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**BELMONT QUANTITATIVE STRATEGIES FUND LTD**

(incorporated as an exempted company  
with limited liability in the Cayman Islands)

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**CONFIDENTIAL OFFERING MEMORANDUM**

An offering of up to 5,000,000 Shares of US\$0.01 par value at an initial purchase price of US\$100 per Share payable in full upon application.

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

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

**SHARES ARE OFFERED ONLY TO NON-U.S. PERSONS AS THAT TERM IS DEFINED IN REGULATION S OF THE REGULATIONS UNDER THE SECURITIES ACT OF 1933.**

*Sponsor*  
*Belmont Capital*

**THE FUND IS NOT REQUIRED TO HAVE A U.S. COMMODITY FUTURES TRADING COMMISSION ("CFTC") REGISTERED COMMODITY POOL OPERATOR AND CILLIAN HOLDINGS LLC (d/b/a BELMONT CAPITAL) (THE "SPONSOR"), ALTHOUGH CURRENTLY SO REGISTERED, INTENDS TO TREAT THE FUND AS AN EXEMPT POOL PURSUANT TO CFTC RULE 4.13(a)(4). THE SPONSOR'S ELIGIBILITY FOR SUCH REGISTRATION EXEMPTION IS BASED ON THE FACT THAT: (1) THE REDEEMABLE, VOTING PARTICIPATING SHARES (THE "SHARES") IN THE FUND ARE EXEMPT FROM REGISTRATION UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND ARE NOT AND WILL NOT BE MARKETED TO THE PUBLIC IN THE UNITED STATES AS OR IN A VEHICLE FOR TRADING IN THE COMMODITYFUTURES OR COMMODITY OPTIONS MARKETS AND (2) THE FUND'S SHAREHOLDERS ARE LIMITED TO (1) NON-"U.S. PERSONS" AND (2) "ACCREDITED INVESTORS" AND "QUALIFIED PURCHASERS," AS SUCH TERMS ARE DEFINED IN THE SECURITIES ACT AND THE U.S. INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE "INVESTMENT COMPANY ACT"), RESPECTIVELY. ACCORDINGLY, THE SPONSOR IS NOT REQUIRED TO DELIVER A DISCLOSURE DOCUMENT AND CERTIFIED ANNUAL REPORT TO THE SHAREHOLDERS OF THE FUND. THE SPONSOR WILL, HOWEVER, DELIVER THIS MEMORANDUM AND THE REPORTS DESCRIBED HEREIN.**

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October 2022

## GENERAL INFORMATION

This document has been prepared in connection with an offer of Shares on any Subscription Date at the Subscription Price and may be redeemed on any Redemption Date at the Redemption Price in the manner described below under the sections headed "Subscription for Shares" and "Redemptions of Shares".

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

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

In particular no offer or invitation to subscribe for Shares may be made to the public in the Cayman Islands.

The memorandum and articles of association of the Fund (the "**Articles**") give powers to the Directors to require the redemption of Shares held by any person at any time and for any reason, including the reasons disclosed in this Memorandum.

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

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

Collas Crill ("**Collas Crill**"), PO Box 709, Floor 2, Willow House, Cricket Square, KY1-1107, Cayman Islands, acts as Cayman Islands legal counsel to the Fund. Collas Crill's responsibility is limited to disclosures of Cayman Islands law in this Memorandum. They accept no responsibility in relation to the veracity or otherwise of any other matters referred to or disclosed herein, as to which independent onshore counsel have not been engaged.

In connection with the Fund's offering of Shares and subsequent advice to the Fund, Collas Crill will not be representing Shareholders. No independent legal counsel has been retained to represent the Shareholders. Collas Crill's representation of the Fund is limited to specific matters as to which it has been consulted by the Fund. There may exist other matters that could have a bearing on the Fund as to which Collas Crill has not been consulted. In addition, Collas Crill does not undertake to monitor compliance by the Sponsor and its affiliates with the investment program, valuation procedures and other guidelines set forth herein, nor does Collas Crill monitor ongoing compliance with applicable laws. In connection with the preparation of this Memorandum, Collas Crill's responsibility is limited to matters of Cayman Islands law and it does not accept responsibility in relation to any other matters referred to or disclosed in this Memorandum. In the course of advising the Fund, there are times when the interests of Shareholders may differ from those of the Fund. Collas Crill does not represent the Shareholders'

interests in resolving these issues. In reviewing this Memorandum, Collas Crill has relied upon information furnished to it by the Fund and has not investigated or verified the accuracy and completeness of information set forth herein concerning the Fund.

**SHARES ARE OFFERED ONLY TO NON-U.S. PERSONS AS THAT TERM IS DEFINED IN REGULATION S OF THE REGULATIONS UNDER THE SECURITIES ACT OF 1933. FOR FURTHER INFORMATION SEE THE SUBSCRIPTION AGREEMENT.**

**NOTICE TO CAYMAN ISLANDS INVESTORS**

**NO OFFER OR INVITATION TO SUBSCRIBE FOR SHARES MAY BE MADE TO THE PUBLIC IN THE CAYMAN ISLANDS.**

**NOTICE TO RESIDENTS OF THE UNITED KINGDOM**

**THE MATERIALS DO NOT CONSTITUTE AND ARE NOT A PROSPECTUS OR LISTING PARTICULARS (UNDER THE FINANCIAL SERVICES AND MARKETS ACT 2000 (“FSMA”) OR THE PROSPECTUS RULES OF THE FINANCIAL CONDUCT AUTHORITY (“FCA”) NOR DO THEY COMPRISE AN AIM ADMISSION DOCUMENT FOR THE RULES OF AIM OPERATED BY THE LONDON STOCK EXCHANGE PLC., RESPECTIVELY AND SHOULD NOT BE CONSTRUED AS SUCH. THE FUND IS A NON-MAINSTREAM POOLED INVESTMENT SCHEME, PROMOTION OF WHICH BY AUTHORIZED PERSONS IN THE UNITED KINGDOM IS RESTRICTED. THE FUND IS A COLLECTIVE INVESTMENT SCHEME AS DEFINED IN THE FSMA. AUTHORIZED PERSONS MAY NOT OFFER OR SELL PARTICIPATING SHARES IN THE UNITED KINGDOM TO PERSONS OTHER THAN PERSONS (1) REASONABLY BELIEVED BY THE FUND TO BE AN INVESTOR FALLING WITHIN A CATEGORY OUTLINED IN COBS 4.12 OF THE FCA HANDBOOK, (2) INVESTMENT PROFESSIONALS WITHIN THE MEANING OF PARAGRAPH (5) OF ARTICLE 14 OR TO HIGH NET WORTH COMPANIES OR UNINCORPORATED ASSOCIATIONS WITHIN THE MEANING OF PARAGRAPH (2) OF ARTICLE 22 OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (PROMOTION OF COLLECTIVE INVESTMENT SCHEMES) ORDER 2001 (SI 2001/1060), AS AMENDED OR OTHERWISE IN CIRCUMSTANCES THAT WILL NOT HAVE RESULTED AND WILL NOT RESULT IN AN OFFER OF TRANSFERABLE SECURITIES TO THE PUBLIC IN THE UNITED KINGDOM WITHIN THE MEANING OF SECTION 102B OF FSMA.**

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

**NOTICE TO RESIDENTS OF HONG KONG**

**THE SHARES IN THIS OFFERING MAY NOT BE OFFERED OR SOLD IN HONG KONG, BY MEANS OF ANY DOCUMENT, OTHER THAN (I) TO "PROFESSIONAL INVESTORS" AS DEFINED IN THE SECURITIES AND FUTURES ORDINANCE (CAP. 571) OF HONG KONG (THE "SFO") AND ANY RULES MADE UNDER THE SFO; OR (II) IN OTHER CIRCUMSTANCES WHICH DO NOT RESULT IN THE DOCUMENT BEING A "PROSPECTUS" AS DEFINED IN THE COMPANIES ORDINANCE (CAP. 32) OF HONG KONG OR WHICH DO NOT CONSTITUTE AN OFFER OR AN INVITATION TO THE PUBLIC WITHIN THE MEANING OF THE SFO. NO ADVERTISEMENT, INVITATION OR DOCUMENT RELATING TO THE SHARES MAY BE ISSUED WHETHER IN HONG KONG OR ELSEWHERE, WHICH IS DIRECTED AT, OR THE CONTENTS OF WHICH ARE**

**LIKELY TO BE ACCESSED OR READ BY, THE PUBLIC OF HONG KONG (EXCEPT TO A PERSON TO WHOM THIS MEMORANDUM HAS BEEN ISSUED BY OR ON BEHALF OF THE SPONSOR) OTHER THAN WITH RESPECT TO THE SHARES WHICH ARE OR ARE INTENDED TO BE DISPOSED OF ONLY TO PERSONS OUTSIDE HONG KONG OR ONLY TO "PROFESSIONAL INVESTORS".**

#### **NOTICE TO RESIDENTS OF SINGAPORE**

**THIS MEMORANDUM HAS NOT BEEN REGISTERED AND WILL NOT BE REGISTERED AS A PROSPECTUS WITH THE MONETARY AUTHORITY OF SINGAPORE ("MAS"), AND THE FUND IS NOT AUTHORIZED OR RECOGNIZED BY THE MAS. ACCORDINGLY, THIS MEMORANDUM AND ANY OTHER DOCUMENT OR MATERIAL IN CONNECTION WITH THE OFFER OR SALE, OR INVITATION FOR SUBSCRIPTION OR PURCHASE, OF SHARES MAY NOT BE CIRCULATED OR DISTRIBUTED, NOR MAY SHARES BE OFFERED AND SOLD, OR BE MADE THE SUBJECT OF AN INVITATION FOR SUBSCRIPTION OR PURCHASE, WHETHER DIRECTLY OR INDIRECTLY, TO THE PUBLIC OR ANY MEMBER OF THE PUBLIC IN SINGAPORE UNLESS PERMITTED UNDER ANY APPLICABLE EXEMPTION. THE FUND INTENDS TO OFFER ITS SHARES TO PROSPECTIVE INVESTORS IN SINGAPORE UNDER A "SAFE HARBOR" PURSUANT TO WHICH OFFERS TO SUBSCRIBE FOR SHARES MADE TO RESIDENTS OF SINGAPORE WILL ONLY BE MADE TO INVESTORS WHO ARE "ACCREDITED INVESTORS" AS DEFINED IN CHAPTER 289 OF THE SECURITIES AND FUTURES ACT (THE "SFA"). MOREOVER, THIS MEMORANDUM IS NOT A PROSPECTUS AS DEFINED IN THE SFA. ACCORDINGLY, STATUTORY LIABILITY UNDER THE SFA IN RELATION TO THE CONTENT OF PROSPECTUSES WOULD NOT APPLY. INVESTORS SHOULD CONSIDER CAREFULLY WHETHER THE INVESTMENT IS SUITABLE IN LIGHT OF THEIR OWN PERSONAL CIRCUMSTANCES.**

**BY ACCEPTING THIS MEMORANDUM, THE RECIPIENT HEREOF REPRESENTS AND WARRANTS THAT HE IS ENTITLED TO RECEIVE THIS MEMORANDUM IN ACCORDANCE WITH THE RESTRICTIONS SET FORTH ABOVE AND AGREES TO BE BOUND BY THE LIMITATIONS CONTAINED HEREIN. ANY FAILURE TO COMPLY WITH THESE LIMITATIONS MAY CONSTITUTE A VIOLATION OF LAW.**

#### **NOTES TO RESIDENTS OF MAURITIUS**

**THE FUND HAS BEEN RECOGNIZED BY THE FINANCIAL SERVICES COMMISSION ("FSC") FOR PROMOTION TO RESIDENTS OF MAURITIUS. THIS RECOGNITION DOES NOT IMPLY REGULATORY AND SUPERVISORY PURVIEW BY THE FSC AND DOES NOT VOUCH FOR THE FINANCIAL SOUNDNESS OF THE FUND OR THE CORRECTNESS OF ANY STATEMENTS MADE OR OPINIONS EXPRESSED WITH REGARD TO IT. INVESTORS IN THE FUND ARE NOT PROTECTED BY ANY STATUTORY COMPENSATION ARRANGEMENTS IN MAURITIUS IN THE EVENT OF THE FUND'S FAILURE.**

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All references to "\$" or "dollars" herein are to U.S. dollars.

## SUMMARY OF TERMS

*The following summary is qualified in its entirety by the more detailed information set forth elsewhere in this Confidential Offering Memorandum (the "Memorandum") and, by the terms of the Memorandum and Articles of Association (the "Articles") of Belmont Quantitative Strategies Fund Ltd (the "Fund"). Terms used but not defined in this Memorandum will have the meanings set forth in the Articles.*

*This Memorandum and the Articles are important documents and should be read in their entirety, before an investor decides whether to subscribe for Shares of the Fund. Each investor should consult with independent financial, legal and/or tax advisors, as needed, before making any investment decision.*

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### THE FUND

Belmont Quantitative Strategies Fund Ltd was incorporated as a Cayman Islands exempted company on 5th May 2022.

### SPONSOR

The sponsor of the Fund is Cillian Holdings LLC, trading as Belmont Capital (the "**Sponsor**" or "**Belmont Capital**"). The Sponsor is a New York registered limited liability company. The Sponsor is registered as a commodity pool operator ("**CPO**") and a Commodity Trading Adviser ("**CTA**") with the U.S. Commodity Futures Trading Commission ("**CFTC**") and is a member of the National Futures Association ("**NFA**"). The Sponsor is also registered as a Broker Dealer with the U.S. Securities and Exchange Commission ("**SEC**") and is a member of The Financial Industry Regulatory Authority ("**FINRA**").

### UNDERLYING FUNDS

The Fund will invest substantially all of its assets (except for such capital as the Sponsor determines is reasonably necessary or appropriate to pay any fees, expenses or other costs related to the Fund) in one or more unitised funds operating in the Cayman Islands or elsewhere (the "**Underlying Funds**") managed by investment advisors ("**Investment Advisors**"). The Sponsor may from time to time allocate a portion of the assets of the Fund to an Underlying Fund promoted by the Sponsor in order to gain access to the relevant Investment Advisor's trading strategies.

The Underlying Funds will offer classes of interests, and as at the date of this Memorandum, the net proceeds from the issue of Class A Shares, Class B Shares and Class C Shares in the Fund (as defined below) will be used to purchase classes of interests of one or more of the Underlying Funds (the "**Underlying Interests**"). Underlying Interests will generally be offered monthly at the prevailing Net Asset Value per Underlying Interest.

## INVESTMENT OBJECTIVE AND TRADING PROGRAM

The investment objective of the Fund, through its investment of substantially all of its assets in the Underlying Funds, is to seek capital appreciation while minimizing risk so as to achieve a high risk-adjusted return for all classes of Shares. The Underlying Funds will be selected by the Sponsor and will seek to accomplish their respective investment objectives through quantitative and fundamental techniques in liquid markets. Strategies utilized by the Investment Advisors may include Long / Short Equity, event driven, global macro, multi – strategy, fixed income arbitrage, emerging markets, managed futures, equity market neutral, convertible arbitrage, dedicated short bias, statistical arbitrage. These Investment Advisors may use exchange traded equities (and equity related instruments, including warrants, convertible preference shares and debt of smaller companies), bonds, currencies, commodities and special situations (including futures and options). The allocation to and identity of any specific Investment Advisors, Investment Funds and investment strategies may change from time to time based upon the analysis of Belmont Capital. **There can be no assurance that the Fund or the Underlying Funds will achieve their investment objectives.**

Investment in the Underlying Funds, and thus investment in the Fund, involves risks, including that there is no assurance that the Underlying Funds' Investment Advisors' trading strategies will result in profitable trading, avoid losses or achieve the respective Underlying Fund's investment objectives, and there is no assurance that an investor will not lose a portion or all of its investment in the Fund.

The Sponsor will select the Underlying Funds based on its analysis of the Underlying Funds' Investment Advisors' past performance history, the portfolios they trade and backgrounds of their respective principals.

## OFFERING OF SHARES

Redeemable, voting Shares (the "**Shares**") are offered by the Fund to non-U.S. investors as defined in Rule 9.01 in Regulation S under the U.S. Securities Act of 1933, as amended (the "**Securities Act**"). Shares will be offered only to qualified investors (see the Subscription Agreement). Accepted subscribers will be admitted to the Fund as "**Shareholders**" as of the beginning of each month or at such other times as the Directors, in their sole discretion, may determine (a "**Subscription Date**").

Shares are offered at the prevailing Net Asset Value per Share as calculated on the last Business Day of each month (the "**Valuation Date**") on each day on which the Directors determined to issue Shares subject to the minimum subscription. Shares will be issued on each Subscription Date.

The Fund has been registered as a mutual fund pursuant to section 4



1(b) of the Mutual Funds Act (Revised) of the Cayman Islands and has its principal office at the office of Bolder Fund Services (Cayman) Limited in the Cayman Islands.

## **SUBSCRIPTION FOR SHARES**

The Fund is currently offering three Classes of Shares: Class A Shares, Class B Shares and Class C Shares. The minimum initial subscription for Class A Shares and Class C Shares is \$50,000 and the minimum initial subscription for Class B Shares is \$1,000,000, in each case subject to the discretion of the Directors to accept lesser amounts. Subscriptions for Shares may be accepted or rejected, in whole or in part, in the sole discretion of the Directors, and the Directors in their discretion may also suspend the Fund's acceptance of subscriptions at any time in accordance with the terms of this Memorandum. The Class C Shares will exclusively be offered for subscription by other mutual funds managed by Belmont Capital.

The Directors, in their discretion and without limitation, except as otherwise provided in the Articles, may cause the Fund to issue other Classes or Series of Shares different from Class A Shares, Class B Shares and Class C Shares in terms of sponsor fees, redemption rights, voting rights, amounts of expenses allocable to such additional Classes of Shares which may be denominated in different currencies and/or other terms.

## **SUBSCRIPTION PROCEDURE**

In order to subscribe for Shares, a subscriber must (i) complete, execute and deliver to the Fund a subscription agreement ("**Subscription Agreement**") and (ii) pay the full amount of the subscription by wire transfer in accordance with the instructions in the Subscription Agreement. Shares will generally be issued on the first Business Day of each month or at such other times as the Directors may determine.

Persons interested in subscribing for Shares will be furnished with a Subscription Agreement, and will be required to complete, execute and return it to the Administrator (as defined herein). Applicants for Shares must send their properly completed irrevocable Subscription Agreement (together with any required additional documentation) by fax or email to the Administrator so as to be received by close of business at least one (1) Business Day prior to the relevant Subscription Date, as the case may be, and so that cleared funds in the relevant currency are received by the same time. If these conditions are not satisfied, then the application may be held over until the first Subscription Date following satisfaction of these conditions.

*For a more detailed description of the subscription procedures, please see the heading, "Subscription Procedures".*

## **SUBSCRIPTION FEE**

The Fund reserves the right to charge a subscription fee, in respect of Class A Shares only, of up to 5% of the amount subscribed and to pay such charge to Selling Agents (as defined herein) or other intermediaries (the "**Subscription Fee**"). The net amount will then be applied in subscribing for Class A Shares.

## **ELIGIBILITY**

An offer and sale of Shares will be made only to a prospective investor who is a non-U.S. person as defined in Rule 9.01 in Regulation S under the Securities Act and is deemed a "qualified eligible person" under CFTC Regulation 4.7.

An investment in the Fund is suitable only for persons who have adequate means of providing for their current needs and personal contingencies and have no need for liquidity in their investments. An investment in the Fund should not be made by any person who (i) cannot afford a total loss of principal, or (ii) has not (either alone or in conjunction with a financial advisor) carefully read, or does not understand, this Memorandum, including (but not limited to) the portions concerning the risks and the income tax consequences of an investment in the Fund.

The Directors, in their sole discretion, may decline to admit any subscriber for any reason, in whole or in part. *See "Suitability, Investment Requirements and Offering of Shares" in this Memorandum.*

## **DISTRIBUTION FEE AND SPONSOR FEE**

The Fund will pay a distribution fee (the "**Distribution Fee**") and a sponsor fee (the "**Sponsor Fee**") with respect to the Class A Shares and a Sponsor Fee only with respect to the Class B Shares. The Class C Shares will not bear any Distribution Fee or Sponsor Fee.

The Fund will pay a Distribution Fee to certain intermediaries engaged by the Sponsor to offer Shares to potential investors (each, a "**Selling Agent**"). The Distribution Fee will be paid monthly in arrears as follows:

Each Class A Shareholder will be charged a Distribution Fee equal to 0.0833% of the average aggregate month-end Net Asset Value of each Class A Share held by such Shareholder that remain outstanding during the month (*a 1.0% annual rate*).

The holders of Class B Shares will not be charged a Distribution Fee.

The Fund will pay the Sponsor Fee to the Sponsor. The Sponsor Fee will be paid monthly in arrears as follows:

Each Class A Shareholder will be charged a Sponsor Fee equal to 0.125% of the average aggregate month-end Net Asset Values of each Class A Share held by such Shareholder that remain

outstanding during the month (*a 1.5% annual rate*).

Each Class B Shareholder will be charged a Sponsor Fee equal to 0.0833% of the average aggregate month-end Net Asset Values of each Class B Share held by such Shareholder that remain outstanding during the month (*a 1% annual rate*).

The above fees will be due in arrears but an estimated 95% of the fees due in the current month may be paid out towards the end of that month, with the balance being paid upon completion of the calculation of the Net Asset Value for that month.

All Subscription Fees and Distribution Fees paid by the Fund in respect of Class A Shares are paid to Belmont CAC Limited, a Republic of Ireland corporation which is an affiliate, through common share ownership, of Belmont Capital. Belmont CAC Limited may pay all or some of these fees to Selling Agents who introduce subscribers to the Fund.

#### **UNDERLYING FUNDS' ADVISORY FEES**

As a holder of Underlying Interests in the Underlying Funds, the Fund will bear its *pro rata* share of any and all monthly management fees and performance or incentive fees charged by the Underlying Funds (the "**Advisory Fees**").

Pursuant to the respective Underlying Funds' management agreements, each Underlying Fund will pay to its Investment Advisor the Advisory Fees which will be set out in the respective investor memorandum for each Underlying Fund.

Each Shareholder of the Fund, regardless of the Class or Series of Shares, will pay its allocable *pro rata* share of the Advisory Fees.

No management fees of any kind are charged at the Fund level.

#### **ORGANIZATIONAL EXPENSES**

The Fund's initial offering costs will be borne by the Fund, which will capitalise and amortise such costs in monthly instalments over a 60-month period ending June 30 2027, in order to distribute those costs more equitably among initial and subsequent investors.

Such amortisation may cause the Fund's auditors to provide a "qualified" or "except for" audit opinion, in which case, the Fund may expense the offering expenses for financial reporting purposes to the extent necessary to avoid such an opinion.

#### **OPERATING EXPENSES**

The Fund pays all of its operating, legal, accounting, auditing, administration, clerical, marketing, presentations, expenses of the continuing offering of Shares and other such related expenses as incurred and any extraordinary expenses.

The Sponsor in its discretion may determine to bear the pro rata portion of the Fund's operational expenses attributable to certain

Classes or Series of Shares. In particular, the Sponsor will pay all operational expenses attributable to Class C Shares.

#### **FEES AND OPERATING EXPENSES OF THE UNDERLYING FUNDS**

The Fund, as a holder of Underlying Interests in the Underlying Funds, will also pay its *pro rata* portion of each Underlying Fund's fees and expenses which include trading expenses (*e.g.*, administrative fees, interest expense, brokerage commissions, taxes, research costs, legal and accounting expenses) and other operating expenses. *See under the heading "Fees and Operating Expenses of the Underlying Funds"*.

All Shareholders of the Fund, regardless of Class or Series, will bear their *pro rata* share of each Underlying Fund's trading and operational expenses.

#### **RISKS**

An investment in the Fund, and the Fund's investment in the Underlying Funds, are speculative and involve substantial risks, including the risk of loss of a Shareholder's entire investment. These risks also include, but are not limited to, the speculative nature of trading in securities and the substantial charges which the Fund and the Underlying Funds will incur, regardless of whether any profits are earned. There can be no assurance that the Fund's or each Underlying Fund's investment objective will be achieved, and investment results may vary from year to year.

*See the "Risk Factors" sections of this Memorandum*

#### **CONFLICTS OF INTEREST**

Significant actual and potential conflicts of interest exist in the structure and operation of the Fund and the Underlying Funds. *See "Conflicts of Interest" in this Memorandum.*

#### **SELLING AGENTS AND CONTINUING COMPENSATION**

The Shares in the Fund will be offered through certain intermediaries engaged by the Sponsor to offer Shares to potential investors (each, a "**Selling Agent**").

Each month, the Fund will pay the Distribution Fee as described above to each Selling Agent (as applicable), together with any Subscription Fee payable by a prospective shareholder. A Selling Agent may remit a portion of the Distribution Fee payable by the Fund to other Selling Agents.

#### **REDEMPTION OF SHARES**

A Shareholder may redeem some or all of its Shares of the Fund, as of the close of business on the first Business Day of each calendar month, following a Valuation Date or at such other times as the Directors may determine (each such day, a "**Redemption Date**"). A Shareholder wishing to redeem some or all of its Shares from the Fund must provide written notice, by fax or email, to the Administrator at least forty five (45) days prior to a Redemption Date, or at such other times and upon such terms and conditions as the Directors, in their discretion, will determine with respect to any Redemption Date. Notice of redemption of Class C Shares is

permitted to be given at least one (1) Business Day prior to a Redemption Date.

Shares will be redeemed at the Redemption Price on the relevant Redemption Date, less any applicable fees or charges. The Redemption Price will be an amount equal to the Net Asset Value per Share of the relevant Class and/or Series calculated on the Valuation Date immediately preceding the Redemption Date. In calculating the Net Asset Value, the Directors may establish reserves or holdbacks for estimated accrued expenses, liabilities and contingencies which could reduce the amount of a distribution upon redemption.

Where Shares have been acquired on more than one date, they will be redeemed on a "first in, first out" basis. Payment of redemption proceeds may be withheld or delayed if information required to satisfy verification of identity checks is not provided in a timely manner.

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

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

Redemption proceeds will generally be paid within twenty five (25) calendar days after the Redemption Date, except that under special circumstances, including but not limited to an Underlying Fund Investment Advisor's inability to liquidate positions as of the Redemption Date, the Fund may in turn delay payment to Shareholders requesting redemption of Shares of the proportionate part of the Net Asset Value of the Shares equal to that proportionate part of the Fund's Net Asset Value represented by the sums which are the subject of such default or delay.

The Fund will not pay interest on redemption proceeds. In certain circumstances, the Fund may suspend payments of any redemption proceeds until as soon as it is practicable for the Fund to make such payments.

The Fund's ability to satisfy redemptions is conditional upon its ability to receive a corresponding redemption from each of the Underlying Funds.

#### **CALCULATION OF NET ASSET VALUE**

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

The Net Asset Value per Share is determined by first allocating any increase or decrease in the gross Net Asset Value of the Fund (the Net Asset Value of the Fund after the deduction of the applicable Distribution Fees and/or Sponsor Fees) for a monthly period among the Class or Classes of Shares pro rata in accordance with the Net Asset Value of each Class at the beginning of the monthly period, then dividing the Net Asset Value of each Series of a Class by the number of outstanding Shares therein and, in the case of any Class of Shares denominated in a currency other than US Dollars, after taking account of any costs, gains or losses resulting from hedging transactions undertaken with respect to the particular Class of Shares, among each Series of Shares within a Class pro rata in accordance with the Net Asset Value of each Series at the beginning of the monthly period and then dividing the Net Asset Value of each Series by the number of outstanding Shares therein. Any investments or fees can be attributable at Class level as the Directors, in their discretion, may determine.

For the avoidance of doubt, any increase or decrease attributable to the currency hedge for the benefit of Shares denominated in a currency other than US Dollars will only be allocated to such Shares.

#### **UNDERLYING FUNDS' COMPULSORY REDEMPTIONS**

An Underlying Fund may require the Fund to redeem a portion or the entirety of its Underlying Interests at any time and for any reason. If the Fund is required to redeem entirely from the Underlying Funds, the Directors may elect, in their discretion, to dissolve the Fund as described in the Articles.

**DIVIDENDS**

The Fund may, but does not intend to, declare dividends.

**REPORTS**

Shareholders will generally receive unaudited shareholder statements monthly (or at such other intervals as the Board of Directors or Sponsor may determine), and will receive audited reports annually within 180 days after the end of the first fiscal year (or as soon as practicable thereafter).

**FISCAL YEAR**

The Fund's "**Fiscal Year**" is the calendar year, and its fiscal year-end is December 31 of each year.

**ADMINISTRATOR**

Bolder Fund Services (Cayman) Limited (the "**Administrator**") has been engaged to provide administrative services and the principal registered office to the Fund. The Administrator will be paid customary fees for the services it provides to the Fund. *See "The Administrator and Corporate Banker" in this Memorandum.*

**BANKERS**

The Northern Trust International Banking Corporation has been appointed by the Fund as its corporate banker.

**AUDITORS**

The Fund has selected KPMG Cayman Limited to serve as the independent auditors of the Fund.

**CAYMAN ISLANDS COUNSEL  
TO THE FUND**

Collas Crill, Cayman Islands, serves as Cayman Islands legal counsel to the Fund. Collas Crill does not represent or advise the Shareholders or any one of them.

**DIRECTORY**

See Appendix A to this Memorandum for a directory of contact information and service providers to the Fund.

## THE SPONSOR

The Fund's sponsor is Cillian Holdings LLC, trading as Belmont Capital (the "**Sponsor**" or "**Belmont Capital**"). The Sponsor is a New York registered limited liability company. The Sponsor is also registered as a CPO and a CTA with the CFTC and is a member of the NFTA. The Sponsor is also registered as a Broker Dealer with the U.S. Securities and Exchange Commission ("**SEC**") and is a member of The Financial Industry Regulatory Authority ("**FINRA**"). Belmont Capital's affiliated company is Belmont CAC Limited, trading as Belmont Investments, which is a Republic of Ireland corporation registered with the Companies Office and regulated by the Financial Regulator in Ireland as a Multi-Agency Intermediary ("**Belmont Investments**"). The principal of the Sponsor is Jeremy O'Friel and the principals of Belmont Investments are Jeremy O'Friel, James O'Friel and Daniel Beaton.

Jeremy O'Friel is the Founder & Managing Director of Belmont Investments. Prior to founding Belmont Capital, Jeremy was a Director & Principal of Appleton Capital Management, a Commodity Trading Advisor with a particular focus on the foreign exchange markets. He joined Appleton in 1996, initially on the trading desk, before moving into a business development role for the firm. After establishing the New York office in 2000, he was appointed Director of Sales & Marketing in 2001 and from that point onwards was entirely responsible for Appleton's global business development and client management strategy and execution. In 2002, Jeremy was part of the management team that conducted a buyout of the firm from the Appleton Group of South Africa. Having grown the firm to over \$350m in assets under management, he left in June 2009 in order to found Belmont and to provide a broader range of alternative investment opportunities. At this time, he also sold back his equity stake in the company. Jeremy is an active participant in the alternative investment community and has served on both the Communications and International Committees of the Managed Funds Association. The MFA is an industry group based in Washington that seeks to promote understanding of managed futures and hedge fund strategies. He has also spoken at conferences organised by the MFA, MAR and many other forums for discussion of alternative investments generally, as well as having been quoted in a wide range of financial media. He appears regularly on CNBC Asia. Jeremy holds a Bachelor of Commerce degree from University College Dublin, as well as a Masters in Business from the same university, which he completed in 1993. He also holds the Chartered Financial Analyst designation, having completed the syllabus between 1999 and 2001, as well as the Series 3, 7, 24 and 30.

James O'Friel has been involved in the administration of alternative investment funds since 2003. Since 2006, he has been employed as a Fund Accountant with Citco Fund Services in Dublin where he has responsibility for the pricing and reporting on a wide range of investment funds, both alternative and traditional. In this role, he has become deeply knowledgeable on a range of international standards, including GAAP and IFRS. His work also involves liaison with external auditors, internal compliance, legal and accounting to ensure the effective valuation and communication of such with clients. Prior to joining Citco, James was employed by SEI Investments, also in Dublin, where he supervised a hedge fund accounting team. As well as being a qualified ACCA accountant, he also was awarded a Diploma in Mutual Funds from the Institute of Commercial Management in 2003. James graduated from De Montfort University in the United Kingdom in 2002 with a Bachelors Degree in Mechanical Engineering.

Daniel Beaton has more than 15 years of experience as a professional in the US securities industry in the fields of financial management, compliance and operations. He is the owner and operator of FINOP Consulting, a financial and operations principal outsourcing firm. In this capacity, Dan consults to over 35 Broker-Dealers specialising in municipal security underwriting, institutional equity trading, mergers and acquisitions and private placements. The firm assists its clients in meeting the regulatory demands of FINRA and the SEC. Prior to founding FINOP Consulting, Dan was a partner and Chief Financial Officer of Alpha Equity Research, an institutional equity research Broker-Dealer. During this time, he was also



Chief Operating Officer with their affiliated Registered Investment Advisor. Dan graduated Magna Cum Laude from the University of New Hampshire's Whittemore School of Business with a Degree in Accounting & Finance, and holds his Series 27, 28, 7, 63, 24 and 99.

**Other Funds and Commodity Pools Operated by the Sponsor.** Belmont Capital acts as a sponsor or manager of six other funds and commodity pools, in addition to the Fund, and intends to sponsor additional funds and/or commodity pools in the future.

The Fund has entered into a sponsor agreement with the Sponsor (the "**Sponsor Agreement**"). Pursuant to the Sponsor Agreement, the Sponsor will cause the Fund to invest substantially all of its assets in the Underlying Fund. The term of the Sponsor Agreement will continue until the Fund is wound up and any effort to terminate the Sponsor Agreement without the consent of the Sponsor will cause the Fund to be wound up in accordance with the Articles.

Pursuant to the Sponsor Agreement, the Fund will indemnify the Sponsor, its principals and affiliates, and their respective members, officers, employees and agents (each a "**Sponsor Party**" and together the "**Sponsor Parties**") against all expenses, including legal fees, and against all judgments, fines and amounts paid in settlement and reasonably incurred in connection with any actual or threatened legal, administrative or investigative proceedings, other than any liability to which a Sponsor Party would otherwise be subject by reason of fraud, reckless or intentional misconduct or criminal wrongdoing in the performance of its obligation and duties under the Sponsor Agreement or by breach of the Sponsor Agreement. In addition, the Sponsor Parties will not incur any individual liability or responsibility for any determination made, advice given or other action taken or omitted by it in good faith with respect to the determination of the value of the assets of the Fund or for any taxes payable by the Fund. The Sponsor Parties will not be liable to the Fund for failure to obtain the lowest negotiated brokerage commission rates, to combine or arrange orders so as to obtain the lowest brokerage commission rates or for failure to recapture any brokerage commissions for the benefit of the Fund. Moreover, the Sponsor Parties will not be liable for any claims or losses due to circumstances beyond their control, such as the bankruptcy, insolvency or suspension of normal business activities of a bank, brokerage firm or transfer agent or due to the actions or omissions of an employee, broker, agent or sub-contractor of the Fund chosen by a Sponsor Party in good faith.

Expenses incurred in defending a civil or criminal action, suit or proceeding may be paid by the Fund in advance of the final disposition of the action, suit or proceeding upon receipt of an undertaking by or on behalf of the Sponsor Party subject to such action, suit or proceeding to repay that amount, unless it is ultimately determined that the Sponsor Party is entitled to be indemnified by the Fund.

Past performance is not necessarily indicative of future performance. The Sponsor has not made any undertaking to engage in ongoing due diligence or to monitor the Underlying Fund on an ongoing basis. Shareholders must invest in the Fund based on their own evaluation of the information contained in this Memorandum.

## **THE BOARD OF DIRECTORS**

The Board of Directors of the Fund consists of Jeremy O’Friel, Daniel Beaton and Graham May. The biographies for the Directors are set forth above in respect of Jeremy O’Friel and Daniel Beaton and below in respect of Graham May. A Director of the Fund may be appointed or removed by Shareholders by a majority vote of the Shares of the Fund then in issue (measured by Net Asset Value per Share, if on a poll, pursuant to the Articles) at any time. The Board of Directors may appoint an additional Director by simple majority vote.

**Jeremy O’Friel** (see biography under the description of the Sponsor).

**Daniel Beaton** (see biography under the description of the Sponsor).

**Graham May** is a qualified lawyer, admitted as a solicitor in 1979 following a law degree at Cambridge University and two years of articles with a Manchester firm of solicitors, George Davies & Co. He is conversant with all areas of law, with an initial background in commercial property transactions for the London Legal Department of the National Coal Board Pension Schemes. Graham’s international experience included 7 years practising as an attorney-at-law in the Cayman Islands in the areas of banking, insurance, trusts and mutual funds. Since 1989 he has acted as a lawyer and manager in the U.K. financial services industry, first with currency fund managers, Gaiacorp U.K., and then as Managing Director of that group’s London subsidiary, renamed Titan Capital Management, where he was instrumental in developing the worldwide investment management business. Having co-ordinated the sale of Titan in 2002 – 2003, he set up Mottram Partners, a legal, accounting and compliance subsidiary of a plc. Following the break-up of the plc, he continued his business of advising plc’s and private companies in all aspects of accounting and corporate/company secretarial procedures, and is now an adviser to Hawksmoor Partners, a consultant to hedge fund groups. He is also currently a practising consultant solicitor with City- based Charterhouse Law Solicitors.

## THE UNDERLYING FUNDS

**The following summary is qualified in its entirety by reference to the more detailed information about the Underlying Funds set forth in the respective Underlying Fund investment memorandum. The Fund will invest substantially all of its assets in the Underlying Funds. Past performance of the Underlying Funds is not necessarily indicative of the future performance of the Underlying Funds or the Fund.**

**Underlying Funds.** The investment objective of the Fund, through its investment of substantially all of its assets in the Underlying Funds, is to seek capital appreciation while minimizing risk so as to achieve a high risk-adjusted return for all classes of Interests. The Underlying Funds will be selected by the Sponsor and will seek to accomplish their respective investment objectives through quantitative and fundamental techniques in liquid markets.

In connection with their respective trading strategy, the Underlying Funds may trade, buy, sell, sell short and otherwise acquire, hold, dispose of and deal, on margin or otherwise, in U.S. and non-U.S. equity and equity-related securities (publicly-traded and privately offered, listed and unlisted), including, but not limited to indices, convertible debt securities and fixed income securities (including asset-backed and mortgage-backed securities). The Underlying Funds also may invest in exchange traded funds and exchange traded notes, commodities, financial futures (including, without limitation, single stock and index futures) and forward contracts (including, without limitation, contracts for future delivery with respect to securities and other financial instruments), repurchase and reverse repurchase agreements, swap contracts (credit default swaps, interest rate and currency swaps) and warrants, currencies (including FX), as well as listed and over-the-counter-options, other derivative instruments (including credit derivatives) on securities and commodities and any other form of securities and financial instruments (all securities and financial instruments referred to in the foregoing paragraph collectively, the "**Financial Instruments**").

The Underlying Funds may also invest in certain private investment vehicles managed or sub-advised by the respective Underlying Fund Investment Advisor or its affiliates.

The Underlying Funds may invest a portion of their assets in subsidiary entities formed to access tax treaty, limited liability or other benefits.

The Underlying Funds may maintain assets in cash, deposit, or call accounts or invested in short term instruments, such as government bonds, Eurodollar time deposits and certificates of deposits to meet the expense needs of the Underlying Funds and/or to fund redemptions, there from or for such other reasons as may be determined by the respective Underlying Fund Investment Advisor.

The Underlying Fund Investment Advisors may use leverage in pursuing the respective Underlying Fund's investment objective. There may be no restriction on the amount of leverage each Underlying Fund may employ. While leverage presents opportunities for increasing an Underlying Fund's total return, it has also the effect of magnifying the volatility of changes in the value of the investments of that Underlying Fund. Accordingly, the cumulative effect of the use of leverage with respect to any investments in a market that moves adversely to such investments could result in a substantial loss which would be greater than if the investments were not leveraged or leveraged to a lesser extent.

Each Underlying Fund's use of leverage may be subject to regulatory restrictions. See "Certain Risk Factors – Leverage".

The Underlying Funds' Investment has Advisors will have broad investment powers and maximum flexibility and will not be bound by any fixed guidelines in allocating their Underlying Fund's assets across these component strategies.

The Sponsor may from time to time allocate a portion of the assets of the Fund to an Underlying Fund promoted by the Sponsor in order to gain access to the relevant Investment Advisor's trading strategies.

**Diversification.** The Underlying Funds will generally seek to reduce risk by diversification. In making portfolio decisions, the Underlying Fund Investment Advisors may concentrate each Underlying Fund's portfolio holdings in those transactions and companies which, in light of investment considerations, market risks and other factors, the respective Underlying Fund Investment Advisor believes will provide an optimum risk/return relationship.

**The Underlying Funds' investment programs will be speculative and entail substantial risks. There can be no assurance that the investment objectives of each Underlying Fund will be achieved, or that investment results might not vary substantially on a monthly, quarterly or annual basis. The Underlying Funds' activities could result in substantial losses under certain circumstances (see "Risk Factors").**

**There can be no assurance that the Fund or the Underlying Funds will achieve their investment objectives.**

The Sponsor will select the Underlying Funds based on its analysis of each Underlying Fund's past performance history, the portfolio it trades and its principals' backgrounds.

The Sponsor will select a single mutual fund with diversified trading strategies as the sole Underlying Fund into which the assets of Class C Shares are invested. The investment objective of the Underlying Fund in Class C will be to generate diversifying risk-adjusted returns relative to global equity markets and engage in a broad array of trading and investment strategies.

The Underlying Funds' Investment Advisors will typically have discretionary authority to trade and invest in securities on behalf of and in the name of the respective Underlying Fund and will have a power of attorney to enter into agreements on behalf of and in the name of that Underlying Fund. The Underlying Fund Investment Advisors' principal functions shall be to: (i) evaluate investment and trading opportunities, (ii) allocate the Underlying Fund's funds among investment and trading opportunities, (iii) monitor the performance of each of the Underlying Fund's securities positions, and (iv) decide periodically whether to continue to retain, terminate or replace the Underlying Fund's securities positions.

The Underlying Fund Investment Advisors and their respective principals may conduct any other business, including any business with respect to securities. Without limiting the generality of the foregoing, the Underlying Fund Investment Advisors and their respective principals may act as investment adviser or investment manager for others, may manage funds or capital for others, may have, make and maintain investments in their own names or through other entities, and may serve as an officer, director, consultant, partner or shareholder of one or more investment funds or partnerships or any other entities, whether or not such entities are in the securities industry.

## **RISK FACTORS**

**The following summary of Risk Factors is qualified in its entirety by reference to the more detailed information about the risks of an investment in the Underlying Fund, as set forth in the Underlying Fund Memorandum**

**AN INVESTMENT IN SHARES OF THE FUND INVOLVES A HIGH DEGREE OF RISK AND COULD INVOLVE THE LOSS OF YOUR ENTIRE INVESTMENT. NO GUARANTEE OR REPRESENTATION IS MADE THAT THE FUND WILL ACHIEVE ITS INVESTMENT OBJECTIVES OR AVOID SIGNIFICANT OR TOTAL LOSSES. AN INVESTMENT IN THE FUND IS SPECULATIVE AND INVOLVES CERTAIN CONSIDERATIONS AND RISK FACTORS THAT PROSPECTIVE INVESTORS MUST CONSIDER BEFORE SUBSCRIBING.**

**AN INVESTMENT IN THE FUND SHOULD BE MADE ONLY AFTER CONSULTATION WITH A PROSPECTIVE SHAREHOLDER'S INDEPENDENT FINANCIAL, LEGAL AND TAX ADVISORS.**

### **Underlying Fund Considerations**

**As the Fund intends to invest substantially all its assets in the Underlying Funds, an investment in the Fund involves all of the risks of investing in the Underlying Funds in addition to those risks particular to the Fund.**

**Past Performance Is Not Necessarily Indicative of Future Results.** There can be no assurance that any trading strategies of the Underlying Funds will produce profitable results. Because the potential return on the Shares is directly correlated to returns of the Underlying Funds, the failure of the Underlying Funds to produce profitable results, and any losses of the Underlying Funds, will cause the Fund to fail to produce profitable results and suffer losses. The past performance of the Underlying Funds and the Sponsor is not necessarily indicative of how they will perform in the future.

**Strategy Restrictions; Concentration.** The Fund will invest all or substantially all of the proceeds it receives, from the sale of the Shares, in Underlying Interests of the Underlying Funds. The allocation of all of the Fund's assets to such investment vehicles results in a lack of diversification and therefore

increased risk. There can be no assurance that each Underlying Fund's strategy will effectively mitigate this risk.

**Reliance on the Underlying Funds.** The Fund and Sponsor will depend on the Advisors and other service providers to the Underlying Funds, as applicable, for the ongoing operation of the Underlying Funds, and will receive only such information concerning the Underlying Funds as their respective service providers may provide under applicable law. There can be no assurance that such information will be accurate. All reports prepared by the Sponsor, the Administrator or other service providers to the Fund and provided to the Shareholders will generally be based on information received from these service providers, and there can be no assurance that such information will be accurate. Shareholders themselves will have no direct dealings or contractual relationships with the Underlying Funds, Advisors, the administrators or other service providers to the Underlying Funds, as applicable.

**The success of the Fund in meeting its investment objective depends entirely on the ability of the Underlying Funds to successfully achieve their respective investment objective.**

**Substantial Charges to the Fund.** The Shareholders will incur, in addition to the operating and other expenses of the Fund described in this Memorandum, an allocable share of the Advisory Fees and other administrative, service and/or brokerage fees, transaction costs and ongoing operating and investment expenses of the Underlying Funds, as more fully described in the respective Underlying Fund investment memorandum. All of the foregoing fees, costs and expenses to the Fund, which may be substantial, must be offset by profits in order to avoid a decline in the value of the Shares. Prospective investors should be aware that an investment in the Fund could subject a Shareholder to higher overall fees and costs than if such Shareholder were to invest directly in the Underlying Funds, due to the layering of fees inherent in the Fund's structure.

**Spread and Arbitrage Risks.** A significant part of the Underlying Funds' investment operations may involve spread positions between two or more Financial Instrument positions. To the extent the price relationships between such positions remain constant, no gain or loss on the positions will occur. Such positions, however, do entail a substantial risk that the price differential could change unfavorably causing a loss to the spread position. The Underlying Funds' trading operations also may involve arbitraging between a Financial Instrument and its announced buy-out price (or other forms of "risk arbitrage"), or between or among two or more Financial Instruments (e.g., by means of "statistical arbitrage", which depends heavily on the ability of market prices to return to a historical or predicted normal). This means, for example, that the Underlying Funds may purchase (or sell) Financial Instruments (i.e., on a current basis) and take offsetting positions in the same or related Financial Instruments. To the extent the price relationships between such positions remain constant, no gain or loss on the positions will occur. These offsetting positions entail substantial risk that the price differential could change unfavorably, causing a loss to the position.

**Systems Risks.** The Underlying Funds will depend on their Investment Advisors to develop and implement appropriate systems for the Underlying Funds' activities. The Underlying Funds may rely extensively on computer programs and systems to trade, clear and settle transactions, to evaluate certain securities based on real-time trading information, to monitor their portfolios and net capital, and to generate risk management and other reports that are critical to the oversight of the Underlying Funds' activities. In addition, certain of the Underlying Funds' operations may interface with or depend on systems operated by third parties, including prime brokers and market counterparties and their respective sub-custodians and other service providers, and the respective Underlying Fund Investment Advisor may not be in a position to verify the risks or reliability of such third-party systems. These programs or systems may be subject to certain defects, failures or interruptions, including, but not limited to, those caused by computer "worms", viruses and power failures. Any such defect or failure could have a

material adverse effect on an Underlying Fund. For example, such failures could cause settlement of trades to fail, lead to inaccurate accounting, recording or processing of trades, and cause inaccurate reports, which may affect an Underlying Fund's ability to monitor its investment portfolios and its risks.

**Cybersecurity Risk.** As part of their business, each Underlying Fund Investment Advisor may process, store and transmit large amounts of electronic information, including information relating to the transactions of an Underlying Fund and personally identifiable information of its members. Similarly, service providers of an Underlying Fund Investment Advisor or an Underlying Fund, especially an Underlying Fund administrator, may process, store and transmit such information. The Underlying Fund Investment Advisors will have procedures and systems in place that they believe are reasonably designed to protect such information and prevent data loss and security breaches. However, such measures cannot provide absolute security. The techniques used to obtain unauthorized access to data, disable or degrade service, or sabotage systems change frequently and may be difficult to detect for long periods of time. Hardware or software acquired from third parties may contain defects in design or manufacture or other problems that could unexpectedly compromise information security. Network connected services provided by third parties to an Underlying Fund Investment Advisor may be susceptible to compromise, leading to a breach of the Underlying Fund Investment Advisor's network. The Underlying Fund Investment Advisor's systems or facilities may be susceptible to employee error or malfeasance, government surveillance, or other security threats. On-line services provided by the Underlying Fund Investment Advisor to an Underlying Fund may also be susceptible to compromise. Breach of an Underlying Fund Investment Advisor's information systems may cause information relating to the transactions of an Underlying Fund and personally identifiable information of its members to be lost or improperly accessed, used or disclosed. The loss or improper access, use or disclosure of an Underlying Fund Investment Advisor's or the Underlying Fund's proprietary information may cause an Underlying Fund Investment Advisor or an Underlying Fund to suffer, among other things, financial loss, the disruption of its business, liability to third parties, regulatory intervention or reputational damage. Any of the foregoing events could have a material adverse effect on an Underlying Fund and the Fund's investments therein.

**Global Investments.** An Underlying Fund may invest all or a portion of its portfolio in Financial Instruments of issuers located outside the United States. In addition to business uncertainties, such investments may be affected by political, social and economic uncertainty affecting a country or region. Many financial markets are not as developed or as efficient as those in the United States, and as a result, liquidity may be reduced and price volatility may be higher. The legal and regulatory environment may also be different, particularly as to bankruptcy and reorganization. Financial accounting standards and practices may differ, and there may be less publicly available information in respect of such non-U.S. issuers. Furthermore, some of the Financial Instruments may be subject to brokerage taxes levied by governments, which has the effect of increasing the cost of such investment and reducing the realized gain or increasing the realized loss on such securities at the time of sale. Income received by an Underlying Fund from sources within some countries may be reduced by withholding and other taxes imposed by such countries. Any such taxes paid by an Underlying Fund will reduce their net income or return from such investments.

**Emerging Markets.** In addition, all or a portion of such investment may take place in emerging markets. Investing in emerging markets involves additional risks and special considerations not typically associated with investing in other more established economies or markets. Such risks may include (i) increased risk of nationalization or expropriation of assets or confiscatory taxation; (ii) greater social, economic and political uncertainty, including war; (iii) higher dependence on exports and the corresponding importance of international trade; (iv) greater volatility, less liquidity and smaller capitalization of markets; (v) greater volatility in currency exchange rates; (vi) greater risk of inflation; (vii) greater controls on foreign investment and limitations on realization of investments, repatriation of

invested capital and on the ability to exchange local currencies for U.S. dollars; (viii) increased likelihood of governmental involvement in and control over the economy; (ix) governmental decisions to cease support of economic reform programs or to impose centrally planned economies; (x) differences in auditing and financial reporting standards which may result in the unavailability of material information about issuers; (xi) less extensive regulation of the markets; (xii) longer settlement periods for transactions and less reliable clearance and custody arrangements; (xiii) less developed corporate laws regarding fiduciary duties of officers and directors and the protection of investors; and (xiv) certain considerations regarding the maintenance of the Partnership's Financial Instruments with non-U.S. brokers and securities depositories.

**Brexit.** In June 2016, the United Kingdom voted to leave the European Union ("EU"). This vote and the withdrawal process could cause an extended period of uncertainty and market volatility, not just in the United Kingdom but throughout the EU, the European Economic Area and globally. It is not possible to ascertain the precise impact these events may have on the Underlying Funds from an economic, financial or regulatory perspective but any such impact could have material consequences for the Underlying Funds.

**Absence of Regulatory Oversight.** While the Underlying Funds may be considered similar to an investment company, they may not be registered as such under the Advisers Act, in reliance upon an exemption available to privately offered investment companies, and, accordingly, the provisions of the Advisers Act (which, among other things, require investment companies to have a majority of disinterested directors, require securities held in custody at all times to be individually segregated from the securities of any other person and marked to clearly identify such securities as the property of such an investment company, and regulate the relationship between the advisor and the investment company) may not be applicable. Because the securities of the Underlying Funds held by brokers are generally not held in an Underlying Fund's name, a failure of any such broker is likely to have a greater adverse impact on the Underlying Funds, than if such securities were registered in an Underlying Fund's name. In addition, certain instruments which may be traded by an Underlying Fund are generally not traded on exchanges, nor is such trading regulated by any government agency. Accordingly, the protections accorded by such regulation will not be available to an Underlying Fund in making such investments.

**Illiquidity.** An investment in an Underlying Fund provides limited liquidity since shares in an Underlying Fund are not freely transferable and shareholders may typically only withdraw on a monthly basis. An Underlying Fund may invest part of its assets in illiquid securities or positions. An Underlying Fund may not be able to readily dispose of such illiquid securities or positions.

**Trading Risks.** All securities positions risk the loss of capital. The Sponsor believes that each Underlying Fund's investment program and research techniques will moderate this risk through a careful selection of securities and other financial instruments. No guarantee or representation is made that an Underlying Fund's program will be successful. An Underlying Fund's trading program may utilize such techniques as trading in put and call options and other derivatives, limited diversification, margin transactions, short sales and forward contracts, which practices can, in certain circumstances, increase the adverse impact to which an Underlying Fund may be subject.

An Underlying Fund, through the Underlying Fund Investment Advisor, may acquire positions in securities, private claims and obligations of bankrupt entities, which may result in significant returns to an Underlying Fund, but which involve a substantial degree of risk. An Underlying Fund may lose a substantial portion or all of its investment in such an entity or may be required to accept cash or securities with a value less than an Underlying Fund's investment. Among the risks inherent in taking positions in entities experiencing significant financial or business difficulties is the fact that it frequently may be difficult to obtain information as to the true condition of such issuers. Such positions also may be

adversely affected by state and federal laws relating to, among other things, fraudulent conveyances, voidable preferences, lender liability and the bankruptcy court's discretionary power to disallow, subordinate or disenfranchise particular claims. The market prices of such instruments are also subject to abrupt and erratic market movements and above average price volatility and the spread between the bid and asked prices of such instruments may be greater than normally expected.

An Underlying Fund may acquire unregistered securities of publicly held companies and in privately owned companies. Such securities may be illiquid and difficult to value. Such securities may require a significant amount of time from the date of initial acquisition before disposition.

In certain transactions, an Underlying Fund may not be "hedged" against market fluctuations or, in reorganization or liquidations situations, may not accurately value the assets of an Underlying Fund or the degree of legal and regulatory risk. This can result in losses, even if the proposed transaction is consummated.

Each Underlying Fund Investment Advisor will attempt to assess the foregoing risk factors, and others, in determining the extent of the position it will take in the relevant securities and the price it is willing to pay for such securities. However, such risks cannot be eliminated.

**Valuation.** To the extent that an Underlying Fund has positions in securities or instruments for which market quotations are not readily available, the valuation of such securities and instruments will be determined by the Underlying Fund Investment Advisor, whose determination will be final and conclusive to all parties.

**Incentive Fee.** The incentive fees payable to the Underlying Fund Investment Advisors may create an incentive for an Underlying Fund Investment Advisor to cause an Underlying Fund to make trades that are more risky or more speculative than would be the case if this fee was not paid.

**Access to Information; Enhanced Liquidity.** Generally, an Underlying Fund will provide investors with monthly information regarding that Underlying Fund's performance, as well as that Underlying Fund's annual audited financial statements. An Underlying Fund, however, may give those investors who so request access to more frequent and/or more detailed information regarding that Underlying Fund's securities positions, performance and finances. As a result, certain investors may be better to assess the prospects and performance of an Underlying Fund than other investors. An Underlying Fund may also give certain investors different liquidity rights than those set forth in an Underlying Fund investor memorandum. As a result, certain investors may redeem their Interests at times when other investors may not.

**Valuations; Estimates; Delays.** The Fund will issue and redeem Shares on the basis of the relevant "Net Asset Value per Share" calculated using estimated and final valuations (including revisions to prior estimated or final valuations) of the Fund's investment in the Underlying Funds, as received from the Sponsor, the Underlying Funds' administrators or other service providers to the Underlying Funds. Any delays in an Underlying Fund's receipt of valuations and reports from its service providers in respect of its investments could impair that Underlying Fund's ability to report estimated and final valuations to the Fund. Significant delays in receipt of estimated or final valuations from an Underlying Fund could impair the Fund's ability to issue and redeem Shares and provide account statements and other reports to Shareholders at the frequencies described in this Memorandum. Any Management Fee or Distribution Fee payable by the Fund, and any Sponsor Fee payable by a Shareholder, will also be calculated directly or indirectly on the basis of estimates of the value of the Fund's investment in the Underlying Funds. None of such estimates will generally be adjusted to reflect any subsequently revised valuations. There



can be no assurance that such estimates will be accurate. See "*Calculation of Net Asset Value*" below for a description of the term "Net Asset Value per Share".

**Potential "Misallocation" of Underlying Funds' Incentive Fees.** Shareholders will invest in the Fund at different times and will thus recognize different amounts of profits and losses on their investments. However, the Fund will be treated by each Underlying Fund as a single investor and Shareholder investments in the Fund will not be separately tracked when it calculates any incentive fee to be allocated to Investment Advisors. Accordingly, it is possible for the Fund as a whole to pay an Underlying Fund's incentive fee even if certain Shareholders have incurred losses on their investments in the Fund. Similarly, the benefit to existing Shareholders of the recovery of any "loss carryforward" by the Fund at the Underlying Fund level will be diluted by the admission to the Fund of additional Shareholders.

**Additional Classes; "Side Letter" Agreements with One or More Investors.** The Underlying Funds may, in the respective Investment Advisor's sole discretion, establish additional classes of Interests and/or sub-classes of Interests in the future (or enter into "side letter" agreements with certain investors), having different terms than those of the Interests described in the respective Underlying Fund investment memorandum, including preferred percentages, ratios, trigger percentage, or offer different expenses, leveraging policies, rights (including portfolio transparency rights, informational rights and withdrawal rights (including, without limitation, with respect to notice periods and withdrawal dates)) and/or fees. New classes may be established (or "side letter" agreements entered into) by the respective Investment Advisor without providing prior notice to, or receiving consent from, existing investors. The terms of such classes (or "side letter" agreements entered into) will be determined by the respective Investment Advisors in their sole discretion, but will not alter the terms of the then-existing classes of Interests. An Underlying Fund will be under no obligation to continue to offer any particular class of Interests.

**Investment and Trading Risks in General.** An investment in the Underlying Funds involves a high degree of risk, including the risk that the entire amount invested may be lost. The Underlying Funds will invest in and actively trade securities and other financial instruments using strategies and investment techniques with significant risk characteristics, including risks arising from the volatility of the global equity, currency, and fixed income markets, the risks of short sales, the risks of leverage, the potential illiquidity of derivative instruments, the risk of loss from counterparty defaults and the risk of borrowing to meet redemption requests. No guarantee is made that the respective Underlying Fund's investment program or overall portfolio, or various investment strategies utilized or investments made will have low correlation with each other or with the U.S. equity market or that the respective Underlying Fund's returns will exhibit low long-term correlation with an investor's traditional securities portfolio. The respective Underlying Fund's investment program may utilize such investment techniques as margin transactions, option transactions, short sales and forward and futures contracts, which practices involve substantial volatility and can, in certain circumstances, substantially increase the adverse impact to which the Underlying Fund may be subject. All investments made by an Underlying Fund risk the loss of capital. No guarantee or representation is made that an Underlying Fund's investment program will be successful, that an Underlying Fund will achieve its targeted returns or that there will be any return of capital invested, and investment results may vary substantially over time. The past performance history of the Underlying Funds may not be indicative of the future results of the Underlying Funds.

**Availability of Investment Strategies.** The success of each Underlying Fund's investment and trading activities depends on the ability of the respective Underlying Fund Investment Advisor to identify investment opportunities through quantitative and fundamental techniques (including arbitrage), investing in global equities, related corporate instruments such as convertibles and futures contracts, and debt securities. Identification and exploitation of the investment strategies to be pursued by each Underlying Fund involves a high degree of uncertainty. No assurance can be given that the Underlying Fund

Investment Advisors will be able to identify suitable investment opportunities in which to deploy all of each Underlying Fund's capital. A reduction in overall market volatility and liquidity, as well as other market factors, may reduce the pool of profitable investment strategies for an Underlying Fund.

**Diversification Risk.** An Underlying Fund may, in the discretion of that Underlying Fund Investment Advisor, invest in a limited number of investments. A consequence of the limited number of investments is that the aggregate returns realized by an Underlying Fund may be substantially adversely affected by the unfavorable performance of a small number of such investments. Although the Underlying Funds will have developed diversification guidelines (which are subject to change in the discretion of each Underlying Fund's board of directors and which may be exceeded from time to time in the discretion of each Underlying Fund Investment Advisor), the Underlying Funds will not have fixed guidelines for, or hard limits on, diversification of their respective investments, and investments may likely be concentrated in relatively few companies and markets.

**Limited Liquidity of Shares; Information Rights.** The Fund and Underlying Funds are intended for long term investors who can accept the risks associated with investing primarily in securities that involve a high degree of financial risk and are potentially illiquid. There is no public market for the shares, and no such market is expected to develop in the future. Shareholders may not sell, transfer, exchange, assign, pledge, hypothecate or otherwise dispose of their Shares without the consent of the board of directors of an Underlying Fund. The possibility of partial or total loss of capital will exist, and prospective investors should not subscribe unless they can readily bear the consequences of such loss. Also, shareholders may request additional information and reporting and, as a result, may be able to act on such additional information (i.e., request redemptions) that other shareholders do not request or receive.

**Leverage.** The Underlying Funds may utilize leverage in their respective investment strategy. Leverage may take the form of loans for borrowed money (e.g., margin loans), generally up to a maximum percentage of assets, and derivative securities and instruments that are inherently leveraged, including options, futures, forward contracts, swaps and repurchase agreements. The use of leverage by an Underlying Fund can substantially increase the market exposure (and market risk) to which that Underlying Fund's investment portfolio may be subject. Trading on leverage results in interest charges or costs, which may be explicit (in the case of loans) or implicit (in the case of many derivative instruments) and, depending on the amount of leverage, such charges or costs could be substantial. The level of interest rates generally, and the rates at which an Underlying Fund can leverage in particular, can affect the operating results of that Underlying Fund. The Underlying Funds' anticipated use of short-term margin borrowings results in certain additional risks to the Underlying Funds. For example, should the securities pledged to brokers to secure an Underlying Fund's margin accounts decline in value, that Underlying Fund could be subject to a "margin call", pursuant to which that Underlying Fund would be required either to deposit additional funds with the broker or to suffer mandatory liquidation of the pledged securities to compensate for the decline in value. In the event of a sudden precipitous drop in the value of an Underlying Fund's assets, that Underlying Fund might not be able to liquidate assets quickly enough to pay off its margin debt.

**Highly Volatile Markets.** The prices of an Underlying Fund's investments, including, without limitation, common equity and related equity derivative instruments, high yield securities, convertible bonds, and other derivatives, including futures and option prices, can be highly volatile. Price movements of forward, futures and other derivative contracts in which an Underlying Fund's assets may be invested are influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, and national and international political and economic events and policies. In addition, governments from time to time intervene, directly and by regulation, in certain markets, particularly those in government bonds, currencies, financial instruments, futures and options. Such intervention often is intended directly to influence prices and may,

together with other factors, cause all of such markets to move rapidly in the same direction because of, among other things, interest rate fluctuations. An Underlying Fund is also subject to the risk of the failure of any exchanges on which its positions trade or of its clearinghouses.

**Short Sales.** The Underlying Funds may engage in short selling. Short selling involves selling securities that may or may not be owned by the seller and borrowing the same securities for delivery to the purchaser, with an obligation to replace the borrowed securities at a later date. Short selling allows the investor to profit from declines in the value of securities. A short sale creates the risk of a theoretically unlimited loss, in that the price of the underlying security could theoretically increase without limit, thus increasing the cost of buying those securities to cover the short position. There can be no assurance that the security necessary to cover a short position will be available for purchase. Purchasing securities to close out the short position can itself cause the price of the securities to rise further, thereby exacerbating the loss. Securities may be sold short by an Underlying Fund in a long/short strategy to hedge a long position, or to enable an Underlying Fund to express a view as to the relative value between the long and short positions. There is no assurance that the objectives of these strategies will be achieved, or specifically that the long position will not decrease in value and the short position will not increase in value, causing an Underlying Fund losses on both components of the transaction. In addition, when an Underlying Fund effects a short sale, it may be obligated to leave the proceeds thereof with the broker and also deposit with the broker an amount of cash or other securities (subject to requirements of applicable law) that is sufficient under any applicable margin or similar regulations to collateralize its obligation to replace the borrowed securities that have been sold.

**Equity Securities.** An Underlying Fund's investment portfolio will include equity and equity-related securities. Equity securities fluctuate in value in response to many factors, including the activities and financial condition of individual companies, the business market in which individual companies compete and industry market conditions and general economic environments. For example, beginning in September 2008, world financial markets experienced extraordinary market conditions resulting in extreme volatility in the global equity markets.

**Call Options.** The Underlying Funds may engage in the use of call options. There are risks associated with the sale and purchase of call options. The seller (writer) of a call option which is covered (*i.e.*, the writer holds the underlying security) assumes the risk of a decline in the market price of the underlying security below the purchase price of the underlying security less the premium received, and gives up the opportunity for gain on the underlying security above the exercise price of the option. The seller of an uncovered call option assumes the risk of a theoretically unlimited increase in the market price of the underlying security above the exercise price of the option. The securities necessary to satisfy the exercise of the call option may be unavailable for purchase except at much higher prices. Purchasing securities to satisfy the exercise of the call option can itself cause the price of the securities to rise further, sometimes by a significant amount, thereby exacerbating the loss. The buyer of a call option assumes the risk of losing its entire investment in the call option. If the buyer of the call sells short the underlying security, the loss on the call will be offset in whole or in part by any gain on the short sale of the underlying security. The buyer of a call option assumes the risk of losing his entire investment in the call option. If the buyer of the call sells short the underlying security, the loss on the call will be offset in whole or in part by any gain on the short sale of the underlying security.

**Put Options.** The Underlying Funds may engage in the use of put options. There are risks associated with the sale and purchase of put options. The seller (writer) of a put option which is covered (*i.e.*, the writer has a short position in the underlying security) assumes the risk of an increase in the market price of the underlying security above the sales price (in establishing the short position) of the underlying security plus the premium received, and gives up the opportunity for gain on the underlying security below the exercise price of the option. The seller of an uncovered put option assumes the risk of a decline in the

market price of the underlying security below the exercise price of the option. The buyer of a put option assumes the risk of losing his entire investment in the put option. If the buyer of the put holds the underlying security, the loss on the put will be offset in whole or in part by any gain on the underlying security.

**Currencies.** The Underlying Funds may from time to time invest a portion of their assets in non-U.S. equity securities and instruments or in securities or instruments denominated in non-U.S. currencies, the prices of which will be determined with reference to currencies other than the U.S. dollar. An Underlying Fund will, however, value its securities and other assets in U.S. dollars. An Underlying Fund may or may not seek to hedge all or any portion of that Underlying Fund's non-U.S. currency exposure. To the extent such positions are unhedged, the value of an Underlying Fund's assets may fluctuate with U.S. dollar exchange rates as well as the price changes of that Underlying Fund's investments in the various local markets and currencies. Among the factors that may affect currency values are trade balances, the level of short-term interest rates, differences in relative values of similar assets in different currencies, long-term opportunities for investment and capital appreciation and political developments. An increase in the value of the U.S. dollar compared to the other currencies in which an Underlying Fund makes its investments will reduce the effect of increases and magnify the effect of decreases in the prices of that Underlying Fund's securities in their local markets. An Underlying Fund could realize a net loss on an investment, even if there were a gain on the underlying investment before currency losses were taken into account. An Underlying Fund may seek to hedge currency risks by investing in currencies, currency futures contracts and options on currency futures contracts, forward currency exchange contracts, swaps, swaptions or any combination thereof (whether or not exchange traded), but there can be no assurance that these strategies will be effective, and such techniques entail costs and additional risks.

**Non-U.S. Investments.** An Underlying Fund may invest a portion of its capital outside the United States in non-dollar denominated securities and instruments, including in securities and instruments issued by non-U.S. companies and the governments of non-U.S. countries and in non-U.S. currency. These investments involve special risks not usually associated with investing in securities of U.S. companies or the U.S. federal, state or local government. Because investments in securities and instruments issued by non-U.S. issuers may involve non-U.S. dollar currencies and because that Underlying Fund may temporarily hold funds in bank deposits in such currencies during the completion of its investment program, that Underlying Fund may be affected favourably or unfavourably by changes in currency rates (including as a result of the devaluation of a non-U.S. currency) and in exchange control regulations and may incur transaction costs in connection with conversions between various currencies. In addition, because non-U.S. entities are not subject to uniform accounting, auditing, and financial reporting standards, practices and requirements comparable with those applicable to U.S. companies, there may be different types of, and lower quality, information available about a non-U.S. company than a U.S. company. There is also less regulation, generally, of the securities markets in non-U.S. countries than there is in the United States. Some non-U.S. securities markets have a higher potential for price volatility and relative illiquidity compared to the U.S. securities and capital markets. With respect to certain countries there may be the possibility of expropriation or confiscatory taxation, political, economic or social instability, limitation on the removal of funds or other assets or the repatriation of profits, restrictions on investment opportunities, the imposition of trading controls, withholding or other taxes on interest, dividends, capital gain, other income or gross sale or disposition proceeds, import duties or other protectionist measures, various laws enacted for the protection of creditors, greater risks of nationalization or diplomatic developments which could adversely affect an Underlying Fund's investments in those countries.

**Derivative Securities and Instruments Generally.** Derivative securities and instruments, or "derivatives", include securities, instruments and contracts which are derived from and are valued in relation to one or more underlying securities, financial benchmarks or indices. Derivatives typically allow

an investor to hedge or speculate upon the price movements of a particular security, financial benchmark or index at a fraction of the cost of acquiring, borrowing or selling short the underlying asset. The value of a derivative depends largely upon price movements in the underlying asset. Therefore, many of the risks applicable to trading the underlying asset are also applicable to derivatives trading. However, there are a number of additional risks associated with derivatives trading. Transactions in certain derivatives are subject to clearance on a U.S. national exchange and to regulatory oversight, while other derivatives are subject to risks of trading in the over-the-counter markets or on non-U.S. exchanges. Price movements of futures and options contracts and payments pursuant to swap agreements are influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, and national and international political and economic events and policies. The value of futures, options and swap agreements also depends upon the price of the commodities underlying them. In addition, an Underlying Fund's assets may also be subject to the risk of the failure of any of the exchanges on which their positions trade or of their clearinghouses or counterparties.

Additional risks associated with derivatives trading include:

**Tracking.** When used for hedging purposes, an imperfect or variable degree of correlation between price movements of the derivative and the underlying investment sought to be hedged may prevent an Underlying Fund from achieving the intended hedging effect or expose that Underlying Fund to risk of loss. If an Underlying Fund invests in derivatives at inopportune times or incorrectly judges market conditions, the investments may lower the return of that Underlying Fund or result in a loss. An Underlying Fund also could experience losses if derivatives are poorly correlated with its other investments.

**Liquidity.** Derivatives, especially when traded in large amounts, may not be liquid in all circumstances, so that in volatile markets an Underlying Fund may not be able to close out a position without incurring a loss. In addition, daily limits on price fluctuations and speculative position limits on exchanges on which an Underlying Fund may conduct its transactions in derivatives may prevent profitable liquidation of positions, subjecting that Underlying Fund to the potential of greater losses. The market for many derivatives is, or suddenly can become, illiquid. Changes in liquidity may result in significant, rapid and unpredictable changes in the prices for derivatives.

**Operational Leverage.** Trading in derivatives can result in large amounts of operational leverage. Thus, the leverage offered by trading in derivatives will magnify the gains and losses experienced by an Underlying Fund and could cause that Underlying Fund's net asset value to be subject to wider fluctuations than would be the case if that Underlying Fund did not use the leverage feature of derivatives.

**Over-the-Counter Trading.** Derivatives that may be purchased or sold by an Underlying Fund may include securities and instruments not traded on an exchange. The risk of non-performance by the obligor on a security or instrument may be greater than, and the ease with which an Underlying Fund can dispose of or enter into closing transactions with respect to a security or instrument may be less than, the risk associated with an exchange traded security. In addition, significant disparities may exist between "bid" and "asked" prices for derivatives that are not traded on an exchange. Derivatives not traded on exchanges also are not subject to the same type of government regulation as exchange traded securities, and many of the protections afforded to participants in a regulated environment may not be available in connection with the transactions.

## General Considerations

**Potential Loss of Investment.** The Fund will be exposed to all the risks involved in each Underlying Fund's investments. Effectively, the Fund's investments will only be as diversified as those of the Underlying Funds in which it invests. There can be no assurance that the Fund or the Underlying Funds will achieve their objectives or avoid substantial or total losses. An investor could lose all or substantially all of its investment in the Fund.

**Absence of Regulation.** Neither the Fund nor the Underlying Funds will be registered as an investment company under the Investment Company Act, and accordingly, the provisions of the U.S. Investment Company Act (which among other matters require registered investment companies to have a minimum percentage of disinterested directors and regulate the relationship between the manager and the investment fund) will not apply. Investors, therefore, will not be afforded the protective measures of these laws and regulations.

**AIFMD.** It is possible that Directive 2011/61/EU of the European Parliament and of the Council of June 8, 2011 on Alternative Investment Fund Managers and amending Directives 2003/41/EC and 2009/65/EC and Regulations (EC) No 1060/2009 and (EU) No 1095/2010 ("AIFMD") could increase the costs and expenses associated with operating the Fund as well as restrict the Fund from being operated in the manner and on the terms envisioned in this Memorandum. In particular, in the event that the Shares of the Fund are marketed in a country that is a member of the European Union, the Fund may be required to take significant measures to comply with national rules implementing AIFMD in such country. Compliance with the requirements of AIFMD and marketing rules in the European Union may be costly (e.g., if numerous European Union registrations are required) or could require significant amendments to be made to the structure and operation of the Fund.

**Increased Competition in Alternative Asset Investments.** In recent years there has been a marked increase in the number of, and flow of capital into, investment vehicles established in order to implement alternative asset investment strategies, including the strategies pursued by the Underlying Funds. While the precise effect cannot be determined, such increase may result in greater competition for investment opportunities, or may result under certain circumstances in increased price volatility or decreased liquidity with respect to certain positions. Prospective investors should understand that the Fund and the Underlying Funds may compete with other investment vehicles, as well as investment and commercial banking firms, which have substantially greater resources, in terms of financial wherewithal and research staff, than may be available to the Fund and/or the Underlying Funds.

**General Investment Risks.** There are at least three principal types of risk that can adversely affect the investment approach of the Underlying Funds: (1) Market Risk; (2) Strategy Risk; and (3) Manager Risk.

**Market Risk** is common to an entire class of assets such that the value of investments may decline over a given time period simply because of economic changes or other events that impact large portions of the markets.

**Strategy Risk** is associated with the failure or deterioration of an entire strategy (such that most or all investors in that strategy suffer significant losses).

**Manager Risk** relates to the possibility of loss due to manager fraud, intentional or inadvertent deviations from a pre-defined investment strategy (including excessive concentration, directional investing outside of disclosed ranges, excessive leverage or experimentation with new capital markets) or simply poor judgment. Manager risk poses a significant risk of loss to the Fund, as the Fund will invest substantially all of its assets with a single trading manager and in a single trading vehicle, as compared to developing

its own diversified portfolio.

**No Segregation of Assets.** The Fund has the power to issue Shares in Classes, Sub-Classes, Series or Sub-series. The Articles provide for the manner in which the liabilities are to be attributed across the various classes, series and sub-series (liabilities are to be attributed to the specific class, series or sub-series in respect of which the liability was incurred). However, the Fund is a single legal entity. Shareholders of one or more classes, series or sub-series of Shares may be compelled to bear the liabilities incurred in respect of other classes, series or sub-series that such Shareholders do not themselves own if there are insufficient assets in that other class or series to satisfy those liabilities. Accordingly, there is a risk that liabilities of one class, series or sub-series may not be limited to that particular class, series or sub-series and may be required to be paid out of one or more other classes, series or sub-series.

**U.S. Dollar Denominated Shares.** The Fund and the Underlying Funds are denominated in U.S. dollars. Consequently, investors whose local currency is not the U.S. dollar will be subject to exchange rate risk in connection with their investment in the Fund.

## GENERAL – MARKET RISKS

**Recent Market Events.** The global financial markets are currently undergoing a period of unprecedented disruption and stress. Markets previously thought to be uncorrelated have been shown to be correlated, credit markets have in some cases ceased functioning, many markets have experienced record levels of volatility and governments have intervened in extraordinary and unpredictable ways, at times on an emergency basis, to the detriment of certain market participants. It is impossible to predict what ongoing impact these events will have on the Underlying Funds and on the Underlying Fund's Investment Advisors. Many private investment funds recently have suffered significant losses. There can be no assurance that the Underlying Funds will be profitable in this market environment, or that they will avoid substantial (or total) losses.

**General Economic Conditions.** The success of any investment activity is affected by general economic conditions that affect the level and volatility of prices as well as the liquidity of the markets. From time to time, the economic viability of an entire strategy may deteriorate, due to general economic events that disrupt the source of profits that the strategy seeks to exploit (for example, by disrupting historical pricing relationships). There may be certain general market conditions in which the investment program pursued by an Underlying Fund is unlikely to be profitable, and each Underlying Fund has no ability to control or predict such market conditions.

**Limited Liquidity of Investments.** The market value of each Underlying Fund's investments may fluctuate with, among other things, changes in prevailing interest rates, general economic conditions, the condition of financial markets, developments or trends in any particular industry and the financial condition of the issuers of the securities in which each Underlying Fund invests. During periods of limited liquidity and higher price volatility, each Underlying Fund's ability to acquire or dispose of its investments at a price and time that the Underlying Fund Investment Advisor deems advantageous may be impaired. As a result, in periods of rising market prices, an Underlying Fund may be unable to participate in price increases fully to the extent that it is unable to acquire desired positions quickly; an Underlying Fund's inability to dispose fully and promptly of positions in declining markets will conversely cause its net asset value to decline as the value of unsold positions is marked to lower prices.

In addition, a portion of an Underlying Fund's assets may from time to time be invested in securities and other financial instruments or obligations for which no market exists and/or which are restricted as to their transferability under federal or state securities laws, including private securities. Because of the

absence of any trading market for these investments, an Underlying Fund may take longer to liquidate these positions than would be the case for publicly traded securities. Although these securities may be resold in privately negotiated transactions, the prices realized on these sales could be less than those originally paid by an Underlying Fund. Further, companies whose securities are not publicly-traded may not be subject to public disclosure and other investor protection requirements applicable to publicly-traded securities, which could expose an Underlying Fund to greater risk than it anticipated.

**Availability of Investment Strategies.** The success of each Underlying Fund's investment and trading activities depends on the ability of the respective Underlying Fund Investment Advisor to identify investment opportunities through quantitative and fundamental techniques (including arbitrage), investing in global equities, related corporate instruments such as convertibles and futures contracts, and debt securities. Identification and exploitation of the investment strategies to be pursued by each Underlying Fund involves a high degree of uncertainty. No assurance can be given that each Underlying Fund will be able to identify suitable investment opportunities in which to deploy all of that Underlying Fund's capital. A reduction in overall market volatility and liquidity, as well as other market factors, may reduce the pool of profitable investment strategies for an Underlying Fund.

**Reliance on Key Personnel.** Each Investment Advisor may depend on the services of a limited number of key persons. If they cannot or will not provide those services, it could adversely affect that Investment Advisor's ability to trade for that Underlying Fund. If this occurs, the Sponsor may terminate the investment into that Underlying Fund.

**Changes in Trading Strategies.** Each Investment Advisor can make any changes in its trading strategies if it believes that they will be in the respective Underlying Fund's best interests.

**Possible Effects of Speculative Position Limits.** The CFTC and U.S. exchanges have established "speculative position limits". These limits control the number of net long or net short speculative futures or option (on futures) positions any person may hold or control in futures or option contracts traded on U.S. exchanges. Most trading advisors control the commodity trading of other accounts. All positions and accounts owned or controlled by an Investment Advisor and its principals may be combined with the respective Underlying Fund's positions established by it for position limit purposes. In order to avoid exceeding position limits, it is possible that an Investment Advisor will have to modify its trading instructions, and that positions held by the respective Underlying Fund will have to be liquidated. That could have a negative effect on that Underlying Fund's profitability. In addition, all commodity accounts of the Sponsor and its affiliates may also be combined with an Underlying Fund for position limit purposes.

**Increase in Amount of Funds Managed.** If an Investment Advisor manages more money in the future, including money raised in this offering, such additional funds could affect its performance or trading strategies. There is no guarantee that each Underlying Fund's investment results will be similar to their past performance.

**Other Clients of Investment Advisors.** Each Investment Advisor will manage other accounts. This increases the competition for the same trades which their Underlying Fund makes. Each Investment Advisor may manage other accounts that pay fees that are different than those their respective Underlying Fund pays. Therefore, it has a potential conflict of interest. There is no assurance that an Underlying Fund's trading will generate the same results as any other accounts its Investment Advisor manages.

**Execution of Trades.** Each Investment Advisor relies on computer, telephone and related electronic equipment for the execution of trades. If such equipment fails and/or the firms handling an Investment Advisor's computer and communications facilities are adversely affected, an Investment Advisor may not



be able to execute trades, which could cause that Investment Advisor's clients to incur losses or miss trading opportunities. Each Investment Advisor intends to use back-up equipment and facilities to try to minimize the impact of such potential execution problems.

**Trading Errors.** Each Investment Advisor relies on its staff to properly operate and maintain the computer and communication systems upon which the trading systems rely. Each Investment Advisor's systems are accordingly subject to human errors, including the failure to implement, or the inaccurate implementation of any of an Investment Advisor's systems, in addition to errors in properly executing transactions. This could cause substantial losses on transactions, and any such losses could substantially and adversely affect the performance of an account.

**Systems Failure.** Each Investment Advisor's strategies are highly dependent on the proper functioning of its internal computer systems. Accordingly, systems failure, whether due to third party failures upon which such systems are dependent or the failure of each Investment Advisor's hardware or software, could disrupt trading or make trading impossible until such failure is remedied. Any such failure, and consequential inability to trade (even for a short period of time), could, in certain market conditions, cause an account to experience significant trading losses or to miss opportunities for profitable trading.

**Disruptions or Inability to Trade Due to a Failure to Receive Timely and Accurate Market Data from Third Party Vendors.** Each Investment Advisor's strategies depend to a significant degree on the receipt of timely and accurate market data from third party vendors. Any failure to receive such data in a timely manner or the receipt of inaccurate data for any reason could disrupt and adversely affect each Investment Advisor's trading until such failure or inaccuracy is corrected.

**Failure of Clearing Brokers, Counterparties, Banks, Custodians and other Financial Firms.** Commodity brokers must maintain each Underlying Fund's assets (other than assets used to trade foreign futures or options on foreign markets) in a segregated account. If the clearing broker of an Underlying Fund goes bankrupt, that Underlying Fund could lose money as it may only be able to recover a pro rata share of the property available for distribution to all of such broker's customers. In addition, even if such broker adequately segregates that Underlying Fund's assets, that Underlying Fund may still be subject to risk of loss of funds on deposit with such broker should another customer of such broker fail to satisfy deficiencies in such other customer's account.

Other institutions will have custody of the assets of an Underlying Fund, including custodians and various other banks or financial institutions whose services are utilized by that Underlying Fund. Such institutions may encounter financial difficulties that impair that Underlying Fund's operating capabilities or capital position. Each Investment Advisor will attempt to limit their Underlying Fund's deposits and transactions to only well-capitalized institutions in an effort to mitigate such risks, but there can be no assurance that even a well-capitalized, major institution will not become bankrupt or otherwise fail.

**Past Results Are Not Necessarily Indicative of Future Performance.** Past results are not necessarily indicative of future performance and investment in the Fund is speculative and involves a substantial risk of loss.

**Change of Service Providers.** Subject to the terms of this Memorandum (and in the case of the Underlying Funds, the respective Underlying Fund investment memorandum) and any relevant laws and regulations:

(a) the Directors may change any service provider of the Fund and may agree to different contractual terms with new or existing service providers at any time, and

(b) the Fund and each Underlying Fund may change any service provider of the Fund or Underlying Fund, respectively, and may agree to different contractual terms with new or existing service providers at any time, without prior notice or approval of the Shareholders or holders of Interests, as appropriate.

## FOREIGN INSTRUMENTS

**Forward and Cash Trading.** An Underlying Fund may trade in spot and forward contracts on currencies. For this purpose, an Underlying Fund will contract with or through NAST to make or take future delivery of a particular currency. NAST or its affiliates may extend an Underlying Fund a credit line to enable it to engage in such trading. An Underlying Fund may also trade options on currencies. Although the currency market is not believed to be necessarily more volatile than the market in other commodities, there is less protection against defaults in the forward trading of currencies because such contracts are not effected on or through an exchange or clearinghouse. Trading in forward currencies and over-the-counter derivatives, including swaps and options, among sophisticated market participants is not generally regulated by any regulatory body. Therefore, with respect to this trading, an Underlying Fund is not afforded the protections provided by trading on regulated exchanges, including segregation of funds. In any principal contract, an Underlying Fund must rely on the creditworthiness of its counterparty.

The trading of over-the-counter instruments subjects an Underlying Fund to a variety of risks including: 1) counterparty risk; 2) basis risk; 3) interest rate risk; 4) settlement risk; 5) legal risk; and 6) operational risk. Counterparty risk is the risk that the Underlying Fund's counterparties might default on their obligation to pay or perform generally on their obligations. The over-the-counter markets and some foreign markets are "principals' markets". That means that performance of the contract is the responsibility only of the individual firm or member on the other side of the trade and not any exchange or clearing corporation. Such "counterparty risk" is accentuated for contracts with longer maturities where events may intervene to prevent settlement, or where the Underlying Fund has concentrated its transactions with a single or small group of counterparties. Basis risk is the risk attributable to the movements in the spread between the derivative contract price and the future price of the underlying instrument. Interest rate risk is the general risk associated with movements in interest rates. Settlement risk is the risk that a settlement in a transfer system does not take place as expected. Legal risk is the risk that a transaction proves unenforceable in law or because it has been inadequately documented. Operational risk is the risk of unexpected losses arising from deficiencies in a firm's management information, support and control systems and procedures. Transactions in over-the-counter derivatives may involve other risks as well, as there is no exchange market on which to close out an open position. It may be impossible to liquidate an existing position, to assess the value of a position or to assess the exposure to risk.

**Exchange for Physicals.** an Underlying Fund may exchange a cash, forward or spot market position outside of regular trading hours for a comparable futures position. Such transactions are subject to counterparty creditworthiness risk. See "Forward and Cash Trading" above. The CFTC has permitted the futures exchanges to expand the types of over-the-counter positions that can be part of an exchange for physicals position.

**Substantial Charges to Underlying Funds.** The Underlying Funds will pay substantial fees and charges. As a result, the Underlying Funds must make substantial profits for the Fund's interests in the Underlying Funds to increase in value.

## LIQUIDITY

**Limited Ability to Liquidate Interest.** The Fund may not be able immediately to liquidate its Underlying Interests in the Underlying Funds. There is no market for the Underlying Interests and none is likely to develop. The Fund may, however redeem its holdings, without penalty, on the relevant redemption days, subject to certain limitations. In order to redeem, the Fund will be required to give prior written notice to the administrator of the respective Underlying Fund subject to all of the provisions set forth in the respective Underlying Fund investment memorandum applicable to redemptions. Because of the time delay between the notice to the Underlying Funds and the end of the month when your investment is redeemed, the value of the investment on the date of redemption may be substantially less than at the time the Fund sends in its request to redeem. The Sponsor may establish (and increase or decrease from time to time) such reserves for the Underlying Funds for: (a) estimated accrued costs or expenses and (b) contingent, unknown or unfixed debts, liabilities or obligations of the Underlying Funds, even if such reserves are not required by generally accepted accounting principles.

**Possible Effect of Redemptions.** The Underlying Funds would have fewer assets to trade in the event of a high level of redemptions. This may make it more difficult for the Underlying Funds to effectively trade its strategy and/or may cause the respective Underlying Fund's expenses to be proportionally higher for non-redeeming investors.

**No Automatic Trading Suspension.** A prospective Shareholder should only acquire Shares if it is looking for a long-term investment. The Underlying Funds will not have an automatic Trading Suspension Level which would require them to suspend or terminate trading as a result of losses. Therefore, investors in the Underlying Funds will be required to monitor the value of their investment and determine whether the respective Underlying Fund's performance warrants continued investment. Because investors will receive regular performance reports, it is possible that an Underlying Fund could incur substantial losses before an investor (i.e. the Fund) could redeem its Underlying Interest in that Underlying Fund, and as a result, before a Shareholder has the opportunity to redeem its Shares in the Fund.

**Compulsory Redemptions.** The Underlying Funds may require the Fund to redeem its Underlying Interests at any time and for any reason. It generally will only require redemptions in order for an Underlying Fund to comply with certain regulations.

## TAX AND REGULATORY ISSUES

**CIRCULAR 230 NOTICE - THE FOLLOWING NOTICE IS BASED ON U.S. TREASURY REGULATIONS GOVERNING PRACTICE BEFORE THE U.S. INTERNAL REVENUE SERVICE: (1) ANY U.S. FEDERAL TAX ADVICE CONTAINED HEREIN, INCLUDING ANY OPINION OF COUNSEL REFERRED TO HEREIN, IS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED, BY ANY TAXPAYER FOR THE PURPOSE OF AVOIDING U.S. FEDERAL TAX PENALTIES THAT MAY BE IMPOSED ON THE TAXPAYER; (2) ANY SUCH ADVICE IS WRITTEN TO SUPPORT THE PROMOTION OR MARKETING OF THE TRANSACTIONS DESCRIBED HEREIN (OR IN ANY SUCH OPINION OF COUNSEL); AND (3) EACH TAXPAYER SHOULD SEEK ADVICE BASED ON THE TAXPAYER'S PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISER.**

**THE DISCUSSION HEREIN IS FOR INFORMATIONAL PURPOSES ONLY AND IS A DISCUSSION PRIMARILY OF THE U.S. TAX CONSEQUENCES TO PROSPECTIVE SHAREHOLDERS. EACH PROSPECTIVE SHAREHOLDER SHOULD CONSULT ITS PROFESSIONAL TAX ADVISER WITH RESPECT TO THE TAX ASPECTS OF AN INVESTMENT IN THE FUND. TAX CONSEQUENCES MAY VARY DEPENDING UPON THE**

**PARTICULAR STATUS OF A PROSPECTIVE SHAREHOLDER. IN ADDITION, SPECIAL CONSIDERATIONS (NOT DISCUSSED HEREIN) MAY APPLY TO PERSONS WHO ARE NOT DIRECT SHAREHOLDERS IN THE FUND BUT WHO ARE DEEMED TO OWN SHARES AS A RESULT OF THE APPLICATION OF CERTAIN ATTRIBUTION RULES.**

The Fund has not sought a ruling from the U.S. Internal Revenue Service (the "Service") or any other U.S. federal, state or local agency with respect to any of the tax issues affecting the Fund, nor has it obtained an opinion of counsel with respect to any tax issues.

The following is a summary of certain potential U.S. federal tax consequences which may be relevant to prospective Shareholders. The discussion contained herein is not a full description of the complex tax rules involved and is based upon existing laws, judicial decisions and administrative regulations, rulings and practices, all of which are subject to change, retroactively as well as prospectively. A decision to invest in the Fund should be based upon an evaluation of the merits of the trading program, and not upon any anticipated U.S. tax benefits.

**U.S. Trade or Business.** Section 864(b)(2) of the U.S. Internal Revenue Code of 1986, as amended (the "IRC"), provides a safe harbor (the "Safe Harbor") applicable to a non-U.S. corporation (other than a dealer in securities) that engages in the U.S. in trading securities (including contracts or options to buy or sell securities) for its own account pursuant to which such non-U.S. corporation will not be deemed to be engaged in a U.S. trade or business. The Safe Harbor also provides that a non-U.S. corporation (other than a dealer in commodities) that engages in the U.S. in trading commodities for its own account is not deemed to be engaged in a U.S. trade or business if "the commodities are of a kind customarily dealt in on an organized commodity exchange and if the transaction is of a kind customarily consummated at such place". Pursuant to proposed regulations, a non-U.S. taxpayer (other than a dealer in stocks, securities or derivatives) that effects transactions in the United States in derivatives (including (i) derivatives based upon stocks, securities and certain commodities and currencies, and (ii) certain notional principal contracts based upon an interest rate, equity or certain commodities and currencies) for its own account is not deemed to be engaged in a United States trade or business. Although the proposed regulations are not final, the Service has indicated in the preamble to the proposed regulations that for periods prior to the effective date of the proposed regulations, taxpayers may take any reasonable position with respect to the application of Section 864(b)(2) of the IRC to derivatives, and that a position consistent with the proposed regulations will be considered a reasonable position.

**The Cayman Islands and FATCA.** The Foreign Account Tax Compliance Act ("FATCA") (added as Sections 1471 -1474 of the United States Internal Revenue Code of 1986, as amended, by the Hiring Incentives to Restore Employment Act of 2010) may impose certain requirements on the Fund.

On 29 November 2013, the Government of the Cayman Islands signed a "Model 1" Inter Governmental Agreement with the United States in response to FATCA ("Model 1 IGA"). These arrangements may result in a requirement for the Fund to obtain a Global Intermediary Identification Number ("GIIN") from the United States Internal Revenue Service, and to disclose certain information regarding its U.S. investors to the Tax Information Authority of the Cayman Islands (or its delegate) (together, with the Model 1 IGA, the "C.I. FATCA Requirements").

In order to assist the Fund to address its potential FATCA obligations and to meet the FATCA related requirements, each Shareholder may be asked to provide the Fund with certain information, representations, certificates or forms relating to such Shareholder (or its direct or indirect owners) as may be requested from time to time by the Fund, which the Directors may determine, in their sole discretion, to be necessary or appropriate in order to:

- (i) satisfy any requirements imposed under FATCA, including under any C.I. FATCA Requirements, and
- (ii) comply with any applicable reporting or withholding requirements and other obligations which exist or may arise as a result of FATCA and/ or the C.I. FATCA Requirements.

In addition, each Shareholder may be required to take such actions as the Directors may reasonably request in connection with the foregoing. In the event that any Shareholder fails to provide any of the information, representations, certificates or forms, or to undertake any of the actions required, the Directors shall have full authority to:

- (i) compulsorily redeem such Shareholder's Shares;
- (ii) effect a transfer of such Shareholder's Shares to an eligible investor; or
- (iii) take any steps as the Directors determine in their sole discretion are necessary, or appropriate to mitigate the consequences on the Fund and the other Shareholders, of such Shareholder's failure to comply with the requirements of this section.

If requested by the Fund, a Shareholder shall provide and/or execute any and all documents, opinions, instruments and certificates as the Directors shall have reasonably requested or that are otherwise required to effectuate the foregoing. By executing a Subscription Agreement, each investor expressly agrees for its information to be passed to relevant regulatory authorities which may make a request pursuant to FATCA or the C.I. FATCA Requirements.

For the avoidance of doubt, among the possible effects of the legislation, depending on how it is interpreted, and whether and how the Fund chooses to comply, are the following:

- (i) In order to avoid incurring withholding tax, the Fund may require Shareholders to provide identifying information as to themselves and, as applicable, their direct and indirect owners, and to certify such information in such form as may be required;
- (ii) If the Fund allows shareholders that do not provide the required identifying information to remain as Shareholders, it is possible that a withholding tax might be imposed in respect of certain of the Fund's income, to the extent that such income is attributable to such Shareholders. In that case, the Fund may withhold redemption proceeds in respect of those Shareholders that have not provided such information so as to ensure that the economic burden of such tax is borne by those shareholders; and
- (iii) Another possibility is that a withholding tax might be imposed in respect of certain of the Fund's income, not limited to the portion attributable to Shareholders that do not provide identifying information. This could occur if, for example, the Fund does not comply with C.I. FATCA Requirements. In this case, all of the shareholders could be adversely affected by the tax.

Each Shareholder specifically acknowledges that a failure to comply with the provisions of this section may result in up to a 30% withholding or penalty being assessed on certain payments made to (or on behalf of) such non-compliant Shareholder and/or the Fund.

Each Shareholder that fails to comply with the requirements of this section and of the C.I. FATCA Requirements shall, together with any other Shareholders that so fail to comply, indemnify and hold harmless the Fund and its direct and indirect owners for any cost or loss arising out of such failure to comply, including, in respect of any sums withheld on payments made to the Fund.

The Fund's income may be subject to non-United States income taxes, including withholding taxes. Further, the Fund may be subject to taxes imposed by states and localities within the United States.

**OECD /Common Reporting Standard** - On 29 October 2014 the Cayman Islands was one of over fifty jurisdictions which signed the “Multilateral Competent Authority Agreement” (“**MCAA**”) to automatically exchange information based on Article 6 of the Convention on Mutual Administrative Assistance in Tax Matters. Since 29 October 2014 several more jurisdictions have signed up the initiative and many others are expected to follow suit in the foreseeable future.

The MCAA is part of the process by which the automatic exchange of tax information (“**AEOI**”) under the Organisation for Economic Cooperation and Development (“**OECD**”) and the G20's new Standard for Automatic Exchange of Financial Information in Tax (the “**Standard**”) will be implemented. The Standard is made up of two parts - the MCAA being the template for the necessary Intergovernmental Agreements (“**IGA's**”) whilst the reporting and due diligence requirements for AEOI are set out in the Common Reporting Standard (“**CRS**”).

The Standard aims to set the worldwide standard AEOI among tax authorities and provides for an annual automatic exchange of all financial information between jurisdictions, mostly on a reciprocal basis. In a move to improve the standard of exchange of information upon request, it was agreed that the Standard should include a requirement that beneficial ownership of all legal entities be available to tax authorities and exchanged with treaty partners.

As from 1 January 2016 (when the Standard came into force in the Cayman Islands) all “Reporting Financial Institutions” (as that term is defined in the relevant enabling regulations, namely, The Tax Information Authority (International Tax Compliance) (Common Reporting Standard) Regulations, 2015 of the Cayman Islands (the “**Regulations**”) shall establish policies and maintain procedures designed to identify “**Reportable Accounts**” (as that term is defined in the Regulations) in order to identify each jurisdiction in which an “**Account Holder**” (as that term is defined in the Regulations) or a “Controlling Person” (as that term is defined in the Regulations) is resident for income tax or corporation tax purposes or for the purpose of any tax imposed by the law of the jurisdiction that is of a similar character to either of those taxes. All Reporting Financial Institutions shall, in respect of the Reporting Financial Institution's first reporting year and each subsequent calendar year make a return to the Tax Information Authority of the Cayman Islands (or its delegate) setting out the information required to be reported under the CRS in respect of each Reportable Account maintained by the Reporting Financial Institution at any time during that year.

Each Reporting Financial Institution must report, amongst other things, the following information with respect to each Reportable Account of such Reporting Financial Institution:

- (i) The name, address, jurisdiction(s) of residence, TIN(s) and date and place of birth (in the case of an individual) of each Reportable Person (as that term is defined in the Regulations) that is an Account Holder of the account and, in the case of any Entity that is an Account Holder and that, after application of the due diligence procedures consistent with Sections V, VI and VII of the Regulations, is identified as having one or more Controlling Persons that is a Reportable Person, the name, address, jurisdiction(s) of residence and TIN(s) of the Entity (as that term is defined in the Regulations) and the name, address, jurisdiction(s) of residence, TIN(s) and date and place of birth of each Reportable Person;
- (ii) The account number (or functional equivalent in the absence of an account number); and
- (iii) The account balance or value as of the end of the relevant calendar year or other appropriate reporting period or, if the account was closed during such year or period, the closure of the account.

The Tax Information Authority of the Cayman Islands (or its delegate) shall then be required to automatically exchange information as outlined above with the relevant tax authorities depending on the residency of the Reportable Person in question. If you are uncertain in this regard investors should seek independent professional tax advice.

### **Request for Information**

The Directors reserve the right to request from any investor or potential investor such information as the Directors deem necessary to comply with FATCA or any obligation arising under the implementation of any applicable intergovernmental agreement.

**Additional notice to participants in relation to past NFA action.** Between 2013 and 2018, the sponsor of the Fund, Belmont Capital (“the Sponsor”) resolved to reimburse various pools under their management for monthly expenses above a certain amount, i.e. an expense cap. Instead of making these reimbursements on a monthly basis, the Sponsor allowed the pools to create a receivable on the balance sheet of the Fund. As a result of a periodic audit conducted by the National Futures Association (“the NFA”) in 2018, this was judged to be a violation of NFA Rule 2-45 and a complaint was issued. This complaint took the view that the receivable constituted a loan from the fund to the Sponsor. The complaint also charged the firm with late filing of quarterly pool reports and both the firm and its Managing Director, Jeremy O’Friel, were charged with a failure to supervise. The complaint was settled in May 2019 against the firm and Mr. O’Friel to the effect that the Sponsor would pay a penalty of \$25,000, as well as committing to pay down the receivable. Further, in early 2019, the Sponsor allowed for several pools under their management to make a loan to other pools. This was also judged to be a violation of NFA Rule 2-45. A complaint was issued and proceeded to a hearing in April 2020 and was upheld on appeal. In the Decision, the Hearing Panel found that the firm and Mr. O’Friel, in addition to the violation of Rule 2-45, also failed to comply with the terms of the prior Decision and violated high standards of commercial honour. An additional penalty of \$40,000 was assessed against the firm and Mr. O’Friel, as well as committing to paying down the inter-fund loan.

**Absence of Regulation Applicable to Investment Companies and Related Issues.** The Underlying Fund is not registered as a securities investment company or "mutual fund" under U.S. law. Therefore, it is not regulated by the SEC under the Investment Company Act of 1940 (the 1940 Act). Although the Underlying Fund has the right to invest in securities, you are not protected by the 1940 Act. Belmont Capital is registered with the CFTC as a CPO, is also registered as a Broker Dealer with the SEC and is a member of FINRA.

**This list of risk factors is not a complete explanation of the risks associated with this investment. You should read this entire Memorandum before deciding whether this investment is right for you.**

## CONFLICTS OF INTEREST

As is typical in many funds, the Sponsor has not established any formal procedures to resolve conflicts of interest. You should be aware that the Sponsor has not established any such procedures, and that the Fund depends on the good faith of the parties to treat it fairly. Although the Sponsor will try to monitor these conflicts, it is extremely difficult, if not impossible, for it to assure that these conflicts do not, in fact, result in adverse consequences to the Fund or the Underlying Funds.

If the Fund or any other investor in the Underlying Funds brings any proceeding alleging that such conflicts violated any duty owed by the Sponsor to you or another Shareholder, the Sponsor as the sponsor of the Fund intends to claim that, by subscribing to the Underlying Funds, the Fund (and in turn the Shareholders of the Fund) consented to the conflicts of interest described below and elsewhere in this Memorandum.

**Other Commodity Pools.** The Sponsor acts as the Sponsor for other pools. It may have a financial incentive to favor those pools (or others it may form in the future) over the Underlying Funds. Pursuant to CFTC Regulation 4.7 the performance information for such other pools is not required to be and is not disclosed in this Memorandum.

**Possible Effects of Competition.** Because other traders may use trading strategies similar to those of Underlying Funds, there may be competition for the same securities. Accounts currently managed by Investment Advisors will seek execution of trading orders similar to those of the respective Underlying Fund. In addition, the Sponsor, the respective Underlying Fund brokers, and their affiliates may trade for their own accounts or the accounts of their principals. Accounts managed by Investment Advisors and their principals may be aggregated for purposes of applying the speculative position limits. If those limits apply, an Underlying Fund's trading patterns could change. The records of that trading will not be made available to you. It is possible that those persons may take positions either similar or opposite to or ahead of positions taken by an Underlying Fund and may compete with that Underlying Fund for positions.

**Continuing Compensation.** The Sponsor may pay Selling Agents a portion of its Sponsor Fees and Selling Agents will receive a portion of the Distribution Fee on Class A Shares. Because this compensation is based on the value of the Shares they sold which are outstanding at month end, they have a conflict of interest in advising the Shareholders about whether they should redeem their Shares. Because of the affiliation, through common share ownership, of Belmont Capital as Sponsor and Belmont CAC Limited as a Selling Agent, the Sponsor Agreement and the Selling Agent agreement with Belmont CAC Limited were not negotiated on arms' length terms. Notwithstanding these potential conflicts of interest, the Directors have fiduciary duties to the Fund and consequently have exercised and will exercise good faith and integrity in handling all the Fund's affairs. Should a conflict of interest arise the Directors of the Fund will endeavour to ensure that it is resolved fairly.

**Duties to Contract Markets and the NFA.** Certain officers, directors and employees and principals of the Sponsor, any brokers to the Underlying Funds serve, and may serve, on various committees and boards of U.S. commodity exchanges and the NFA. In that capacity, they may assist in establishing rules and policies, and have a fiduciary duty to the exchanges and NFA, and are required to act in their best interests, even if the action may be adverse to that of an Underlying Fund.

**Independent Review.** No one has independently reviewed this document. Therefore, a prospective Shareholder should seek independent counsel before it invests.



**Underlying Fund Conflicts.** Each Underlying Fund is subject to a number of actual and potential conflicts of interest. Each Underlying Fund Investment Advisor will also provide services to other investment funds with investment programs similar to that of the respective Underlying Fund (each, an "Affiliated Fund" and collectively, the "Affiliated Funds"). Each Underlying Fund Investment Advisor and its partners and affiliates may carry on investment activities for their own accounts, for family members or affiliates and for other clients, including other investment funds sponsored by that Underlying Fund Investment Advisor or its affiliates, including Affiliated Funds, in which that Underlying Fund will have no interest (collectively, "Other Accounts"). The investment programs of such Other Accounts may or may not be substantially similar to that of the respective Underlying Fund. An Underlying Fund Investment Advisor and its affiliates may give advice or take action with respect to the investments of the respective Underlying Fund that may not be given or taken with respect to one or more Other Accounts with similar investment programs, objectives and strategies. Accordingly, an Underlying Fund may not hold the same securities or instruments or achieve the same performance as Other Accounts having similar strategies. These activities also may adversely affect the prices and availability of other securities or instruments held by or potentially considered for the respective Underlying Fund.

### **Manager Risk**

**Manager Risk is potentially more concentrated in the Fund than would be the case if the Fund developed its own investment portfolio. This is because the Fund invests substantially all of its assets in single trading vehicles managed by a single trading manager that will not be affiliated with the Sponsor.**

**Possibility of Fraud and Other Misconduct.** With respect to the Fund's investment in the Underlying Funds, neither the Sponsor nor the Administrator of the Fund will have custody of the Fund's capital that is contributed to the Underlying Funds and then re-deployed principally through allocations by the Underlying Funds. There will always be the risk that the Sponsor, the Investment Advisor, the prime brokers, administrators, custodians or other service providers and persons with access to the assets of an Underlying Fund could divert or abscond with those assets, fail to follow agreed upon investment strategies, default on their obligations to return collateral or other assets, or provide false reports of operations or engage in other misconduct – all of which could substantially harm the Fund.

**Key Person Risk.** Investment performance at the Underlying Fund level is substantially dependent upon the expertise of the respective Investment Advisor and its partners, directors, members and employees, and their ability to attract and retain suitable staff. In the event of the death, incapacity, departure, insolvency or withdrawal of any key individual, the performance of an Underlying Fund, and consequently, the Fund may be adversely affected.

**Litigation Risk.** An Underlying Fund might accumulate substantial positions in the securities of a specific company, engage in a proxy fight, become involved in litigation or attempt to gain control of a company. Under such circumstances, the Fund or the Sponsor conceivably could be named as a defendant in a lawsuit or regulatory action involving an Underlying Fund and could incur substantial legal expenses in connection with any such lawsuit or regulatory action.

**Change in Investment Objective and Strategies.** Each Underlying Fund may change its investment objective and strategies at any time without giving prior notice to the Fund. Shareholders will not have any special redemption rights or other rights on account of such changes. Shareholders must understand that there can be no assurance that each Underlying Fund's investment objectives and strategies will not change from those disclosed in the respective Underlying Fund investment memorandum.

## The Fund

**Shares are not easily transferrable.** Subscriptions for Shares should be considered only by investors financially able to maintain their investments and pay the taxes with respect thereto from other sources, and who can afford to lose all or a substantial part of such investments. **Shares may not be transferred or assigned without the consent of the Directors.**

**Significant Fees and Expenses.** The Sponsor Fee and costs and expenses of the Fund, in addition to the Advisory Fees and other costs and expenses of the Underlying Funds result in additional layers of fees and expenses than would be associated with a direct fund investment. The Fund must generate sufficient income to offset such fees and expenses to avoid a decrease in its Net Asset Value.

**Application of Investor Funds.** The Directors may wish to ensure that monies are invested promptly after receipt even prior to the issue of Participating Shares. Accordingly subject to receipt by the Fund of a satisfactorily completed Subscription Agreement and all other documentation or information required, the Fund may apply an applicant's subscription monies and/or subscriptions in kind (together, the "**Subscription Proceeds**") for investment from the date of receipt of Subscription Proceeds by the Fund prior to the determination of Net Asset Value. In the event that the Fund is wound up before the applicant is issued with Participating Shares, the applicant is deemed to have made an irrevocable loan of the Subscription Proceeds to the Fund and an applicant's claim against the Fund under the loan shall rank pari passu with the claims of other unsecured creditors of the Fund. As soon as the Net Asset Value is determined, the Fund will issue Participating Shares and the loan will be deemed to be repaid. The applicant will not receive any interest on the loan or be able to demand its repayment save in the case of a winding up. For the purposes of allocating Distribution Fees, Sponsor Fees and other fees and expenses, and the making of subscription applications, the Participating Shares issued to the relevant applicant will be deemed to have been issued on the first Business Day following the relevant Valuation Date.

**No Participation in Management; No Ability to Remove the Sponsor; Limited Ability to Remove Directors.** Shareholders will generally not be permitted to participate in the management of the Fund or in the conduct of its business. Moreover, except as otherwise provided in the Articles, Shareholders generally have no right to influence the management of the Fund, whether by voting or withdrawing or removing or replacing the Sponsor. In addition, the Directors will have no right to participate in the management of the Underlying Funds.

**No Representation.** The business terms and structure of the Fund were not negotiated at arm's-length with any investor, whereas the Sponsor has consulted with counsel in connection with this offering. Prospective investors must realize that neither they nor the Fund have been represented by counsel in connection with the organization and offering of the Shares and are advised to consult their own counsel with respect to the legal and tax implications of an investment in the Shares.

**A Shareholder's Shares May Be Compulsorily Redeemed by the Fund.** The Directors may, in their sole discretion at any time, cause the Fund to redeem some or all of a Shareholder's Shares upon 48 hours prior written notice. Such compulsory redemption may create adverse tax and/or economic consequences to the Shareholder depending on the timing thereof in respect of the Fund and/or the Shareholder.

**The Fund May Be Required to Redeem from an Underlying Fund.** An Underlying Fund may require the Fund to redeem the entirety of its Underlying Interests at any time and for any reason. If the Fund is required to redeem entirely from an Underlying Fund, the Directors may elect, in their discretion, to recommend that the Fund invest in a different underlying investment vehicle, each as described in this Memorandum and in the Articles.

### **Tax Considerations**

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

As is the case with any investment, there can be no guarantee that the tax position or proposed tax position prevailing at the time an investment in the Fund is made will endure indefinitely.

### **DESCRIPTION OF FEES, EXPENSES AND PERFORMANCE/INCENTIVE FEES**

**The Fund is subject to substantial fees, expenses and charges.**

#### **Subscription Fee**

The Fund reserves the right to charge a subscription fee, in respect of Class A Shares only, of up to 5% of the amount subscribed and to pay such charge to Selling Agents (as defined herein) or other intermediaries (the "**Subscription Fee**"). The net amount will then be applied in subscribing for Class A Shares.

#### **Distribution Fee**

The Fund will pay a distribution fee (the "**Distribution Fee**") with respect to the Class A Shares. The Distribution Fee will be paid to certain Selling Agents as consideration for selling Shares in the Fund. Each Class A Shareholder will be charged a Distribution Fee equal to 0.083% of the average aggregate month-end Net Asset Values of each Class A Share held by such Shareholder that remain outstanding during the month (*a 1.0% annual rate*).

The above fees will be due in arrears but an estimated 95% of the fees due in the current month may be paid out towards the end of that month, with the balance being paid upon completion of the calculation of the Net Asset Value for that month.

The holders of Class B Shares and Class C Shares will not be charged a Distribution Fee.

#### **Sponsor Fee**

The Fund will pay a sponsor fee (the "**Sponsor Fee**") to the Sponsor with respect to each Class. Each Class A Shareholder will be charged a Sponsor Fee equal to 0.125% of the average aggregate month-end Net Asset Values of each Class A Share held by such Shareholder that remain outstanding during the month (*a 1.5% annual rate*). Each Class B Shareholder will be charged a Sponsor Fee equal to 0.0833% of the average aggregate month-end Net Asset Values of each Class B Share held by such Shareholder that remain outstanding during the month (*a 1% annual rate*). The Class C Shares will not be charged a Sponsor Fee.

The above fees will be due in arrears but an estimated 95% of the fees due in the current month may be paid out towards the end of that month, with the balance being paid upon completion of the calculation of the Net Asset Value for that month.

The Sponsor may pay Selling Agents a portion of its Sponsor Fees and other Selling Agents may receive a portion of the Distribution Fee payable on Class A Shares.

### **Underlying Fund Advisory Fees**

As a holder of Underlying Interests in the Underlying Funds, the Fund will bear its *pro rata* share of management fees and performance or incentive fees charged by each Underlying Fund (the "**Advisory Fees**").

The Underlying Funds will pay to the respective Underlying Fund Investment Advisor the Advisory Fees which will be set out in the respective investment memorandum for each Underlying Fund.

Each Shareholder of the Fund, regardless of the Class or Series of Shares, will pay its allocable pro rata share of the Advisory Fees.

No management fees are charged at the Fund level.

### **Fees and Operating Expenses of the Underlying Funds**

The Fund, as a holder of Underlying Interests in the Underlying Funds, will also pay its pro rata portion of each Underlying Fund's fees and expenses which include trading expenses (e.g., administrative fees, interest expense, brokerage commissions, taxes, research costs, legal and accounting expenses) and other operating expenses.

All Shareholders of the Fund, regardless of Class or Series, will bear their pro rata share of each Underlying Fund's trading and operational expenses.

### **The Fund's Operating Expenses.**

The Fund pays all of its operating, legal, accounting, auditing, administration, clerical, marketing, presentations, expenses of the continuing offering of Shares and other such related expenses as incurred and any extraordinary expenses.

The Sponsor in its discretion may determine to bear the pro rata portion of the Fund's operational expenses attributable to certain Classes or Series of Shares. In particular, the Sponsor will pay all operational expenses attributable to Class C Shares.

### **The Fund's Organizational Expenses.**

The Fund's initial offering costs will be borne by the Fund, which will be capitalised and amortised in monthly instalments over a 60-month period ending on June 30 2027, in order to distribute those costs more equitably among initial and subsequent investors.

Such amortisation may cause the Fund's auditors to provide a "qualified" or "except for" audit opinion, in which case, the Fund may expense the offering expenses for financial reporting purposes to the extent necessary to avoid such an opinion.

### **Selling Agents and Continuing Compensation.**

The Fund will pay a distribution fee (the "**Distribution Fee**") to certain intermediaries engaged by the Sponsor to offer Shares to potential investors (each, a "**Selling Agent**").

Each month, the Fund will pay the Distribution Fee as described above to each Selling Agent (as applicable), together with any Subscription Fee payable by a prospective shareholder. A Selling Agent may remit a portion of the Distribution Fee payable by the Fund to other Selling Agents.

All Subscription Fees and Distribution Fees paid by the Fund in respect of Class A Shares are paid to Belmont CAC Limited, a Republic of Ireland corporation which is an affiliate, through common share ownership, of Belmont Capital. Belmont CAC Limited may pay all or some of these fees to Selling Agents who introduce subscribers to the Fund.

## **REDEMPTIONS**

A Shareholder may redeem some or all of its Shares in the Fund, as of the close of business on the first Business Day of each calendar month, following the immediately preceding Valuation Date, or at such other times as the Directors may determine (each such day, a "**Redemption Date**"). A Shareholder wishing to redeem some or all of its Shares from the Fund must provide written notice, by fax or email, to the Administrator at least forty five (45) days prior to a Redemption Date, or at such other times and upon such terms and conditions as the Directors, in their discretion, will determine with respect to any Redemption Date.

Shares will be redeemed at the Redemption Price on the Redemption Date, less any applicable fees or charges. The Redemption Price will be an amount equal to the Net Asset Value per Share of the relevant Class and/or Series calculated on the Valuation Date immediately preceding the Redemption Date. The Directors may establish reserves or holdbacks for estimated accrued expenses, liabilities and contingencies (even if such reserves or holdbacks are not otherwise required by generally accepted accounting principles) which could reduce the amount of a distribution upon redemption.

Where Shares have been acquired on more than one date, they will be redeemed on a "first in, first out" basis.

Payment of redemption proceeds may be withheld or delayed if information required to satisfy verification of identity checks is not provided in a timely manner.

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

Shares will be treated as having been redeemed with effect from the relevant Redemption Date irrespective of whether or not a Shareholder has been removed from the register of members or the Redemption Price has been determined or remitted. Accordingly, on and from the relevant Redemption Date, Shareholders in their capacity as such will not be entitled to or be capable of exercising any rights

arising under the Articles with respect to Shares being redeemed (including any right to receive notice of, attend or vote at any separate Class meeting) save the right to receive the Redemption Price and any dividend which has been declared prior to the relevant Redemption Date but not yet paid (in each case with respect to the Shares being redeemed). Such Shareholders will be treated as creditors of the Fund with respect to the Redemption Price and will rank accordingly in the priority of the Fund's Shareholders.

**Redemption rights as to Shares of the Fund are subject to certain restrictions, described below.**

Except in extraordinary circumstances (which shall include any failure or delay in payment by the Underlying Fund), the Fund will endeavor to distribute 100% of a Shareholder's redemption proceeds (computed on the basis of unaudited data) no more than twenty five (25) calendar days following the relevant Redemption Date. The Fund will not pay interest on redemption proceeds. In certain circumstances, the Sponsor may suspend payments of any redemption proceeds until as soon as it is practicable for the Fund to make such payments. In any event, no redemption proceeds will be paid out if the Fund has not received all information necessary to complete its Anti-Money Laundering requirements.

**Fund Limits on Redemptions and Liquidity**

The Sponsor, in its sole discretion, may refuse to approve a partial redemption request or may treat such a request as a request for a redemption of all of a Shareholder's Shares if, after giving effect to such partial redemption, the aggregate Net Asset Value of such Shareholder's remaining Shares would be less than the lesser of the redeeming Shareholder's initial subscription or the minimum investment then required for initial subscriptions for the same series as the Shares being redeemed.

***The Fund's ability to satisfy redemptions is conditioned upon its ability to make corresponding redemptions from the Underlying Funds.***

The Sponsor has the right to limit the amount of redemptions by Shareholders on any Redemption Date to an aggregate amount equal to **90%** of the aggregate Net Asset Value of all Shareholders' Shares (referred to as the "**Gate**"). If the Sponsor determines to apply the Gate, Shareholders' redemption requests will be reduced *pro rata* based on the relative amounts of each redeeming Shareholder's redemption request for the applicable Redemption Date.

The Fund may also by a resolution of the Board of Directors, postpone or suspend (i) the calculation of the Net Asset Value of Shares of any one or more Classes and/or Series (and the applicable Valuation Date); and/or (ii) the issue of Shares of any one or more Classes and/or Series (and the applicable Subscription Date); and/or (iii) the redemption (in whole or in part) of Shares of any one or more Classes and/or Series (and the applicable Redemption Date); and/or (iv) the payment of any redemption proceeds (even if Valuation Dates and Redemption Dates are not postponed) at any time if the Directors determine that such suspension is necessary to avoid adverse consequences to the Fund, including, but not limited to, negative tax or other regulatory consequences, unfair or material disadvantage to remaining Shareholders, impairment of the Fund's ability to operate in pursuit of its objectives, or under other circumstances, as described in the Articles and this Memorandum.

The Directors may determine to declare any such suspension: (i) during any closing, restriction or suspension of trading in markets in which a significant portion of the Fund's or an Underlying Fund's assets are traded, directly or indirectly; (ii) if, in the opinion of the Directors, a situation exists that constitutes an emergency causing the disposition or valuation of Fund assets to become impracticable or seriously prejudicial to the interests of the Fund or the Shareholders; (iii) if there is a breakdown in the means of communication normally employed in determining the price or valuation of Fund assets; (iv) an Underlying Fund declares any suspension of redemptions and/or calculation of its net asset value or (v) if

in the opinion of the Directors the Fund is unable to repatriate or transfer assets necessary to satisfy Redemption Requests at normal rates of exchange. The Sponsor will promptly notify Shareholders in writing of any such suspension and the termination of any such suspension. To the extent that a Redemption Request is not withdrawn during any such suspension, the redemption will be processed as of the first Redemption Date following the recommencement of redemption acceptance and processing.

**Compulsory Redemptions.** The Directors may, in their sole discretion, cause the Fund to redeem some or all of a Shareholder's Shares at any time upon at least 48 hours' prior written notice. In the event of a compulsory redemption, the Redemption Price will be determined as of the close of business on the compulsory Redemption Date (which may be any Valuation Date in addition to a Redemption Date) specified by the Directors in its notice to the Shareholder. A Shareholder whose Shares are compulsorily redeemed will have no Shareholder rights after the close of business on the date on which the notice of compulsory redemption was issued.

**Limits on Redemptions at the Underlying Fund Level.** Generally, an investor in the respective Underlying Funds may request to redeem its holdings of Underlying Interests, in whole or in part, upon prior written notice delivered to that Underlying Fund's administrator. The Underlying Fund may retain the right to permit redemptions at times upon such notice as determined at the discretion of the respective Underlying Fund. The Underlying Fund may have the right to make payment on such redemption in securities owned by that Underlying Fund (i.e., "in kind" payments), although the Underlying Fund will usually use reasonable efforts to redeem in cash.

**Underlying Fund Compulsory Redemptions.** An Underlying Fund may require the Fund to redeem a portion or the entirety of its Underlying Interests upon prior written notice at any time and for any reason.

### **Net Asset Value**

The term "**Net Asset Value per Share**" means the Fund's Net Assets allocated to the Shares less any organizational and initial offering expense liability specifically allocated to such Shares. The Fund's "**Net Assets**" are the total assets of the Fund, including all cash and cash equivalents (valued at market plus accrued interest), accrued interest, the value of the Fund's Underlying Interests of the Underlying Funds, and the market value of all securities and all other assets of the Fund, less all accrued but unpaid expenses and all other liabilities of the Fund, including, but not limited to, operating, legal, accounting and auditing expenses, but excluding organizational and initial offering expense liabilities, in all cases determined in accordance with the principles specified in the Articles or, where no principle is specified, in accordance with United States generally accepted accounting principles consistently applied under the accrual basis of accounting by the Sponsor in its sole discretion. Any investments or fees can be attributable at Class level as the Directors, in their discretion, may determine.

For the purpose of determining the Fund's total Net Asset Value, the market value of securities will be determined in accordance with readily ascertainable bid, asked and closing prices. In the absence of a readily ascertainable closing price or bid and asked price or in the case of a security not traded on an exchange, the market value of a security will mean its market value as determined by the Sponsor on a basis consistently applied. If the Directors determine that the valuation of any security or other property or of any liability does not fully represent market value, the Directors may value such security or other property or liability as it reasonably determines. All values assigned to securities and other assets and liabilities by the Directors are final and conclusive as to all of the Shareholders.

**Reserves.** The Board of Directors has broad discretion to establish reserves, both in order to withhold portions of redemptions and during the course of the ongoing operation of the Fund. Reserves when

reversed will be credited *pro rata* to the Shareholders who are Shareholders at the time of such reversal (irrespective of whether they were Shareholders at the time such reserves were established).

## THE ADMINISTRATOR

**Administrator.** The Fund has appointed Bolder Fund Services (Cayman) Limited (the "**Administrator**") to provide various administrative services to the Fund. Pursuant to an administration agreement entered into between the Fund and the Administrator (the "**Administration Agreement**"), and subject to the overall supervision of the Directors, the Administrator will, in respect of the Fund; maintain the Fund's accounting records, calculate the Net Asset Value per Share, provide anti-money laundering and certain CRS and FATCA support services on behalf of the Fund, receive and deal with subscriptions, issues and redemptions of Participating Shares and maintain the statutory register of Shareholders in respect of Shareholders. The Administration Agreement provides that the Administrator may delegate some or all of its administrative functions on behalf of the Fund to one or more other parties without the consent of the Fund.

The Administrator was incorporated in the Cayman Islands as a private limited company on 26 August 2003 with registration number 5732 with its registered office at 3-212 Governors Square, 23 Lime Tree Bay Avenue, West Bay Road, P.O. Box 30746 SMB, KY1-1203, Cayman Islands and is engaged in the business of administration of collective investment schemes.

The Administrator's principal business is the provision of administration services to collective investment schemes and will be responsible for the day-to-day administration of the Fund. Its services include the calculation of the Net Asset Value, calculation of management and performance fees, establishing and maintaining a register of Shareholders, carrying out the issue and redemption of Shares and assisting in the preparation of the Fund's financial statements, and acting as registrar and transfer agent.

The Administration Agreement between the Administrator and the Fund may be terminated by the Fund on 90 calendar days' notice in writing to the Administrator and on 90 calendar days' notice in writing by the Administrator to the Fund although in certain circumstances the Administration Agreement may be terminated immediately by either party. The Administration Agreement may also be terminated by either party if the other party is in material breach of its obligations under the Administration Agreement and fails to remedy the breach within 30 days of being requested to do so.

The Administration Agreement provides that in the absence of gross negligence, recklessness, fraud, bad faith, wilful misconduct on its part or that of its officers, directors, members, shareholders, employees, affiliates or agents, or any of their successors and assigns, the Administrator will not be liable for any loss arising out of or in connection with the performance of its obligations and duties under the Administration Agreement. The Fund shall indemnify the Administrator out of the assets of the Fund and hold it harmless from and against all liabilities, damages, costs, claims and expenses (including and without limitation reasonable legal fees) incurred by the Administrator in the performance of any of its obligations or duties under the Administration Agreement (including and without limitation complying with instructions given to the Administrator by or on behalf of the Fund) save where such liabilities, damages, costs, claims and expenses arise from loss resulting directly from negligence or wilful misconduct, recklessness, bad faith, fraud or material breach of this Agreement on the part of the Administrator or any of its officers, employees, agents or delegates.

The Administrator is a service provider to the Fund, and as such, bears no responsibility for the content of this Memorandum.



The Administrator is entitled to fees which will be charged at its normal commercial rates and shall be reimbursed for all out of pocket expenses properly incurred by it in the performance of its duties and responsibilities under the Administration Agreement.

The Fund is registered as an administered fund with the Cayman Islands Monetary Authority (the “**Authority**”) and is therefore required to employ a licensed mutual fund administrator to provide a principal office in the Cayman Islands.

Bolder Fund Services (Cayman) Limited has been appointed to provide the principal office, and shall be entitled to an annual fee pursuant to the terms of a Principal Office Agreement between the Fund and Bolder Fund Services (Cayman) Limited.

The Fund has also appointed Bolder Corporate Services (Cayman) Limited to provide its registered office for which it is entitled to its customary fees.

## **TAX ASPECTS**

The following summary of the principal Cayman Islands tax consequences applicable to the Fund is based upon interpretations of existing laws in effect on the date of this Memorandum. No assurance can be given that courts or fiscal authorities responsible for the administration of such laws will agree with the interpretations or that changes in such laws will not occur.

### **Cayman Islands Taxation**

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

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

### **Other Jurisdictions**

The Fund may be subject to withholding or other taxes on certain income sourced in other countries.

A Shareholder who is an individual resident in a Member State of the European Union should be aware that any income realized upon the sale, refund or redemption of his or her Shares, together with any income in the form of dividends or other distributions by the Fund, may (depending upon the investment portfolio of the Fund) become subject to the reporting regime (or the withholding tax regime) imposed by EU Council Directive 2003/48/EC of June 3, 2003 on taxation of savings income in the form of interest payments (the “**Directive**”), if payment of such income is made or collected by a paying agent established

either in another Member State or in certain other jurisdictions which have agreed to introduce an equivalent reporting (or withholding tax) regime in respect of such payments.

As a result of the classification by the Cayman Islands of funds such as the Fund established in its jurisdiction, it is unlikely that payments made directly by the Fund will be subject to the reporting (or withholding tax) regime. However, because these rules are complex, application of the regime to payments emanating from the Fund cannot be excluded in all cases and a Shareholder who is an individual should consult his or her own tax advisers in relation to the purchase of the Shares.

**PROSPECTIVE PURCHASERS SHOULD CONSULT LEGAL AND TAX ADVISERS IN THE COUNTRIES OF THEIR CITIZENSHIP, RESIDENCE, AND DOMICILE TO DETERMINE THE POSSIBLE TAX OR OTHER CONSEQUENCES OF PURCHASING, HOLDING, AND REDEEMING SHARES UNDER THE LAWS OF THEIR RESPECTIVE JURISDICTIONS.**

### **SUITABILITY, INVESTMENT REQUIREMENTS AND OFFERING OF SHARES**

**Prospective investors should consider whether the purchase of Shares is suitable for them in light of their specific investment objectives and their present and expected future financial positions, needs and tax situations.**

**Suitability.** *Shares will be offered for sale to non-U.S. investors as defined in Rule 9.01 in Regulation S under the Securities Act. Shares will be offered only to qualified investors. See the Subscription Documents for additional information as to the definition of "Non-U.S. Person.* Subscribers must, among other things, represent and warrant in the Subscription Agreement that they have received and read this Memorandum and that the Underlying Fund Memorandum has been made available to them upon request and that they are purchasing Shares for investment purposes only, can afford the loss of its entire investment and, either alone or with a purchaser representative, have such knowledge and experience in financial and business matters that they are capable of evaluating the merits and risks of the prospective investment.

**Subscription Amounts and Class of Shares.** The minimum initial subscription for "**Class A**" Shares and "**Class C**" Shares is \$50,000 and the minimum initial subscription for "**Class B**" Shares is \$1,000,000, in each case subject to the discretion of the Directors to accept lesser amounts. Subscriptions for Shares may be accepted or rejected, in whole or in part, in the sole discretion of the Directors, and the Directors in their discretion may also suspend the Fund's acceptance of subscriptions at any time in accordance with the terms of this Memorandum. The Directors, in their discretion and without limitation, except as otherwise provided in the Articles, may cause the Fund to issue other classes, series or sub-series of Shares different from Class A Shares, Class B Shares and Class C Shares in terms of sponsor fees, voting rights, redemption rights, amounts of expenses allocable to such additional classes, sub-classes, series or sub-series of Shares and/or other terms.

**The Offering.** Redeemable, Voting Shares ("**Shares**") will be offered by the Fund to non-U.S. investors as described herein. Shares will be offered only to qualified investors. Accepted subscribers will be admitted to the Fund as "**Shareholders**" as of the beginning of each month or at such other times as the Directors, in their sole discretion, may determine (the "**Subscription Date**").

Shares are offered at the prevailing Net Asset Value per Share on each day on which the Directors determined to issue Shares subject to the minimum subscription. Shares will be issued on each Subscription Date.

The Fund has been registered as a mutual fund pursuant to section 4 1(b) of the Mutual Funds Act (Revised) of the Cayman Islands and has its principal office at the office of Bolder Fund Services (Cayman) Limited in the Cayman Islands.

The Fund is currently offering three Classes of Shares, Class A Shares, Class B Shares and Class C Shares. The minimum initial subscription for Class A Shares and Class C Shares is \$50,000 and the minimum initial subscription for Class B Shares is \$1,000,000, in each case subject to the discretion of the Directors to accept lesser amounts. Subscriptions for Shares may be accepted or rejected, in whole or in part, in the sole discretion of the Directors, and the Directors in their discretion may also suspend the Fund's acceptance of subscriptions at any time in accordance with the terms of this Memorandum. The Class C Shares will exclusively be offered for subscription by other mutual funds managed by Belmont Capital.

The Directors, in their discretion and without limitation, except as otherwise provided in the Articles, may cause the Fund to issue other Classes or Series of Shares different from Class A Shares, Class B Shares and Class C Shares in terms of sponsor fees, redemption rights, voting rights, amounts of expenses allocable to such additional Classes or Series of Shares which may be denominated in different currencies and/or other terms.

Shares will be offered at the prevailing Net Asset Value per Share on each Subscription Date. Shares will generally be offered for subscription as of the beginning of each month or at such other times as the Directors, in their sole discretion, may determine. The Directors are authorized, in its sole discretion at any time, to terminate and discontinue offering the Shares, in whole or in part, or in respect of any particular jurisdiction. The Sponsor and the Fund reserve the right to refuse to accept the subscription of any person who, in the opinion of the Sponsor, fails to satisfy the investor suitability standards set forth herein, or does not have such knowledge and experience in financial and business matters to be capable of evaluating the merits and risks of investment in the Fund, or for any other reason. The Sponsor reserves the right to require any prospective subscriber to provide additional information and/or documentation to confirm that such person meets the Fund's suitability and eligibility requirements. The Sponsor, in its sole discretion, may reject any subscription in whole or in part for any reason. All subscriptions are irrevocable, except as provided by applicable law.

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

**Subscription Procedures.** In order to purchase Shares, a subscriber must (i) complete, execute and deliver to the Fund the Subscription Agreement, and (ii) pay the full amount of the subscription by wire transfer in accordance with the instructions in the Subscription Agreement.

Accepted subscribers will be admitted to the Fund as Shareholders as of the beginning of each month or at such other times as the Sponsor, in its sole discretion, may determine. The Fund will accept subscriptions at the close of business at the end of each month, effective on the first Business Day of the next succeeding month and at such additional times as the Sponsor, in its sole discretion, may permit (each a "**Subscription Date**"). "**Business Day**" means a day (other than Saturday, Sunday or holiday) on which banks and relevant financial markets are open for business in New York and Dublin, Ireland.

In general, the Administrator or its designee must receive a Subscription Agreement with funding information at least one (1) full Business Day prior to a Subscription Date for a contribution made by

wire transfer. If the Administrator receives a late Subscription Agreement, and the Sponsor in its sole discretion does not waive the lateness of such Subscription Agreement, it will either be returned or held, until the next Subscription Date immediately following the Administrator receipt of the late Subscription Agreement – at which time the Sponsor will consider it for acceptance into the Fund. Substantially all of the Fund’s subscription proceeds, net of amounts retained for working capital requirements, will be invested in the Underlying Fund as of the next day on which the Underlying Fund accepts subscriptions. Subscriptions received and accepted by the Sponsor of the Underlying Fund as of the close of business on the last Business Day of each calendar month are contributed to the Underlying Fund effective the first Business Day of the following month.

Once completed application forms have been received by the Administrator, they are irrevocable. Shares may be issued for non-cash consideration at the discretion of the Directors. Such consideration will be valued by reference to the valuation principles applied in the calculation of Net Asset Value (but subject to the deduction of such sum (if any) as the Directors consider represents an appropriate provision for any fiscal, transfer, registration or other charges, fees or duties associated with the non-cash consideration received by the Fund) or if the Directors consider appropriate by such other method as may, in the opinion of the Directors, be fair and reasonable, having regard to the interests of the applicant and the existing Shareholders at the relevant time. Subscription monies will be at risk in the Fund from the relevant Subscription Date. Shares will be treated as having been issued with effect from the relevant Subscription Date notwithstanding that the applicant for those Shares may not be entered in the register of members until after the relevant Subscription Date.

The Fund and the Administrator reserve the right to reject any application in whole or in part in which event the unused subscription monies will be returned to the applicant, without interest and at the risk and cost of the applicant to the account of origin. Shares will not be available for subscription during any period that the calculation of the Net Asset Value has been suspended. The Directors reserve the right to close the Fund or a Class to new subscriptions (for all or just new investors) at any time.

## **GENERAL**

### **Principal Office**

The Fund is a Cayman Islands exempted company incorporated under the laws of the Cayman Islands. The Fund’s principal office is the offices of Bolder Fund Services (Cayman) Limited, 3-212 Governors Square, 23 Lime Tree Bay Avenue, West Bay Road, P.O. Box 30746 SMB, KY1-1203, Cayman Islands.

Mail addressed to the Fund and received at its principal office will be forwarded unopened to the Sponsor to be dealt with. None of the Fund, its directors, officers or service providers will bear any responsibility for any delay howsoever caused in mail reaching the Sponsor. In particular, the Board of Directors will not receive, open or deal directly with mail addressed to the Fund.

### **Capitalization**

The Fund has an authorized share capital of U.S.\$50,000 comprised of 5,000,000 redeemable, voting Shares of \$0.01 par value. The Shares carry voting power unless otherwise determined by the Directors with respect to a class, series or sub-series of Shares and participate ratably in the Fund’s profits and losses and in distributions of the net assets of the Fund on liquidation. The Shares are entitled to receive all dividends that may be declared by the Board of Directors and, upon the winding up of the Fund, the surplus cash available for distribution by the Fund to its Shareholders.

The Fund may issue a different Class or Series of Shares to one or more investors in its sole discretion.

The Shares are fully paid and non-assessable and will be issued in fully registered, book-entry form and ownership of the Shares is reflected on the books and records of the Fund maintained by the Administrator. No Share certificates will be issued in respect of the Shares. Fractional Shares, calculated to four decimal places, may be issued. There are no preemptive rights attaching to the Shares.

### **Board of Directors**

A member of the Board of Directors may vote on any resolution of the Board of Directors concerning such member's own appointment to serve in any capacity with respect to the Fund or any entity in which the Fund has an interest. Notwithstanding the foregoing, at any meeting of the Board of Directors at which any contract or dealing in which any direct or indirect interest of any member of the Board of Directors is discussed, such member must declare his interest with specificity at or prior to such member's consideration of such contract or dealing and any vote thereon.

Although no member of the Board of Directors is required to be a Shareholder, any member of the Board of Directors who meets the Fund's suitability requirements may invest in the Fund.

Every Director and officer of the Fund (which for the avoidance of doubt, shall not include auditors of the Fund), together with every former Director and former officer of the Fund (each an "Indemnified Person") shall be indemnified out of the assets of the Fund against any liability, action, proceeding, claim, demand, costs, damages or expenses, including legal expenses, whatsoever which they or any of them may incur as a result of any act or failure to act in carrying out their functions other than such liability (if any) that they may incur by reason of their own actual fraud or wilful default. No Indemnified Person shall be liable to the Fund for any loss or damage incurred by the Fund as a result (whether direct or indirect) of the carrying out of their functions unless that liability arises through the actual fraud or wilful default of such Indemnified Person. No person shall be found to have committed actual fraud or wilful default under the related provision of the Articles unless or until a court of competent jurisdiction shall have made a finding to that effect.

### **Fiscal Year**

The fiscal year of the Fund ends on December 31 in each year.

### **Auditors**

KPMG (Cayman) Limited, PO Box 493, Century Yard, Cricket Square, Grand Cayman KY1-1106, has been selected as the independent auditors for the Fund.

### **Legal Counsel**

Collas Crill ("**Collas Crill**"), PO Box 709, Floor 2, Willow House, Cricket Square, Grand Cayman, KY1-1107, Cayman Islands, acts as Cayman Islands legal counsel to the Fund. In connection with the Fund's offering of Shares and subsequent advice to the Fund, Collas Crill will not be representing or advising Shareholders. No independent legal counsel has been retained to represent the Shareholders. Collas Crill's representation of the Fund is limited to specific matters as to which it has been consulted by the Fund. There may exist other matters that could have a bearing on the Fund as to which Collas Crill has not been consulted. In addition, Collas Crill does not undertake to monitor compliance by the Sponsor and its affiliates with the investment program, valuation procedures and other guidelines set forth herein, nor does Collas Crill monitor ongoing compliance with applicable laws. In connection with the preparation of this Memorandum, Collas Crill's responsibility is limited to matters of Cayman Islands law

and it does not accept responsibility in relation to any other matters referred to or disclosed in this Memorandum. In the course of advising the Fund, there are times when the interests of Shareholders may differ from those of the Fund. Collas Crill does not represent the Shareholders' interests in resolving these issues.

### **Amendments**

The Articles may be amended by the Shareholders. However, no variation may be made to the rights attaching to the Shares (or a particular class or series thereof) which has a material adverse effect on Shareholders without the approval of a two-thirds majority of the votes cast (determined by Net Asset Value) by the holders of Shares (or Shares of the affected class or series, as the case may be) present in person or by proxy at a meeting of the holders of the Shares (or Shares of the affected class or series, as the case may be) or by written consent of the holders of two-thirds (determined by Net Asset Value) of the Shares (or Shares of the affected class or series).

### **Confidentiality and Data Protection**

Each Shareholder agrees, pursuant to such Shareholder's Subscription Agreement, that such Shareholder will not distribute any information regarding the Sponsor or the Fund's business (including investment and trading) activities or assets without the express prior written approval of the Sponsor and that such Shareholder's investment in the Fund, as well as any information concerning the Sponsor and the Fund, including the performance of such Shareholder's investment and the Fund, must be maintained on a strictly confidential basis.

Under the provisions of the Articles, if required to do so under the laws of any jurisdiction to which the Fund, the Sponsor, the Administrator or any other service provider is subject, or in compliance with the rules of any stock exchange upon which the Shares are listed, or to ensure the compliance by any person with any anti-money laundering law in any relevant jurisdiction, any Director, Officer, the Sponsor, the Administrator or Auditor of the Fund shall be entitled to release or disclose any information in its possession regarding the affairs of the Fund or a Shareholder including, without limitation, any information contained in the Register of Shareholders or subscription documentation of the Fund relating to any Shareholder.

The Fund is committed to maintaining the privacy and integrity of all personal data collected, used, or otherwise processed by the Fund. In this respect, the Fund will use its best endeavours to ensure compliance at all times with the applicable data protection law, including, but not limited to, Regulation (EU) 2016/679 (the "**GDPR**"). In particular, the Fund will implement technical and organizational measures to ensure the security of personal data. In this respect the Fund will only entrust processors providing sufficient guarantees with processing activities, in particular in terms of expert knowledge, reliability and resources, to implement technical and organisational measures in compliance with the applicable data protection law. If some of the recipients of the personal data are located outside the European Economic Area ("**EEA**"), in a country or territory which does not ensure an adequate level of protection for personal data, the Fund will not transfer personal data without the prior consent of the data subject or, where applicable, will take measures to compensate for the lack of data protection by way of appropriate safeguards, in compliance with the applicable data protection law. Personal data shall be processed by the Fund in a lawful, fair and transparent manner. All necessary information relating to the processing of personal data shall be provided to the data subject in the Subscription Agreement.

### **Books and Records; Reports to Shareholders**

The books and records of the Fund are maintained at the offices of the Administrator. Copies of the books and records, comprising copies of the Memorandum and Articles of Association of the Fund, its

material contracts with service providers and of the Mutual Funds Act and Companies Acts (as amended) of the Cayman Islands, will be available upon written request addressed to the Fund and payment of any duplication costs by the requesting Shareholder. The Fund will distribute annual audited financial statements. In addition, the Fund will distribute unaudited monthly statements of holdings to Shareholders. The Register of Shareholders is not open to review by the public or any Shareholder.

Shareholders may receive information relating to the current Net Asset Value of their overall investment in the Fund and the Net Asset Value per Share upon request to the Administrator.

### **Shareholder Communications**

Communications to Shareholders will be sent to the email address, registered address or facsimile number set forth in such Shareholder's Subscription Agreement.

### **Cayman Islands Mutual Funds Act**

The Fund is regulated as a mutual fund pursuant to section 4(1)(b) of the Mutual Funds Act (Revised) of the Cayman Islands ("**Mutual Funds Act**"). Regulation under the Mutual Funds Act entails the filing of prescribed details and audited accounts annually with the Cayman Islands Monetary Authority (the "**Authority**"). The Authority has supervisory and enforcement powers to ensure compliance with the Mutual Funds Act. As a regulated mutual fund, the Authority may at any time instruct the Fund to have its accounts audited and to submit them to the Authority within such time as the Authority specifies. Failure to comply with these requests by the Authority may result in substantial fines on the part of the members of the Board of Directors and may result in the Authority applying to the court to have the Fund wound up.

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

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

### **Orderly Realization or Change in Underlying Fund**

If the Directors, in consultation with the Sponsor, decide that the Fund should no longer invest all of its assets (other than assets necessary or appropriate to pay any fees, expenses or other costs related to the Fund) in the Underlying Fund, they may call for a vote of the Shareholders on whether to invest the Fund's assets in a different underlying fund or funds, as described in "***The Underlying Fund and Underlying Manager — Changes in Underlying Fund***" in this Memorandum. Alternatively, in such circumstances the Directors, in consultation with the Sponsor, may resolve that the Fund be managed with the objective of realizing assets in an orderly manner and distributing the proceeds to Shareholders in such manner as they determine to be in the best interests of the Fund, in accordance with the terms of the Articles and this Memorandum, including, without limitation, compulsorily redeeming Shares, paying any

dividend proceeds in specie and/or declaring a suspension while assets are realized. This process is integral to the business of the Fund and may be carried out without recourse to a formal liquidation under the Companies Act or any other applicable bankruptcy or insolvency regime.

### **Money Laundering Prevention**

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

The Fund, and the Administrator on the Fund's behalf, reserve the right to request such information as is necessary to verify the identity of a subscriber.

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

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

If any person resident in the Cayman Islands knows or suspects or has reasonable grounds for knowing or suspecting that another person is engaged in criminal conduct or is involved with terrorism or terrorist property and the information for that knowledge or suspicion came to their attention in the course of business in the regulated sector, the person will be required to report such knowledge or suspicion to (i) the Financial Reporting Authority of the Cayman Islands, pursuant to the Proceeds of Crime Act (Revised) of the Cayman Islands if the disclosure relates to criminal conduct or money laundering, or (ii) a police officer of the rank of constable or higher pursuant to the Terrorism Act (Revised) of the Cayman Islands if the disclosure relates to involvement with terrorism or terrorist financing and property. Such a report shall not be treated as a breach of confidence or of any restriction upon the disclosure of information imposed by any enactment or otherwise.

The Cayman Islands Anti-Money Laundering Regulations (Revised) and the Guidance Notes on the Prevention and Detection of Money Laundering and Terrorist Financing in the Cayman Islands (together, the “**AML Regime**”), impose enhanced requirements on the Fund in relation to its anti-money laundering (“**AML**”) obligations and further, require that the Fund appoints suitably qualified and experienced individuals to the roles of AML Compliance Officer (“**AMLCO**”), Money Laundering Reporting Officer (“**MLRO**”) and Deputy Money Laundering Reporting Officer (“**DMLRO**”). In order to assist the Fund in meeting its enhanced requirements under the AML Regime, the Fund has appointed the Administrator to perform certain AML support services for the Fund to include the provision of named individuals to the roles of AMLCO, MLRO and DMLRO, as set out in an Anti Money Laundering Support Services Agreement (“**AML Support Services Agreement**”) entered into in August 2022, which appointed James Mead as MLRO and AMLCO and Ke-Di Chang as DMLRO respectively, to serve pursuant to the terms of the AML Support Services Agreement.



## **ADDITIONAL INFORMATION**

This Memorandum is intended solely to provide prospective investors an introduction to this offering and to the Fund and its business. The Fund will make available to any prospective investor additional information deemed necessary or appropriate by such prospective investor, to the extent such information can be obtained without unreasonable effort or expense on the part of the Sponsor or the Fund.

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

## **APPENDIX A – CONTACT INFORMATION**

### **FUND**

**Belmont Quantitative Strategies Fund Ltd**  
c/o Belmont Capital  
535 Fifth Avenue, New York NY 10017  
USA

Registered Office and Principal Office in the Cayman Islands

Bolder Corporate Services (Cayman) Limited  
3-212 Governors Square, 23 Lime Tree Bay Avenue,  
West Bay Road, PO Box 30746 SMB  
Grand Cayman KY1-1203, Cayman Islands

Principal Office in the Cayman Islands

Bolder Fund Services (Cayman) Limited  
3-212 Governors Square, 23 Lime Tree Bay Avenue, West Bay Road,  
PO Box 30746 SMB, Grand Cayman KY1-1203, Cayman Islands

### **SPONSOR**

Cillian Holdings, LLC  
(d/b/a Belmont Capital)  
535 Fifth Avenue, New York NY 10017  
USA

### **BOARD OF DIRECTORS**

Jeremy O’Friel  
Daniel Beaton  
Graham May

### **ADMINISTRATOR**

Bolder Fund Services (Cayman) Limited  
3-212 Governors Square  
23 Lime Tree Bay Avenue, West Bay Road  
P.O. Box 30746 SMB  
KY1-1203 Cayman Islands

**BANKER**

The Northern Trust International Banking Corporation  
Harborside Financial Center Plaza 10, Suite 1401  
3 Second Street  
Jersey City, New Jersey 07311-3988, USA

**INDEPENDENT AUDITORS**

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Grand Cayman, KY1-1106  
Cayman Islands

**CAYMAN ISLANDS LEGAL COUNSEL TO THE FUND**

Collas Crill  
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