any asset of the Fund, the Directors at any time consider that any of the above mentioned bases of valuation are inapplicable or give rise to an unfair value they shall be entitled to substitute what in their opinion is a fair value therefor.

The liabilities of the Fund shall be deemed to comprise:

- (i) all loans, bills and accounts payable;
- (ii) all accrued and payable administrative expenses payable and/or accrued, including all fees payable to the Administrator, the Manager, the Investment Adviser and the custodian trustee (if any) or other service provider fees;
- (iii) all contractual obligations for the payment of money or property, including the amount of any unpaid dividends declared upon the Shares of the Fund;
- (iv) all provisions for taxes due and future taxes to be assessed on the basis of the current year's results and the year end Net Asset Value; and,
- (v) all other liabilities of the Fund of whatsoever kind and nature except liabilities represented by share capital, share premium account and reserves of the Fund.

For the purposes of the Articles:

- (i) Shares of any class of Participating Shares for which application has been made to the Fund shall be deemed to be in issue on the Business Day next following the day as at which the Issue Price therefore shall be determined and after such time the Issue Price thereof payable to the Fund if not received shall be deemed to be an asset of the Fund and any liabilities in connection with the issue thereof shall be deemed to be liabilities of the Fund;
- (ii) Participating Shares to be redeemed under the Articles shall be deemed to be in issue only until the time as at which the Redemption Price is determined and from such time until paid the price thereof shall be deemed to be a liability of the Fund;
- (iii) For the purpose of calculating the Net Asset Value the value of the assets and liabilities of the Fund denominated in a currency other than Dollars shall be converted into Dollars at such rates of exchange and at such times as the Directors shall consider appropriate and equitable.

The value of the assets of the Fund may be specially valued at the discretion of the Directors in the following circumstances:

- (i) if the Administrator receives an application for subscription or redemption the value of which the Directors at their absolute discretion determine is such that a special valuation is appropriate; and/or,
- (ii) where the Directors in their absolute discretion determine it is in the best interests of the Fund to do so.

Valuation of Distribution Shares

The Distribution Class Shares are designed to be issued for a fixed term during which they will issue a quarterly distribution payment to the registered Shareholders as described in the Schedule.

No change in the Share price is intended to occur until the Distribution Shares are compulsorily redeemed, which is intended to be on the 5th anniversary from the date of their issue as detailed in the Schedule.

Valuation Methodology, Life Expectancy Adjustments and Pool Average Percentage Movement Methodology

Background

A LE estimate is a calculation based on statistical data that provides a mortality (or life expectancy) estimate of an individual. The LE is calculated using a number of parameters including age, gender, ethnicity, lifestyle and smoking status, together with the individual's medical history. The duration of the LE of a life insured by a Life Settlement owned by the Fund is a significant contributing factor when determining the value of a life policy.

LE Process

As a life insured ages, life expectancy may change due to changes in the insured's health and lifestyle as well as changes to population mortality data and the extension of life expectancy as a life insured ages is inherent in actuarial valuation models. However, it is nevertheless prudent to refresh medical underwriting information and obtain updated LEs based thereon periodically, even though there is no guarantee that the updated estimate of life expectancy is any more representative of the actual outcome than the actuarial valuation model already provides based on the previous estimate of LE.

The process for obtaining updated LEs can be complex, time consuming and expensive, for example, in order for the Fund to obtain a new LE, it must first obtain updated medical records of the life insured, which requires cooperation of the life insured by signing a Health Insurance Portability and Accountability Act release form ("HIPAA") and there is no guarantee that the life insured will cooperate.

Nevertheless, the Fund will use its best endeavours to obtain updated HIPAAs and to refresh medical underwriting information and obtain updated LEs based thereon for every life insured on a three-year rolling basis. The Fund will use the result of this process not only to adjust the LEs for those lives for which refreshed information is obtained, but also to adjust the extended life expectancy generated by the actuarial model for the remaining lives. The method for this extrapolation is detailed below.

This process has been agreed by the Fund's Directors and Manager in consultation with the Fund's Actuarial Consultant and the Fund's valuation agent, Eagle Alliance, as a reasonable assumption for the purpose of establishing fair market value of the portfolio in accordance with International Financial Reporting Standards ("IFRS").

The auditor will be seeking to obtain sufficient audit evidence to establish whether the Fund's Life Settlements have been measured in at fair value in accordance with International Financial Reporting Standards they expect to be able to use the work of the Actuarial Consultant in accordance with International Standard on Auditing.

Methodology

- The Fund owns a portfolio of Life Settlements with age ranges of the lives assured from 65 years and upwards.
- The portfolio will be separated into four separate cohorts, time apportioned by months until expected death based on the most up-to-date LE. These cohorts will be; negative (i.e. the insureds that have already outlived their most recently issued LE), lower, medium and upper.

- Where it has been possible for the Fund to obtain new LEs on a life insured an analysis will be conducted on the updated LEs in each cohort, comparing the changes in life expectancy predictions for each life from the previous LEs issued.
- In the instance where it has not been possible to obtain an updated LE the “Old LE” of an insured will be aged, deducting the number of months that have passed since the Old LE was originally issued. For example, if the Old LE was issued in May 2013 with an expectancy of 200 months, 60 months would be deducted from the old LE of 200 months. This would create the Rolled Forward Old LE of 140 months. The same exercise will be conducted for the insured with New LEs to calculate a Rolled Forward New LE.
- An exercise will then be performed to calculate the difference in months between the Rolled Forward Old LE and the Rolled Forward New LE. A calculation of the LECM or a LECP will then be made.
- The LECM calculation for each cohort will purely take into the account the change in LE duration for the cohort and will not take into account any potential adjustments as a result of changes to the health of each life insured as this is unobservable information.
- If the LECM is a percentage then the value for each cohort will be rounded up to nearest 5%. For example, if the LECM is calculated to be 23.59%, the LECM will be rounded up to 25%.
- The LECM value will then be applied to the RFLE for each life when it has not been possible for the Fund to obtain a new LE.
- For example, if the LECM pool percentage calculation is 25% shorter than the RFLE and the RFLE is 120 months, the calculation would be $120 \text{ months} \times 75\% = 90 \text{ months}$.
- Each adjusted LE will be regarded as a “New LE” for the purposes of fair market value of the policy.
- The New LE for each policy will then be aged on a monthly basis by the valuation software that is used by the Fund’s Valuation Agent to account for future improvements in population mortality.

Different Ranges

As stated, the portfolio will be separated into four separate cohorts, as defined below.

Range 1 – “Negative LEs”

- This range includes all those policies which have exceeded their LE, and therefore the “Rolled forward old LE” would be negative.
- The methodology to be used in this case is to simply take the average months of the New LEs obtained for all policies within that range and apply this figure to those policies which do not have a New LE.

Range 2 – “Lowest”

- This range includes the next cohort of policies which have the fewest months left until maturity.
- The LE cohort monthly movement value in this range for each LE age range will be rounded up to nearest higher whole number of months. For example, if the LE cohort monthly movement was calculated at 22.2 months, the LE pool percentage calculation would be rounded up to 23 months.
- The methodology to be used in this case is to calculate the number of months difference between the 'Rolled forward old LE' and the 'Rolled Forward New LE' for the policies within the range. An average of these differences would then be taken, and the average would be added to the 'Rolled Over Old LE' of those policies which do not have a New LE.
- For example, if the LE monthly difference average is 21 months and the previous LE was 6 months, the calculation would be 21 months + 6 months = 27 months.

Range 3 and Range 4 – “Medium” and “Upper” respectively

- The LE cohort percentage movement value in this range for each LE age range will be rounded up to nearest 5%. For example, if the LE cohort percentage movement was calculated at 23.59%, the LE pool percentage calculation would be rounded up to 25%.
- For the ranges labelled 'Medium' and 'Upper', the methodology used would be to calculate the percentage movement between the 'Rolled forward old LE' and the 'Rolled Forward New LE' for the policies within the range. An average of these percentage movements would then be taken, and the average would be added to the 'Rolled Over Old LE' of those policies which do not have a New LE.
- For example, if the LE pool percentage calculation was 25% longer than the previous LE and the previous LE was 120 months, the calculation would be 120 months X 125% = 150 months.

The Fund will continue to make every effort to obtain cooperation from unresponsive lives' insured to secure their agreement to sign a HIPAA so that updated LEs can be obtained by the Fund. In the event that a new LE is obtained on the life insured it will immediately be applied to the valuation of the life policy, replacing the New LE that was calculated in accordance with the LE pool average percentage movement methodology.

Valuation Process

The life policies owned by the Fund are valued on a monthly basis by an independent Valuation Agent which utilises a probabilistic actuarial valuation model to calculate the Net Present Value (“NPV”) of each life policy in the Fund's portfolio. The primary assumptions and criteria used by the model are: valuation discount rate, mortality (or Life Expectancy) estimations, forecasted future premiums and other expenses.

The model takes the most recent life expectancy estimates for each policy and assumes improvements in mortality in line with actuarial mortality tables, which are produced periodically by the American Academy of Actuaries (“AAA”) for individuals under life policies in the US. The most recent being the 2015 Valuation Basic Tables (“VBT's”). This method results in mortality extensions being made to the mortality expectations of each life insured in the model on each valuation date.

The forecast premium payments required to keep the life policy in force over the remaining duration of each policy are calculated. The mortality extensions impact on and increase the expected value of future premiums which will need to be paid on each respective life policy until the calculated maturity date.

Having established the ongoing cost of maintaining the policy for the duration and anticipated maturity date, an IRR or discount rate is applied to maturity value less anticipated costs to NPV.

Where possible, the Manager observes accessible market data regarding market pricing and market implied IRRs. The information collected is reviewed on a regular basis and is considered when establishing the IRR to be applied to the valuation model.

Valuation Methodology May Differ From International Financial Reporting Standards

The valuation methodology adopted in the Articles and applied by the Directors to determine Net Asset Values and as set out above was adopted on establishment of the Fund in order, in the opinion of the Directors, Investment Advisor and the Manager, most accurately to reflect the value of the assets over the life of the Fund and to all Shareholders equitably, notwithstanding the date of their respective subscription or redemption of Shares. For this reason and in particular not to prejudice earlier Shareholders unfairly, the Directors do not intend to and do not foresee any change to the valuation methodology set out in this Document. Conversely, International Financial Reporting Standards ("**IFRS**") promulgated by the International Accounting Standards Board and applied by the Auditor in relation to the financial statements of the Fund are subject to change and amendment from time to time.

Since the date of the establishment of the Fund and first filing of this Document with the Authority, IFRS in relation to determining "fair market value" of assets in the nature of Life Settlements has been revised. The principal differences between IFRS to determine fair market value of Life Settlements and the methodology adopted by the Fund are as follows:

- (i) The Fund operates a Smoothing Reserve account, accounting treatment that allows for such a Smoothing Reserve is not in accordance with IFRS. Accordingly, the audited financial statements of the Fund reflect the value of assets whereas the Net Asset Value continues to be calculated net of the Smoothing Reserve in accordance with this Document.
- (ii) The Life Settlements owned by the Fund are valued on a quarterly basis by an independent Valuation Agent that applies a probabilistic Actuarial valuation model to calculate the NPV of each Life Settlements in the Fund's portfolio. The primary assumptions and criteria used by the model are: valuation discount rate; mortality (or Life Expectancy) estimations; forecasted future premiums; and, other expenses.
- (iii) The model takes the most recent life expectancy estimates for each Life Settlement and assumes improvements in mortality in line with Actuarial mortality tables, which are produced periodically by the AAA for individuals under life policies in the US, the most recent being the 2015 VBT. This method results in mortality extensions being made to the mortality expectations of each live Insured in the model on each valuation date.

The forecast premium payments required to keep the Life Settlements in force over the remaining duration of each Life Settlements are calculated. The mortality extensions impact on and increase the expected value of future premiums which will need to be paid on each respective Life Settlements until the calculated maturity date.

Having established the ongoing cost of maintaining the Life Settlements for the duration and anticipated maturity date, an IRR or discount rate is applied to maturity value less anticipated costs to NPV.

Where possible, the Manager observes accessible market data regarding market pricing and market implied IRRs. The information collected is reviewed on a regular basis and is considered when establishing the IRR to be applied to the valuation model.

IFRS now requires financial statements to apply fair market value in relation to assets such as Life Settlements. Specifically in relation to Life Settlements owned by the Fund, the Auditor will rely on an independent opinion that will be obtained from the Actuarial Consultant in respect of future cash flow discount rates appropriate for financial reporting standards (the "**Audit Discount Rate**") and the audited financial statements of the Fund will therefore apply the Audit Discount Rate to determine asset values. Notes to the Fund's accounts will identify any variances between asset values determined in accordance with IFRS by applying the Audit Discount Rate and analogous Participating Share Net Asset Values based on the application of the Fund's Discount Rate.

Because of the differences in accounting, there may be discrepancies between asset values stated in the audited financial statements of the Fund and determinations Net Asset Value in accordance with this Document. These discrepancies and the reasons for them are highlighted by the Auditor's notes to the financial statements of the Fund. The notes to the accounts do not represent a qualification of the Auditor's opinion that the Fund's financial statements represent a true and fair view of the financial position and prospects of the Fund. Rather, these notes provide an insight to Shareholder of how the perspective of IFRS differ from that adopted by the Directors in order to treat all Shareholder fairly and equitably over time.

Smoothing Reserve

In order for the Fund to achieve its objectives the Manager is of the view that the use of a Smoothing Reserve is the best method of achieving the target returns whilst managing volatility.

The Smoothing Reserve allows periodic peaks and troughs in performance to be mitigated. These could be caused by events including, but not limited to, currency hedging and periods where acquisition or disposal of assets give rise to significant pricing movements. At such times the Smoothing Reserve would may carry a positive or negative balance to enable the Manager to smooth in these variations to the Net Asset Value as the Manager deems appropriate. The balance will be posted to the Smoothing Reserve (which sits as an asset or liability on the balance sheet of the Fund) and will be expensed over time.

The positive value of the Smoothing Reserve could build to material level in the context of the Fund. Conversely, significant short term hedging losses and/or prevailing losses for an extended period could see the debit balance of the Smoothing Reserve rise to levels representing a significant potential discount to the Net Asset Value of Participating Shares. The Directors are concerned to ensure that any unwinding of the Smoothing Reserve properly recognises the interests of Shareholder with a longer term horizon for their participation in the Fund. And this when rapid reductions in the balance of the Smoothing Reserve are likely to have an immediate and material impact on Net Asset Values, thereby defeating the Smoothing Reserve's purpose.

With this in mind, the Directors are of the view that the effective operation of a Smoothing Reserve is the most equitable method of valuing the Fund. The nature of the Fund is supposed to be for those Shareholder with a longer term investment horizon and thus the Directors are looking to achieve a smooth return with low volatility.

Issue and Redemption of Shares

(a) Issue

Shares may only be issued to Investors who have provided sufficient anti money laundering documentation.

Pursuant to the Articles, Shares are available for issue at the discretion of the Directors. The Directors may in their absolute and exclusive discretion and without assigning any reason therefor refuse to accept any application for Participating Shares and may accept any application either in whole or in part. For example, the Directors may decline to issue Participating Shares to satisfy any application thereof unless the amount in value of the Participating Shares to which such application relates is equal to or exceeds the Subscription Price (as defined below).

Shares may be purchased on any Dealing Day at the relevant subscription price at a price per Share ascertained by assessing the Net Asset Value of the relevant class on the relevant Valuation Day immediately preceding the relevant Dealing Day, adjusted for fiscal and other charges, if any, in accordance with the Articles and any adjustment for rounding or handling charges (the **"Subscription Price"**).

Monies received from subscriptions into certain classes of Shares in the Fund may not immediately be invested into the chosen Share class. However, the subscription monies may be exchanged into the same currency as the selected Share class at the time of receipt, or as soon as practicable thereafter. Any reduction of the subscription monies resulting from currency exchange rates will be deducted from the subscription monies and will affect the amount invested into the Fund. If cancellation of any such subscription occurs prior to the next Dealing Day, a discrepancy may occur between the amounts remitted and those returned, due to any such changes in currency exchange rates.

Contract notes will normally be sent to Shareholders by or on behalf of the Fund within ten (10) Business Days of the determination of Net Asset Value. Any such contract note issued, is simply a non-binding indication of the initial determination of the Net Asset Value and the value of the relevant shareholding, which is subject to amendment, variation or substitution at any time. An alternative valuation of investments in the Fund (which is pursuant to a method authorised by the Articles, including but not limited to any Net Realisable Value) may be determined, in the event that the Directors consider this more appropriate. This may result in a discrepancy between the contract note issued and any revised valuation of the Shares in question.

Shares will be issued in a registered form.

Purchasers of Shares may be required to pay stamp duty and other charges in accordance with the laws and practices of the country of purchase.

(b) Redemption

Arbitrage Class Shares

The Fund shall not be required to redeem any Shares during the lock-up period being the period five (5) years from the date of the initial subscription of any such Participating Shares (the "**Lock-Up Period**").

During the Lock-Up-Period and from time to time thereafter, the Directors of the Fund may in their absolute discretion compulsorily redeem any Shares in the Fund.

Although the Fund is not required to redeem shares during the Lock-Up Period the Directors may consider a redemption request and, in certain mitigating circumstances, at their absolute discretion agree to redeeming shares subject to the Exit Charges and Redemption Price as specified in the Schedule.

After the Lock-Up Period, Shares may be redeemed by the Fund, at the option of the relevant Shareholders, on a Dealing Day at a price per Share, calculated by reference to the Net Asset Value (or NRV Redemption Price Reduction, if applicable or any other method as determined by the Directors from time to time) per class of Share on the Valuation Day immediately preceding the relevant Dealing Day, less the Exit Charge (if any) and adjusted for fiscal and other charges, if any, in the Cayman Islands in accordance with the Articles and the relevant Supplements in respect of such class of Shares (the "**Redemption Price**").

Distribution Class Shares

The Fund intends to compulsorily redeem all issued Distribution Class Shares on or before the 5th anniversary of their issue date (the "**Redemption Date**"). It is not possible for Shareholders to submit requests to redeem Shares prior to the Redemption Date (the "**Closed Period**").

The Fund reserves the right to compulsorily redeem any number of Distribution Class Shares that have been issued by the Fund during the Closed Period at the absolute discretion of the Directors. The Fund shall not be required to redeem any Shares during the Closed Period without the express consent of the Directors in consultation with the Manager.

The Closed Period will be for five (5) years from the date of the initial subscription of any such participating Distribution Class Shares. The Closed Period may be extended by the Directors in consultation with the Manager if it is deemed that there is insufficient liquidity to redeem Distribution Class Shares or that it is not in the best interests of the Shareholders.

On the Redemption Date, Fixed Income Class Shares will be redeemed by the Fund on the next available Dealing Day at the same price as the issue price and adjusted for fiscal and other charges, if any, in the Cayman Islands in accordance with the Articles and the relevant Supplements in respect of such class of Fixed Income Shares (the "**Redemption Price**").

Any contract note issued, is simply a non-binding indication of the initial determination of the Net Asset Value and the value of the relevant shareholding, as at the relevant Valuation Day, which is subject to amendment, variation or substitution (in whole or in part) any time up to and including the relevant Dealing Day (which may include any series of Dealing Days if any application for redemption is partially refused or delayed in the permitted circumstances set out in the Articles and summarised below). An alternative valuation of investments in the Fund (which is pursuant to a method authorised by the Articles, including but not limited to any Net Realisable Value) may be determined, in the event that the

Directors consider this more appropriate (for example, if there are insufficient liquid assets for certain redemptions). This may result in a discrepancy between the contract note issued and any revised valuation and, consequently, the Redemption Price of the Shares in question.

The minimum value of any redemption is US\$5,000 or the currency equivalent or such other amount as the terms of the applicable Supplement may provide. If the redemption results in the total holding falling below US\$100,000, or the currency equivalent or any other value stipulated in the relevant Supplement in respect of such class of Shares, then the entire holding may at the discretion of the Directors be redeemed.

Notice of redemption (which, once given may only be withdrawn in exceptional circumstances at the discretion of and with the written approval of the Directors) should be sent to and received by the Administrator via fax to +44 20 3048 3038 or email to dealing@taurusadmin.com with the original to follow via mail to Taurus Administration Services Limited, 167-169 Great Portland Street, London, W1W 5PF, United Kingdom, prior to the Dealing Day on which the Investor wishes to redeem his Shares, giving such notice as is set out in the attached Supplement. The Fund is not bound to make any payment to any holders in respect of a redemption of Shares unless and until all documentation required for anti money laundering purposes and an original subscription form has been received by the Administrator, along with an original redemption request. The Fund will require an original instruction signed by the person or persons authorised by the holder and payment will only be made to the bank account detailed on the subscription form unless otherwise requested by the Shareholder. Third party payments are not permitted. The holder must supply appropriate signature lists, suitably certified as originals where copies have been provided.

A right is reserved to accept in part only or to reject or scale down applications for redemption of Shares. Specific redemption criteria may apply to certain classes of Shares and these are set out in the attached Supplement. If the Fund scales down any application for Shares to be redeemed at any Dealing Day, it shall carry forward for redemption as at the next following Dealing Day the balance of each request and so on to each succeeding Dealing Day until each request has been complied with in full, provided that requests for redemption which have been carried forward from an earlier Dealing Day shall be complied with in priority to later requests.

The amount due on redemption of Shares will be paid by telegraphic transfer to an account in the name of the Shareholder in the currency of the relevant Share class by the Settlement Date. Payment of redemption proceeds will be made to the registered Shareholder or in favour of the joint registered Shareholders as appropriate. The proceeds of the redemption of the Shares will only be paid on receipt, by the Administrator, of the original instrument requesting redemption, after verification checks undertaken by the Administrator and all relevant anti money laundering documentation.

In the event that the sale of and asset of Life Settlements is required to meet the liquidity requirements of a redemption settlement, as would be the case in the event of NRV terms being applied for example, the Fund may be required to delay the issue of redemption settlement payments until such time as the proceeds from the disposal of Life Settlements has been received by the Fund. Whilst Life Settlements are freely traded, the timing needed to settle a trade is longer than in many financial markets due to the specialised nature of the asset class and the time taken to complete on the sale of a Life Settlement or of a block of Life Settlements may take several weeks or longer and therefore a significant delay in the issue of redemption settlement payments may occur.

The Redemption Price paid by the Fund for any Shares, depending on the Net Asset Value (or the NRV Redemption Price Reduction, if applicable) per class of Share applicable on the relevant Dealing Day, may be higher or lower than the price paid at the time of purchase of such Shares.

The Directors may, in their sole discretion, suspend and/or delay the: (i) issuance of Shares; and/or, (ii) redemption of Shares; and/or, (iii) payout of redemption proceeds; and/or, (iv) determination on any Valuation Day of the Net Asset Value (and hence the Net Asset Value per Share) for any reason, including (without limitation): (i) the inability of the Fund reasonably to determine the Net Asset Value of any class by reason of the suspension of trading on any established market where interests of the Fund are traded; or, (ii) default or delay in payments due to the Fund from banks or other persons.

The Fund may delay payment (for up to ninety (90) days) to persons requesting redemption of Shares. Further if on any Redemption Day, assets of the Fund are invested in investments which the Fund is unable to realise, or if realised would be at a value determined by the Directors to be a discount to their true value or the Fund is unable (or it is not practicable) to distribute any such investment to the redeeming Shareholders, then, at the discretion of the Directors, payment to the Shareholders of the portion of his requested redemption may be delayed until such time as such investment may be realised or may be realised at a value which is not, in the determination of the Directors, a discounted value or the Fund is able to distribute such investment to the Shareholders and the amount otherwise due the Shareholders will be increased or decreased to reflect the performance of such investment through the date on which such investment is realised by the Fund or to reflect the increase or decrease in the value of the investment through the date on which it is distributed to the Shareholders or otherwise disposed of by the Fund and applicable expenses, management fee or performance fee.

In such cases, the Fund shall as soon as practicable thereafter cause such Shares to be redeemed or such redemption payment to be made. The Shareholders will be notified immediately of any period of suspension and the Directors will take all reasonable steps to bring such a period of suspension to an end as quickly as possible.

Redemptions may, at the sole discretion of the Directors, be effected in kind (in whole or in part) by the appropriation of assets of the Fund of the relevant value (which shall be determined conclusively by the Directors in good faith) in satisfaction of the Redemption Price. In kind distributions may be made directly to the redeeming Shareholder or, alternatively, distributed into a liquidating trust or account and sold for the benefit of such redeeming Shareholder, in which case (i) payment to such Shareholder of that portion of his redemption attributable to such securities will be delayed until such time as such securities can be liquidated and (ii) the amount otherwise due such Shareholder will be increased or decreased to reflect the performance of such securities through the date on which the liquidation of such securities is affected. Any such appropriation will be effected in such manner as not to materially prejudice the interests of the continuing Shareholders in the Fund as a whole. The redemption proceeds will be reduced by such sum (if any) as the Directors consider represents an appropriate provision for any fiscal, transfer, registration or other charges, fees or duties (including stamp duties) associated with the appropriation and transfer of the assets upon such redemption of Shares.

If the Directors receive redemption notices in respect of Participating Shares on any Valuation Day which in aggregate exceed such percentage of the Net Asset Value of such class or series on such Valuation Day as the Directors may determine, the Directors may refuse to redeem all such Participating Shares which are subject to the redemption notices, but in such circumstances the Directors may scale down the amounts to be redeemed pro rata in response to such extent as they consider may be necessary and may further determine that any redemption notices which have been postponed from any prior Dealing Day shall not have priority on any subsequent Dealing Day.

Shareholders are able to switch their holdings from one share class to another active class on the next available Dealing Day ("**Switching**") upon completion and submission of a Switch Form to the Administrator at least 3 Business Days' prior to the Dealing Day. Switching will be subject to a Switching Fee, the details of which (if applicable) are set out in the relevant Supplement unless prior agreement has been made with the Manager. Switching is permissible at the sole discretion of the Directors.

If either: (i) the Net Asset Value per Share is less than US\$5, EUR5, GBP5, or CHF5; or, (ii) the Net Asset Value is less than US\$5,000,000 for any consecutive three (3) month period occurring after the first anniversary of the Fund's incorporation; or, (iii) if the Directors consider it advisable or prudent in the interests of Shareholders as a result of any enactment, legislation or otherwise, the Fund may, in any such case, at its option, cause all Shares then outstanding to be redeemed. In addition, Shares may be compulsorily redeemed in accordance with the Memorandum of Association and Articles of the Fund.

The Articles provide that the Fund may at any time compulsorily redeem all or part of the Participating Shares held by any Shareholder at the exclusive and absolute discretion of the Directors and without assigning any reason therefore. In particular (without limitation) the Fund may redeem all or part of the Participating Shares held by any Shareholder if: (i) it determines that any of the representations or warranties given by or on behalf of that Shareholder in his application for subscription for or other acquisition of any Shares were not true when made or have since ceased to be true; (ii) a redemption request by that Shareholder would cause the aggregate Net Asset Value of that Shareholder's remaining Shares to fall below such minimum amount as the Directors may determine; or (iii) that Shareholder is or has become a Non-Eligible Investor (as such term is defined in the Articles) or, holds Shares directly or indirectly for the benefit of a Non-Eligible Investor.

Each Share class of the Fund shall have its own liquidity requirements and the Directors or their nominee may, in their exclusive and absolute discretion apply specific terms to the redemption of Shares in each Share class. The Manager has the power to ascertain the Net Asset Value of Shares on the basis of the Net Realisable Value of the underlying assets rather than the prevailing market price in the event of receipt of a request for redemption.

Procedure for Application

Applications for initial subscriptions, must be for a minimum of US\$100,000 or the currency equivalent, and must be made on and in accordance with the accompanying Application Form. Subsequent investments must be for a minimum of US\$5,000 or the currency equivalent. The minimum subscription may vary at the discretion of the Manager or Directors from time to time provided that the minimum initial subscription is not less than that required in accordance with the Mutual Funds Act and Directive 2003/71/EC as amended (which includes the amendments made by Directive 2010/73/EU).

Applications, together with any documentation required for anti-money laundering purposes should be sent to the Administrator by 5 p.m. UK time on the Business Day which is three (3) Business Days in advance of the Dealing Day via fax to +44 20 3048 3038 or email to dealing@taurusadmin.com with the original to follow via mail to Taurus Administration Services Limited, 167-169 Great Portland Street, London, W1W 5PF, United Kingdom. All applications, whenever made, should be accompanied by a copy of the telegraphic transfer form providing for payment before the relevant Dealing Day to the bank account set out in the application form. The Administrator will only accept subscriptions made by electronic transfer.

The number of Shares issued in respect of any application will depend on the relevant Subscription Price.

A right is reserved to accept in part only or to reject or scale down applications for Shares, and to make any acceptance in whole or in part subject to the prior provision of information sufficient to satisfy the Directors that the receipt of such application and/or any subsequent issue of Shares is not made in consequence of or will not constitute a breach of the Companies Act or any applicable legislation in the country of origin of the applicant.

If any application is not accepted in full, application monies will be returned in part or in full (as the case may require) to the applicant by mail at the applicant's risk, or by telegraphic transfer to the remitting account at the applicant's expense.

No interest will be paid on application monies received prior to the Dealing Day.

All documents sent or returned to applicants will be sent by mail at the risk of the person(s) entitled thereto.

All subscription and redemption proceeds must be paid in the currency of the class to which they relate.

Cleared funds must be received in the appropriate bank account of the Fund by 5 p.m. (UK time) on the Dealing Day for which the investment is instructed.

Shares will only be issued on receipt of cleared funds and all necessary documentation required for anti-money laundering purposes.

Initial Offer

During the Initial Offer period for each class of Shares, Shares were available at a fixed price, inclusive of premium, as set out in the attached Supplement.

Data Protection

Under the Cayman Islands Data Protection Act, 2017 (the "**DPA**") the Fund is the 'data controller' and the Administrator is the 'data processor'. The Administrator will act on behalf of the Fund, and the Fund will act, in these respective capacities. The Administrator represents to the Fund that it has suitable systems and controls in place in order to comply with the data protection principles prescribed in the DPA in respect of any 'personal data' that the Administrator will handle on behalf of the Fund.

In its capacity as the data processor, the Administrator will:

- (i) process the personal data of 'data subjects' (investors and related parties) fairly and in accordance with the instructions of the Fund, as data controller;
- (ii) process the personal data in accordance with the rights of the data subjects under the DPA;
- (iii) assist the data controller, as may be required, by appropriate technical and organizational measures, insofar as this is possible, for the fulfilment of the data controller's obligation to respond to requests for exercising the data subject's rights;
- (iv) ensure personal data is only obtained for the specified lawful purpose(s) and will not be further processed in any manner incompatible with those purpose(s);
- (v) ensuring that personal data is adequate, relevant and not excessive in relation to the purpose(s) for which they are collected or processed;

- (vi) keep personal data accurate and up to date;
- (vii) not retain documents for longer than the required time after the relationship between the Administrator and the Fund, data subjects or other related parties have ended. The Administrator's policy to retain documents is for a period of [7] years after the relationship has ended with the Fund. Any documentation containing personal data after this period will be destroyed;
- (viii) commit to maintaining the confidentiality and security of information relating to the Fund, its data subjects and related parties and comply with applicable data requirements;
- (ix) take all appropriate technical and organizational measures required in relation to security against unauthorised or unlawful processing of personal data and against accidental loss or destruction of, or damage to, personal data;
- (x) not transfer personal data of data subjects to a country or territory unless that country or territory ensures an adequate level of protection for the rights and freedoms of data subjects in relation to the processing of the personal data. With regards to transfers of personal data to a third country or international organisation, if required by law, the Administrator shall immediately inform the Fund of that legal requirement before processing unless the law prohibits such information on important grounds of public interest or the transfer is necessary in order to protect the vital interests of the data subject or other exceptions in relation to the transfer of personal data as set out in Schedule 4 of the DPA;
- (xi) not engage another data processor without the prior written approval of the Fund. Any additional data processor may only be an affiliate of the Administrator and not an external entity. The Administrator shall ensure where any other data processor is engaged that such data processor shall agree to be bound by the same data protection requirements set out in this Agreement. The Administrator shall ensure that these obligations are fulfilled;
- (xii) comply with data breaches procedures and notify the supervisory authority, the Fund, data subjects or other related parties, as relevant; and,
- (xiii) assist the Fund to comply with request from the Officer of the Information Commissioner.

Anti Money Laundering

To ensure compliance with statutory and other generally accepted principles relating to anti money laundering, the Administrator may require verification of identity from all persons or entities submitting a subscription agreement. Depending on the circumstances of each application, a detailed verification may not be required if:

- (i) the Investor is a recognised financial institution; or,
- (ii) the Investor makes the subscription agreement payment from an account held in the Investor's name at a recognised financial institution.

These exceptions will only apply if the financial institution or intermediary referred to above is within a country recognised as having sufficient anti money laundering regulations such as a member state of the European Union which is subject to the fifth EC Money Laundering Directive or one (1) of the countries which makes up the Financial Action Task Force ("**FATF**") and which is subject to FATF Recommendations.

An individual may be required to produce a copy of his or her passport or identification card certified by a notary public. In the case of corporate applicants, they may be required to produce a certified copy of their certificate of incorporation (and any change of name), memorandum and articles of association (or equivalent constitutional document), as well as the names, occupations, dates of birth and residential and business address of all directors and any shareholder holding more than 10% of the issued shares in the company.

The Administrator reserves the right to request such information as is necessary to verify the identity of an applicant. To ensure compliance with statutory and other requirements relating to money laundering, the Administrator may require certification of identity from any person or entity submitting a subscription agreement. Pending the receipt of evidence satisfactory to the Administrator as to identity, the evidence of title in respect of Shares may be retained at the absolute discretion of the Administrator. If, within a reasonable period of time following a request for verification of identity, the Administrator has not received evidence satisfactory to it as aforesaid, it may, in its absolute discretion, refuse to allot the Shares applied for in which event application money will be returned without interest to the account from which such money was originally debited.

If any person who is resident in the Cayman Islands has a suspicion that a payment to the Fund (by way of subscription or otherwise) contains the proceeds of criminal conduct, that person is required pursuant to the Proceeds of Crime Law (as Revised) to report such suspicion to the appropriate authorities in the Cayman Islands and such report will not be treated as a breach of any restriction upon the disclosure of information imposed by any enactment or otherwise.

Money Laundering Reporting Officers

In accordance with the Anti-Money Laundering Regulations (2020 Revision) the Fund appointed a Money Laundering Reporting Officer ("**MLRO**") a Deputy Money Laundering Reporting Officer ("**DMLRO**") and a compliance officer (the "**Compliance Officer**") as follows:

MLRO:	Gan Wyndham-Jones
DMLRO:	Hayley Sanders
Compliance Officer:	Gan Wyndham-Jones

Further details on the MLRO, DMLRO and the Compliance Officer can be obtained from the Administrator or the Manager.

Foreign Account Tax Compliance Act

United States

The Foreign Account Tax Compliance Act ("**FATCA**") provisions of the Hiring Incentives to Restore Employment Act (the "**HIRE Act**") and regulations issued thereunder generally impose a reporting and thirty (30) percent withholding tax regime with respect to certain US source income (including interest and dividends) and gross proceeds from the sale or other disposition of property that can produce US source interest or dividends paid to a foreign financial institution ("**FFI**") (such as the Fund which will be considered a Cayman Islands Financial Institution) unless the information and reporting requirements imposed by FATCA are satisfied. In the case of the Fund it will be required to report with respect to any US Shareholder or a non-US Shareholder with US owners. As part of the process of implementing FATCA, the US government has negotiated intergovernmental agreements with certain foreign jurisdictions to make it easier for those partner jurisdictions to comply with the provisions of FATCA. Under each such agreement, FFIs in a partner jurisdiction will be able to report information on US account holders directly to their national tax authorities, who in turn will on an automatic basis report to the Internal Revenue Service ("**IRS**").

The Cayman Islands has signed a Model 1B (non-reciprocal) inter-governmental agreement with the United States (the "**US IGA**") to give effect to FATCA and the automatic exchange of information. The Tax Information Authority Law (the "**TIA Law**") is the primary Cayman Islands legislation dealing with the implementation of the US IGA and detailed rules are contained in regulations made under the TIA Law. The Tax Information Authority (International Tax Compliance) (United States of America) Regulations, 2014 (As Amended). So long as the Fund complies with the US IGA and the enabling legislation, it will not be subject to the related US withholding tax regime. Shareholders will generally be required to provide to the Fund information that identifies their direct and indirect US ownership. Any such information provided to the Fund will be disclosed to the Cayman TIA or its delegate which will in turn report the information to the IRS annually on an automatic basis unless it is otherwise exempt from the reporting and withholding rules. Shareholders will be deemed to have given their consent to the disclosure of information and will agree to provide such other information as is necessary for the Fund to comply with these new reporting requirements.

Switzerland

Along with many other countries, Switzerland has concluded an intergovernmental agreement with the US to facilitate the implementation of FATCA. A Swiss FATCA law was enacted on the basis of this intergovernmental agreement (the Swiss FATCA Agreement), which came into effect on 30th June 2014. The FATCA agreement reduces the implementation costs for Swiss financial institutions.

The FATCA agreement currently in force between Switzerland and the US is based on the so-called Model 2. According to this model, Swiss financial institutions provide the IRS directly with the account information that is subject to reporting with the consent of the clients concerned. In cases where no consent has been granted, an anonymous, aggregated report containing certain account information is provided. On the basis of the aggregated notification, the IRS can then seek disclosure of specific client and account information by means of a request for administrative assistance, if this is provided for under the double taxation agreement between Switzerland and the US.

The FATCA agreement under Model 2 is unilateral. Account information is only sent from Switzerland to the US, but not vice versa. This is set to change in the future. On 8th October 2014, the Federal Council approved a mandate for negotiations with the US on changing to a reciprocal FATCA agreement under Model 1. It is therefore envisaged that in future, certain account information will flow in both directions. However, FATCA reporting from the US to Switzerland will be less comprehensive than the reporting from Switzerland to the US.

Unlike under the Model 2 agreement, reporting from financial institutions under Model 1 is not provided directly by the financial institution to the IRS. Instead, it is sent to the Swiss Federal Tax Administration (FTA), which in turn forwards this to the IRS.

Common Reporting Standard

The Cayman Islands has also introduced regulations, The Tax Information Authority (International Tax Compliance) (Common Reporting Standard) Regulations, 2015 (as Amended), implementing the Common Reporting Standard (the "**CRS**", and together with FATCA and UK FATCA, ("**AEOI**")). The CRS is an OECD initiative which deals with the automatic exchange of account information for tax purposes (on a reciprocal basis) with each of the participating countries that have adopted the CRS.

Financial Institution's AEOI Obligations

All Cayman Islands "Financial Institutions" will be required to comply with the registration, due diligence and reporting requirements of Cayman Islands regulations implementing AEOI (the "**AEOI Regulations**"), except to the extent that they can rely on an exemption that allows them to become a "Non-Reporting Financial Institution" (as defined in the relevant AEOI Regulations) with respect to one (1) or more of the AEOI regimes. The Fund does not propose to rely on any reporting exemption and therefore intends to comply with the requirements of the AEOI Regulations. Pursuant to the AEOI Regulations, the Cayman Islands Tax Information Authority (the "**TIA**") has published guidance notes on the application of the US and UK IGAs and the CRS.

The AEOI Regulations require the Fund to, amongst other things (i) register with the IRS to obtain a Global Intermediary Identification Number (in the context of the US IGA only), (ii) register with the TIA, and thereby notify the TIA of its status as a "Reporting Financial Institution"; (iii) conduct due diligence on its accounts to identify whether any such accounts are considered "Reportable Accounts", and (iv) report information on such Reportable Accounts to the TIA. The TIA will transmit the information reported to it to the overseas fiscal authority relevant to a reportable account (i.e. the IRS in the case of a US Reportable Account, HMRC in the case of a UK Reportable Account, etc.) annually on an automatic basis.

Each Investor in the Fund will be required to disclose certain information and provide such documentation to such entities (as the Directors may determine in their absolute discretion) including as to that Investor's citizenship and countries of tax residency to enable the Fund to comply with its obligations relating to AEOI. By investing in the Fund and/or continuing to invest in the Fund, investors shall be deemed to acknowledge that further information may need to be provided to the Fund, the Fund's compliance with the AEOI Regulations may result in the disclosure of Investor information, and Investor information may be exchanged with overseas fiscal authorities.

Where an Investor fails to provide any requested information (regardless of the consequences), 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. Although the Fund expects that it will comply with AEOI, the Fund cannot ensure that it will be able to so comply (for example, if an Investor does not provide the required information). Investors are urged to consult their tax advisors regarding the potential application of AEOI to their investment in the Fund.

V Charges and Expenses

The following costs connected with the operation of the Fund as a Collective Investment Scheme shall be borne by the Fund:

(a) Administrator

The Administrator shall charge a fee, as detailed below for the services being rendered by it which shall be discharged by VNHF. VNHF shall also be responsible for reimbursement of the Administrators out of pocket expenses.

Fund Nav	Fee
Minimum Fee	EUR2,600 per month
USD0-20 million	0.1% per annum
USD20-40 million	0.075% per annum
USD40 million and above	0.05% per annum
Transaction Fee	EUR50.00 per subscription or redemption
Shareholder servicing fee	EUR75.00 per new investor on which the administrator has to perform full DD/KYC/AML procedures

At the date of this document, the Fund has 2 active Share classes.

For any new share class, the Administrator will charge a one off set up fee of EUR500 per share class.

The basis points fees are applied on the total net asset. When the total of these fees exceeds the monthly minimum, then the administration fee will be calculated on this basis and exchanged at the prevailing USD to EUR FX rate.

Financial Reporting (as and when requested by the Fund or the Manager):

Fixed fee of EUR250 per month to cover the following:

- Weekly Cashflow reporting (also referred to as Information for Advisor report; and,
- Monthly reporting for Investment Strategy Meeting, including Life Policy Reporting, Cashflow reporting (and Hedging Reporting if eventually required).

Audit Support:

Fixed fee of EUR3,000 per annum for the preparation of the annual financial statements and finalisation of the external audit.

US FATCA and CRS Reporting:

Fixed annual fee of EUR2,000 for assistance in providing information on: any US FATCA and CRS reporting requirements.

Variable Fees

Fixed monthly fee of EUR100.00 for additional variable costs to provide services to the Fund.

- (i) All fees shall be due and payable within 30 days of date of invoice. The Fund agrees to pay the Administrator interest on any sums 30 days past due and payable by it to the Administrator at Euribor plus 5% per annum.
 - (ii) The Fund shall reimburse the Administrator in respect of all expenses and costs whatsoever which may be properly incurred by the Administrator or otherwise in the performance of its obligations under this Agreement including all expenses properly incurred by the Administrator in connection with the publication and the reliance of specialized pricing services from time to time, of the net asset value including pricing services;
 - (1) all formation, registration and filing fees and all professional fees (including attorneys, auditors and consultants) and expenses properly incurred by the Administrator in the preparation and execution of this Agreement and in the performance of its obligations under it;
 - (2) telephone, facsimile, courier, E-mail, postage, courier, photocopying and stationery expenses (including printing and distributing reports, notices, proxy materials and other documents for Investors) and printing and distributing offering documents; and,
 - (3) the costs of attending director and shareholder meetings (if required).
- (b) Manager

The Manager shall be paid a percentage, as detailed below of the Gross Asset Value as an annual fee which shall accrue daily and be payable monthly in arrears on the last Business Day of each calendar month ("**Management Fee**"). Such percentage is set out in the Supplement in regard to the relevant class of Shares. Furthermore, when assets are allocated into a fund which is also managed by the Manager, the Manager may collect a management charge from that fund on such investments in addition to the Management Fee.

Share Class	Percentage per annum
Arbitrage Share Classes	2% of GAV
Distribution Share Classes	1% of GAV

US FATCA and CRS Reporting

Fixed annual fee of GBP3,000 (the "**Fixed Reporting Fee**") for providing services to the Fund in respect of US FATCA, CRS Reporting, filings and liaising with tax authorities and/or regulatory competent authorities. The Fixed Reporting Fee encompasses 20 hours of time each calendar month provided by the Manager to the Fund to fulfil the US FATCA and CRS Reporting functions. Additional time beyond 20 hours each calendar month to fulfil this function will be charged to the Fund at an hourly rate of GBP150.

*Anti-Money Laundering ("**AML**") Compliance and Reporting Officers*

In line with the Anti-Money Laundering Regulations (2020 Revision), the Manager has agreed to provide AML Compliance and Reporting Officers and as such shall charge an annual fee as detailed below:

Fund Gross Asset Value	Annual Fee
USD0 to USD10,000,000	USD2,000
USD10,000,001 to USD30,000,000	USD5,000
USD30,000,001 and above	USD7,000

The Fund will also reimburse the Manager for all expenditure properly incurred by the Manager for work undertaken in connection with the following matters in relation to the Fund: advertising and promotion, public relations, cost of sales, marketing allowances, training, accounting, administration and other such expenses (including introducers or promoters) deemed appropriate by the Directors.

The Manager has the power to appoint any introducer or promoter on behalf of the Fund to promote the Fund upon such terms and in consideration for such fees as the Fund may approve from time to time.

If the Manager underwrites any hedging arrangement in respect of currency exchanges, then any currency profits in respect of such additional services shall be paid to the Manager.

The Manager may waive part or all of its contractual fee entitlement if it is in the long term best interests of the Fund, in order to support the Net Asset Value of the Fund. This may make the performance of the Fund look better than it would otherwise have been.

(i) Initial Charges

In classes where the initial allocation is less than 100% of the initial investment the balance will be taken as an initial charge ("**Initial Charge**"). For example, when the initial allocation is 95% then the Investor will be charged 5% as an initial charge. The initial allocation and the initial charge are more particularly set out in the relevant Supplements.

(ii) Exit Charge

Redemptions may be subject to an exit charge ("**Exit Charge**") details of which (if applicable) are set out in the relevant Supplement unless prior agreement has been made with the Manager. All Exit Charges will be payable to the Manager less any unamortised proportion of the deferred sales charge which will be repaid to the respective Share class.

(iii) Placement Fee

The Manager shall be paid a placement fee (the "**Placement Fee**") as a percentage of any debt instrument, bond issue or re-issue, or any other loan arrangement issued by or entered into by the Fund (a "**Loan Arrangement**"). The Placement Fee will be equal to up to 1% per annum of the total sum borrowed under the Loan Arrangement (the "**Consideration**") which will be amortised over the duration of the term of the Loan Arrangement.

The Fund may agree an initial charge and bond roll over charge of up to 15% to be paid out of subscription proceeds of the Bond to an introducer. This will be agreed on a case by case basis by the Manager of the Fund.

(iv) Policy Movement

A Policy Movement fee is payable to the Manager as a percentage of the value of any Policy Movement and is used by the Manager to pay for its operations.

The Manager shall apply a Policy Movement fee of 5% on all policy movements other than maturities. The Manager may elect to waive a Policy Movement fee.

(v) Performance Fee

A Performance Fee calculated as a percentage of new net highs of Gross Asset Value will be payable from certain Share classes as an annual fee that will accrue daily and be payable monthly in arrears on the last Business Day of each calendar month ("**Performance Fee**") to the Manager.

The Manager will be paid any applicable Performance Fee as per the table below:

Share Class	Fee
Arbitrage Share Class	20% of new net highs of the Net Asset Value price per share
Distribution Share Class	Nil

(vi) Share Class Switching Fee

A Switching Fee of 1% of the prevailing value of the relevant Shares is payable to the Manager for each Switch that occurs.

(vii) Deferred Sales Charge

Investors will receive an initial allotment of shares equivalent to the allocation rate described in the schedule the balance will be taken as an initial charge (details set out above). An additional charge, equal to a percentage of the value of any subscription, may be borne by certain share classes in the form of a deferred sales charge (the "**Deferred Sales Charge**") and amortised back to that share class monthly over a period from the date of subscription details of which (if applicable) are set out in the relevant supplement. The Deferred Sales Charge shall apply to all initial subscriptions and any subsequent subscriptions. The full amount of the Deferred Sales Charge will be paid to the Promoter. Deferred Sales Charges only apply to those classes set out in the Supplements of the Fund.

(c) Promoter

The Promoter shall be paid a Deferred Sales Charge for the services being rendered by it which shall be discharged by the Fund, although currently no fee is charged. The Fund will also reimburse the Promoter for all expenditure properly incurred by the Promoter for work undertaken in connection with the following matters in relation to the Fund: advertising and promotion, public relations, cost of sales, marketing allowances, training, accounting, administration and other such expenses (including introducers) deemed appropriate by the Directors.

(d) Investment Adviser

The Investment Adviser will receive a fee of one twelfth (1/12) of 0.15% of the Gross Asset Value of the Fund subject to a minimum of CHF2,000 per calendar month, which shall be discharged by the Fund on a monthly basis.

(e) Custodian Trustee

The Custodian Trustee shall charge a fee, as detailed below for the services being rendered by it which shall be discharged by the Fund. The Fund shall also be responsible for reimbursement of the Custodian Trustee's out of pocket expenses.

Transition Fee	US\$2,500
File Maintenance	Time and material
Premium Payment Monitoring and Notification	US\$35 per disbursement notification
Communication with Issuing Insurance Company	Time and material
Tracking services <ul style="list-style-type: none">• Sections (i) and (ii)• Sections (iii) and (iv)	US\$175 per insured per year US\$350 per policy
Accounting	Time and material
Record Retention and Forwarding	Time and material
Policy Purchase	US\$495 per policy
Other services as directed by the Fund	Time and material

(f) Currency Hedging

If the Manager or an appointed third party service provider underwrites foreign exchange risk by way of a currency hedging agreement, then any currency gains or losses in respect of such additional services (together with any contracted currency hedging arrangement fees) shall be payable to or receivable from the Manager or such appointed third party service provider.

(g) Banker

Kaiser Partners shall charge a variable quarterly fee to provide custody services and to maintain the bank account however each online transaction shall incur a transaction fee which may vary depending on the currency and value of transaction.

(h) Auditor

The Auditor and the Directors in consultation with the Manager have agreed to an annual fee for the preparation of the Fund's annual financial statements for 31st December 2021 year end, the Auditor will charge a fee of USD30,000 which was agreed at the point of engagement.

Disbursements shall be charged separately as a percentage of the agreed audit fee. The Fund shall also be responsible for reimbursement of the Auditor's out of pocket.

(i) Other Costs and Expenses

- (i) expenses of and incidental to the convening and holding of meetings of Shareholders, Directors and committees of Directors, of the Fund including without limitation the expenses of and incidental to producing, printing and posting or otherwise despatching notices of meetings and any documents enclosed therewith or designed to be read in conjunction therewith;
- (ii) expenses of and incidental to producing printing and posting or otherwise despatching yearly accounts of the Fund and any report of the Directors and/or Auditor therewith;
- (iii) expenses of and incidental to printing and posting or otherwise despatching advice or contract notes, and dividend warrants of the Fund;
- (iv) the cost of maintaining the Fund's share register, minute books and other documentation required by law to be maintained by the Fund;
- (v) stamp and other duties, taxes, governmental charges, brokerage, transfer fees, registration fees and other charges payable in respect of or in conjunction with the acquisition, holding or realisation of any investment by the Fund;
- (vi) corporate and other fees payable by the Fund to any Government or other authority or to any agency of such Government or authority whether in the Cayman Islands or elsewhere;
- (vii) audit fees of the Fund and legal expenses in connection with the Fund's corporate existence, corporate and financial structure and relations with its Shareholders and third parties and all other professional and other charges in respect of services rendered to the Fund; and,
- (viii) other costs incurred by the Fund in connection with its operation as a Collective Investment Scheme.

(j) Directors' Fees

- (i) It has been agreed between the directors and the Company that as from 1st April 2022 the directors will receive an annual fee of USD12,385.12, the annual fees will escalate to USD18,578.73 when the Gross Asset Value ("GAV") of the Company reaches USD30m, and will escalate to USD24,771.64 when the GAV of the Company reaches USD40m, and finally will escalate to USD30,964.55 when the GAV of the Company reaches USD50m. Effective from the start of the next financial year your fees will be indexed annually according to the UK Retail Price Index; and,

(ii) Any fees are payable quarterly in arrears, pursuant to Clauses 4.1 and Clause 2.4, after submission of the relative Time Records in accordance with Clause 2.3.

(1) If the fee is not paid in a timely manner at the end of each calendar quarter, for any reason whatsoever, any amount outstanding to the executive director, shall accrue interest, at an annual rate of 4% over the applicable bank's base rate, subject to a minimum rate of 5% until such time that the fee has been settled in full;

(2) The Directors may elect to waive all or part of their Directors' Fees; and,

(3) The Fund shall reimburse the Directors' for any expenses directly and reasonably incurred by them in relation to their appointment as executive directors of the Fund, provided that any receipts or invoices (where practicable) for such expenses are provided to the Fund.

(k) Registered Office and Corporate Services

The Fund will pay the customary fees for the provision of Corporate Secretary and Registered Office services, these being US\$750 per annum and US\$3,500 per annum respectively.

Taxation, Exchange Control and Duty in the Cayman Islands

The following is intended only as a summary of current law and practice in the Cayman Islands, is subject to change and does not constitute legal, tax or exchange control advice. Investors should consult their own professional advisers on the implications in the relevant jurisdiction(s) of buying, holding, disposing of or redeeming Shares, including the provisions of the laws of the jurisdiction in which they reside or are otherwise subject to tax.

The Fund

Under the laws of the Cayman Islands, no taxes will be chargeable on any income, profits or capital gains of the Fund or on any dividends payable by the Fund. The Fund has obtained an undertaking from the Governor-in-Council that for a period of twenty (20) years from the date of issue being 25th November 2014:

- (i) no law which is thereafter 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,
- (ii) no tax which may be levied on profits, income, gains or appreciations or which is in the nature of estate duty or inheritance tax shall be payable:
 - (1) on or in respect of the Shares, debentures or other obligations of the Fund; or,
 - (2) by way of the withdrawing in whole or in part of any relevant payment, as defined in section 6 (3) of the Tax Concessions Act (as Revised).

The Cayman Islands currently imposes annual fees on all exempt companies. The current rate for an exempt company is approximately US\$850 per annum. In addition, as the Fund will be required to be registered as a mutual fund under the Mutual Funds Act (2021 Revision) of the Cayman Islands and pay an annual fee of approximately US\$4,600 per annum.

The Shareholders

Under the laws of the Cayman Islands, Shareholders will not be subject to any tax in the Cayman Islands in respect of any Shares owned by them, and there are no exchange controls.

The Fund may invest in various jurisdictions and, in consequence, certain of its income and gains may be liable to taxation in those jurisdictions. However, the Fund will aim to minimise taxation on its income and gains to the extent to which the Directors and Manager consider reasonable.

European Union Savings Directive

Investors who are individuals resident in a Member State of the European Union or certain other jurisdictions should be aware of the provisions of the EU Council Directive 2014/48/EC of 24th March 2014 amending Directive 2003/48/EC of 3rd June 2003 on taxation of savings income in the form of interest payments (the **"Directive"**) pursuant to which income realised upon the sale or redemption of shares in undertakings for collective investment, as well as any income in the form of dividends or other distributions made by such undertakings for collective investment, may (depending upon the location, classification and investment portfolio of the undertaking) become subject to the reporting regime or withholding tax regime imposed by the Directive, if such payment is made by a paying agent established either in a Member State of the European Union or in certain other jurisdictions which have agreed to introduce an equivalent reporting or withholding tax regime in respect of such payments. The provisions of the Directive apply to payments made on or after 1st July 2005.

However, as a result of the classification by the Cayman Islands of funds such as the Fund established in its jurisdiction, payments made directly by the Fund through the Administrator to Shareholders who are individual beneficiaries will not be subject to the reporting (or withholding tax) regime. However, because these rules are complex and their implementation has to be effected by each Member State and the other jurisdictions through their own national legislation, application of the regime to payments deriving from the Fund but ultimately made by certain other entities (e.g. acting as nominee) located elsewhere in the European Union or in these other jurisdictions, although not anticipated, cannot as yet be excluded. Accordingly, Investors who are individuals or acting as nominees and who are resident in the European Union or in any of the other jurisdictions referred to above should consult their own tax advisers.

VI Winding Up

Share Rights on a Winding Up

If the Fund is wound up the liquidator shall apply the assets of the Fund in accordance with the law of the Cayman Islands.

The assets available for distribution among the Shareholders shall then be applied in the following priority:

- (i) firstly, in payment *pari passu* to holders of Shares of the nominal amount paid up thereon, which payment may be made from the available assets of the Fund;
- (ii) secondly, in repayment *pari passu* to holders of Management Shares of the nominal amount paid up thereon, which payment may be made from the remaining assets of the Fund; and,
- (iii) thirdly, any surplus assets then remaining shall be distributed among the holders of the Shares in accordance with the Articles.

The Shareholders are not permitted to present a petition for the winding up of the Fund (including a winding-up petition seeking any relief pursuant to Section 95 (3) of the Companies Act) and that in the event any petition is purportedly presented by such Shareholders contrary to the undertakings provided by the Shareholder, such a petition shall be void and of no effect and the Shareholders cannot oppose any application for the dismissal of the petition pursuant to Section 95 (2) of the Companies Act (2022 Revision).

VII Miscellaneous

Copies of this Document, the Fund's memorandum of association and Articles, the contracts of the Administrator and the Manager (the "**Material Contracts**"), any amending documents, the Companies Act and the Mutual Funds Act of the Cayman Islands and (in due course) copies of the most recent annual report (when compiled), may be inspected at and copies may be obtained from the Administrator.

Prices of Shares are published on the Fund's website and are available on *Bloomberg*.

The annual financial statements of the Fund will be prepared within six (6) months from the year end and copies will be available to each Shareholder.

Additional Information

- (a) The Articles of Association of the Company and all annual and periodic reports may be inspected at the office of the Administrator;
- (b) It is not anticipated that the Fund will pay dividends;
- (c) The Fund will issue valuation statements to investors and make any annual financial statements that are produced available to investors;
- (d) The Fund may, make payments of commission or otherwise to any promoter duly appointed by the Manager as it thinks fit in respect of each application for Shares;
- (e) Save as disclosed herein, no Director of the Fund has any interest, direct or indirect, in any assets which have been acquired by or disposed of or leased to the Fund or are proposed to be acquired by, disposed of or leased to the Fund or in any transaction which is subsisting at the date of this Document and which is unusual in its nature or conditions or significant in relation to the business of the Fund;
- (f) No Share or loan capital of the Fund is under option or agreed to be put under option conditionally or unconditionally and, save as disclosed herein, no commission, discounts, brokerages or other special terms have been granted by the Fund prior to the date of this Document in connection with the issue or sale of any Share or loan capital of the Fund;
- (g) Save as disclosed herein, no Share or loan capital of the Fund has been issued or agreed to be issued prior to the date of this Document or is proposed to be issued, fully or partly paid, either for cash or for a consideration other than cash;
- (h) The Fund has not purchased or agreed to purchase or acquire any real property;
- (i) The Fund commenced trading in August 2014;
- (j) As of the date of this Document the Fund has no loan capital (including term loans) outstanding or created but unissued, and no outstanding mortgages, charges, debentures or other borrowings, including bank and overdraft and liabilities under acceptance or acceptance credits, hire purchase or finance lease commitments, guarantees or other contingent liabilities;
- (k) Neither the Directors, nor any connected person, the existence of which is known to or could with reasonable diligence be ascertained by the Directors, whether or not through another party, have any interest in the Shares of the Fund nor have they been granted any options in respect of the Shares of the Fund;

- (l) No loan or guarantee has been granted or provided by the Fund to any Director;
- (m) The Directors may vote on any transaction in which they have a material interest if they first disclose the nature of their interest to the Fund. A Director is counted in the quorum present at any meeting at which he or any other Director is appointed or at which the terms of such appointment are arranged and he may vote on such appointment or the arrangement other than his own appointment or the arrangement of the terms thereof;
- (n) Subject to any restrictions set out in the relevant Supplement, the Directors may exercise all the powers of the Fund to borrow money and to mortgage or charge its undertakings property and uncalled capital or any part thereof, to issue debentures, debenture stock and offer securities whenever money is borrowed as security for any debt, liability or obligation of the Fund;
- (o) The Articles contain no provision requiring Directors to retire on attaining a particular age;
- (p) Shares are freely transferable (with Director consent) and may not be subject to any transfer restrictions or compulsory redemption save where the holdings of such Shares may result in regulatory, pecuniary, legal taxation or material administrative disadvantage for the Fund or its Shareholders as a whole, or whether such transfer would result in a Shareholder falling below the specified minimum holding; and,
- (q) There is no litigation or claims of material importance pending or threatened by or against the Fund.

Arbitrage Share Classes

Class Currencies: US Dollars (for Shareholder in the US Dollar Arbitrage Class)
Euros (for Shareholder in the EUR Arbitrage Class)
Pounds Sterling (for Shareholder in GBP Arbitrage Class)
Swiss Francs (for Shareholder in CHF Arbitrage Class)

Dealing Codes: USD Arbitrage Class
ISIN KYG938261081
BLOOMBERG VITANOV KY
VALOREN CH024149814

EUR Arbitrage Class
ISIN KYG938261578
BLOOMBERG VITNOVE KY
VALOREN CH046601011

GBP Arbitrage Class
ISIN KYG938261404
BLOOMBERG VITNOVG KY
VALOREN CH046601053

CHF Arbitrage Class
ISIN KYG938261321
BLOOMBERG VITNOVC KY
VALOREN CH046600881

Investment Objective & Policy: The investment objectives of the Fund are to achieve long term capital growth by identifying short to medium term investment opportunities with inherent pricing weaknesses and the potential to improve over time.

The Fund's investment management team may rely on economic forecasts and analysis in respect of interest rate trends, macroeconomic developments, global imbalances, business cycles and other broad systemic factors that may lead to arbitrage and alpha opportunities.

As is common with most hedge funds VNHF has a flexible investment mandate. The majority of the assets of VNHF are intended to be invested in arbitrage and or alpha investment opportunities and may take long and short positions in various equity, fixed income, foreign exchange, commodity, and futures markets.

Where the Manager identifies value opportunities it has the ability to use gearing to over invest wherever possible, whilst preserving liquidity to afford relatively quick changes to the portfolio weighting and to take advantage of short term market trends.

The Fund may also invest directly in companies, mutual funds, collective investment schemes and other types of investment programme that the Manager feels may complement the overall investment strategy.

Borrowing Powers: The Directors may exercise all powers of the Fund to borrow and give security therefore as they see fit.

Allocation Rate

Initial Allocation: 100%

Charges

Initial Charge: Nil

Exit Charge: Redemptions of shares are not permitted during the Lock-Up Period without the approval of the Directors. If a redemption request is approved by the Directors, the redemption share price will be calculated in accordance with the Redemption Price as detailed in the commentary contained within the Redemption section of this Schedule and subject to the following exit charges:

In the first year of investment	10%
In the second year of investment	8%
In the third year of investment	6%
In the fourth year of investment	4%
In the fifth year of investment	2%
Thereafter	Nil

Performance Fee: 20% of new net highs of Net Asset Value

Annual Management Charge: 1.5% of GAV per annum

Share Class Switching Fee: 1% of the prevailing value of the relevant shares for every Switch transaction

Subscriptions

Notice Period: For Subscriptions to be accepted, the Application Form and relevant Anti Money Laundering documentation must be received by the Administrator by fax or email by 5 p.m. CET on the Business Day which is three (3) Business Days prior to the Dealing Day, with originals to follow by post.

Minimum Subscription: US\$100,000 or currency equivalent. The minimum subscription may vary at the discretion of the Manager or the Directors from time to time provided that the minimum investment is not less than that required in accordance with the Mutual Funds Act (as Revised) of the Cayman Islands.

Minimum Additional Subscription: US\$5,000 or the currency equivalent (or such lesser sum as the Directors may, in their absolute discretion, approve).

Redemptions

Lock-Up Period: The Fund shall not be required to redeem any Shares during the lock-up period being the period five (5) years from the date of the initial subscription of any such Participating Shares (the "**Lock-Up Period**").

During the Lock-Up Period and from time to time thereafter, the Directors of the Fund may in their absolute discretion compulsorily redeem any Shares in the Fund.

Although the Fund is not required to redeem shares during the Lock-Up Period the Directors may consider a redemption request and in certain mitigating circumstances and at their absolute discretion may agree to redeem shares subject to the Exit Charges and Redemption Price detailed in the Redemption Price section contained within this Schedule.

Notice Period:	Three (3) calendar months before the Dealing Day.
Minimum Redemption Amount:	US\$5,000 or currency equivalent (or such lesser sum as the Directors may, in their absolute discretion, approve).
Redemption Price:	<p>The Redemption Price shall be determined as set out herein.</p> <p>In determining the Net Asset Value of this class of Shares for this purpose, please note:</p> <p>The Manager has the power to ascertain the Net Asset Value of Shares on the basis of the Net Realisable Value of the underlying assets rather than the prevailing market price in the event of receipt of a request for redemption.</p>
Frequency of Dealing:	Monthly.
Initial Offer	
Initial Offer Period:	<p>During the Initial Offer period of the USD Arbitrage Share Class, which commenced at 9.00 a.m. on the 1st July 2014 and ended at 5.30 p.m. on the 31st July 2014, Shares in this class were available at the Initial Offer Price, inclusive of premium.</p> <p>During the Initial Offer period of the EUR, GBP & CHF Arbitrage Share Classes, which commenced at 9.00 a.m. on the 1st March 2019 and ended at 5.30 p.m. on the 31st March 2019, Shares in these classes were available at the Initial Offer Price, inclusive of premium.</p>
Initial Offer Price:	USD100 for USD Arbitrage Share Class EUR100 for EUR Arbitrage Share Class GBP100 for GBP Arbitrage Share Class CHF100 for CHF Arbitrage Share Class

Distribution Share Classes

Class Currencies:	US Dollars (for Shareholder in the US Dollar Distribution Class) Euros (for Shareholder in the EUR Distribution Class) Pounds Sterling (for Shareholder in GBP Distribution Class) Swiss Francs (for Shareholder in CHF Distribution Class)
Dealing Codes:	<div>USD Distribution Class</div> <div>ISIN KYG938261651</div> <div>BLOOMBERG VITNOUD KY</div> <div>VALOREN CH052432018</div> <div>EUR Distribution Class</div> <div>ISIN KYG938261735</div> <div>BLOOMBERG VITNOED KY</div> <div>VALOREN CH052434182</div> <div>GBP Distribution Class</div> <div>ISIN KYG938261818</div> <div>BLOOMBERG VITNOGD KY</div> <div>VALOREN CH052434294</div> <div>CHF Distribution Class</div> <div>ISIN KYG938261990</div> <div>BLOOMBERG VITNOCD KY</div> <div>VALOREN CH052434328</div>
Investment Objective & Policy:	<p>The investment objectives of the Distribution Share Classes are to maintain a share price equal to the initial offer price at all times and to provide a regular fixed income payment of 5% per annum by way of quarterly distribution payments.</p> <p>Income payments will be issued in arrear at the end of each calendar quarter from the date on which the Distribution Class Shares are issued. Income payments may be capitalised by the issue of additional Distribution Class Shares by mutual agreement of the Manager and the respective Shareholder.</p> <p>The Distribution Share Classes are not intended to provide capital growth for the Distribution Class Shareholders.</p> <p>The Distribution Class Shares have a fixed investment term of sixty (60) months from the date of investment and the Shares are intended to be compulsory redeemed by the Fund on the 5th anniversary of their issue date.</p>
Borrowing Powers:	The Directors may exercise all powers of the Fund to borrow and give security therefore as they see fit.

Allocation Rate

Initial Allocation: 100%

Charges

Initial Charge: Nil.

Deferred Sales Charge: 6% to be amortised over a period of sixty (60) months from the date of investment.

Exit Charge: No redemptions are permitted during the Closed Period without the express permission of the Manager.

If redemptions are permitted by the Manager during the Closed Period the following exit charge will be applied at the absolute discretion of the Manager.

In the first year of investment	10%
In the second year of investment	8%
In the third year of investment	6%
In the fourth year of investment	4%
In the fifth year of investment	2%
Thereafter	Nil.

Exit charges may only be waived at the absolute discretion of the Manager.

Annual Management Charge: 0.75% of GAV per annum

Share Class Switching Fee: 1% of the prevailing value of the relevant shares for every Switch

Subscriptions

Notice Period: For Subscriptions to be accepted, the Application Form and relevant Anti Money Laundering documentation must be received by the Administrator by fax or email by 5 p.m. CET on the Business Day which is three (3) Business Days prior to the Dealing Day, with originals to follow by post.

Minimum Subscription: US\$100,000 or currency equivalent. The minimum subscription may vary at the discretion of the Manager or the Directors from time to time provided that the minimum investment is not less than that required in accordance with the Mutual Funds Act (as Revised) of the Cayman Islands.

Minimum Additional Subscription: US\$5,000 or the currency equivalent (or such lesser sum as the Directors may, in their absolute discretion, approve).

Redemptions

Compulsory Redemption:	<p>The Fund intends to compulsorily redeem all issued Distribution Class Shares on or before the 5th anniversary of their issue (the “Redemption Date”). It is not possible for Shareholders to submit requests to redeem Shares prior to the Redemption Date (the “Closed Period”).</p> <p>The Fund reserves the right to compulsorily redeem any number of Distribution Class Shares that have been issued by the Fund during the Closed Period at the absolute discretion of the Directors.</p> <p>The Fund shall not be required to redeem any Shares during the Closed Period without the express consent of the Directors in consultation with the Manager.</p>
Notice Period:	<p>The Fund shall not be required to redeem any Shares during the Closed Period without the express consent of the Directors in consultation with the Manager.</p>
Minimum Redemption Amount:	<p>US\$5,000 or currency equivalent (or such lesser sum as the Directors may, in their absolute discretion, approve).</p>
Redemption Price:	<p>The Redemption Price for the Distribution Class Shares will be equal to the Subscription Price.</p>
Frequency of Dealing:	<p>The first Business Day in a month or such other day as the Directors may determine from time to time for the purpose of processing subscriptions or redemptions of Shares and for audit and accounting purposes.</p>

Initial Offer

Initial Offer Period:	<p>During the Initial Offer period of the USD, EUR, GBP & CHF Distribution Share Classes, which commenced at 9.00 a.m. on the 1st January 2020 and ended at 5.30 p.m. on the 31st January 2020, Shares in these classes were available at the Initial Offer Price, inclusive of premium.</p>
Initial Offer Price:	<p>USD100 for USD Distribution Share Class EUR100 for EUR Distribution Share Class GBP100 for GBP Distribution Share Class CHF100 for CHF Distribution Share Class</p>



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