

CONFIDENTIAL

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# ***TNI FUNDS LTD.***

*A Bermuda Exempted Mutual Fund Segregated Account Company*

**Private Offering of Segregated Account Company Shares**

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## **CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM**

31 July 2007

Initial Price per Share of each Class: US\$1,000 (one thousand) per Share or as set out in the Supplement  
Thereafter: Each new Subscription is issued at the prevailing Net Asset Value per Share

Minimum Initial Subscription: US\$ 100,000 or as set out in the relevant Supplement

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*Investment Manager:*

*The National Investor (TNI)*

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*PO Box 47435 Abu Dhabi - UAE*

*Ph: +971 2 619 2300 - Fax: +971 2 619 2331*

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*Apex Fund Services Ltd.*

*31 Reid Street, Hamilton HM12, Bermuda*

*Tel: + 1 441 292 2739 - Fax: + 1 441 292 1884*

-

*Custodian:*

*HSBC Bank Middle East Limited*

*810, Abdulla Bin Jassim Street*

*P. O. Box: 57, Doha - State of Qatar.*

THE SHARES ISSUED BY *TNI FUNDS LTD.* ARE NOT FOR SALE TO U.S. PERSONS EXCEPT IN A LIMITED NUMBER OF CASES AS DETERMINED IN THE SOLE DISCRETION OF ITS BOARD OF DIRECTORS. NO PERSON HAS BEEN AUTHORIZED IN CONNECTION WITH THIS OFFERING TO GIVE ANY INFORMATION OR MAKE ANY REPRESENTATIONS OTHER THAN AS CONTAINED IN THIS CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM AND ANY SUPPLEMENT. PLEASE DIRECT ANY ENQUIRIES TO THE ADMINISTRATOR.

THE SHARES OFFERED HEREBY HAVE NOT BEEN FILED WITH OR APPROVED OR DISAPPROVED BY ANY REGULATORY AUTHORITY OF ANY COUNTRY OR OTHER JURISDICTION, NOR HAS ANY SUCH REGULATORY AUTHORITY PASSED UPON OR ENDORSED THE MERITS OF THIS OFFERING OR THE ACCURACY OR ADEQUACY OF THIS CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM OR ANY SUPPLEMENT. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.

## NOTICE

IF YOU ARE IN ANY DOUBT ABOUT THE CONTENTS OF THIS DOCUMENT YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, LAWYER, ACCOUNTANT OR OTHER PROFESSIONAL ADVISOR. NEITHER *TNI FUNDS LTD.* (THE “FUND”) NOR THE SHARES OF ANY SEGREGATED ACCOUNT OF THE FUND DESCRIBED IN THIS CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM AND ANY SUPPLEMENT (TOGETHER AS THE CONTEXT REQUIRES, THE “MEMORANDUM”) HAVE BEEN OR WILL BE REGISTERED OR QUALIFIED UNDER THE SECURITIES LAWS OF THE UNITED STATES (“U.S.”) OR ANY OTHER JURISDICTION. THIS MEMORANDUM SHALL NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY, NOR SHALL THERE BE ANY SALE OF SHARES IN ANY JURISDICTION IN WHICH SUCH OFFER, SOLICITATION OR SALE IS NOT AUTHORIZED OR TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH OFFER, SOLICITATION OR SALE. THE DIRECT OR INDIRECT OWNERSHIP OF SHARES BY “RESTRICTED PERSONS” AS DEFINED IN THIS MEMORANDUM IS PROHIBITED EXCEPT IN ACCORDANCE HERewith. NO PERSON HAS BEEN AUTHORIZED TO MAKE ANY REPRESENTATIONS CONCERNING THE FUND OR THE SHARES WHICH ARE INCONSISTENT WITH THOSE CONTAINED IN THIS MEMORANDUM, AND ANY SUCH REPRESENTATIONS SHOULD ACCORDINGLY BE TREATED AS UNAUTHORIZED AND MAY NOT BE RELIED UPON BY THE RECIPIENT.

THE FUND HAS AN AUTHORIZED SHARE CAPITAL OF U.S. \$12,000 DIVIDED INTO 100 ORDINARY, VOTING, NON-REDEEMABLE SHARES OF PAR VALUE U.S. \$1.00 EACH (“ORDINARY SHARES”) AND 11,900,000 NON-VOTING, REDEEMABLE PREFERENCE SHARES (“SHARES”) OF PAR VALUE U.S. \$0.001 EACH DIVIDED UPON ISSUE INTO A CLASS OF SHARES BY REFERENCE TO A SEGREGATED ACCOUNT. ADDITIONAL SHARES WILL BE DESIGNATED BY SEGREGATED ACCOUNT AND CLASS AND ISSUED AS CIRCUMSTANCES DICTATE. THE MEMORANDUM OF ASSOCIATION AND BY-LAWS OF THE FUND EMPOWER THE DIRECTORS TO CREATE DIFFERENT SUB-FUNDS OR SEGREGATED ACCOUNTS, AND CLASSES OF SHARES AND/OR SERIES THEREOF.

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

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

NO LISTING OR OTHER DEALING FACILITY IS AT PRESENT BEING SOUGHT FOR ANY PART OF THE FUND’S SHARES, ALTHOUGH THE DIRECTORS MAY SEEK A LISTING IN THE FUTURE.

THIS MEMORANDUM AND ANY SUPPLEMENT ARE INTENDED SOLELY FOR THE USE OF THE PERSON TO WHOM THEY HAVE BEEN DELIVERED BY THE FUND FOR THE PURPOSE OF EVALUATING A POSSIBLE INVESTMENT BY THE RECIPIENT IN THE SHARES DESCRIBED HEREIN AND IN ANY SUPPLEMENT, AND THEY ARE NOT TO BE REPRODUCED OR DISTRIBUTED TO ANY OTHER PERSONS (OTHER THAN PROFESSIONAL ADVISORS OF THE PROSPECTIVE INVESTOR RECEIVING THIS MEMORANDUM OR ANY SUPPLEMENT FROM THE FUND).

PERMISSION UNDER THE EXCHANGE CONTROL ACT OF 1972 OF BERMUDA (AND REGULATIONS MADE THEREUNDER) HAS BEEN OBTAINED FROM THE BERMUDA MONETARY AUTHORITY FOR THE ISSUE OF UP TO 11,900,000 SHARES IN THE FUND. IN ADDITION, A COPY OF THIS DOCUMENT AND ANY SUPPLEMENT HAVE BEEN DELIVERED TO THE REGISTRAR OF COMPANIES IN BERMUDA FOR FILING PURSUANT TO THE COMPANIES ACT, 1981 OF BERMUDA, AS AMENDED. IT MUST BE DISTINCTLY UNDERSTOOD THAT IN GRANTING SUCH PERMISSION AND IN ACCEPTING THIS DOCUMENT AND ANY SUPPLEMENT FOR FILING, THE BERMUDA MONETARY AUTHORITY AND THE REGISTRAR OF COMPANIES IN BERMUDA ACCEPT NO RESPONSIBILITY FOR THE FINANCIAL SOUNDNESS OF ANY PROPOSAL OR FOR THE CORRECTNESS OF ANY OF THE STATEMENTS, OR OPINIONS EXPRESSED WITH REGARD TO THEM, CONTAINED WITHIN THIS DOCUMENT AND ANY SUPPLEMENT.

THE SHARES BEING OFFERED HEREBY ARE BEING OFFERED ON A PRIVATE BASIS TO INVESTORS WHO SATISFY CRITERIA OUTLINED IN THIS MEMORANDUM. THE MEMORANDUM IS NOT SUBJECT TO AND HAS NOT RECEIVED APPROVAL FROM EITHER THE BERMUDA MONETARY AUTHORITY OR THE REGISTRAR OF COMPANIES IN BERMUDA AND NO STATEMENT TO THE CONTRARY, EXPLICIT OR IMPLICIT, IS AUTHORISED TO BE MADE IN THIS REGARD.

AUTHORISATION BY THE BERMUDA MONETARY AUTHORITY DOES NOT CONSTITUTE A GUARANTEE BY THE AUTHORITY AS TO THE PERFORMANCE OF THE FUND OR ITS CREDITWORTHINESS. FURTHERMORE, IN AUTHORIZING SUCH A FUND, THE AUTHORITY SHALL NOT BE LIABLE FOR THE PERFORMANCE OF THE FUND OR DEFAULT OF ITS OPERATOR OR SERVICE PROVIDERS, NOR FOR THE CORRECTNESS OF ANY OPINIONS OR STATEMENTS EXPRESSED IN THE MEMORANDUM

THERE IS NO MINIMUM SUBSCRIPTION WHICH MUST BE RAISED FOR THE PURPOSES OF SECTION 28 OF THE COMPANIES ACT, 1981 OF BERMUDA.

THE FUND HAS BEEN CLASSIFIED AS AN INSTITUTIONAL FUND UNDER THE INVESTMENTS FUNDS ACT 2006 AND REGISTERED AS A SEGREGATED ACCOUNT UNDER THE SEGREGATED ACCOUNTS COMPANIES ACT 2000, AS AMENDED, (“SAC ACT”). AS SUCH, THE FUND MAY NOT BE SUPERVISED TO THE SAME DEGREE AS OTHER FUNDS WHICH ARE AUTHORISED AND REGULATED BY THE AUTHORITY. THEREFORE, THE FUND SHOULD BE VIEWED AS AN INVESTMENT SUITABLE ONLY FOR INVESTORS WHO CAN FULLY EVALUATE AND BEAR THE RISK INVOLVED.

THIS MEMORANDUM RELATES TO A FUND WHICH IS NOT SUBJECT TO ANY FORM OF REGULATION OR APPROVAL BY THE DUBAI FINANCIAL SERVICES AUTHORITY (“DFSA”). THIS PROSPECTUS IS INTENDED FOR DISTRIBUTION ONLY TO PERSONS OF A TYPE SPECIFIED IN THE DFSA’S RULES (I.E. “QUALIFIED INVESTORS”) AND MUST NOT, THEREFORE, BE DELIVERED TO, OR RELIED ON BY, ANY OTHER TYPE OF PERSON. THE DFSA HAS NO RESPONSIBILITY FOR REVIEWING OR VERIFYING ANY PRIVATE PLACEMENT MEMORANDUM OR OTHER DOCUMENTS IN CONNECTION WITH THIS FUND. ACCORDINGLY, THE DFSA HAS NOT APPROVED THIS PRIVATE PLACEMENT MEMORANDUM OR ANY OTHER ASSOCIATED DOCUMENTS NOR TAKEN ANY STEPS TO VERIFY THE INFORMATION SET OUT IN THIS PRIVATE PLACEMENT MEMORANDUM, AND HAS NO RESPONSIBILITY FOR IT. THE SHARES TO WHICH THIS PRIVATE PLACEMENT MEMORANDUM RELATES MAY BE ILLIQUID AND/OR SUBJECT TO RESTRICTIONS ON THEIR RESALE. PROSPECTIVE PURCHASERS OF THE SHARES OFFERED SHOULD CONDUCT THEIR OWN DUE DILIGENCE ON THE SHARES. IF YOU DO NOT UNDERSTAND THE CONTENTS OF THIS DOCUMENT YOU SHOULD CONSULT AN AUTHORISED FINANCIAL ADVISER.

THIS MEMORANDUM (I) HAS NOT BEEN ISSUED TO PERSONS IN THE UNITED KINGDOM EXCEPT TO THOSE PERSONS WHOSE ORDINARY ACTIVITIES INVOLVE THEM ACQUIRING, HOLDING, MANAGING OR DISPOSING OF INVESTMENTS (AS PRINCIPAL OR AGENT) FOR THE PURPOSES OF THEIR BUSINESSES OR OTHERWISE IN CIRCUMSTANCES WITHIN THE MEANING OF THE PUBLIC OFFERS OF SECURITIES REGULATIONS 1995 (II) NOR HAS ANY INVITATION OR INDUCEMENT IN CONNECTION WITH THE ISSUE OR SALE OF SHARES OR OTHERWISE TO ENGAGE IN INVESTMENT ACTIVITY (WITHIN THE MEANING OF SECTION 21 OF THE FINANCIAL SERVICES MARKETS ACT 2000 (THE “FSMA”) PURSUANT TO THIS MEMORANDUM BEEN COMMUNICATED OR CAUSED TO BE COMMUNICATED AND WILL ONLY BE COMMUNICATED OR CAUSED TO BE COMMUNICATED OR IN CIRCUMSTANCES IN WHICH SECTION 21(1) OF THE FSMA DOES NOT APPLY TO THE FUND AND (III) THE ISSUE OF THIS MEMORANDUM HAS COMPLIED AND WILL COMPLY WITH ALL APPLICABLE PROVISIONS OF THE FSMA WITH RESPECT TO ANYTHING DONE BY IT IN RELATION TO THE SHARES OR IN, FROM OTHERWISE INVOLVING THE UNITED KINGDOM.

AS THE FUND’S NET ASSET VALUE WILL BE CALCULATED IN U.S. DOLLARS, EACH HOLDER OF SHARES (THE “SHAREHOLDER”), AND NOT THE FUND, WILL BEAR THE RISK OF ANY FOREIGN CURRENCY EXPOSURE RESULTING FROM DIFFERENCES, IF ANY, IN THE VALUE OF THE U.S. DOLLAR RELATIVE TO THE CURRENCY IN WHICH SUCH SHAREHOLDER MAINTAINS ITS NET WORTH.

TO THE BEST OF THE KNOWLEDGE AND BELIEF OF THE DIRECTORS, WHO HAVE TAKEN ALL REASONABLE CARE IN REVIEWING THIS DOCUMENT, THE INFORMATION CONTAINED IN THIS DOCUMENT AND ANY SUPPLEMENT IS ACCURATE AND DOES NOT OMIT ANYTHING LIKELY TO AFFECT THE IMPORT OF SUCH INFORMATION.

ALL STATEMENTS IN RESPECT OF THE SHARES HEREIN MAY BE VARIED BY A REFERENCE TO DIFFERENT TERMS IN THE SUPPLEMENT RELATING TO SUCH SHARES. IN THE EVENT OF ANY CONFLICT BETWEEN THIS MEMORANDUM AND THE SUPPLEMENT, THE SUPPLEMENT WILL PREVAIL.

INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE LEGAL, TAXATION OR INVESTMENT MATTERS AND OTHER CONSEQUENCES OF MAKING AN INVESTMENT IN THE SHARES, INCLUDING THE RISKS INVOLVED IN INVESTING. PROSPECTIVE INVESTORS SHOULD CAREFULLY REVIEW THE SECTION ENTITLED “CERTAIN RISK FACTORS” CONTAINED IN THE MEMORANDUM AND/OR THE RELEVANT SUPPLEMENT.

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ALL MONETARY AMOUNTS SET FORTH  
HEREIN AND IN ANY SUPPLEMENT  
(UNLESS STATED OTHERWISE IN SUCH SUPPLEMENT)  
ARE EXPRESSED IN U.S. DOLLARS

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## TNI FUNDS LTD - SUMMARY

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The information set out below should be read in conjunction with, and is qualified in its entirety by, the full text of this Confidential Private Placement Memorandum and any Supplement relating to the Shares (together, the “Memorandum”), the Memorandum of Association and By-Laws of TNI Funds Ltd. and the documents and agreements referred to herein, copies of which are available from the Administrator (as defined herein) upon request.

### THE FUND

#### *Generally.*

TNI Funds Ltd. (the “Fund”) is a mutual fund company of unlimited duration that was incorporated with limited liability under the Companies Act, 1981 of Bermuda, as amended, on 31 May 2007 and registered as a segregated accounts company under the Segregated Accounts Companies Act 2000, as amended, (the “SAC Act”). The Fund is offering 11,900,000 non-voting, redeemable preference shares (the “Shares”) designated by Sub-Fund or Segregated Account (as defined below) of U.S.\$0.001 par value each. The Shares of each Sub-Fund or Segregated Account will be divided upon issue into such classes and/or series as may be set out in the Supplement to this Memorandum relating to the relevant Sub-Fund or Segregated Account (each a “Supplement”). The relevant Supplement must be read in conjunction with this Memorandum. As a matter of Bermuda law, provided that the conditions laid down in the SAC Act are complied with, assets attributable to each segregated account of the Fund (“Sub-Fund or Segregated Account”) shall only be available to creditors in respect of that Sub-Fund or Segregated Account and the assets of that Sub-Fund or Segregated Account shall be protected from creditors of the Fund who are not creditors in respect of that Sub-Fund or Segregated Account. The Fund will establish a separate account for each Sub-Fund or Segregated Account and each class of Shares comprised in each Sub-Fund or Segregated Account. Each Sub-Fund or Segregated Account is a separate individually managed pool of assets constituting, in effect, a separate fund with its own investment objective and strategy and overseen by the Investment Manager (as defined below). In addition to the information set out herein, further details of the investment objective and strategy of each Sub-Fund or Segregated Account will be set out in the relevant Supplement. Each Sub-Fund or Segregated Account will be administered and maintained separate from the other Sub-Funds or Segregated Accounts by the Administrator. Investors who hold shares of a given class and/or series linked to a particular Sub-Fund or Segregated Account will assume the investment risks (and share the upside potential) associated only with the Sub-Fund or Segregated Account established for the class of shares and/or series linked to that Sub-Fund or Segregated Account.

The Fund may create additional Sub-Funds or Segregated Accounts and classes of Shares or series thereof, in the sole discretion of the Board (as defined herein) and as circumstances dictate. Shares of a Sub-

Fund or Segregated Account and class or series may be subject to terms and conditions that differ from the terms and conditions applicable to the Shares of other Sub-Fund or Segregated Accounts and classes or series. Such other Sub-Fund or Segregated Accounts and classes or series of Shares within such Sub-Fund or Segregated Accounts may be issued without the consent of or notice to the Fund's shareholders (the "Shareholders"). The exception to this is where the rights attached to any existing series or class of shares in the same Sub-Fund or Segregated Account will be varied by the issue of such other class or series of Shares within such Sub-Fund or Segregated Account ranking in priority thereto, in which event the consent of the holders of the Shares of other classes of that Sub-Fund or Segregated Account will be sought. This is further provided in "ADDITIONAL INFORMATION; General Information". The Fund is offering Shares as of the date of filing of this Memorandum and any relevant Supplement with the Registrar of Companies in Bermuda. See "SHARES OF THE FUND; The Fund's Share Capital."

References in this Memorandum or any Supplement to the "Fund" shall include, as the context requires, the Fund acting for and on behalf of each particular Sub-Fund or Segregated Account.

#### **INVESTMENT OBJECTIVE**

Long-term growth of capital.

The Fund, through each Sub-Fund or Segregated Account, invests in global financial instruments with an equity bias. For purpose of the Fund's investment policies, equity investments include common stock, convertible debt and securities with common stock characteristics (such as exchange traded funds - ETFs) or actively managed equity funds and other types of special purpose vehicles that invest primarily in equity securities, preferred stocks, depositary receipts, warrants, rights and equity investments in real estate investment trusts (REITs). The Fund may take positions in special situations. These may include investments in common stocks of privately held companies, particularly in private equity pre-IPO opportunities, or shares in companies in their inception phase, all types of arbitrage opportunities and other types of special situations.

Any additional investment objectives pertaining to a particular Sub-Fund or Segregated Account will be set out in the relevant Supplement.

#### **PRINCIPAL INVESTMENT STRATEGIES**

*Generally.*

The Fund's investments will be held or made in such manner and/or through such investment structure(s) and form(s) as the Investment Manager may decide in its sole and absolute discretion and may differ from investment to investment, Class to Class, and Portfolio to Portfolio. Such investments may be held or made directly or indirectly through funds or special purpose vehicles established in countries outside of the geographical areas contemplated by the investment objectives of the Fund. Such funds or entities may have other investors and may not have the same objectives as the Fund or the relevant Class.

In the selection of the Fund's investments, the Fund will use a fundamental / technical or other investing approach deemed

appropriate. Using those investment styles, the Fund seeks securities selling at reasonable prices or at a discount to their underlying values. The Fund evaluates a financial instrument's potential value, including the attractiveness of its market valuation, based on the entity's current or future prospects.

The Investment Manager shall employ qualitative analysis, quantitative techniques, due diligence and management meetings as well as fundamental research on evaluation of the issuer based on its financial statements and operations. In addition to analyzing financial instruments, the Investment Manager determines the relative attractiveness of investing in different markets in order to determine country weighting within the portfolio. In assessing the investment potential in each area, the Investment Manager considers economic growth prospects, monetary conditions, political risks, currency risk, capital flows and other factors.

Although short-term trading could be used by the Investment Manager, mainly in instances where investments are exposed to speculative pressures, the focus of the investment style is on quality and fundamental/technical value of individual instruments.

The Investment Manager may modify the investment strategies and policies of the Fund and in its sole and absolute discretion.

There can be no assurance that the Investment Manager will be successful in pursuing the Fund's or the Sub-Fund or Segregated Account's investment objective or the strategies set forth in the Memorandum or any Supplement. The results of the Investment Manager or its principals are not necessarily indicative of the future performance of the Fund. See "INVESTMENT POLICY."

#### **NON- PRINCIPAL STRATEGIES AND RISKS** *Generally.*

This section is dedicated to additional investments or strategies the Fund may pursue to a lesser degree to achieve its objectives. Some of the Fund's secondary investment policies may entail risks the investor should take into consideration before investing in the Fund.

The Fund may invest part of its assets in equity and debt securities of corporate or government issuers in any developed market and short-term debt securities for cash management purposes. Short-term investments may include (but not exclusive to high quality commercial papers, certificates of deposit and other bank-related instruments, US and non-US government bonds and repurchase agreements.

The Fund may also invest in Brady bonds, which are restructured debt of government issuers of emerging market countries. The Fund may invest in debt securities of any quality or maturity.

#### **CASH MANAGEMENT** *Generally.*

The Fund substantially invests its assets to meet its investment objectives set out earlier. The fund may invest the remainder of its assets in securities with remaining maturities of less than one year, cash equivalents or may hold cash. For temporary defensive purposes, including during periods of unusual cash flows, the Fund may depart from its Principal Strategies and invest part or all of its assets in these



securities or may hold cash. During such periods, the Fund may not be able to achieve its investment objectives temporarily. The Fund intends to adopt a defensive strategy when the Investment Manager believes securities in which the Fund normally invests have extraordinary risks due to political or economic factors and in other extraordinary and or exogenous circumstances.

#### **SHORT-TERM TRADING & DERIVATIVES**

*Generally.*

The Fund will sell an investment even if it has been held for a short period of time, if it no longer meets the Fund's investment criteria. If the Fund executes a substantial amount of trading, it may incur additional operating expenses which would reduce performance.

The Fund may use futures and options on securities, indices and currencies, forward foreign currency exchange contracts and other derivatives. A derivative is a security instrument whose value is determined by reference to the value or the change in value of one or more underlying asset (securities, currencies, indices, or other financial instruments). Although there is no limitation on investing in derivatives, the Fund does not use derivatives as a primary investment technique. The Fund may use derivatives for a variety of non-principal purposes such as:

- Hedging against adverse changes in stock market prices, interest rates and currency exchange rates.
- As a substitute for purchasing and selling securities
- To increase the Fund's return as a non-hedging strategy (which may be considered speculative).

#### **INITIAL OFFERING**

The initial offering period in respect of the Shares or classes of Shares of Sub-Fund or Segregated Accounts are set out in the relevant Supplements (the "Initial Offering Period"). Any Initial Offering Period may only commence as of the date of the filing of this Memorandum and/or any relevant Supplement with the Registrar of Companies in Bermuda and may end on such date as the Investment Manager may determine (but in no event more than one hundred and twenty (120) days after the filing of this Memorandum and/or the relevant Supplement with the Registrar of Companies in Bermuda).

The initial offering price per Share of a Sub-Fund or Segregated Account will be US\$1,000 or such amount per Share as set out in the relevant Supplement, which is payable in full on application.

#### **CONTINUING OFFER**

Thereafter, unless otherwise specified in the relevant Supplement, the Sub-Fund or Segregated Account will be open to offer shares for Subsequent Investment(s) on the last Business Day of each week (the "Continuing Offer"). The consideration payable for any Subsequent Investment(s) in the Fund shall be equal to 1) the last reported Net Asset Value per Share times the number of Shares acquired (e.g. Subsequent Investments accepted between Sunday and Thursday will have a Net Asset Value per Share as reported on Thursday); plus 2) Subscription Fees.

New shareholders will be subject to the requirement of acquiring a minimum of \$100,000 (US\$ one hundred thousand) worth of Shares in the Fund, with additional investments in multiples of \$10,000 (US\$ ten

thousand) worth of Shares each, unless otherwise set out in the relevant Supplement. However, the Investment Manager may, in its discretion, elect to accept subscriptions to lower amounts, on a case by case basis.

Payment for the Shares may be made by wire transfer. Any other form of payment such as in specie transfers will only be accepted in the sole discretion on the Investment Manager. The terms of any future offerings of Shares of other Sub-Fund or Segregated Accounts will be as contained in this Memorandum, and be documented by means of the attached Supplement related to each such offering, or in such other document or manner as the Directors may determine.

Subscription fees may be payable if so set out in the relevant Supplement.

Shares corresponding to the Fund that are the subject of an offering shall, prior to such offering, be designated by the Fund as a class of Shares relating exclusively to a Sub-Fund or Segregated Account. The Directors may “close” the Fund or a Sub-Fund or Segregated Account or class thereof without notice to the Shareholders. Notwithstanding the foregoing the Directors may, in their sole discretion, reopen the Fund, a Sub-Fund or Segregated Account or a class thereof as of any date.

#### **BOARD OF DIRECTORS**

The Board of Directors of the Fund consists of three Directors (the “Board” or the “Directors”) whom are non-U.S. persons, and, who exercise primary authority over the Fund.

#### **INVESTMENT MANAGER**

The National Investor (‘TNI’), a private joint stock company incorporated in the Emirate of Abu Dhabi in 1994 and licensed in 2000 by the UAE Central Bank to conduct investment company activities as per UAE Central Bank Resolution No. 164//8/94. TNI has been retained by the Fund to manage and invest the capital of each Sub-Fund or Segregated Account of the Fund, pursuant to an investment management agreement between the Investment Manager and, in each case, the Fund for and on behalf of a Sub-Fund or Segregated Account (collectively, the “Investment Management Agreement”). The Investment Management Agreement in respect of the first five Sub-Funds or Segregated Accounts is dated 31 May 2007.

Amongst other things the Investment Manager will select, recommend and monitor the performance of direct or indirect investments made by the Fund. The Investment Manager may at its sole discretion appoint co-advisors or sub-advisors. The co-advisors or sub-advisors may be called upon to liaise with investors, regulatory bodies and companies who are being targeted for investment.

#### **ADMINISTRATOR, REGISTRAR AND**

#### **TRANSFER AGENT**

The Fund has entered into contracts for and on behalf of each Sub-Fund or Segregated Account (collectively, the “Administration Agreement”) with Apex Fund Services Ltd. as administrator (the “Administrator”) to provide administration services. The Administrator will perform various administrative and registrar and transfer agency services for the Fund, including calculation of the Net Asset Value (as defined herein) of the Shares of each class and of each Sub-Fund or Segregated Account of the Fund. The Administrator may delegate

certain of its administrative functions to another office of the Administrator.

The Fund may discontinue its relationship with the Administrator without prior notice to the Shareholders. The Fund is obligated to maintain its relationship with the Administrator for a minimum period of nine (9) months from the date of commencement of operations and ninety (90) days thereafter and may discontinue such relationship and engage a new or additional administrator without further notice to the Shareholders. For information regarding the Investment Manager's bases for its selection of administrators for the Fund, see "MANAGEMENT; Administration."

*Delegation.* During the continuance of its appointment, the Administrator shall (subject to the overall supervision of the board of directors of the Fund) have authority to delegate its functions, duties, powers and discretions under the Administration Agreement to an affiliate.

## **CUSTODIAN**

The Investment Manager is authorized to select and/or appoint custodians, brokers, banks, clearing associates, depositories, future commission merchants, introducing brokers, counterparties and other financial institutions (collectively the "Service Providers") for any Sub-Fund or Segregated Account. The terms and conditions of such appointment(s) are summarized in the corresponding Sub-Fund or Segregated Account Supplement.

Pursuant to a Custodian Agreement dated on or about August 15, 2007, HSBC Bank Middle East Limited has been appointed as custodian ("Custodian") of the assets of the first Sub-Fund. The details of such appointment are set out in the Supplement of the first Sub-Fund.

The Fund may discontinue its relationship with any Service Providers without prior notice to the Shareholders. The Fund is not obligated to maintain its relationship with the Custodian, subject to a ninety (90) day termination notice, and may discontinue such relationship and engage a new or additional Service Providers without further notice to the Shareholders. For information regarding the Investment Manager's bases for its selection of custodians and brokers for the Fund, see "MANAGEMENT; Brokerage and Custody."

## **MINIMUM INVESTMENTS**

New shareholders will be subject to the requirement of acquiring a minimum of \$100,000 (US\$ one hundred thousand) worth of Shares in the Fund, with additional investments in multiples of \$10,000 (US\$ ten thousand) worth of Shares each, unless otherwise set out in the relevant Supplement.

The minimum initial and additional investments may be waived or reduced at the discretion of the Investment Manager on a case-by-case basis.

**MARKETING CONSULTANTS  
AND AGENTS**

The Investment Manager may retain affiliated and non-affiliated marketing consultants and agents at no additional cost to the Fund or the Shareholders.

**ELIGIBLE INVESTORS**

The Shares may be purchased only by “Eligible Investors,” as described herein. At a future point in time, Shares may be offered, to Restricted Persons (as defined herein) but only in a limited number of cases and then only after supplementary offering materials have been distributed to such potential investors (such as, without limitation, U.S. tax-exempt investors). Persons interested in purchasing Shares should inform themselves as to the legal requirements within their own countries for the purchase of Shares and any foreign exchange restrictions with which they must comply. The Fund reserves the right to reject, either in whole or in part, subscriptions for Shares, in its absolute discretion. See “SHARES OF THE FUND; Eligible Investors.”

**NET ASSET VALUE**

*Generally.*

The net asset value (the “Net Asset Value”) of the Fund is equal to the Fund’s assets less the Fund’s liabilities, each valued pursuant to International Financial Reporting Standards (IFRS). Each class of Shares of each Sub-Fund or Segregated Account will have its respective Net Asset Value determined as provided by the By-Laws of the Fund and in accordance with the foregoing and based upon the assets and liabilities attributable to the particular class. Expenses, fees and other liabilities will be generally determined using IFRS. The Net Asset Values will be calculated as of the close of business in the United Arab Emirates on each Valuation Date, as defined in the relevant Supplement or such other date when the computation is necessary or appropriate. See “SHARES OF THE FUND; Determination of Net Asset Value.”

**REDEMPTIONS**

*Generally.*

Except as provided herein or in any relevant Supplement, a Shareholder may request redemption of all or some of its Shares on a Redemption Date, as defined in the Supplement. Shareholders wishing to redeem Shares as of the particular Redemption Date must provide the Administrator with such prior written notice as is set out in the Supplement of their intention to redeem such Shares as of the Redemption Date. A redemption request, once made, will be irrevocable and may not be withdrawn without the consent of the Directors. Redemption of Shares of a class and/or a Sub-Fund or Segregated Account may be subject to lock-ups if so set out in the relevant Supplement.

The redemption price is equal to the relevant Net Asset Value per Share on the corresponding Redemption Date.

Unless redemptions have been suspended or redemption payments are delayed, redemption will generally be paid within five Business Days after the relevant Redemption Date unless otherwise specified in the relevant Supplement.

In circumstances where the Fund is unable to liquidate securities positions in an orderly manner in order to fund redemptions, or where the value of the assets and liabilities of the Fund cannot reasonably be

determined, the Fund may take longer than the time period mentioned above to effect settlements of redemptions or may effectuate only a portion of a requested redemption. In the discretion of the Directors, the Fund may settle redemptions, in whole or in part, in kind and may extend the duration of the redemption notice period if the Directors deem such an extension as being in the best interests of the Fund and/or the Sub-Fund or Segregated Account and the non-redeeming Shareholders thereof. Furthermore, in limited circumstances, the Fund may suspend redemptions. See “SHARES OF THE FUND; Temporary Suspension of Dealings and Determination of Net Asset Value.”

The Fund may withhold a portion of any proceeds of redemption if necessary to comply with applicable legal or regulatory requirements. Moreover, the Directors have the right to require a compulsory redemption of all or some of the Shares held by a Shareholder at the redemption price per Share equal to the then prevailing Net Asset Value per Share of the relevant class of a Sub-Fund or Segregated Account without assigning any reason therefore.

Redemption fees may be payable in respect of a class and/or Sub-Fund or Segregated Account if so set out in the relevant Supplement.

When Shares are redeemed, Incentive Fees (as defined herein) that have been accrued as of the relevant Redemption Date will be calculated and deducted from the redemption proceeds as described in “FEES AND EXPENSES.”

#### **TRANSFERS**

No transfer of Shares may be made other than with the consent of the Directors, whose consent may be withheld at the discretion of the Directors without the need for assigning any reason therefore.

#### **DISTRIBUTIONS**

It is the present intention of the Directors not to distribute net income of any Sub-Fund or Segregated Account by way of dividends. Accordingly, net income effectively will be represented in the Net Asset Value of the Shares. The Directors reserve the right to change such policy.

#### **FEES AND EXPENSES**

*Management Fee.* The Investment Manager receives an annual management fee that is equal to such percentage (as set out in the relevant Supplement) of the Net Asset Value attributable to the Shares of each class of each Sub-Fund or Segregated Account during the relevant fiscal year (the “Management Fee”). Unless otherwise set out in the Supplement, the Management Fee will be accrued on each Valuation Day and paid monthly, in arrears. The Management Fee is payable by the Fund within five days of the end of each calendar month, unless otherwise set out in the Supplement. The Investment Manager may, in its discretion, effectively waive all or part of the Management Fee with respect to any Shareholder by rebate or otherwise.

*Incentive Fee.* The Investment Manager shall be entitled to receive an Incentive Fee, calculated and payable on each Valuation Day, paid quarterly in arrears, at the rate set out in the relevant Supplement, charged on the amount of positive return achieved on each Valuation Day, subject to a High Water Mark.

*High Water Mark*

*The High Water Mark means the highest peak in NAV attributable to the Shares of a particular class or Sub-Fund or Segregated Account that has been reached since its prior high. If the NAV per Share drops from the High Water Mark, the portfolio manager must return the portfolio to the High Water Mark and exceed it before receiving an Incentive Fee. The High Water Mark shall be re-set on an annual basis beginning on April 01 of each calendar year. The re-set High Water Mark will be the prevailing 31 March NAV irrespective if it is above or below the prior high.*

Unless set otherwise in the relevant Supplement, the Incentive Fee is calculated and payable (i) as of the last Valuation Day, (ii) as of each Redemption Date with respect to the Shares redeemed by redeeming Shareholders, (iii) in the Fund's sole discretion, as of the effective date of a transfer of Shares with respect to the Shares transferred, and (iv) as of the date of the termination of the Investment Management Agreement, in each case with respect to the period ending on such date. The Incentive Fee is payable by the Fund to the Investment Manager within five Business Days of the calculation of the relevant Net Asset Values after each becomes due. See "FEES AND EXPENSES; Fees of the Investment Manager - *Incentive Fee*."

All fees and expenses (except the Incentive Fee) that have been accrued or paid (but not previously accrued) for a given period are deducted prior to calculating the Incentive Fees for such period, including, without limitation, the Management Fee and Administrator Fee. Appropriate adjustments are to be made to account for subscriptions and redemptions. The Investment Manager, in its sole discretion, may effectively waive all or part of the Incentive Fee otherwise due with respect to any Shareholder's investment by rebate or otherwise.

*Administrator Fees.* For its administrative duties, the Fund on behalf of each Sub-Fund or Segregated Account pays the Administrator an administration fee which is in accordance with the relevant Administration Agreement (the "Administration Fee").

*Registrar and Transfer Agent.* For its duties, the Fund on behalf of each Sub-Fund or Segregated Account pays the Registrar and Transfer Agent a fee which is in accordance with its customary fees.

*Director' Fees.* Each Director who is not an officer or employee of the Investment Manager receives a flat annual fee for serving in such capacity. The fee will be in accordance with reasonable and customary directors' fees. The Directors shall be entitled for reimbursement from the Fund for reasonable out-of-pocket expenses incurred by them on behalf of the Fund or the relevant Sub-Fund or Segregated Account thereof.

*Other Expenses.* The Fund on behalf of each Sub-Fund or Segregated Account or the relevant Sub-Fund or Segregated Account thereof will pay or reimburse the Investment Manager for all costs and expenses associated with the operations of the Fund or the relevant Sub-Fund or Segregated Account thereof and with regard to its establishment, organizational and offering expenses. See "FEES AND EXPENSES" herein.

The Fund will for each Sub-Fund or Segregated Account if attributable to one or more Sub-Funds or Segregated Accounts (in accordance with Sections 11(4) and 17(5) of the SAC Act) or for the relevant Sub-Fund or Segregated Account where so attributable be responsible for all of the necessary expenses of its operation, including, without limitation, the cost of maintaining the Fund's registered office in Bermuda, the Fund's annual government registration fee, fees in respect of borrowed moneys, brokerage commissions, research expenses, legal and auditing expenses, accounting, fund administration, investment related consultants and other service provider expenses, investment related travel costs, expenses incurred with respect to the preparation, duplication and distribution to Shareholders and prospective Shareholders of Fund offering documents, annual reports and other financial information and similar ongoing operational expenses. The Administrator, the Investment Manager and any affiliate retained by the Investment Manager will be reimbursed for all out-of-pocket expenses incurred on behalf of the Fund. Fees and expenses that are identifiable with a particular Sub-Fund or Segregated Account or a particular class will be charged against that Sub-Fund or Segregated Account or class in computing its Net Asset Value. Other fees and expenses will be charged to the Fund as a whole (pro rata across the Sub-Fund or Segregated Accounts) or otherwise in the discretion of the Board.

An initial subscription fee and/or an early redemption fee may also be charged in respect of the Shares of a Sub-Fund or Segregated Account in the amounts and on the terms specified in the relevant Supplement.

#### **RISK FACTORS**

The Fund is a newly formed company and has no prior operating history. Investment in the Fund is speculative and involves a high degree of risk. Past performance of the Investment Manager or any of its principals is no guarantee of future performance. There is no assurance that the Fund will be profitable. The risks of an investment in the Fund include, but are not limited to, the speculative nature of the Fund's strategies and the substantial charges that the Fund will incur regardless of whether any profits are earned. The segregated account company concept has not yet, so far as the Directors are aware, been tested in any courts. There may be cross-class liability risks within each Sub-Fund or Segregated Account. See "CERTAIN RISK FACTORS." The Fund is also subject to certain conflicts of interest. See "POTENTIAL CONFLICTS OF INTEREST." The Investment Manager may directly or indirectly manage the assets of funds that in some respects compete with the Fund for certain investments.

#### **REGULATORY MATTERS**

The Fund is not registered as an investment company and therefore is not required to adhere to certain investment policies under the U.S. Investment Company Act of 1940, as amended.

#### **LISTING**

Although currently not contemplated, the Fund may list Shares of one or more Sub-Fund or Segregated Accounts on the Bermuda Stock Exchange or a similar securities exchange, at the sole discretion of the Board without the consent of the Shareholders.

#### **REPORTING**

Shareholders will receive from the Fund in respect of the relevant Sub-Fund or Segregated Account annual audited financial statements in relation to the relevant Sub-Fund or Segregated Account within a

reasonable time after the Fund's fiscal year-end. In addition, Shareholders will receive from the Administrator the Net Asset Value per Share as of each Valuation Day and from the Investment Manager periodic reports relating to the performance of the relevant Sub-Fund or Segregated Account of the Fund. Quarterly financial statements "reviewed" by the auditors will also be made available to investors.

**FISCAL YEAR**

The Fund's fiscal year-end is 31 March.

**TAX STATUS**

The Directors intend to operate the Fund such that it should not be, under current law, subject to any U.S. income taxation (other than U.S. withholding taxes on dividends and certain interest derived from U.S. sources). Certain dividend income, interest income (if any), and certain capital gains income realized by the Fund may be subject to income or withholding taxes in the jurisdiction of the source of such income. Based on advice from Bermuda legal advisers, at the date of this Memorandum there is no Bermuda income, corporation or profits tax, withholding tax, capital gains tax, capital transfer tax, estate duty or inheritance tax payable by the Fund or its Shareholders other than Shareholders ordinarily resident in Bermuda. The Fund is subject to a Bermuda annual government fee.

Investors should obtain their own legal or tax advice on the tax and other consequences of purchasing, holding, transferring and selling the Shares.

**FUNCTIONAL CURRENCY**

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



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## DIRECTORY

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<b>Fund's Registered Office</b>	31 Reid Street, Hamilton HM12 - Bermuda	Telephone: (44) 292 2739 Facsimile: (441) 292 1884
<b>Investment Manager</b>	The National Investor TNI Tower, Zayed the First Street, Khalidiya Abu Dhabi, PO Box 47435 - United Arab Emirates Attn: Walid Hayeck - Senior Vice President E-mail: <a href="mailto:whayeck@tni.ae">whayeck@tni.ae</a>	Telephone: (9712) 619 2300 Facsimile: (9712) 619 2331
<b>Administrator and Registrar and Transfer Agent</b>	Apex Fund Services Ltd. 31 Reid Street, Hamilton HM12 - Bermuda Attn: Craig Roberts / Martin O'Regan E-mail: <a href="mailto:tni@apexfunddubai.ae">tni@apexfunddubai.ae</a>	Telephone: +971 4 352 5659 Facsimile: +971 4 352 5662
<b>Segregated Account Representative</b>	Apex Fund Services Ltd. 31 Reid Street, Hamilton HM12 - Bermuda Attn: Peter Hughes E-mail: <a href="mailto:tni@apexfunddubai.ae">tni@apexfunddubai.ae</a>	Telephone: (441) 292 2739 Facsimile: (441) 292 1884
<b>Directors</b>	Mr. Walid Hayeck Mr. Rajeev Nanda Mr. Peter Hughes	Telephone: (9712) 619 2321 Telephone: (9712) 619 2421 Telephone: (441) 292 2739
<b>Auditors</b>	Deloitte & Touche (M.E.) Bin Ghanim, Tower, 10 <sup>th</sup> floor, Hamdan Street, PO Box: 990 Abu Dhabi - United Arab Emirates Attn: Wissam Moukahal - Partner E-mail: <a href="mailto:wmoukahal@deloitte.com">wmoukahal@deloitte.com</a>	Telephone: (9712) 676 0606 Facsimile: (9712) 676 0644
<b>Legal Advisors</b>	<i>In Bermuda:</i> Appleby Canon's Court, 22 Victoria Street Hamilton HM 12, Bermuda Attn: James Keyes, Esq. E-mail: <a href="mailto:jkeyes@applebyglobal.com">jkeyes@applebyglobal.com</a>	Telephone: (441) 292 2244 Facsimile: (-)
<b>Custodian</b>	HSBC Bank Middle East Limited - <i>Security Services Department - Institutional Fund Services</i> 810, Abdulla Bin Jassim Street P. O. Box: 57, Doha - State of Qatar Attn: Mr. Sumitha De Silva - Manager E-mail: <a href="mailto:sumithadesilva@hsbc.com">sumithadesilva@hsbc.com</a>	Telephone: (974) 438 2241 Facsimile: (974) 438 2264

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## DEFINED TERMS

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In this Memorandum, the terms and expressions listed below have the meanings set out opposite them, except when the context requires otherwise:

<b>AED</b>	Arab Emirates Dirhams.
<b>Administrator/ Registrar/ Transfer Agent</b>	Apex Fund Services Ltd. 31 Reid Street, Hamilton HM12, Bermuda
<b>Auditor</b>	Deloitte & Touche (M.E.), Bin Ghanim, Tower, 10 <sup>th</sup> floor, Hamdan Street, P.O. Box: 990 Abu Dhabi - United Arab Emirates
<b>Business Day</b>	Any day when the banks in the United States and Bermuda (or such other places set out in the relevant Supplement) are open for business.
<b>Continuing Offer</b>	The Sub-Funds or Segregated Accounts will be open to offer Shares for subsequent Investments on the last Business Day of each week as per the terms and conditions of the Memorandum and/or as referenced in the relevant Supplement.
<b>Directors/ Board</b>	The Board of Directors of the Fund who exercise primary authority over the Fund.
<b>Incentive Fee</b>	The fees allocated to the Investment Manager, calculated and payable on each Valuation Day, paid quarterly in arrears, at the rate set out in the relevant Supplement, charged on the amount of positive return achieved on each Valuation Day and subject to a High Water Mark.
<b>IPO</b>	Initial Public Offering.
<b>Investment Manager</b>	The National Investor (TNI). TNI Tower, Zayed the First Street - Khalidiya P.O. Box 47435 Abu Dhabi - UAE.
<b>Initial Offering Period</b>	The initial offering period in respect of the Shares or classes of Shares of each Sub-Fund or Segregated Account as set out in the relevant Supplement.
<b>Management Fee</b>	Pursuant to the Investment Management Agreement, the Investment Manager receives an annual management fee that is equal to such percentage (as set out in the relevant Supplement) of the Net Asset Value attributable to the Shares of each class of each Sub-Fund or Segregated Account during the relevant fiscal year.
<b>Memorandum</b>	or Confidential Private Placement Memorandum, being the present document.
<b>MENA</b>	Middle East and North Africa Region: includes: Algeria, Bahrain, Djibouti, Egypt, Iran, Iraq, Israel, Jordan, Kuwait, Lebanon, Libya, Mauritania, Morocco, Oman, Qatar, Saudi Arabia, Syria, Tunisia, United Arab Emirates, West Bank and Gaza, Yemen.
<b>NAV</b>	The Net Asset Value of the Fund will be determined by or at the direction of the Administrator at the close of each Valuation Day, in

accordance with the provisions of this Memorandum and International Financial Reporting Standards (IFRS).

<b>Ordinary Shares</b>	Ordinary, voting, non-redeemable Shares of the Fund owned by The National Investor (TNI).
<b>OTC</b>	Over-the-counter.
<b>Custodian</b>	Collectively, the custodians, brokers, banks, clearing associates, depositories, future commission merchants, introducing brokers, counterparties and other financial institutions appointed by the Investment Manager.
<b>The Fund</b>	TNI Funds Ltd. (the “Fund”) a mutual fund company of unlimited duration incorporated in Bermuda. References to the “Fund” shall include as the context so requires, the Fund acting for and on behalf of each particular Sub-Fund or Segregated Account.
<b>Redemption Date</b>	The date upon which the Fund shall redeem Shares, as set forth in the relevant Supplement.
<b>Shares</b>	Non-voting, redeemable preference shares which may be divided upon issue into Sub-Funds or Segregated Accounts and further classes as more particularly set out in the Supplement relative to each Sub-Fund or Segregated Account.
<b>Shareholders</b>	Investors who hold Shares linked to a particular Sub-Fund or Segregated Account.
<b>Sub-Fund or Segregated Account</b>	Each Sub-Fund or Segregated Account is a separate, individually managed pool of assets constituting, in effect, a separate fund with its own investment objective and strategy. In addition to the information set out herein, further details of the investment objective and strategy of each Sub-Fund or Segregated Account will be set out in the relevant Supplement.
<b>Subscription</b>	Subscription of Shares of the Fund.
<b>Supplements</b>	The documents which supplement this Memorandum that set out the details of the relevant Sub-Fund or Segregated Account.
<b>Valuation Day</b>	The last Business Day of each calendar month, or such other day(s) as may from time to time be determined by the Investment Manager and/or as set forth in the relevant Supplement.

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## THE FUND

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*Generally* - TNI Funds Ltd. (the “Fund”) was incorporated in Bermuda on 31 May 2007 as a mutual fund company of unlimited duration with limited liability under the Companies Act, 1981 of Bermuda, as amended, and registered as a segregated account company under the Segregated Accounts Companies Act 2000, as amended (“SAC Act”).

The Fund is a single entity, but the provisions of the SAC Act enable the Fund to create segregated accounts (each a “Sub-Fund or Segregated Account”) such that, subject to certain formalities, the assets and liabilities of each Sub-Fund or Segregated Account are legally separate from the assets and liabilities of any other Sub-Fund or Segregated Account or the general assets and liabilities of the Fund.

The Fund has established five (5) Sub-Funds or Segregated Accounts as at the date of this Memorandum; details of the segregated accounts will be set out in the Supplements to this Memorandum. The Fund may in the future create additional Sub-Funds or Segregated Accounts and additional classes of Shares within Sub-Funds or Segregated Accounts in its sole and absolute discretion. Details in relation to such Sub-Funds or Segregated Accounts (including minimum initial subscriptions, additional investment objectives and strategies, the Initial Offering Period, the Subscription Date, Redemption Date and Valuation Date, details in relation to the subscription procedure, details in respect of the redemption procedure and any management and incentive fees) will be set out in the Supplement relating to the Sub-Fund or Segregated Account (the “Supplement”).

In a segregated account company, principles relating to the payment of dividends or other distributions, and the payment of the redemption price of shares, are applied to each Sub-Fund or Segregated Account in isolation. Payments in respect of dividends, distributions and redemptions of shares may only be paid out of the assets of the Sub-Fund or Segregated Account in respect of which the relevant shares were issued. Accordingly, assets of a Sub-Fund or Segregated Account of the Fund are only available to meet liabilities of creditors of the Fund who are creditors in respect of the relevant Sub-Fund or Segregated Account, and are protected from, and are not available to, creditors of the Fund who are not creditors in respect of that Sub-Fund or Segregated Account.

One or more classes of Shares may be designated in respect of each Sub-Fund or Segregated Account. Details of such classes are contained in the relevant Supplement to this Memorandum as stated above.

References in this Memorandum or any Supplement to the “Fund” shall include, as the context requires, the Fund acting for and on behalf of each particular Sub-Fund or Segregated Account.

The assets and liabilities associated with the Ordinary Shares will not be contained within a Sub-Fund or Segregated Account.

The Fund has an authorized share capital of U.S. \$12,000 divided into 100 ordinary, voting, non-redeemable shares (the “Ordinary Shares”) of U.S. \$1.00 par value each and 11,900,000 non-voting, redeemable preference shares (the “Shares”) of U.S. \$0.001 par value which may each be divided upon issue into Sub-Funds or Segregated Accounts and further classes as more particularly set out in the Supplement relating to each Sub-Fund or Segregated Account. The Ordinary Shares of the Fund are owned by the Investment Manager. The Fund may issue additional Sub-Funds or Segregated Accounts or classes of Shares, in the Board’s sole discretion and as circumstances dictate, without the consent of or notice to the Fund’s Shareholders (the “Shareholders”). The exception to this is where the rights attached to any class of Shares of a Sub-Fund or Segregated Account will be varied by the issue of such other classes of Shares of such Sub-Fund or Segregated Account ranking in priority thereto when the consent of the Shareholders of the Shares of the classes of that Sub-Fund or Segregated Account will be sought as further provided in “ADDITIONAL INFORMATION; General Information”. Shares of one Sub-Fund or Segregated Account or class may be subject to terms and conditions that differ from the terms and conditions applicable to another Sub-Fund or Segregated Account or class or series of Shares as more particularly set out in the Supplement relating to each Sub-Fund or Segregated Account.

There is no minimum amount which in the opinion of the Directors, must be raised by the issue of shares during the Initial Offering Period for the matters referred to in Section 28 of the Companies Act, 1981 of Bermuda.

The Investment Manager has paid for certain organizational costs of the Fund. The Fund, on behalf of the Sub-Funds or Segregated Accounts as the case may be, will reimburse the Investment Manager for such costs. See "FEES AND EXPENSES" for detail of the treatment of these expenses.

The assets, liabilities, income and expenditures attributable to each class of Shares with respect to investments in initial public offerings will be applied to an account (or book entry) maintained for each class of Shares subject as provided herein and to applicable law. The assets so held in respect of each class of Shares will be applied solely in respect of that class of Shares except to the extent that the expenses of the Fund are allocated among the each class of Shares at the discretion of the Directors (as defined herein). The Net Asset Value of each class will be calculated separately and Shares of a particular class will be redeemed at the Net Asset Value of that class at the relevant time. For limitations of such a corporate structure as regards the liabilities of the Fund, see "CERTAIN RISK FACTORS" herein.

The information in this Confidential Private Placement Memorandum is qualified in its entirety by the agreements and documents referred to herein, by any Supplement in relation to any classes of Shares designated to each Sub-Fund or Segregated Account and by the Memorandum of Association and By-Laws of the Fund, copies of which are available from the Administrator upon request.

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## INVESTMENT POLICY

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The Fund, through each Sub-Fund or Segregated Account, invests in accordance with the general investment policy described herein.

### **Investment Objectives**

*Long-term growth of capital.* The Fund, through each Sub-Fund or Segregated Account, invests in global financial instruments with an equity bias. For purpose of the Fund's investment policies, equity investments include common stock, convertible debt and securities with common stock characteristics (such as exchange traded funds - ETFs) or actively managed equity funds and other types of special purpose vehicles that invest primarily in equity securities, preferred stocks, depositary receipts, warrants, rights and equity investments in real estate investment trusts (REITs). The Fund may take positions in special situations. These may include investments in common stocks of privately held companies, particularly in private equity pre-IPO opportunities, or shares in companies in their inception phase, all types of arbitrage opportunities and other types of special situations.

Any additional investment objectives pertaining to a particular Sub-Fund or Segregated Account will be set out in the relevant Supplement.

### **Principal Investment Strategy**

*Generally.* The Fund's investments will be held or made in such manner and/or through such investment structure(s) and form(s) as the Investment Manager may decide in its sole and absolute discretion and may differ from investment to investment, Class to Class, and Portfolio to Portfolio. Such investments may be held or made directly or indirectly through funds or special purpose vehicles established in countries outside of the geographical areas contemplated by the investment objectives of the Fund. Such funds or entities may have other investors and may not have the same objectives as the Fund or the relevant Class.

In the selection of the Fund's investments, the Fund will use a fundamental / technical or other investing approach deemed appropriate. Using those investment styles, the Fund seeks securities selling at reasonable prices or at a discount to their underlying values. The Fund evaluates a financial instrument's potential value, including the attractiveness of its market valuation, based on the entity's current or future prospects.

The Investment Manager shall employ qualitative analysis, quantitative techniques, due diligence and management meetings as well as fundamental research on evaluation of the issuer based on its financial statements and operations. In addition to analyzing financial instruments, the Investment Manager determines the relative attractiveness of investing in different markets in order to determine country weighting within the portfolio. In assessing the investment potential in each area, the Investment Manager considers economic growth prospects, monetary conditions, political risks, currency risk, capital flows and other factors.

Although short-term trading could be used by the Investment Manager, mainly in instances where investments are exposed to speculative pressures, the focus of the investment style is on quality and fundamental/technical value of individual instruments.

The Investment Manager may modify the investment strategies and policies of the Fund in its sole and absolute discretion.

There can be no assurance that the Investment Manager will be successful in pursuing the Fund's or the Sub-Fund or Segregated Account's investment objective or the strategies set forth in the Memorandum or any Supplement. The prior histories of performance of the Investment Manager or its principals are not necessarily indicative of the future performance of the Fund.

### **Non-Principal Investment Strategies**

This section is dedicated to additional investments or strategies the Fund may pursue to a lesser degree to achieve its objectives. Some of the Fund's secondary investment policies may entail risks the investor should take into consideration before investing in the Fund.

The Fund may invest part of its assets in equity and debt securities of corporate or government issuers in any developed market and short-term debt securities for cash management purposes. Short-term investments may include (but not exclusive to high quality commercial papers, certificates of deposit and other bank-related instruments, US and non-US government bonds and repurchase agreements.

The Fund may also invest in Brady bonds, which are restructured debt of government issuers of emerging market countries. The Fund may invest in debt securities of any quality or maturity.

### **Cash Management**

The Fund substantially invests its assets to meet its investment objectives set out earlier. The fund may invest the remainder of its assets in securities with remaining maturities of less than one year, cash equivalents or may hold cash. For temporary defensive purposes, including during periods of unusual cash flows, the Fund may depart from its Principal Strategies and invest part or all of its assets in these securities or may hold cash. During such periods, the Fund may not be able to achieve its investment objectives. The Fund intends to adopt a defensive strategy when the Investment Manager believes securities in which the Fund normally invests have extraordinary risks due to political or economic factors and in other extraordinary and or exogenous circumstances.

### **Short-Term Trading and Use of Derivatives**

The Fund will sell an investment even if it has been held for a short period of time, if it no longer meets the Fund's investment criteria. If the fund does execute a substantial amount of trading, it may incur additional operating expenses which would reduce performance.

The Fund may use futures and options on securities, indices and currencies, forward foreign currency exchange contracts and other derivatives. A derivative is a security instrument whose value is determined by reference to the value or the change in value of one or more underlying asset (securities, currencies, indices, or other financial instruments). Although there is no limitation on investing in derivatives, the Fund does not use derivatives as a primary investment technique. The Fund may use derivatives for a variety of non-principal purposes such as:

- Hedging against adverse changes in stock market prices, interest rates and currency exchange rates.
- As a substitute for purchasing and selling securities
- To increase the Fund's return as a non-hedging strategy (which may be considered speculative).

### **Borrowing of Cash and Securities and Certain Loans**

The Fund is authorized to borrow for investment purposes or to fund redemption requests. Loans generally may be obtained from securities brokers and dealers or from other financial institutions; such loans (which will relate to particular Sub-Fund or Segregated Accounts) will be secured by securities or other capital of that Sub-Fund or Segregated Account of the Fund pledged to such brokers or financial institutions. Such leverage shall not exceed 2:1 such that for every U.S.\$1 of equity, the Fund may borrow U.S.\$1 and trade U.S.\$2.

\* \* \*

The foregoing description is general and is not intended to be exhaustive and is subject to and should be read in conjunction with any additional description in the relevant Supplement. Investors must recognize that there are inherent limitations on all descriptions of investment processes due to the complexity, confidentiality and subjectivity of such processes. In addition, the description of virtually every strategy must be qualified by the fact that investment approaches are continually changing, as are the markets invested in by the Fund. Finally, the Fund may pursue additional strategies, in its sole discretion, in its pursuit of the Fund's investment objective.

**There can be no assurance that the Fund will achieve its investment objective. The Fund's investment policies and strategies are speculative and entail significant risk. See "CERTAIN RISK FACTORS."**

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## MANAGEMENT

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### The Board of Directors

The Fund has 3 directors (the “Board” or the “Directors”), whom are non-U.S. persons each of whom serves in accordance with the laws of Bermuda and in accordance with the Fund’s By-laws. The Directors’ primary function is to supervise the general conduct of the affairs of the Fund. The Directors have appointed the Investment Manager (as defined herein) to perform and/or delegate certain management and administrative tasks on behalf of the Fund. A brief biographical description of each of the Directors follows:

Mr. Peter Hughes (Irish) is the Managing Director of Apex Fund Services Ltd., a specialist Management and Administration company, which provides management services to the Finance industry, specializing in the administration of collective investment schemes and investment holding companies founded in 2003. He qualified as a chartered accountant in 1994 and is currently a fellow of the Institute of Chartered Accountants in England in Wales. Between 2000 and 2003 he was Chief Financial Officer of FMG Fund Managers Limited.

Mr. Walid Hayeck (Lebanese) occupies the position of Director where he has spearheaded and is currently developing the fund management business. He has many years of experience in the Middle East and North African equity markets, particularly in equity research and fund management. Prior to joining TNI, Mr. Hayeck set up and ran the equity research divisions in prominent regional investment banking entities. This has allowed him to obtain a deep knowledge of the regional capital markets. He also accumulated skills in investment banking, derivatives trading and credit rating in several European institutions. Mr. Hayeck holds an ESCP - Paris diploma and a Masters degree in economics from Université Saint Joseph - Beirut.

Mr. Rajeev Nanda (Indian) is a Director at TNI acting as Head of Operations department. Rajeev is a Fellow member of the Institute of Chartered Accountants of India and holds a Masters Degree in Commerce. He has over 20 years of extensive experience in various aspects of Financial Services industry in particular and in Treasury and Asset Management in particular. His major area of work has been in the fields of operations, accounting and audit. Prior to joining TNI, Rajeev was working in Kingdom of Bahrain for about fourteen years. The first four years of his stay in Bahrain were with the leading audit firm Ernst & Young International as an Audit Manager while the rest of the Years were spent with National Bank of Bahrain (NBB). He was the Head of Compliance Department at Treasury for about three years till finally moving on to Head the Treasury Operations where he served for a period of four Years. Managers and staff of the Fixed Income Operations Desk, the Derivatives Operations Desk, FX & Money Market Desk and of Asset Management Desk reported to him. During his tenure at Treasury, Rajeev worked on Straight Through Processes (STP) and on reduction of Operations Risk in the department leading to a turn around of the department from the worst performer in the Bank to one of the best departments of the Bank. He was also the author of the Bank’s Disaster Recovery Plan for Treasury activities. Rajeev also served as the Chairman of the Bahrain Chapter of The Institute of Chartered Accountants of India during 2004-2005 and as the Vice chairman in the preceding term.

### The Investment Manager

The National Investor (‘TNI’), a private joint stock company incorporated in the Emirate of Abu Dhabi in 1994 and licensed in 2000 by the UAE Central Bank to conduct investment company activities as per UAE Central Bank Resolution No. 164//8/94. TNI has been retained by the Fund to manage and invest the capital of each Sub-Fund or Segregated Account of the Fund, pursuant to an investment management agreement between the Investment Manager and, in each case, the Fund for and on behalf of a Sub-Fund or Segregated Account (collectively, the “Investment Management Agreement”). The Investment Management Agreement in respect of the first Sub-Fund or Segregated Accounts is dated 31 March 2007. The Investment Manager is registered by the Registrar. Amongst other things the Investment Manager will select, recommend and monitor the performance of direct or indirect investments made by the Fund; the Investment Manager may at its sole discretion appoint co-advisors or sub-



advisors. The co-advisors or sub-advisors may be called upon to liaise with investors, regulatory bodies and companies who are being targeted for investment.

## **Background**

The National Investor (TNI) was established in Abu Dhabi as an investment company in 1994, and has grown to become a major player in the regional capital markets. TNI boasts a distinguished track record in asset management as well as merchant banking services. The latest capital increase brought TNI's capital up to AED 500 million (US\$136 million), and has widened the firm's shareholding base to include more than 100 shareholders from the highest echelons of the business community in the UAE.

### TNI Asset Management Services

TNI launched its asset management business in 2005, mainly focusing on the MENA equity markets. Since then, the firm has developed its asset management offer to include a wide range of asset classes both regionally and internationally. While TNI is a recognized fund manager in the MENA region, the firm is strengthening its global asset management reach and offers asset allocation advisory services to institutional investors. The performance review of TNI equity funds provides an evidence of the firm's investment management capabilities. TNI UAE BLUE CHIP FUND (BCF) was a top performer in the UAE stock market since its inception in May 2005, outperforming the MSCI UAE index by more than 15 percent during that same period. BCF weekly annualized standard deviation currently stands at 19 percent, compared to market volatility at more than 28 percent. TNI MENA REAL ESTATE ACTIVE FUND (MENA REAF) track record is another evidence of TNI investment management capability: the fund is a best-performer when compared to regional equity funds, whether sector agnostic or sector specific. TNI MENA REAF has outperformed the MSCI Arabia index by more than 12 percent since its inception in August 2005. In addition to MENA regional equity funds, TNI manages discretionary portfolios, across asset classes, for both institutional and high net worth individuals.

In recognition of its leading position as a regional asset manager, TNI was awarded "Best Asset Management House" by Banker Middle East for two consecutive years in 2006 and 2007. TNI is the first organization to have won this award two years in a row, which evidences the strength of its regional franchise. Finalists for this category were Goldman Sachs, Citi and Deutsche Bank. This award is in recognition of TNI's achievement culture that emphasizes its main ideological pillars: Ethical standards; Superior Performance, Client Focus and Innovation. The background and experience of the principals are set forth above.

### **The Investment Management Agreement**

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

The Investment Management Agreement provides that the Investment Manager shall not be liable to the Fund or its Shareholders for any error of judgment or for any loss suffered by the Fund or its Shareholders in connection with its services in the absence of gross negligence, willful default, or fraud in the performance or non-performance of its obligations or duties. The Investment Management Agreement contains provisions for the indemnification of the Investment Manager by the Fund on behalf of the relevant Sub-Fund or Segregated Account against liabilities to third parties arising in connection with the performance of its services, except under certain circumstances specified as per the Investment Management Agreement. Notwithstanding any of the foregoing to the contrary, the liability provisions of the Investment Management Agreement shall not be construed so as to relieve (or attempt to relieve) the Investment Manager of any liability to the extent (but only to the extent) that such liability may not be waived, modified or limited under applicable law (including liability under U.S. securities laws which, under certain circumstances, impose liability even on persons acting in good faith), but shall be construed so as to effectuate the provisions of the liability provisions to the fullest extent permitted by law. The Investment Management Agreement shall continue and remain in force unless and until terminated by the Fund or the Investment Manager giving to the other not less than sixty (60) days written notice, and provided that the Agreement may be terminated forthwith in the event either party commits a material breach of its obligations and fails to make good such breach within thirty(30) days of receipt of written notice from the other; or in the event of dissolution of the Fund or the Investment Manager or bankruptcy or if a receiver is appointed over any of either party's assets. Similar provisions will apply in respect of other Investment Management Agreements.

The Investment Management Agreement contains limited recourse provisions to the effect that the recourse of the Investment Manager shall be limited solely to the assets of the Sub-Fund or Segregated Account to which the claim relates and a non-petition covenant to the effect that the Investment Manager will not by commencing proceedings seek to establish an interest in assets linked to one Sub-Fund or Segregated Account to satisfy a claim linked to another Sub-Fund or Segregated Account.

The Investment Manager will devote as much time to the investment activities of the Sub-Fund or Segregated Accounts of the Fund as it shall determine to be necessary for the efficient operation of the Fund in relation to such Sub-Fund or Segregated Accounts. Amongst other things the Investment Manger will select, recommend and monitor the performance of additional advisors whose recommendations will be taken into account in investing or disposing of the companies' assets. The Investment Manger may at its sole discretion appoint co-advisors. The co-advisors may be called upon to liaise with investors, regulatory bodies and companies who are being targeted for investment.

The Investment Manager and its affiliates, principals and employees may engage or participate in other activities or ventures, whether or not of the same nature as the Fund. No Shareholder shall be entitled to any profits that the Investment Manager or any of its affiliates, principals or employees shall derive from any activities or ventures other than those derived from the Fund, whether or not such businesses or ventures are of the same nature as, and/or compete with the Fund. The Investment Manager, its affiliates, principals and employees shall not be prohibited from buying or selling securities for their own account, including securities that are the same as those held by the Fund. As a result of its other activities, the Investment Manager may have conflicts of interest in allocating time, services and functions among the Fund, the Sub-Fund or Segregated Accounts of the Fund and other business ventures. See "CERTAIN RISK FACTORS." See "FEES AND EXPENSES" herein for a general description of the fees payable to the Investment Manager.

#### **Independent Client Representative**

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

#### **The Administrator, Registrar and Transfer Agent ("The Administrator")**

The Fund has or will enter into a contract with Apex Fund Services Ltd. as administrator in relation to each of the Sub-Fund or Segregated Accounts (collectively, the "Administration Agreement") to provide services to the Fund and each Sub-Fund or Segregated Account thereof as administrator (the "Administrator"). The Administrator will perform various administrative services for the Fund in respect of the relevant Sub-Fund or Segregated Account, including the supervision of share issue and redemption services, and will calculate the Fund's Net Asset Value and the Net Asset Value per Share for each class of a Sub-Fund or Segregated Account as of each Valuation Date as set out in the relevant Supplement.

The Administration Agreement provides that the Administrator shall not be liable to the Fund or its Shareholders for any act or omission, in the course of, or in connection with, the services rendered by it under the Administration Agreement or for any loss or damage which the relevant Sub-Fund or Segregated Account of the Fund may sustain or suffer as a result of, or in the course of, the discharge by the Administrator of its duties pursuant to the Administration Agreement in the absence of gross negligence, willful default or fraud. The Administration Agreement also contains provisions for the indemnification of the Administrator by the Fund on behalf of the relevant Sub-Fund or Segregated Account for all liabilities, losses, costs or expenses arising in connection with the performance of its services, other than such losses resulting from the gross negligence, willful default or fraud on the part of the Administrator.

The Administration Agreement contains limited recourse provisions to the effect that the recourse of the Administrator shall be limited solely to the assets of the Sub-Fund or Segregated Account to which the claim

relates and a non-petition covenant to the effect that the Administrator will not by commencing proceedings seek to establish an interest in assets linked to one segregated account to satisfy a claim linked to another segregated account.

The Fund may discontinue its relationship with the Administrator without prior notice to the Shareholders. The Fund is obligated to maintain its relationship with the Administrator for a minimum period of nine (9) months from the date of commencement of operations and ninety (90) days thereafter and may discontinue such relationship and engage a new or additional administrator without further notice to the Shareholders.

The Administrator is responsible for, among other things, in relation to each Sub-Fund or Segregated Account: (i) maintaining the register of Shareholders of the Fund and generally performing all actions related to the issuance and transfer of Shares and the safe-keeping of certificates therefore, if any; (ii) performing all acts related to the redemption and/or purchase of the Shares; (iii) maintaining a record of dividends declared, if any, and dividends paid; (iv) on behalf of the Fund, dealing with and replying to all correspondence and other communications addressed to the Fund in relation to the replacement or transfer of Shares; and (v) performing all other incidental services necessary to its duties, which duties shall be set out in the Administration Agreement or pursuant to any Registrar and Transfer Agent Agreement.

*Delegation.* During the continuance of its appointment, the Administrator shall (subject to the overall supervision of the board of directors of the Fund) have authority to delegate its functions, duties, powers and discretions under the Administration Agreement to an affiliate. See “FEES AND EXPENSES” herein for a description of the fees payable to the Administrator pursuant to the Administration Agreement.

#### **Prime Brokerage and Custody**

The Investment Manager is authorized to select and/or appoint custodians, brokers, banks, clearing associates, depositories, future commission merchants, introducing brokers, counterparties and other financial institutions. (collectively, the “Service Providers”) for any Sub-Fund or Segregated Account from time to time. The terms and conditions of such appointment(s) are summarized in the relevant Supplement for each Sub-Fund or Segregated Account.

Pursuant to a Custodian Agreement dated on or about August 15, 2007, HSBC Bank Middle East Limited has been appointed as custodian (“Custodian”) of the assets of the first Sub-Fund. The details of such appointment are set out in the Supplement of the first Sub-Fund. The Fund is not obligated to maintain its relationship with any Service Provider for any minimum period of time, subject to a ninety (90) day termination provision in relation to the Custodian, and may discontinue such relationship and engage a new or additional Service Providers without further notice to the Shareholders.

Portfolio transactions for the Fund are allocated to brokers by the Investment Manager. The Investment Manager utilizes various brokers to execute, settle and clear securities transactions for the Fund. In selecting brokers to effect portfolio transactions, the Investment Manager considers such factors as price, the ability of the brokers to effect the transactions, the brokers’ facilities, reliability and financial responsibility, and any research or investment management related services and equipment provided by such brokers. Accordingly, if the Investment Manager determines in good faith that the amount of commissions charged by a broker is reasonable in relation to the value of the brokerage and research or investment management related services and equipment provided by such broker, the Fund may pay commissions to such broker in an amount greater than the amount another broker might charge.

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

Soft dollar items may be provided directly by brokers, by third parties at the direction of brokers or purchased by the Fund with credits or rebates provided by brokers. Soft dollar items may arise from over-the-counter principal or agency transactions, as well as exchange traded agency transactions. Brokers sometimes suggest a level of

business that they would like to receive in return for the various services that they provide. Actual brokerage business received by any broker may be less than the suggested allocations, but can (and often does) exceed the suggestions because total brokerage is allocated on the basis of all the considerations described above. A broker will not be excluded from executing transactions for the Fund because it has not been identified as providing soft dollar items.

Section 28(e) of the U. S. Securities Exchange Act of 1934, as amended (the “Exchange Act”), permits the use of soft dollar items in certain circumstances, provided that the Fund does not pay a rate of commissions in excess of what is competitively available from comparable brokerage firms for comparable services, taking into account various factors, including commission rates, financial responsibility and strength and ability of the broker to efficiently execute transactions. Non-research products and “soft dollars” which are not generated through agency transactions in securities are outside the parameters of Section 28(e)’s “safe harbor,” as are transactions effected in futures, currencies or certain derivatives.

The Investment Manager currently intends to use soft dollars for (i) items which are within the Section 28(e) “safe harbor,” (ii) expenses outside of the Section 28(e) “safe harbor” otherwise payable by the Fund such as, without limitation, fund administration, accounting, auditing and legal expenses and other services, and (iii) certain soft dollar items which are outside the “safe harbor” under Section 28(e) which may include computer hardware (including replacement parts) and software, telecommunications equipment (including replacement parts) and related infrastructure and wiring as well as fees and expenses associated with consultants and the maintenance of such equipment.

Soft dollar items, whether provided directly or indirectly, may be utilized for the benefit of the Investment Manager’s and it’s affiliates’ other accounts. The Investment Manager expects to use soft dollars to acquire soft dollar items that the Investment Manager or its affiliates would otherwise be obligated to provide to, or acquire at their own expense for, the Fund. Nonetheless, the Investment Manager believes that such soft dollar items may provide the Fund with benefits by supplementing the research and services otherwise available to the Fund.

Certain brokers utilized by the Investment Manager or its affiliates may refer investors to the Fund or other investment vehicles managed by the Investment Manager or its affiliates. Unless a broker is retained specifically for such purpose (in which case it will not be compensated for such purpose using commissions of the Fund account), brokers will not be compensated for the referral of investors to the Fund or any other investment vehicle managed by the Investment Manager or its affiliates and the ability to make such referrals will in no way be a consideration in the Investment Manger’s selection of brokers or decision to maintain relationships with brokers for the Fund.

The Fund may discontinue its relationship with any Service Providers without prior notice to the Shareholders. The Fund is not obligated to maintain its relationship with any Service Providers for any minimum period of time and may discontinue such relationship and engage a new or additional Service Providers without further notice to the Shareholders. Lastly, the Investment Manager may enter into directed brokerage arrangements in its discretion. Pursuant to resolutions of the Directors, the Directors have delegated to the Investment Manager signing authority regarding transfers and withdrawals from all of the Fund’s brokerage accounts, including deliveries of securities free of payment.

#### **Segregated Account Representative**

Apex Fund Services Ltd. has been appointed as the segregated account representative of the Fund pursuant to the SAC Act to report to the Registrar of Companies in respect of, amongst other things, the insolvency of a segregated account.

#### **Marketing Consultants and Agents**

The Investment Manager may retain affiliated and non-affiliated marketing consultants and agents at no additional cost to the Fund or the Shareholders.

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## FEES AND EXPENSES

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### Organizational, Ongoing and Other Costs

The Investment Manager has paid for certain organizational costs of the Fund. The Fund, on behalf of the Sub-Funds or Segregated Accounts as the case may be, will reimburse the Investment Manager for such costs. The Fund will treat its organizational costs and expenses in accordance with International Financial Reporting Standards (IFRS), to the exception that these costs will be amortized over 60 months, which is a departure from IFRS, but will be reflected properly in the Financial Statements.

The Fund for each Sub-Fund or Segregated Account if attributable to one or more Sub-Funds or Segregated Accounts (in accordance with Sections 11(4) and 17(5) of the SAC Act) or for the relevant Sub-Fund or Segregated Account where so attributable will be responsible for all of the necessary expenses of its operation including, without limitation, fees in respect of borrowed moneys, the cost of maintaining the Fund's registered office in Bermuda, the Fund's annual Bermuda government registration fee, brokerage commissions legal and auditing expenses, accounting, fund administration, investment related consultants, expenses incurred with respect to the preparation, duplication and distribution to the Shareholders and prospective Shareholders of Fund offering documents, annual reports and other financial information, and similar ongoing operational expenses.

Relevant out of pocket expenses, including, without limitation, investment related travel costs, marketing and advertising expenses and research expenses which may be incurred will be capped at USD \$75,000 per Sub-Fund or Segregated Account, per annum. Fees and expenses that are identifiable with a particular Sub-Fund or Segregated Account or a particular class of a Sub-Fund or Segregated Account will be charged against that Sub-Fund or Segregated Account or class in computing its Net Asset Value. Other fees and expenses will be charged to the Fund as a whole or otherwise in the discretion of the Board. The Investment Manager is responsible for providing all office personnel, space and facilities required for the performance of its services.

### Fees of the Investment Manager

#### Management Fee:

Pursuant to the Investment Management Agreement, the Investment Manager receives an annual management fee that is equal to such percentage (as set out in the relevant Supplement) of the Net Asset Value attributable to the Shares of each class of each Sub-Fund or Segregated Account during the relevant fiscal year (the "Management Fee"). Unless otherwise set out in the Supplement the Management Fee will be accrued on each Valuation Day in arrears and paid monthly, in arrears. The Management Fee is payable by the Fund within five days of the end of each calendar month, unless otherwise set out in the Supplement. The Investment Manager may, in its discretion, effectively waive all or part of the Management Fee with respect to any Shareholder by rebate or otherwise.

#### Incentive Fee:

The Investment Manager shall be entitled to receive an Incentive Fee, calculated and payable on each Valuation Day, paid quarterly in arrears, at the rate set out in the relevant Supplement, charged on the amount of positive return achieved on each Valuation Day, subject to a High Water Mark.

#### *High Water Mark*

*The High Water Mark means the highest peak in NAV attributable to the Shares of a particular class or Sub-Fund or Segregated Account that has been reached since its prior high. If the NAV per Share drops from the High Water Mark, the portfolio manager must return the portfolio to the High Water Mark and exceed it before receiving an Incentive Fee. The High Water Mark shall be re-set on an annual basis beginning on*

*April 01 of each calendar year. The re-set High Water Mark will be the prevailing 31 March NAV irrespective if it is above or below the prior high.*

Unless set otherwise in the relevant Supplement, the Incentive Fee is calculated and payable (i) as of each Valuation Day, (ii) as of each Redemption Date with respect to the Shares redeemed by redeeming Shareholders, (iii) in the Fund's sole discretion, as of the effective date of a transfer of Shares with respect to the Shares transferred, and (iv) as of the date of the termination of the Investment Management Agreement, in each case with respect to the period ending on such date. The Incentive Fee is payable by the Fund to the Investment Manager within five Business Days of the calculation of the relevant Net Asset Values after each becomes due. See "FEES AND EXPENSES; Fees of the Investment Manager - *Incentive Fee*."

#### Deferral:

Notwithstanding the foregoing, the Investment Manager may elect, prior to the commencement of the Fund's trading activities with respect to its first fiscal year of trading and prior to the commencement of each fiscal year thereafter, to defer for a period of up to ten (10) years payment of all or any portion of its Management Fees and Incentive Fees earned with respect to that subsequent period. In such case, the deferred amount will appreciate or depreciate based, at the election of the Investment Manager, on either (i) the subsequent performance of the Fund (before Management Fees and Incentive Fees), or (ii) the performance of any other investment chosen by the Investment Manager prior to the commencement of the deferral period. An accounting of any such deferred fees and their investment performance shall be made at the end of each fiscal year by the Fund. Notwithstanding anything contained herein to the contrary, the Fund may enter into other deferred compensation arrangements with regard to the deferred Management Fees and/or Incentive Fees including, without limitation, arrangements popularly referred to as "rabbi trusts." Any deferred fees will not be charged a Management Fee or Incentive Fee. The deferred fees will be reflected on the books of the Fund as a liability and will reduce the Fund's Net Asset Value, but will not be treated as "leverage" for purposes of any leverage limitations imposed on the Fund. On the date of expiration of the deferral period, dissolution of the Fund or termination of the Investment Management Agreement by the Fund, all applicable deferred fees, if any, held by the Fund on behalf of the Investment Manager will be paid to the Investment Manager. Upon termination of the Investment Management Agreement by the Investment Manager, fees elected to be deferred by it will remain in the Fund until the earlier of the end of the deferral period or the dissolution of the Fund.

*Payment of Management Fee and Incentive Fee.* Both the Management Fee and the Incentive Fee are payable by the Fund to the Investment Manager within five (5) Business Days of the calculation of the relevant Net Asset Values after each becomes due. Payment of the Management Fee and Incentive Fee, however, will be subject to adjustment upon completion of the audit of the Fund's financial statements for the fiscal year in which such fees accrue. If the Incentive Fee paid for a fiscal year was higher or lower than the Incentive Fee that actually was due, an appropriate adjustment will be made and payment will be made within a reasonable time after completion of the audit.

#### **Fees of the Administrator, Registrar and Transfer Agent ("The Administrator")**

For performing and supervising the performance of corporate and administrative services necessary for the operation and administration of the Fund or the relevant Sub-Fund or Segregated Account thereof (other than the making of investment decisions), the Administrator will receive its customary fees for its services.

#### **Directors' Fees**

Each Director who is not an officer or employee of the Investment Manager receives a flat annual fee for serving in such capacity. The fee will be in accordance with reasonable and customary directors' fees. The Directors shall be entitled to reimbursement from the Fund for all reasonable out-of-pocket expenses incurred by them on behalf of the Fund.

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

The Investment Manager is responsible for providing all personnel, office space and facilities required for the performance of its services. The Fund bears all other expenses incidental to its operations and business, including

(i) fees and charges of custodians, (ii) interest and commitment fees on loans and debit balances, (iii) income taxes, withholding taxes, transfer taxes and other governmental charges and duties, (iv) fees of the Fund's Administrator, legal advisers and independent auditors, (v) Directors' fees and expenses, (vi) the cost of maintaining the Fund's registered office in Bermuda, (vii) the cost of printing and distributing this Memorandum and any subsequent information memorandum or other literature concerning the Fund, and subscription materials and any reports and notices to Shareholders, (viii) consultant and other services provider expenses deemed desirable in the sole discretion of the Directors, (ix) the costs incurred in connection with any listing of the Shares on Bermuda Stock Exchange or any other suitable exchange, if such listing is deemed desirable in the sole discretion of the Directors, (x) the cost of insurance premiums (if any), including, without limitation, the cost of director and officer liability insurance policies, (xi) the Fund's annual Bermuda Government registration fee based on its "assessable capital" and (xii) all similar ongoing operational expenses. Each Director of the Fund who is not an officer or employee of the Investment Manager or related companies may receive fees from the Fund for serving in such capacity. All Directors will receive reimbursement of travel and other reasonable costs incurred in connection with their services. Fees and expenses that are identifiable with a particular Sub-Fund or Segregated Account or class will be charged against that Sub-Fund or Segregated Account or class in computing its Net Asset Value. Other fees and expenses will be charged to the Fund as a whole pursuant to Sections 11(4) and 17(5) of the SAC Act or otherwise in the discretion of the Board.

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## SHARES OF THE FUND

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### The Fund's Share Capital

*Generally.* The Fund has an authorized share capital of U.S. \$12,000 divided into 100 Ordinary Shares of U.S. \$1.00 par value each and 11,900,000 non-voting, redeemable Shares of U.S. U.S.\$0.001 par value each divided upon issue into Sub-Funds or Segregated Accounts and further classes as more particularly set out in the Supplement relating to each Sub-Fund or Segregated Account (the "Supplement"). The Ordinary Shares of the Fund are owned by the Investment Manager, and, save as provided for in the By-Laws of the Fund or in the Companies Act 1981, of Bermuda (as amended) are the only Shares of the Fund with voting rights. The Fund may, in its sole discretion, issue additional Sub-Funds or Segregated Accounts or classes of Shares on terms determined upon their issuance without the consent of or notice to the Shareholders. The exception to this is where the rights attached to any existing class of Shares in the same Sub-Fund or Segregated Account will be varied by the issue of such other classes of Shares within such Sub-Fund or Segregated Account ranking in priority thereto, in which event the consent of the holders of Shares of other classes of that Sub-Fund or Segregated Account will be sought as further provided in "ADDITIONAL INFORMATION; General Information." In addition, the Fund may, insofar as it is permitted by applicable law, redeem or purchase any of the Shares and increase or reduce its authorized share capital pursuant to its Memorandum of Association and By-laws.

The net proceeds from the sale of Shares are invested by the Fund as described herein or in the relevant Supplement. The Fund will pay the expenses of offering the Shares. See "FEES AND EXPENSES." The rights and restrictions attaching to the Ordinary Shares and the Shares are more particularly set forth in Section 2(A) under "ADDITIONAL INFORMATION; General Information."

### Subscription and Redemption Prices

The Initial Offering Period in respect of the Shares of a Sub-Fund or Segregated Account shall be set out in the relevant Supplement but shall not commence on a date prior to the filing of this Memorandum and/or any relevant Supplement with the Registrar of Companies in Bermuda and may end on such date as the Directors may determine (but in no event shall end more than one hundred and twenty (120) days after the filing of this Memorandum and/or any relevant Supplement with the Registrar of Companies in Bermuda). During the Initial Offering Period of the relevant Shares, investors may subscribe for Shares at a price per Share of US\$1,000 or such other price as set out in the relevant Supplement. Thereafter, Shares may be purchased as of each Subscription Date (as defined in the relevant Supplement). The minimum initial subscription for each investor with respect to the Shares shall be of \$100,000 (US\$ one hundred thousand) worth of Shares in the Fund, with additional investments in multiples of \$10,000 (US\$ ten thousand) worth of Shares each, unless otherwise set out in the relevant Supplement. However, the Investment Manager may, in its discretion, elect to accept subscriptions to lower amounts, on a case by case basis. Subscription fees may be payable if so set out in the relevant Supplement.

The Fund's Bye-Laws provide that the redemption price of each Share is equal to the Net Asset Value per Share of each class of the relevant Sub-Fund or Segregated Account as of the close of business in Bermuda on the relevant Redemption Date (as defined in the relevant Supplement) rounded to the nearest whole cent or, in the case of a half cent, rounded up to the nearest whole cent. The redemption price is subject to review by the Fund's auditors at the time of the Fund's year-end audit. The term "Business Day" refers to any day when the banks in the United States and Bermuda (or such other places set out in the relevant Supplement) are open for business.

The Fund's By-Laws provide that the determination of the Net Asset Value of a Share is binding on all parties once such Net Asset Value has been determined in respect of the redemption price per Share and stated in good faith by or on behalf of the Directors.



## Procedure for Applications

Applications for Shares will be accepted during the Initial Offering Period. After the Initial Offering Period has expired in respect of the relevant Shares, Shares may be subscribed for on each Subscription Date, as defined in the relevant Supplement.

Application for Shares can be made by completing and signing the Subscription Agreement enclosed with this Memorandum and the relevant Supplement and faxing and mailing the same to the Administrator at the address listed in the Directory. An application must be made by completing and signing the Subscription Agreement and returning the same to the Administrator at the fax number and address set out in the Directory stating (i) the number, Sub-Fund or Segregated Account and class of Shares of the Sub-Fund or Segregated Account applied for or the amount to be invested, (ii) how payment has been made or is being made for the amount due if the application is accepted, (iii) acknowledgement of receipt of the Memorandum and relevant Supplement and confirmation that the application is being made on the terms thereof and subject to the Memorandum of Association and Bye-Laws of the Fund and (iv) the name and address in which the Shares are to be registered. In all cases where an application is made by facsimile, the applicant must send the signed original application to the Administrator. Payment for Shares may only be made by wire transfer to the bank account detailed in the relevant Supplement. Applicants are advised whenever possible to make payment by telegraphic transfer to avoid any delay in the allotment of Shares.

The Fund has the right to accept or reject (in whole or part) any application for Shares. Applicants should be aware of the risks associated with sending faxed applications and that the Administrator accepts no responsibility for any loss caused due to the non-receipt of any fax. Unless otherwise agreed to, applications for the issuance of Shares on a particular Subscription Date must be received by the time and date set out in the relevant Supplement. Shares will be held in book entry form and in such cases, a contract note only will be sent to the applicant upon receipt of cleared funds and the properly completed application form and acceptance of such funds by the Fund. Applications received after this time will be held in an account and treated as an application for the next Subscription Date. Payment may also be made in cash equivalents and securities, subject to the approval of the Investment Manager.

Applicants subscribing for Shares are advised that the Shares are issued subject to the provisions of the Fund's Memorandum of Association and Bye-Laws.

As part of the Fund and the Administrator's responsibility for the prevention of money laundering, they may require a detailed verification of the applicant's identity and the source of payment for the Shares. A detailed verification might not be required when:

- (a) the applicant makes payment by wire transfer from an account held in the applicant's name at a recognized financial institution residing in a recognized jurisdiction, as defined under the Bermuda Proceeds of Crime Act 1997, and the applicant's details appear in the confirmation of the wire transfer; or
- (b) the applicant is made through a recognized intermediary.

These exceptions will apply only if the financial institution or intermediary referred to above is within a country recognized as having sufficient anti-money laundering regulations. In the case of (a) above, to avoid delays, the applicant should ensure that its remitting bank includes the applicant's full name and account number in any confirmation that it sends.

The Fund reserves the right to request such information as it considers necessary to verify the identity of the applicant. In the event of delay or failure by the applicant to produce any information required for verification purposes, the Fund may refuse to accept the application and all subscription monies relating thereto or may refuse to process a redemption request until proper information has been provided.

If a person who is resident in Bermuda has a suspicion that a payment to the Fund (by way of subscription or otherwise) contains the proceeds of criminal conduct, that person is required to report such suspicion pursuant to the Bermuda Proceeds of Crime Act, 1997.

## Eligible Investors

Unless otherwise agreed to by the Fund, each prospective investor is required to certify that the Shares are not being acquired directly or indirectly for the account or benefit of a Restricted Person. The term “Restricted Person” as used in this Memorandum means any U.S. Person as defined below and other persons from time to time designated as such by the Fund.

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

- (a) any natural person resident in the United States;
- (b) any partnership or corporation organized or incorporated under the laws of the United States;
- (c) any estate of which any executor or administrator is a U.S. Person;
- (d) any trust of which any trustee is a U.S. Person;
- (e) any agency or branch of a foreign entity located in the United States;
- (f) any non-discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary for the benefit or account of a U.S. Person;
- (g) any discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary organized, incorporated or, if an individual, resident in the United States; or
- (h) any partnership or corporation if (i) organized or incorporated under the laws of any foreign jurisdiction and (ii) formed by a U.S. Person principally for the purpose of investing in securities not registered under the United States Securities Act of 1933, as amended (the “Securities Act”), unless it is organized or incorporated, and owned, by accredited investors (as defined in Rule 501(a) under the Securities Act) who are not natural persons, estates or trusts.

“U.S. Person” does not include:

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

Any prospective investor acting in any fiduciary capacity is required to certify the number of beneficial owners for whom Shares are being purchased. Furthermore, it is the responsibility of each investor to verify that the purchase and payment for the Shares is in compliance with all relevant laws of the investor’s jurisdiction or residence.

The Fund reserves the right to offer Shares to Restricted Persons. The Fund reserves the right to reject subscriptions for Shares, in whole or in part, in its absolute discretion for any reason or for no reason.

This Memorandum (i) has not been issued to persons in the United Kingdom except to those persons whose ordinary activities involve them acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or otherwise in circumstances within the meaning of the Public Offers of Securities Regulations 1995 (ii) nor has any invitation or inducement in connection with the issue or sale of Shares or otherwise to engage in investment activity (within the meaning of section 21 of the Financial Services Markets Act 2000 (the “FSMA”) pursuant to this Memorandum been communicated or caused to be communicated and will only be communicated or caused to be communicated or in circumstances in which section 21(1) of the FSMA does not apply to the Fund and (iii) the issue of this Memorandum has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Shares or in, from otherwise involving the United Kingdom.

The Fund’s Bye-Laws provide that the Directors have the power to impose such restrictions as they may deem necessary for the purpose of ensuring that no Ordinary Shares or Shares in the Fund are acquired or held by any person or persons in circumstances (whether directly or indirectly affecting such person or persons) which, in the opinion of the Directors, might result in the Fund incurring any tax liability or suffering any other pecuniary or commercial disadvantage that the Fund might not otherwise have incurred or suffered (“a Non-Qualified Person”). In the event that the Fund incurs any such tax liability or suffering or any other pecuniary or commercial disadvantage resulting from a Non-Qualified Person being a Shareholder, the Fund may require such Person to reimburse the Fund for such tax liability, suffering or disadvantage.

The Fund’s Bye-Laws provide that if it comes to the notice of the Directors that any Ordinary Shares or Shares are held by any such Non-Qualified Person, the Directors may give notice to such Non-Qualified Person requiring the redemption or transfer of such Non-Qualified Person’s Shares, or Shares as the case may be, in accordance with the provisions of the Memorandum of Association and Bye-Laws of the Fund. A person who becomes aware that he or she is holding Shares under circumstances that render such person a Non-Qualified Person is required either to deliver to the Fund a written request for redemption of such Shares in accordance with the Memorandum of Association and Bye-Laws of the Fund or to transfer the same to a person who would not thereby be a Non-Qualified Person.

### **Procedure for Redemptions**

At the conclusion of any Initial Offering Period (subject to any lock-up period as set out in the relevant Supplement), Shares in such Classes or Sub-Fund or Segregated Portfolio shall be redeemable at the option of the holder on the terms provided in the Memorandum or as specified in the relevant Supplement for each Sub-Fund or Segregated Account.

*Generally.* Except as provided herein or in any Supplement, a Shareholder may request redemption of all or some of its Shares as of each Redemption Date as defined in the relevant Supplement. Shareholders wishing to redeem Shares as of a particular Redemption Date must provide the Administrator with such period of prior written notice as is set out in the relevant Supplement, of their intention to redeem such Shares as of that Redemption Date. A redemption request, once made, will be irrevocable and may not be withdrawn without the consent of the Board.

Redemption in respect of Shares of any series or class of a Sub-Fund or Segregated Account may be subject to lock-ups if so set out in the relevant Supplement.

The redemption price is equal to the relevant Net Asset Value per Share on the corresponding Redemption Date. Unless redemptions have been suspended or delayed, each redeeming Shareholder will receive one hundred percent (100%) of its estimated redemption proceeds within five (5) Business Days after the Redemption Date. Redemption fees in respect of any class of a Segregated Account may be payable if so set out in the relevant Supplement.

In circumstances where the Fund is unable to liquidate securities positions in an orderly manner in order to fund redemptions, or where the value of the assets and liabilities of the Fund cannot reasonably be determined, the Fund may take longer than the time periods mentioned above to effect settlements of redemptions, may effectuate only a portion of a requested redemption or may even suspend redemptions. In the discretion of the

Directors, the Fund may settle redemptions in kind and may extend the duration of the redemption notice period if the Directors deem such an extension as being in the best interest of the Fund and the non-redeeming Shareholders.

The Fund may withhold a portion of any proceeds of redemption if necessary to comply with applicable legal or regulatory requirements. Moreover, the Directors have the right to require a compulsory redemption of all or some of the Shares of a class and/or Sub-Fund or Segregated Account held by a Shareholder at the price per Share equal to the then prevailing Net Asset Value per Share of the relevant class without assigning any reason therefore. The Directors may compulsorily redeem a Shareholder's Shares for any or for no reason, including, without limitation, if such Shareholder is either a Restricted Person that has acquired Shares otherwise than in compliance with applicable rules and regulations or is a Non-Qualified Person or if such Shareholder has requested a partial redemption which would cause the aggregate Net Asset Value of the Shares owned by such Shareholder following such redemption to decline below the minimum initial investment as the same was applicable to such Shareholder. See "Eligible Investors." Compulsory redemptions will be made at the Net Asset Value per Share of the relevant class of a Sub-Fund or Segregated Account as of the Valuation Date following such notice of redemption is issued or within 48 hours of such notice issued to the Shareholder, at the discretion of the Directors.

Requests for redemption should be sent to the Administrator with such period of prior written notice as is set out in the Supplement. The Administrator will redeem the Shares at the Net Asset Value per Share of the relevant class of the Sub-Fund or Segregated Account on the Redemption Date less any applicable accrued Incentive Fees and other charges and expenses referred to in the Memorandum or the relevant Supplement. Redemption requests may initially be sent by fax, however, Shareholders should be aware of the risks associated with sending documentation in this manner and that the Administrator will not be responsible in the event of non-receipt of any redemption request sent by fax. In any event, the original redemption request must be sent to the Administrator. Redemption payments will be made in U.S. Dollars or such other currency as may be set out in the relevant Supplement, unless made in kind, and will be remitted by wire transfer to an account designated by the Shareholder at the bank from which the subscription price was paid. If Shares are held in certificated form, the redemption payment will not be remitted until certificates have been tendered to the Administrator. A request for redemption received after the latest time specified in the relevant Supplement will be treated as a request for redemption as of the next Redemption Date, or otherwise in the discretion of the Directors.

The Investment Manager may elect to purchase or to procure the purchase of Shares offered for redemption at a price equal to their Net Asset Value rather than the Fund compulsorily redeeming them.

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

The Fund's By-Laws provide that the Directors may declare a temporary suspension of the determination of the Fund's Net Asset Value and the sale, allotment, issue or redemption of the Shares during:

- (i) any period during which, in the opinion of the Directors in consultation with the Investment Manager, disposal by the Fund of securities which constitute a substantial portion of the assets of the Fund is not practically feasible or as a result of which any such disposal would be materially prejudicial to Shareholders;
- (ii) any period when, in the opinion of the Directors in consultation with the Investment Manager, for any reason it is not possible to transfer monies involved in the acquisition or disposition or realization of securities which constitute a substantial portion of the assets of the Fund at normal rates of exchange;
- (iii) any period when, in the opinion of the Directors in consultation with the Investment Manager, for any reason the prices of any securities which constitute a substantial portion of the assets of the Fund cannot be reasonably, promptly or accurately ascertained;
- (iv) any period (other than customary holiday or weekend closings) when any recognized exchange or market on which the Fund's securities are normally dealt in or traded is closed, or during which trading thereon is restricted or suspended;
- (v) any period when proceeds of any sale or redemption of the Shares cannot be transmitted to or from the Fund's account; or

- (vi) any period when the Directors in their sole discretion determine that it is undesirable or impracticable for the Fund to value some or all of its assets or when the Directors determine in good faith that such suspension or extension is in the best interests of the Fund.

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

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

In accordance with Bermuda law and the By-Laws of the Fund, Shares are only issued or registered in the names of companies, partnerships or individuals. Shares purchased for those less than twenty-one (21) years of age must be registered in the name of a parent or guardian, but may be designated with the minor's initials for the purposes of identification. The Fund will take no cognizance of any trust applicable to the Shares so registered.

Transfers of Shares by instruments in writing in the usual common form are permitted only with the prior consent of the Directors, which consent may be withheld in the absolute discretion of the Directors. Any transferee of Shares is required to furnish the same information and complete the same documents that would be required in connection with a direct subscription, including without limitation being required to complete a subscription agreement, in order for a transfer application to be considered by the Directors. Violation of applicable ownership and transfer restrictions may result in a compulsory redemption.

### **Determination of Net Asset Value**

In accordance with the provisions of the Fund's By-Laws, as summarized herein, and under the overall supervision and direction of the Directors, in conjunction with the Investment Manager, the Administrator will calculate the Fund's Net Asset Value, the Net Asset Value of each Sub-Fund or Segregated Account and the Net Asset Value per Share of each class of each Sub-Fund or Segregated Account, in each case, as of each Valuation Date, as defined in the relevant Supplement. The Net Asset Value of the Fund is equal to the Fund's assets less the Fund's liabilities, each valued pursuant to International Financial Reporting Standards (IFRS). Each Sub-Fund or Segregated Account's Net Asset Value per Share will be calculated by dividing the particular Sub-Fund or Segregated Account's Net Asset Value by the number of that Sub-Fund or Segregated Account's Shares then outstanding. Each class' Net Asset Value per Share will be calculated by dividing the particular class' Net Asset Value by the number of that class' Shares then outstanding. Such calculation will be made by the Administrator acting in good faith, after consulting with the Investment Manager. In no event shall the Directors, the Administrator or the Investment Manager incur any individual liability or responsibility for any determination made or action taken or omitted by them in the absence of willful misfeasance, bad faith or gross negligence. In general, any other investments are valued as follows:

1. Securities, other than options, that are listed or admitted to trading on one or more securities exchanges shall be valued at the last trade price on the exchange selected by the Directors, after consulting with the Administrator, acting in good faith, on the relevant Valuation Date or, if no trade took place on such Valuation Date, at the mean between the "bid" and "asked" prices at the close of trading on the exchange selected by the Administrator, acting in good faith, on the relevant Valuation Date. Futures and options on futures that are listed on a futures exchange are valued at their settlement prices on the Valuation Date on the largest futures exchange on which such futures are listed. Securities and futures that are not listed or admitted to trading on an exchange or that are listed on an exchange which the Directors, after consulting with the Administrator, in good faith believe do not accurately represent such securities' true value, shall be valued at the mean between the bid and asked prices provided by a dealer whom the Directors, after consulting with the Administrator, acting in good faith, determine to be a reputable dealer.
2. Options and warrants that are listed or admitted to trading on one or more exchanges shall be valued at the mean between the "bid" and "asked" prices on the exchange selected by the Directors, after consulting with the Administrator, acting in good faith, on the relevant Valuation Date. Options and warrants that are not listed or admitted to trading on an exchange or that are listed on an exchange

which the Directors, after consulting with the Administrator, in good faith believe do not accurately represent such securities' true value, shall be valued at the mean between the bid and asked prices provided by a dealer whom the Directors, after consulting with the Administrator, acting in good faith, determine to be a reputable dealer. The Directors, after consulting with the Administrator, acting in good faith, may also value options and warrants according to a valuation model or volatility formula based on volatility levels provided by dealers deemed to be reputable by the Directors, after consulting with the Administrator.

3. Convertible bonds and convertible preferred stocks will be valued at the mean between the "bid" and "asked" prices at the close of trading, or at their conversion value if, in the opinion of the Directors, after consulting with the Administrator, the conversion value represents more accurately than the foregoing the price obtainable for the security.
4. In the event the Directors, after consulting with the Administrator, deem any of the foregoing valuation methods to be inadequately representative of an asset's value, the Directors, after consulting with the Administrator, acting in good faith and a commercially reasonable manner, may assign to such asset an alternate value. Furthermore, all assets of the Fund other than those described in the preceding three (3) paragraphs shall be assigned such value as the Directors, after consulting with the Administrator, may reasonably determine in good faith. Independent appraisals may be conducted but are not required.
5. Liabilities shall be determined using IFRS.

In determining Net Asset Values based upon the above parameters, the following shall be subtracted: (a) Management Fees, Incentive Fees and administration fees that have accrued, as of the date of computation, but are not yet payable; (b) the then current amount of any Incentive Fees that have been earned in prior years and as to which the intended recipient has made an election to defer such fees; (c) an allowance for the cost of the Fund's annual audit, legal domiciliary, Director's and other fees and expenses; and (d) any contingency for which reserves are determined to be appropriate. Net Asset Valuations are expressed in U.S. Dollars and any items denominated in other currencies are converted at prevailing exchange rates as determined by the Directors. All debts, liabilities and Net Asset Valuations will be determined in accordance with IFRS.

If the Directors should determine, after consulting with the Investment Manager, that special circumstances exist whereby the value of any asset or liability of the Fund should be determined in a manner other than as set forth above, the value of such asset or liability shall be the value assigned by the Directors in good faith. Prospective investors should be aware that situations involving uncertainties as to the valuation of portfolio positions could have an adverse effect on the Net Asset Value determination if judgments regarding appropriate valuations should prove incorrect. Absent bad faith or manifest error, the Directors' determination of Net Asset Value is conclusive and binding on all Shareholders and prospective investors.

Fees and expenses that are identifiable with a particular Sub-Fund or Segregated Account or a particular class will be charged against that Sub-Fund or Segregated Account or class in computing its Net Asset Value. Other fees and expenses will be charged to the Fund as a whole or otherwise in the discretion of the Board.

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## CERTAIN RISK FACTORS

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Prospective investors should give careful consideration to the following risk factors in evaluating the merits and suitability of an investment in the Fund. The following does not purport to be a comprehensive summary of all of the risks associated with an investment in the Fund. Rather, the following are only certain risks to which the Fund is subject and that the Investment Manager wishes to encourage prospective investors to discuss in detail with their professional advisers.

1. *New Enterprise; Potential of Loss.* The Fund is an enterprise with no operating history. Accordingly, an investment in the Fund entails a high degree of risk. There can be no assurance that the Fund will achieve its investment objective or that the strategies described herein will be successful. Given the factors that are described below, there exists a possibility that an investor could suffer a substantial loss as a result of an investment in the Fund.
2. *Reliance on Key Personnel.* All decisions with respect to the investment of the Fund's capital will be made by the Investment Manager's principals. Shareholders will have no right or power to take part in the management of the Fund. As a result, the success of the Fund for the foreseeable future will depend largely upon the ability of the aforementioned individuals and should any of them terminate his relationship with the Investment Manager, die or become otherwise incapacitated for any period of time, and should the replacement (if any) for any of them not equal his or her predecessor's performance, the profitability of the Fund's investments may suffer. In addition, should the Investment Manager terminate its relationship with the Fund, the profitability of the Fund's investments may suffer. There can be no assurance that the Investment Manager will be successful.
3. *Incentive Fee.* The Investment Manager's Incentive Fee may create an incentive for the Investment Manager to make investments that are riskier or more speculative than would be the case in the absence of an incentive fee.
4. *No Current Income.* The Fund's investment policies should be considered speculative, as there can be no assurance that the Investment Manager's assessments of the short-term or long-term prospects of investments will generate a profit. In view of the fact that the Fund will likely not pay dividends, an investment in the Fund is not suitable for investors seeking current income for financial or tax planning purposes.
5. *Risk of Early Losses.* If the Fund begins trading under market conditions which result in substantial early losses, the risk of the Fund having to terminate its trading will be substantially increased. The Fund could experience substantial cash flow difficulties were its assets to be depleted early, particularly in view of the charges to which the Fund is subject. The Fund may commence trading operations at an unpropitious time resulting in significant initial losses.
6. *Trading Risks.* By investing in the securities exchanges of Emerging Markets, particularly in the MENA region, the Fund exposes the Investor to certain risks, including volatility of securities prices, which could cause a sudden decline in a holding's value, or an overall decline in the Net Asset Value of the particular class or Sub-Fund or Segregated Account. As with any equity investment fund, the value of an investment is likely to fluctuate on a day-to-day basis with movements in the stock markets, as well as in response to the activities of the individual companies whose stocks are held by the Fund. By investing in the Fund, an investor could therefore lose money. While the Investment Manager believes that the constant monitoring of the portfolios and the active management approach should moderate this risk to some degree, no guarantee or assurance is made that the Investment Manager will be successful. Although the Fund's return is likely to vary over time with changes in the stock exchange, the Fund is not an index fund, and changes in the Fund's Net Asset Value per Share will not precisely track changes in the general stock exchange. For example, to the extent that the Fund invests heavily in certain market sectors as opposed to tracking the general market index, the Fund may be more volatile than the general market index.

7. *Use of Nominees or trustees.* There will likely be securities held through nominees or trustees on behalf of the Fund. The use of nominees represents a potential legal risk.
8. *Competition.* The securities industry, and the investment management business in particular, is extremely competitive. The Fund competes with firms, including many of the larger investment banking firms, which have substantially greater financial resources than does the Investment Manager and substantially greater research staffs and more securities traders than does the Investment Manager.
9. *Risks of Special Techniques Used by the Investment Manager.* The Fund may invest using special investment techniques that may subject the Fund's investments to certain risks. Certain, but not all, of these techniques and the risks that they entail are summarized herein. The Fund, in any event, is not designed to correlate to the broad equity market, and should be viewed as an alternative to instead of a substitute for equity investments.
10. *Reliance on Certain Information.* The Investment Manager may elect to invest in securities on the basis of information and data filed by the issuers of such securities with the U.S. Securities and Exchange Commission or made directly available to the Investment Manager by the issuers of the securities and other instruments or through sources other than the issuers. Although the Investment Manager evaluates all such information and data and seeks independent corroboration when it considers it appropriate and when it is reasonably available, the Investment Manager is not in a position to confirm the completeness, genuineness or accuracy of such information and data.
11. *Risk Relating to Size of Issuer.* There is no limitation on the size or operating experience of the companies in which the Fund may invest. Some small companies in which the Fund may invest may lack management depth or the ability to generate internally or obtain externally the funds necessary for growth. Companies with new products or services could sustain significant losses if projected markets do not materialize. Further, such companies may have, or may develop, only a regional market for products or services and may be adversely affected by purely local events. Such companies may be small factors in their industries and may face intense competition from larger companies and entail a greater risk than investment in larger companies.
12. *Concentration of Investments.* From time to time a significant portion of the Fund's capital may be concentrated in a particular security, industry, market or country. Should such security, industry, market or country become subject to adverse financial conditions, the Fund's capital shall not be afforded the protection otherwise available through greater diversification of its investments.
13. *Exchange Rules.* Each securities exchange typically has the right to suspend or limit trading in all securities that it lists. Such a suspension would render it impossible for the Fund to liquidate positions and, accordingly, could expose the Fund to losses. Similarly, the Directors have the right to suspend or limit redemptions when, in their opinion, the Fund's net assets are not sufficiently liquid to fund redemptions.
14. *Leverage.* The Fund expects to use leverage in its investment program when deemed appropriate by the Investment Manager and subject to applicable regulations. At times, the amount of such leverage may be substantial. Leverage creates an opportunity for greater yield and total return, but at the same time increases exposure to capital risk and higher current expenses. If the Fund purchases securities on margin and the value of those securities fall, the Fund may be obligated to pay down the margin loans to avoid liquidation of the securities. If loans to the Fund are collateralized with portfolio securities that decrease in value, the Fund may be obligated to provide additional collateral to the lender in the form of cash or securities to avoid liquidation of the pledged securities. Any such liquidation could result in substantial losses. Moreover, counterparties of the Fund, in their sole discretion, may change the leverage limits that they extend to the Fund.
15. *Option Trading.* In seeking to enhance performance or hedge capital, the Fund may purchase and sell call and put options on both securities and stock indexes. A stock index measures the movement of a certain group of stocks by assigning relative values to the common stocks included in the index. Examples of well-known stock indexes are the S&P 500 and the S&P 100 Index. Both the purchasing and the selling of call and put options contain risks. Although an option buyer's risk is limited to the amount of the purchase price of the option, an investment in an option may be subject to greater fluctuation than an investment in the underlying securities. In theory, the exposure to loss is potentially unlimited in the case of an uncovered call writer (i.e. a call



writer who does not have and maintain during the term of the call an equivalent long position in the stock or other security underlying the call), but in practice the loss is limited by the term of existence of the call. The risk for a writer of an uncovered put option (i.e., a put option written by a writer that does not have and maintain an offsetting short position in the underlying stock or other security) is that the price of the underlying security may fall below the exercise price. The effectiveness of purchasing or selling stock index options as a hedging technique may depend upon the extent to which price movements in investments that are hedged to correlate with price movements of the stock index selected. Because the value of an index option depends upon movement in the level of the index rather than the price of a particular stock, whether a gain or loss will be realized from the purchase or writing of options on an index depends upon movements in the level of stock prices in the stock market generally, rather than movements in the price of a particular stock.

16. *Illiquidity of Shares.* Transfers of Shares are restricted; there is no market for Shares and, accordingly, Shares may be disposed of only through the redemption procedures described elsewhere in this Memorandum. Under certain circumstances, such redemption procedures may entail a significant delay in redemptions.
17. *Distributions/Redemptions in Cash or Kind.* The Fund is not required to distribute cash or other property to the Shareholders, and the Fund does not intend to make any such distributions. Notwithstanding the foregoing, the Fund may, in its discretion, settle redemptions in kind.
18. *Notice Required.* A Shareholder must give prior written notice to the Administrator to make a partial or total redemption of its Shares. During such notice period, the Shareholder's investment remains at risk and may decrease in value from the date that notice of redemption is made to the Administrator until the effective date of redemption.
19. *Compliance.* The Fund must comply with various legal requirements, including requirements imposed by the securities laws, tax laws and pension laws in various jurisdictions. Should any of those laws change over the scheduled term of the Fund, the legal requirements to which the Fund and the Shareholders may be subject could differ materially from current requirements.
20. *Institutional Risk and Custodial Risks.* The institutions, including brokerage firms and banks, with which the Fund (directly or indirectly) does business, or to which securities have been entrusted for custodial and prime brokerage purposes, may encounter financial difficulties that impair the operational capabilities or the capital position of the Fund. Brokers may trade with an exchange as a principal on behalf of the Fund, in a "debtor-creditor" relationship, unlike other clearing broker relationships where the broker is merely a facilitator of the transaction. Such broker could, therefore, have title to all of the assets of the Fund (for example, the transactions which the broker has entered into on behalf of the Fund as principal as well as the margin payments which the Fund provides). In the event of such broker's insolvency, the transactions which the broker has entered into as principal could default and the Fund's assets could become part of the insolvent broker's estate, to the detriment of the Fund. In this regard, Fund assets may be held in "street name" such that a default by the broker may cause Fund's rights to be limited to that of an unsecured creditor.
21. *Reserves.* Under certain circumstances, the Fund may find it necessary to establish a reserve for contingent liabilities or withhold a portion of the Shareholder's settlement proceeds at the time of redemption, in which case the reserved portion would remain at the risk of the Fund's activities.
22. *Forced Liquidation.* Substantial redemptions by Shareholders within a short period of time could require the Investment Manager to liquidate positions more rapidly than would otherwise be desirable, which could adversely affect the value of the Fund's capital. The resulting reduction in the Fund's capital could make it more difficult to generate a positive rate of return or to recoup losses due to a reduced equity base. Additionally, such substantial redemptions may increase the share of the Fund's fees and expenses payable by the remaining Shareholders.
23. *Litigation and Claims.* The Fund (or the relevant Sub-Fund or Segregated Account thereof) and the Investment Manager, as independent legal entities, may be subject to lawsuits or proceedings by government entities or private parties. Except in the event of a lawsuit or proceeding arising from a Director's willful default or fraud or the Investment Manager's gross negligence, willful default, or fraud in the performance of its duties,

expenses or liabilities of the Fund arising from any suit shall be borne by the Fund (or the relevant Sub-Fund or Segregated Account thereof).

24. *Conflicts of Interest.* The Fund and the Investment Manager are subject to various conflicts of interest as set forth in the section of this Memorandum entitled "POTENTIAL CONFLICTS OF INTEREST."
25. *Need for Independent Advice.* The Investment Manager has consulted with counsel, accountants and other experts regarding the formation of the Fund. Each prospective investor should consult his own legal, tax and financial advisers regarding the desirability of an investment in the Fund.
26. *Registration.* The Fund is not registered as an investment company under the U.S. Investment Company Act of 1940, as amended (the "Company Act"), (or any similar state laws). Investors, therefore, will not be accorded the protective measures provided by such legislation.
27. *Segregation of Liabilities among Sub-Fund or Segregated Accounts.* The Fund has been registered as a segregated account company under the SAC Act and will maintain separate accounts or book entries with respect to each Sub-Fund or Segregated Account of Shares. The assets of the Fund have been segregated in order that the liabilities of each Sub-Fund or Segregated Account of the Fund are attributable to that Sub-Fund or Segregated Account only. The segregated account company structure has not, so far as the Directors are aware, been tested in any courts. Accordingly, if the assets of the Fund are situated in a jurisdiction other than Bermuda it is not known whether courts in other jurisdictions would recognize the segregated account structure and the integrity of segregated accounts.
28. *Cross-Class Liability within Sub-Fund or Segregated Accounts.* Separate classes of Shares within a Sub-Fund or Segregated Account are not separate legal entities but classes of Shares in that Sub-Fund or Segregated Account of the Fund. If losses or liabilities are sustained by a class of Shares in excess of the assets attributable to such class, such excess may be apportioned to the other class of Shares within the Sub-Fund or Segregated Account. THE ASSETS ATTRIBUTABLE TO ANY ONE CLASS OF SHARES WITHIN A SUB-FUND OR SEGREGATED ACCOUNT WILL NOT BE ISOLATED FROM THE LIABILITIES ATTRIBUTABLE TO OTHER CLASSES OF SHARES WITHIN SUCH SUB-FUND OR SEGREGATED ACCOUNT UNDER BERMUDA LAW TO THE EXTENT THAT THE ASSETS OF ONE PARTICULAR CLASS OF SHARES ARE INSUFFICIENT TO SATISFY THE LIABILITIES ATTRIBUTABLE TO SUCH CLASS OF SHARES, THEN THE ASSETS OF OTHER SERIES OR CLASSES OF SHARES WITHIN SUCH SUB-FUND OR SEGREGATED ACCOUNT MAY BE CHARGED WITH SUCH LIABILITIES.
29. *Shareholder Loss.* No Shareholder will be liable for losses or debts of the Fund beyond that Shareholder's investment nor may any Shareholder be assessed or otherwise required to invest more than its initial investment.
30. *Legal Requirements.* The Fund must comply with various legal requirements, including requirements imposed by the securities laws, tax laws and pension laws in various jurisdictions. Should any of those laws change over the scheduled term of the Fund, the legal requirements to which the Fund and the Shareholders may be subject could differ materially from current requirements.
31. *Currency Risks.* The Fund invests principally in instruments denominated in other currencies than US Dollar, which may be subject to exchange rate fluctuations with consequent reductions in the US dollar value. Foreign currency exposure will not normally be hedged. The repatriation of capital may be hampered by changes in local regulations concerning exchange controls or political circumstances.
32. *Political, Economic, and Regulatory Risks.* The liquidity of the Shares and the Net Asset Value of the Shares may be affected generally by changes in policies and laws of the local government (including exchange rates and controls), interest rates and taxation, social and religious instability and political, economic or other developments in the emerging markets. Generally, emerging market regulatory standards and disclosure standards are less stringent than standards in developed countries, and there may therefore be less publicly available information about emerging market companies than is regularly available about companies located in developed countries. Accounting standards and requirements in emerging markets differ significantly from those applicable to companies in developed countries. Emerging markets have experienced substantial fluctuations in the prices of listed securities. The emerging market stock exchanges have been subjected to broker defaults, failed trades and settlement delays and local regulators can impose restrictions on trading in certain securities, limitations on price movements and margin requirements. The increased volume of trading

in the emerging markets as a result of the inflow of foreign investment has caused severe settlement difficulties resulting in significant delays in the settling of trades and registering of transfers of securities. The emerging stock markets are more volatile than the stock markets of developed countries. Emerging markets are exposed to the risks of radical, political or economic change which could adversely affect the value of the Company's investments.

33. *Hostilities in emerging markets.* Hostilities in emerging markets may have a material adverse effect on the market for securities. Hostilities have been experienced between neighboring countries such as India and Pakistan, Iran and the GCC countries, the Arab world and Israel and other areas of Africa and the Middle East. In recent years, military confrontations between Israel and the Arab world have occurred in addition to problems in Kashmir and along the India - Pakistan border. Military activity or terrorist attacks in the future could influence the economies by disrupting communications and making travel more difficult and such political tensions could create a greater perception that investments in emerging companies involve higher degrees of risk. Events of this nature in the future, as well as social and civil unrest within each country of the MENA region, could influence the economies and could have a material adverse effect on the market for securities. Political instability or changes in the Government could impact on the liberalization of the emerging economies and adversely affect economic conditions. Government corruption and protests against privatizations could slow down the pace of liberalization and deregulation. A significant change in economic liberalization and deregulation policies could disrupt business and economic conditions.
34. *Economic and Business Conditions.* General economic and business conditions may affect the Fund's activities. Interest rates, the prices of securities and participation by other investors in the financial markets may affect the value of securities purchased by the Fund. Unexpected volatility or liquidity in the markets in which the Fund directly or indirectly holds positions could impair the Fund's ability to carry out its business and could cause it to incur losses.
35. *Risks in relation to Intervening Countries.* Where the Fund's investments are held or made through vehicles established in another country, the value and performance of investments and returns thereof may be affected by the political, economic and regulatory conditions of that country in relation to Bermuda.
36. *Risks of Taxation.* The section on Tax Aspects is a summary of taxation law and practice in force in the relevant countries at the date of this PPM and is subject to changes therein and is not exhaustive. Levels and bases of taxation in the relevant countries may change. Where investment is made through an entity, the repeal or amendment or adverse interpretation of the Double Taxation Treaty may adversely affect the performance of the investments and thus the value of the Company.
37. *Risks from Illiquidity.* The Shares are not listed or dealt in on any stock exchange and no application for listing on any stock exchange is anticipated. In addition, no market maker in the Shares has been appointed. It may be difficult therefore for an investor to sell or realize his Shares otherwise than as provided in the Fund Documents. In addition, the Company may make redemption payments to certain Shareholders in specie. Shareholders receiving redemption payments in specie may incur brokerage costs in converting such securities to cash. Such conversions will be subject to the market risks set forth above. A subscription for Shares should therefore be considered only by persons financially able to maintain their investment for an extended period of time and who can afford the loss of all or a substantial part of such investment. If redemptions or other distributions are affected in kind, investors may be required to bear the economic risk of ownership of such investments for an indefinite period.
38. *Risks in relation to Investment Structure.* Where the Fund's investments are held or made through entities established in another country, the Fund may be subject to risk of financial loss of part/whole of their assets in the event of the bankruptcy, winding up, judicial management, liquidation, or any such similar adverse event affecting such entity.

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## POTENTIAL CONFLICTS OF INTEREST

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

- The Investment Manager and each of its directors presently and will in the future, directly or indirectly, direct, sponsor or manage other managed pools or accounts in addition to the Fund. The Investment Manager and each of its directors may have financial or other incentives to favor some such pools or accounts over the Fund. The Investment Manager will make its own decisions for the Fund, which decisions may differ from time to time from those recommended by analysts of the Investment Manager for its other advisory clients.
- The Investment Manager believes that it will continue to have sufficient staff personnel and resources to perform all of its duties with respect to the Fund. However, because some of the officers of the Investment Manager may have duties in connection with other investment funds and other matters, such officers may have conflicts of interest in the allocation of responsibilities, services and functions among the Fund and other entities similar to the Fund.
- The Fund may invest the Fund’s capital in investment funds and/or with other accounts managed by the Investment Manager and/or its affiliates. As a result, the Investment Manager may receive fees based on these investments directly from the Fund and, directly or indirectly, from the other investment funds or accounts. Notwithstanding such circumstances, the Investment Manager will act in accordance with its fiduciary duties to the Shareholders.
- Some or all of the Related Parties may be involved with other entities utilizing investment strategies similar to those of the Fund and with other business in general. The Investment Manager may cause the Fund to invest in securities in which some or all of the Related Parties have a financial interest, or to engage in transactions with brokers or others with whom some or all of the Related Parties have financial or other relationships. In the event the Fund intends to engage in any such transaction, the Fund may appoint an Independent Client Representative to give or withhold the consent of the Fund to such transactions. See “MANAGEMENT - Independent Client Representative.”
- The Related Parties may engage for their own accounts, or for the accounts of others, in other business ventures of any nature, and the Fund has no right to participate in or benefit from the other management activities of the Investment Manager described above and the Related Parties shall not be obliged to account to the Fund for any profits or benefits made or derived there from, nor shall they have any obligation to disclose or refer to the Fund any of the investment or service opportunities obtained through such activities. Related Parties may own Shares in the Fund, deal as principals with the Fund in the sale or purchase of investments of the Fund or act as brokers, whether to the Fund or to third parties, in the purchase or sale of the Fund’s investments and shall be entitled to retain any profits or customary commissions resulting from such dealings.
- The Investment Manager and/or its affiliates and/or its employees may from time to time have an interest, direct or indirect, in a security, the purchase or sale of which by the Fund is recommended, or which in fact is purchased or sold by or otherwise traded for the Fund. Moreover, such recommendation, purchase, sale or trading may occur in connection with a transaction involving another fund or account managed by the Investment Manager. Accordingly, the Investment Manager may sell or recommend the sale of a particular security for certain accounts, including accounts in which it has an interest, and it or others may buy or recommend the purchase of such security for other accounts, including accounts in which it has an interest, and, thus, transactions in particular accounts may not be consistent with transactions in other accounts or with the Investment Manager’s investment recommendations. For example, the Investment Manager may recommend that the Fund sell a security, while not recommending such sale for other accounts in order to enable the Fund to have sufficient liquidity to honor Shareholders’ redemption requests. When there is a limited supply of investments, the Investment Manager will use its reasonable efforts to allocate or rotate investment opportunities, but the Investment Manager cannot assure absolute equality among all of its accounts and clients.

**Other Activities**

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

Peter Hughes is affiliated with the Administrator and/or certain affiliates of the Administrator. As such, a certain level of independent judgment as it relates to matters concerning the Administrator may be absent.

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## TAXATION

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### Introduction

This summary of the principal tax consequences applicable to the Fund and its Shareholders is based upon advice received from the Fund's U.S. and Bermuda legal and tax advisers. Such advice is based upon factual representations made by the Investment Manager and Administrator concerning the proposed conduct of the activities to be carried out by them on behalf of the Fund. The conclusions summarized herein could be adversely affected if any of the material factual representations on which they are based should prove to be inaccurate. Moreover, while this summary is considered to be a correct interpretation of existing laws in force on the date of this Memorandum, no assurance can be given that courts or fiscal authorities responsible for the administration of such laws will agree with such interpretations or that changes in such laws will not occur.

### The Fund

#### Bermuda Taxation:

At the date of this Memorandum, there is no Bermuda income, corporation, or profits tax, withholding tax, capital gains tax, capital transfer tax, estate duty or inheritance tax payable by the Fund or its Shareholders, other than Shareholders ordinarily resident in Bermuda. The Fund is not subject to stamp duty on the issue, transfer or redemption of its Shares.

The Fund has applied for and expects to receive an undertaking from the Minister of Finance of Bermuda under the Exempted Undertakings Tax Protection Act, 1966, as amended, that, in the event that there is enacted in Bermuda any legislation imposing (i) tax computed on profits or income, (ii) tax computed on any capital assets, gain or appreciation or (iii) any tax in the nature of estate duty or inheritance tax, such tax shall not until March 28, 2016 be applicable to the Fund or to any of its operations, Shares, debentures or other obligations except insofar as such tax applies to persons ordinarily resident in Bermuda and holding such Shares, debentures or other obligations of the Fund or any land leased or let to the Fund.

As an exempted company, the Fund is liable to pay the Bermuda Government an annual registration fee which is currently US\$1,870 pa., Bermuda Monetary Authority Standard Fund Fee which is currently US\$1,250 pa. In addition, each Sub Fund or Segregated Account will incur an annual fee of \$265 pa, subject to a maximum total annual fee of \$1,050 pa.

Prospective purchasers should consult legal advisors 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.

#### United States Federal Income Taxation:

The Fund has been advised that it should not be subject to U.S. federal income taxes on any U.S. source income or gains from its trading (except in respect of any dividends received in the course of such trading which generally will be subject to a withholding tax of 30%) provided that it does not engage in a trade or business within the U.S. to which such income or gains are effectively connected. Pursuant to a safe harbor under the United States Internal Revenue Code of 1986, as amended, a non-U.S. corporation which trades stock or securities or commodities for its own account should not be treated as engaged in a trade or business within the U.S. provided that the non-U.S. corporation is not a dealer in stock or securities or commodities. The Fund intends to conduct its business in a manner so as to meet the requirements of this safe harbor. If the activities of the Fund are not covered by the foregoing safe harbor, there is a risk that the Fund (but not any investor) will be required to file a U.S. federal income tax return for such year and pay tax at full U.S. corporate income tax rates as well as an additional thirty percent (30%) branch profits tax.

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

#### Other Jurisdictions:

Capital gains and other revenues received by the Fund may be subject to withholding or similar taxes imposed on foreign corporations by the country in which such gains or other revenues originate. In jurisdictions other than the United States, non-U.S. taxes may be withheld at source on dividend and other income derived by the Fund at rates generally ranging up to thirty percent (30%). Capital gains derived by the Fund in such jurisdictions may often be exempt from non-U.S. income or withholding taxes at source, although the treatment of capital gains varies among jurisdictions.

#### **Shareholders of the Fund**

Shareholders who are not otherwise subject to Bermuda taxes by reason of their residence, domicile or other particular circumstances should not become subject to any such taxes by reason of the ownership, transfer or redemption of the Shares. However, Shareholders who are or may be subject to U.S. federal income tax on their worldwide income should be aware of certain tax consequences of investing directly or indirectly in the Shares and should be certain to consult their own tax advisers in this regard.

Dividend distributions, if any, and redemption payments made by the Fund to Shareholders who are not Restricted Persons (as defined above) should not be subject to U.S. federal income tax, provided that Shares are not held in connection with a U.S. trade or business of the Shareholder in the year of receipt. Individual Shareholders who are not U.S. Persons should not be subject to any U.S. federal estate or gift taxes by reason of the ownership or transfer of the Shares. A Shareholder's change in status to a U.S. Person could result in adverse U.S. tax consequences, in addition to resulting in a compulsory redemption.

#### **Changes In Law**

All laws, including laws relating to taxation in Bermuda and the U.S. (and in other jurisdictions as well), are subject to change without notice.

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

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## ERISA CONSIDERATIONS

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The following summary of certain aspects of the Employee Retirement Income Security Act of 1974, as amended (“ERISA”), is based upon ERISA, judicial decisions, Department Of Labor (“DOL”) regulations and rulings in existence on the date hereof. This summary is general in nature and does not address every ERISA issue that may be applicable to the Fund or a particular investor. Accordingly, each prospective investor in the Fund should consult with its own counsel in order to understand the ERISA issues affecting the Fund and the investor.

### General

Each prospective Shareholder that is an employee benefit plan or trust (an “ERISA Plan”) within the meaning of and subject to the provisions of ERISA, an Individual Retirement Account (“IRA”) or a Keogh Plan subject to the Code should consider the matters described below in determining whether to invest in the Fund.

In addition, fiduciaries of an ERISA Plan must give appropriate consideration to, among other things, the role that an investment in the Fund plays in the plan’s portfolio, taking into consideration whether the investment is designed reasonably to further the plan’s purposes, the investment’s risk and return factors, the portfolio’s composition with regard to diversification, the liquidity and current return of the total portfolio relative to the anticipated cash flow needs of the plan, the projected return of the total portfolio relative to the plan’s objectives and the limited right of shareholders to redeem all or any part of their shares or to transfer their interests in the Fund.

In analyzing the prudence of an investment in the Fund, special attention should be given to the DOL’s regulations on investment duties which require, among other things, (i) a determination that each investment is reasonably designed, as part of an ERISA Plan’s portfolio, to further the purposes of such ERISA Plan, (ii) an examination of risk and return factors, and (iii) consideration of the portfolio’s composition with regard to diversification, the liquidity and current return on the total portfolio relative to the ERISA Plan’s funding objectives. Under ERISA, a fiduciary is liable for any loss resulting from a breach of his fiduciary duty and, under certain circumstances, he may be held liable for breaches by co-fiduciaries. No party or an affiliate providing certain services to the Fund will recommend an investment in the Fund by an ERISA Plan for which it is treated as a fiduciary under ERISA by virtue of a prior relationship with the Plan. Before investing in the Shares, a fiduciary of an ERISA Plan should carefully consider whether such an investment is consistent with its fiduciary responsibilities. The Fund and the Investment Manager do not assume any responsibility with respect to such matters.

### Plan Assets Regulation

The fiduciary responsibility provisions of ERISA and the related provisions of the Code generally apply to the management and investment of “plan assets.” DOL has issued a regulation (the “Regulation”) describing when the underlying assets of an entity in which certain benefit plan investors (“Benefit Plan Investors”) invest constitute “plan assets” for purposes of ERISA and/or the Code. The term “Benefit Plan Investors” is defined in the regulation to include employee benefit plans as defined in Section 3(3) of ERISA, whether or not subject to Title I of ERISA, plans described in Section 4975(e)(1) of the Code, government plans, church plans, and entities the underlying assets of which include plan assets by reason of investment therein by Benefit Plan Investors. The effect of the Regulation is to treat certain entities as pooled funds for the collective investment of plan assets.

The Regulation provides that, as a general rule, when a plan invests assets in another entity, the plan’s assets include its investment, but do not, solely by reason of such investment, include any of the underlying assets of the entity. However, when a plan acquires an “equity interest” in an entity that is neither (a) a “publicly offered security,” nor (b) a security issued by an investment company registered under the Company Act then the plan’s



assets include both the equity interest and an undivided interest in each of the underlying assets of the entity, *unless* it is established that:

- (i) the entity is an “operating company”; or
- (ii) the equity participation in the entity by Benefit Plan Investors is not “significant.”

Equity participation in an entity by Benefit Plan Investors is considered “significant” if twenty-five percent (25%) or more of the value of any class of equity interests in the entity is held by such Benefit Plan Investors. For purposes of this test, a redemption by an investor may be treated as the acquisition of an equity interest by the remaining investors. Any Shares held by a person who would be a “fiduciary” if the Fund’s assets constitute plan assets, and certain affiliates, must be excluded from the total outstanding Shares in determining whether all types of employee benefit plans (whether or not covered by ERISA) own less than twenty-five percent (25%) of the value of the outstanding Shares.

If the assets of the Fund were regarded as “plan assets” of an ERISA Plan, an IRA or a Keogh Plan, certain persons providing services to the Fund, including the Investment Manager and certain of its affiliates, would be considered “parties in interest” under ERISA and/or disqualified persons under the Code with respect to such investing plans, thereby causing certain transactions between the Fund and certain parties to be deemed to constitute prohibited transactions. Potential investors should be aware that if the Fund is deemed to have plan assets, the Investment Manager may need to forego certain investments to avoid potential violations of ERISA or excise tax under the Code. Also, under one interpretation of the Regulation, the assets of the Fund might have to be held in accordance with regulations governing the indicia of ownership of foreign assets.

#### **Limitation on Investments by Benefit Plan Investors; Rights of the Investment Manager**

The Administrator and the Investment Manager intend to monitor the investments in the Fund to ensure that the aggregate investment by Benefit Plan Investors does not equal or exceed twenty-five percent (25%) of the value of the interests in the Fund so that equity participation by Benefit Plan Investors will not be considered “significant” under the Regulation and, as a result, the underlying assets of the Fund will not be deemed “plan assets” for purposes of ERISA. The Fund further reserves the right, however, to waive the twenty-five percent (25%) limitation and thereafter to comply with ERISA and/or the Code.

#### **Plans Having Prior Relationships with Affiliates of the Investment Manager**

Certain prospective Benefit Plan Investors may currently maintain relationships with the Investment Manager or other entities which are affiliated with the Investment Manager (collectively the “Affiliated Entities”). Each of the Affiliated Entities may be deemed a party in interest with respect to and/or fiduciary of such plans if any of the Affiliated Entities provides investment management, investment advisory or other services to them. ERISA and/or the Code prohibits plan assets from being used for the benefit of a party in interest and also prohibits a fiduciary from using its position to cause the plan to make an investment from which it or certain third parties in which such fiduciary has an interest would receive a fee or other consideration. In this circumstance, Benefit Plan Investors should consult with counsel to determine if participation in the Fund is a transaction which is prohibited by ERISA and/or the Code.

#### **Representation by Plans**

The fiduciaries of each ERISA Plan, IRA or Keogh Plan proposing to invest in the Fund will be required to represent, and by making an investment in the Fund thereby do represent, that they have been informed of and understand the Fund’s investment objectives, policies and strategies and that the decision to invest plan assets in the Fund is consistent with the provisions of ERISA and/or the Code that require diversification of plan assets and impose other fiduciary responsibilities. In particular, exempt organizations should consider the applicability to them of the provisions relating to “unrelated business taxable income.”

#### **Unrelated Business Taxable Income**

The term “Permitted U.S. Person” means a U.S. Person that is subject to ERISA or is otherwise exempt from payment of U.S. federal income tax. Generally, a Permitted U.S. Person is exempt from federal income tax on

certain categories of income, such as dividends, interest, capital gains and similar income realized from securities investment or trading activity. This general exemption from tax does not apply to the “unrelated business taxable income” (“UBTI”) of a Permitted U.S. Person. Generally, except as noted above with respect to certain categories of exempt trading activity, UBTI includes income or gain derived from a trade or business, the conduct of which is substantially unrelated to the exercise or performance of the Permitted U.S. Person's exempt purpose or function. UBTI also includes (i) income derived by a Permitted U.S. Person from debt-financed property and (ii) gains derived by a Permitted U.S. Person from the disposition of debt-financed property.

A Permitted U.S. Person investing in a foreign corporation such as the Fund should not realize UBTI with respect to an unleveraged investment in Shares. Permitted U.S. Persons are urged to consult their own tax advisors concerning the U.S. tax consequences of an investment in the Fund.

Any U.S. Person owning ten percent (10%) or more of the value or voting power of the shares of a foreign corporation such as the Fund will likely be required to file an information return with the U.S. Internal Revenue Service containing certain disclosure concerning the filing shareholder, other shareholders and the corporation. The Fund has not committed itself to provide the information about the Fund or its Shareholders needed to complete the return.

WHETHER OR NOT THE UNDERLYING ASSETS OF THE FUND ARE DEEMED PLAN ASSETS UNDER THE REGULATION, AN INVESTMENT IN THE FUND BY A PLAN IS SUBJECT TO ERISA AND/OR THE CODE. ACCORDINGLY, FIDUCIARIES OF SUCH PLANS SHOULD CONSULT WITH THEIR OWN COUNSEL AS TO THE CONSEQUENCES UNDER ERISA AND/OR THE CODE OF AN INVESTMENT IN THE FUND.

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## ADDITIONAL INFORMATION

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### Material Contracts

The Fund has entered into the following contracts (not being contracts in the ordinary course of business) which may be material:

- (A) an Investment Management Agreement between the Fund on behalf of each Sub-Fund or Segregated Account and the Investment Manager pursuant to which the Investment Manager was appointed Investment Manager in respect of each Sub-Fund or Segregated Account of the Fund;
- (B) an Administration Agreement between the Fund on behalf of each Sub-Fund or Segregated Account and the Administrator pursuant to which the Administrator was appointed administrator and registrar and transfer agent to each Sub-Fund or Segregated Account of the Fund; and
- (C) Custodian Agreement between the Fund on behalf of each Sub-Fund or Segregated Account and the Custodian pursuant to which the Custodian shall act as the custodian of the assets of each of the Sub-Funds or Segregated Accounts.

The Fund may enter into additional material contracts in respect of a particular Sub-Fund or Segregated Account and details of these shall be set out in the relevant Supplement.

### Reports to the Shareholders

The Fund will furnish annual reports in respect of each Sub-Fund or Segregated Account to its Shareholders containing financial statements examined by the Fund's independent auditors. Shareholders will be sent copies of the audited financial statements prior to the Fund's annual general meeting each year prepared in accordance with IFRS. The Fund will also issue quarterly financial reports ("Quarterly Report") that will be sent regularly to Shareholders, and made available electronically through the Investment Manager's website ([www.tni.ae](http://www.tni.ae)). The Quarterly Reports shall be certified by the Auditor of the Fund as "Quarterly Reviews". In addition, Shareholders will receive from the Administrator un-audited periodic reports relating to the Fund or the relevant Sub-Fund or Segregated Account's performance.

### Available Documents

This Memorandum is not intended to provide a complete description of the Fund's Memorandum of Association and By-Laws or the agreements with the Investment Manager, Administrator, Custodian and various brokers summarized herein. Copies of the following documents are available for inspection by Shareholders and prospective investors during normal business hours at the Administrator's office:

- (A) The Companies Act, 1981 of Bermuda (as amended);
- (B) The Memorandum of Association and By-Laws of the Fund;
- (C) The material contracts referred to above or in any Supplement;
- (D) The report of the Auditors referred to below and any subsequent audited financial statements; and
- (E) The written consent of the Auditors referred to below.

### Auditor's Consent

Deloitte has given, and has not withdrawn prior to delivery of a copy of the Memorandum for filing with the

Registrar of Companies in Bermuda, its written consent to the inclusion of its name and reference to itself in the form and context in which they appear.

### **Legal Counsel**

The law firms of Appleby's serve as counsel to the Fund in connection with matters pertaining to Bermuda law, and to the Investment Manager and, together or individually, may serve as counsel to other investment funds sponsored or managed by the Investment Manager and its affiliates. Should a future dispute arise between the Fund and Investment Manager, separate counsel may be retained as circumstances and professional responsibilities then dictate. Counsel to the Fund does not represent the Shareholders. See "POTENTIAL CONFLICTS OF INTEREST."

### **Enquiries and Communication with the Fund**

All communications and correspondence with the Fund and inquiries concerning the Fund and the Shares, including information concerning subscription and redemption procedures and current Net Asset Value, should be directed to the Administrator at the address set forth in the "DIRECTORY" appearing elsewhere in this Memorandum.

### **Exchange Control**

The Fund has been classified as non-resident of the Bermuda Exchange Control area by the Bermuda Monetary Authority, whose permission for the issue of the Shares by the Fund has been obtained. The transfer of Shares between persons regarded as resident outside of Bermuda for exchange control purposes and the issue and redemption of Shares to or by such persons may be affected without specific consent under the Exchange Control Act of 1972 of Bermuda and regulations made there under. Issues and transfers involving any person regarded as resident in Bermuda for exchange control purposes require specific prior authorization under that Act.

The Fund, by virtue of being non-resident of Bermuda for exchange control purposes is free to acquire, hold and sell any foreign currency and security without restriction.

### **General Information**

1. The Fund was incorporated in Bermuda with limited liability on 31 May 2006 under the Companies Act, 1981 of Bermuda (as amended) and registered as a segregated account company under the Segregated Accounts Companies Act, 2000 as amended. At the date of this Memorandum, the authorized share capital of the Fund was U.S.\$12,000 divided into 100 Ordinary Shares of U.S.\$1.00 par value each and 11,900,000 Shares of U.S.\$0.001 par value each to be divided upon issue into classes of a Sub-Fund or Segregated Account as more particularly set out in the relevant Supplement. References in this Memorandum or any Supplement to the "Fund" shall include, as the context requires, the Fund acting for and on behalf of each, or any particular Sub-Fund or Segregated Account.

In order to provide for the minimum share capital under Bermuda law, 100 Ordinary Shares of the Fund have been issued to, and are beneficially owned by, the Investment Manager.

2. The Memorandum of Association and the Bye-Laws of the Fund comprise its constitution.

The Memorandum of Association provides various objectives of the Fund, including the carrying on of the businesses described in this Memorandum. The Bye-Laws of the Fund include the provisions summarized below and elsewhere in this Memorandum:

#### **(A) Share Rights**

The authorized share capital of the Fund is divided into Ordinary Shares and Shares. The holders of such shares shall have the following rights:

##### **(i) Rights of the Ordinary Shares**

The holders of Ordinary Shares are entitled to receive notice of and to vote at general meetings of the Fund. The holders of Ordinary Shares are accordingly able to vote to

approve a voluntary winding up of the Fund. The holders of Ordinary Shares shall not be entitled to any dividend or other distribution nor to any payment in a winding up in excess of the amount paid for such Shares.

(ii) Rights of Shares

In the event of a winding up or dissolution of the Fund (whether voluntary or involuntary or for the reorganization of the Fund or otherwise) or upon distribution of the Fund's capital, the holders of Shares are entitled to all surplus assets of the Fund after payment of the par value of the Ordinary Shares. In addition, the holders of such Shares are entitled to such dividends as the Directors may from time to time declare. Details of the voting rights of Shares are set out under "Voting Rights" below.

(B) Variations of Class Rights

- (i) Some or all of the special rights that for the time being are attached to any class of shares for the time being issued (of which there are none at present save as referred to in this Memorandum and any Supplement) may (unless otherwise provided by the terms of issue of the shares of that class) from time to time (whether or not the Fund is being wound up) be altered or abrogated with the consent in writing of the holders of not less than three-quarters (3/4) of the issued shares of that class or with the sanction of a resolution passed with a like majority at a separate general meeting of the holders of such shares on the Register at the date on which notice of such separate general meeting was given. To any such separate general meeting, all of the provisions of the Bye-Laws as to general meetings shall *mutatis mutandis* apply, but so that the necessary quorum shall be two members holding or representing by proxy not less than one-third of the issued shares of the class (but so that if at any adjourned meeting of such holders a quorum as above defined is not present, those holders of shares of the class who are present shall be a quorum), that every holder of shares of the class shall be entitled on a poll to one vote for every share held by him and that any holder of shares of the class present in person or by proxy may demand a poll. For such purposes, the Directors may treat all the series or classes of Shares as forming one class if they consider that all such classes would be affected in the same way by the proposals under consideration but, in any other case, shall treat them as separate classes.
- (ii) The rights attached to each class of Shares of a Sub-Fund or Segregated Account shall be deemed to be varied by the creation or issue of any shares ranking in priority to them as respects participation in the profits or assets of such Sub-Fund or Segregated Account.
- (iii) Subject to paragraph (ii) above, the special rights attached to any class of Shares of a Sub-Fund or Segregated Account having preferential or other special rights shall (unless otherwise expressly provided by the conditions of issue of such shares) not be deemed to be varied by the creation, allotment or issue of further shares of a class of such Sub-Fund or Segregated Account ranking *pari passu* therewith.

(C) Voting Rights

- (i) Shareholders are not entitled to receive notice of, or to attend and vote at, general meetings of the Fund save for general meetings called for the purpose of altering the rights attached to the Shares, or any class thereof. In the foregoing scenario, the provisions of paragraph (iv) below shall apply to such Shareholders so entitled to receive notice of, or to attend and vote at, a general meeting of the Fund. Notwithstanding anything to the contrary, the Fund has the right to issue new series or classes of Shares of a Sub-Fund or Segregated Account without the consent of the Shareholders of other classes of the same Sub-Fund or Segregated Account, provided that such new classes do not rank in priority as regards participation.

- (ii) At any general meeting, every holder of Ordinary Shares who (being an individual) is present in person or (being a corporation) by a duly authorized representative shall have one vote which shall be cast on a show of hands. On a poll, every such holder present as aforesaid or by proxy shall have one vote for each share held.
- (iii) To pass a resolution of the Fund at a general meeting, a majority of the shareholders entitled to vote and attending such meeting in person or by proxy must vote to pass such resolution.
- (iv) Save for any amendment to the Memorandum of Association or Bye-Laws which alters the rights attaching to the Shares which requires the consent of the Shareholders in accordance with paragraph (B) above (Variation by Class Rights), a majority of the holders of the Ordinary Shares who are present in person or by proxy and entitled to vote is required in order to rescind, alter or amend a Bye-Law or make a new Bye-Law. Further, no Bye-Law shall be rescinded, altered or amended and no new Bye-Law shall be made unless the same shall have been proposed and approved at a meeting of the Directors.
- (v) If a proxy sent with a notice of a meeting is not completed and returned prior to the meeting and the Shareholder receiving such proxy and notice does not appear personally at such meeting, such Shareholder's Shares will be voted in the discretion of the proxy and the attorney-in-fact designated in the Subscription Agreement executed by such Shareholder.

(D) Directors

- (i) Each Director who is not an employee of the Investment Manager or related companies receives a flat annual fee that accords with customary directors' fees for service in such capacity. The Directors may also be paid, *inter alia*, for travel, hotel and other expenses properly incurred by them in attending meetings of the Directors or in connection with the business of the Fund. Any Director who devotes special attention to the business of the Fund may be paid such extra remuneration as the Directors may determine.
- (ii) A Director may hold any other office or place of profit under the Fund (other than the office of auditor) in conjunction with his office of Director, or may act in a professional capacity for the Fund on such terms as the Directors may determine. No Director shall be disqualified by his office from contracting with the Fund in any capacity, nor shall any such contract or arrangement entered into by the Fund in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Fund for any profit realized by any such contract or arrangement by reason of such Director holding that office if he shall declare the nature of his interest.
- (iii) A Director, notwithstanding his interest, may be counted in the quorum present at any meeting at which he or any other Director is appointed to hold any such office or place of profit under the Fund or at which the terms of any such appointment are arranged, and he may vote on any such appointment or arrangement other than his own appointment or the arrangement of terms thereof.
- (iv) There is no provision in the Bye-Laws requiring a Director to retire by reason of any age limit and there is no share qualification for Directors.

(E) Indemnities

The Bye-Laws of the Fund provide that, under certain circumstances, every Director, Secretary and other officer or servant of the Fund shall be indemnified by the Fund against, and it shall be the duty of the Directors to pay out of the funds of the Fund, all costs, losses, and expenses that any such officer or servant may incur or become liable for by reason of any contract entered into, or act or thing done by him as such officer or servant, or in any way in the discharge of his duties, and the amount for which such indemnity is provided shall immediately attach as a lien on the property of the Fund and have priority as between the Shareholders over all other claims.

3. Save as disclosed in this Memorandum or any Supplement, no commissions, discounts, brokerages or other special terms have been granted by the Fund in connection with the issue or sale of any Shares.
4. Annual general meetings typically are held in Bermuda, but may be held in any other jurisdiction acceptable to the holder(s) of the Ordinary Shares, on such date as the Directors may determine. Notices convening each annual general meeting, together with the annual accounts and reports, are sent to Shareholders holding Ordinary Shares not later than seven days before the date fixed for the meeting.
5. There is no land or buildings purchased or acquired by the Fund or proposed to be purchased or acquired by the Fund that is to be paid for wholly or partly out of the proceeds of this offer, or the purchase or acquisition of which has not been completed at the date of this Memorandum.
6. The Fund is not engaged in any litigation or arbitration proceedings and is not aware of any litigation or claim pending or threatened by or against it.
7. No person has, or is entitled to be given, an option to subscribe for any share or loan capital of the Fund.
8. The Directors of the Fund confirm that as of the date of this Memorandum (a) the Fund has not commenced business, (b) the Directors have not approved any financial statements to be presented at a general meeting of the Fund, (c) the Auditors have not audited any financial statements of the Fund, (d) the Fund has not paid any dividends, and (e) the Fund has no subsidiaries.