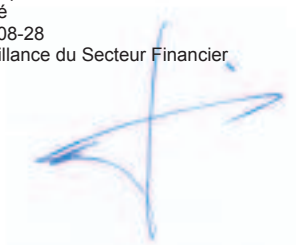

SWAN SICAV-SIF

(Investment company with variable share capital – Specialised Investment Fund)

(*Société d'Investissement à Capital Variable – Fonds d'Investissement Spécialisé*)

R.C.S. Luxembourg B 175600

OFFERING MEMORANDUM

August 2018

GENERAL INFORMATION

- **Overview**

Registered Office of SWAN SICAV-SIF:

20, boulevard Emmanuel Servais
L-2535 Luxembourg
Grand Duchy of Luxembourg

Board of Directors of SWAN SICAV-SIF:

Enrico Angella (Chairman)
President - Swan Asset Management S.A.
Via L. Zuccoli, 19
6900-Lugano Paradiso
Switzerland
Massimiliano Marco Pagani
Independent Director
Sante Jannoni
Independent Director

Management Company of SWAN SICAV-SIF:

PHARUS MANAGEMENT LUX S.A.
16, avenue de la Gare
L-1610 Luxembourg

Board of Directors of the Management Company :

Davide Berra (Chairman)
Pharus Management S.A.
Via Pollini, 7
CH-6850 – Mendrisio (Switzerland)
Davide Pasquali
Pharus Management S.A., Suisse
Via Pollini, 7
CH-6850 – Mendrisio (Switzerland)
Lidia Palumbo
Pharus Management Lux S.A.
16, avenue de la Gare
L1610 Luxembourg
Sebastiano Musumeci
Pharus Management S.A., Suisse
Via Pollini, 7
CH-6850 – Mendrisio (Switzerland)

Depositary Bank of SWAN SICAV-SIF:

Edmond de Rothschild (Europe)
20, boulevard Emmanuel Servais
L-2535 Luxembourg
Grand Duchy of Luxembourg

Domiciliary Agent and Paying Agent,
Registrar and Transfer Agent, Administrative Agent
of SWAN SICAV-SIF:

Edmond de Rothschild (Europe)
20, boulevard Emmanuel Servais
L-2535 Luxembourg
Grand Duchy of Luxembourg

Investment Manager of SWAN SICAV-SIF:

SWAN ASSET MANAGEMENT S.A.
Via L. Zuccoli, 19
CH-6900 Lugano-Paradiso
Switzerland

Prime Broker of SWAN SICAV-SIF:

BNP PARIBAS, London Branch
10 Harewood Avenue
London, NW1 6AA
United Kingdom

Auditor of SWAN SICAV-SIF:

PricewaterhouseCoopers **Société Coopérative**
400, route d'Esch
L-1014 Luxembourg
Grand Duchy of Luxembourg

IMPORTANT INFORMATION

By accepting this confidential OFFERING MEMORANDUM, the recipient agrees to be bound by the following:

This OFFERING MEMORANDUM is submitted on a confidential private placement basis to a number of Well-Informed Investors who have expressed an interest in subscribing for Shares in **SWAN SICAV-SIF** (hereafter the "**Fund**") in accordance with the 2007 Act.

Unless otherwise defined, capitalized terms used throughout this OFFERING MEMORANDUM shall have the meanings ascribed to such terms in the Section "Definitions".

This OFFERING MEMORANDUM has been prepared solely for the consideration of prospective Well-Informed Investors in the Fund and is circulated to a limited number of Well-Informed Investors on a confidential basis solely for the purpose of evaluating an investment in the Fund. This OFFERING MEMORANDUM supersedes and replaces any other information provided by the Fund and its respective representatives and agents in respect of the Fund. However, the OFFERING MEMORANDUM is provided for information only, and is not intended to be and must not be taken alone as the basis for an investment decision. By accepting this OFFERING MEMORANDUM and any other information supplied to potential Investors by the Fund, the recipient agrees that such information is confidential. Neither it nor any of its employees or advisors will use the information for any purpose other than for evaluating an investment in the Fund or divulge such information to any other party and acknowledges that this OFFERING MEMORANDUM may not be photocopied, reproduced or distributed to others without the prior written consent of the Fund. Each recipient hereof by accepting delivery of this OFFERING MEMORANDUM agrees to keep confidential the information contained herein and to return it and all related materials to the Fund if such recipient does not undertake to purchase any of the Shares. The information contained in the OFFERING MEMORANDUM and any other documents relating to the Fund may not be provided to persons (other than professional advisers) who are not directly concerned with any Investor's decision regarding the investment offered hereby.

By accepting this OFFERING MEMORANDUM, Investors in the Fund are not to construe the contents of this OFFERING MEMORANDUM or any prior or subsequent communications from the Fund, the Service Providers or any of their respective officers, members, employees, representatives or agents as investment, legal, accounting, regulatory or tax advice. Prior to investing in the Shares, Investors should conduct their own investigation and analysis of an investment in the Fund and consult with their legal advisors and their investment, accounting, regulatory and tax advisors to determine the consequences of an investment in the Shares and arrive at an independent evaluation of such investment, including the applicability of any legal sales or investment restrictions without reliance on the Fund, the Service Providers or any of their respective officers, members, employees, representatives or agents. Neither the Fund, the Service Providers nor any of their respective officers, members, employees, representatives or agents accepts any responsibility or liability whatsoever for the appropriateness of any potential Investors investing in the Fund.

The Shares have not been registered under the US Securities Act of 1933, as amended (the "US Securities Act") or the securities laws of any state or political subdivision of the United States, and may not and will not be offered, sold, transferred or delivered, directly or indirectly, in the United States or to, or for the account or benefit of, any US person. The Fund is not registered nor does it intend to register under the US Investment Company Act of 1940, as amended (the "US Investment Company Act") as an investment company in reliance on the exemption from such registration pursuant to Section 3(cX7) thereunder. Accordingly, the Shares are being offered and sold only (i) outside the United States to persons that are (a) other than US persons as defined in Regulation S under the US Securities Act and (b) not US residents (within the meaning of the Investment Company Act) in offshore transactions that meet the requirements of Regulation S under the US Securities Act.

The text of the Articles is integral to the understanding of this OFFERING MEMORANDUM. Investors should review the Articles carefully. In the event of any inconsistency between this OFFERING MEMORANDUM and the Articles, the Articles shall prevail.

The Articles, the agreements with the Service Providers and related documentation are described in summary form herein; these descriptions do not purport to be complete and each such summary description is subject to, and qualified in its entirety by reference to, the actual text of the Articles, the agreements with the Service Providers and related documentation, including any amendment thereto.

No action has been taken which would permit a public offering of the Shares in any jurisdiction where action for that purpose would be required. The OFFERING MEMORANDUM and any other documents relating to the Fund do not constitute an offer or solicitation in any jurisdiction in which an offer or solicitation is not authorized, or in which the person making the offer or solicitation is not qualified to do so, or to any person to whom it is unlawful to make such an offer or solicitation. Any representation to the contrary is unlawful. No action has been taken by the Fund that would permit a public offering of Shares or possession or distribution of information in any jurisdiction where action for that purpose is required.

Investors should have the financial ability and willingness to accept the risks of investing in the Fund (including, without limitation, the risk of loss of their entire investment) and accept that they will have recourse only to the assets of the Sub-Fund in which they invest as these will exist at any time. Additionally, there will be no public market for the Shares.

Certain statements contained in this OFFERING MEMORANDUM are forward-looking statements. These forward-looking statements are based on current expectations, estimates and projections about the markets in which the Fund will operate, and the beliefs and assumptions of the Fund. Words such as "expects", "anticipates", "should", "intends", "plans", "believes", "seeks", "estimates", "forecasts", "projects", variations of such words and similar expressions are intended to identify such forward-looking statements. These statements are not guarantees of future performance and involve certain risks, uncertainties and assumptions which are difficult to predict. Therefore, actual outcomes and results may differ materially from what is expressed or forecasted in such forward-looking statements.

An investment in the Shares involves significant risks and there can be no assurance or guarantee as to a positive return on any of the Fund's Investments or that there will be any return on invested capital. Potential Investors should in particular refer in this OFFERING MEMORANDUM to Section 4 of the General Section. The investment objectives are based on a number of assumptions which the Fund believes reasonable, but there is no assurance that the investment objectives will be realized.

The Fund has taken all reasonable care to ensure that the information contained in this OFFERING MEMORANDUM is accurate as of the date as stated herein. Other than as described below, the Fund has no obligation to update this OFFERING MEMORANDUM.

Under no circumstances should the delivery of this OFFERING MEMORANDUM, irrespective of when it is made, create an implication that there has been no change in the affairs of the Fund since such date. The Fund reserves the right to modify any of the terms of the offering and the Shares described herein. This OFFERING MEMORANDUM may be updated and amended by a supplement and where such supplement is prepared this OFFERING MEMORANDUM will be read and construed with such supplement.

This OFFERING MEMORANDUM will be updated in accordance with Luxembourg Law.

No person has been authorized to give any information or to make any representation concerning the Fund or the offer of the Shares other than the information contained in this OFFERING MEMORANDUM and any other documents relating to the Fund, and, if given or made, such information or representation must not be relied upon as having been authorized by the Fund or any Service Provider.

The Luxembourg financial supervisory authority ("*Commission de Surveillance du Secteur Financier*" or "CSSF") may not be held liable of the content of this Issuing Document, and the registration of the Fund pursuant to the 2007 Act may not be interpreted as a positive assessment by the CSSF of the quality of the proposed investment or of the securities issued by the Fund.

In compliance with the Luxembourg applicable data protection laws and regulations, including but not limited to the Regulation n°2016/679 of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data ("**GDPR**"), as such applicable laws and regulations may be amended from time to time (collectively hereinafter referred to as the **Data Protection Laws**), SWAN SICAV - SIF (the "**Fund**"), acting as data controller (the "**Data Controller**") processes personal data in the context of the investments in the Fund. The term "processing" in this notice has the meaning ascribed to it in the Data Protection Laws.

1. CATEGORIES OF PERSONAL DATA PROCESSED

Any personal data as defined by the Data Protection Laws (including but not limited to the name, email address, postal address, date of birth, marital status, country of residence, identity card or passport, tax identification number and tax status, contact and banking details including account number and account balance, resume, invested amount and the origin of the funds) relating to (prospective) investors who are individuals and any other natural persons involved in or concerned by the Fund's professional relationship with investors, as the case may be, including but not limited to any representatives, contact persons, agents, service providers, persons holding a power of attorney, beneficial owners and/or any other related persons (each a "**Data Subject**") provided in connection with (an) investment(s) in the Fund (hereinafter referred to as "**Personal Data**") may be processed by the Data Controller.

2. PURPOSES OF THE PROCESSING

The processing of Personal Data may be made for the following purposes (the "**Purposes**"):

a) For the performance of the contract to which the investor is a party or in order to take steps at the investor's request before entering into a contract

This includes, without limitation, the provision of investor-related services, administration of the shareholdings in the Fund, handling of subscription, redemption, conversion and transfer orders, maintaining the register of shareholders, management of distributions, sending of notices, information and communications and more generally performance of service requests from and operations in accordance with the instructions of the investor.
The provision of Personal Data for this purpose:
- has a contractual nature or is a requirement necessary for the Fund to enter into a contractual relationship with the investor; and
- is mandatory;

b) For compliance with legal and/or regulatory obligations

This includes (without limitation) compliance:

- with legal and/or regulatory obligations such as anti-money laundering and fight against terrorism financing, protection against late trading and market timing practices and accounting obligations;

- with identification and reporting obligations under the foreign account tax compliance act ("**FATCA**") and other comparable requirements under domestic or international exchange tax information mechanisms, such as the Organisation for Economic Co-operation and Development ("**OECD**") and EU standards for transparency and automatic exchange of financial account information in tax matters ("**AEOI**") and the

common reporting standard ("**CRS**") (hereinafter collectively referred to as "**Comparable Tax Regulations**"). In the context of FATCA and/or Comparable Tax Regulations, Personal Data may be processed and transferred to the Luxembourg tax authorities who, in turn and under their control, may transfer such Personal Data to the competent foreign tax authorities, including, but not limited to, the competent authorities of the United States of America with requests from, and requirements of, local or foreign authorities.

The provision of Personal Data for this purpose :

- has a statutory/regulatory nature and
- is mandatory.

In addition to the consequences mentioned in the last paragraph of item 2 hereunder, not providing Personal Data in this context may also result in incorrect reporting and/or tax consequences for the investor;

c) For the purposes of the legitimate interests pursued by the Fund

This includes the processing of Personal Data for risk management and for fraud prevention purposes, improvement of the Fund's services, disclosure of Personal Data to Processors (as defined in item 3 hereunder) for the purpose of the processing on the Fund's behalf. The Fund may also use Personal Data to the extent required for preventing or facilitating the settlement of any claims, disputes or litigations, for the exercise of its rights in case of claims, disputes or litigations or for the protection of rights of another natural or legal person.

The provision of Personal Data for this purpose:
- has a contractual nature or is a requirement necessary for the Fund to enter into a contractual relationship with the investor; and
- is mandatory;

and/or

d) For any other specific purpose to which the Data Subject has consented
This covers the use and further processing of Personal Data where the Data Subject has given his/her explicit consent thereto, which consent may be withdrawn at any time, without affecting the lawfulness of processing based on consent before its withdrawal.

Not providing Personal Data for the Purposes under items 2.a to 2.c hereabove or the withdrawal of consent under item 2.d hereabove may result in the impossibility for the Fund to accept the investment in the Fund and/or to perform investor-related services, or ultimately in the termination of the contractual relationship with the investor.

3. DISCLOSURE OF PERSONAL DATA TO THIRD PARTIES

Personal Data may be transferred by the Fund, in compliance with and within the limits of the Data Protection Laws, to its delegates, service providers or agents, such as (but not limited to) its management company, its domiciliary agent, its auditor, other entities directly or indirectly affiliated with the Fund and any other third parties who process the Personal Data in the provision of their services to the Fund, acting as data processors (collectively hereinafter referred to as "**Processors"**).

Such Processors may in turn transfer Personal Data to their respective agents, delegates, service providers, affiliates, such as (but not limited to) the Fund's administrative agent, registrar and transfer agent, the global distributor/distributors acting as sub-processors (collectively hereinafter referred to as "**Sub-Processors"**).

Such Sub-Processors may also in turn transfer Personal Data to their respective agents, delegates, service providers, affiliates, etc (the "**Subsequent Sub-Processors"**).
Personal Data may also be shared with service providers, processing such information on their own behalf as data controllers, and third parties, as may be required by applicable laws and regulations (including but not limited to administrations, local or foreign authorities (such as competent regulator, tax authorities, judicial authorities, etc)).
Personal Data may be transferred to any of these recipients in any jurisdiction including outside of the European Economic Area ("**EEA**"). The transfer of Personal Data outside of the EEA may be made to countries ensuring (based on the European Commission's decision) an adequate level of protection or to other countries not ensuring such adequate level of protection. In the latter case, the transfer of Personal Data will be protected by appropriate or suitable safeguards in accordance with Data Protection Laws, such as standard contractual clauses approved by the European Commission. The Data Subject may obtain a copy of such safeguards by contacting the Fund.

4. RIGHTS OF THE DATA SUBJECTS IN RELATION TO PERSONAL DATA

Under certain conditions set out by the Data Protection Laws and/or by applicable guidelines, regulations, recommendations, circulars or requirements issued by any local or European competent authority, such as the Luxembourg data protection authority (the *Commission Nationale pour la Protection des Données* – "**CNPD**") or the European Data Protection Board, each Data Subject has the right:

- to access his/her Personal Data and to know, as the case may be, the source from which his/her Personal Data originates and whether such data came from publicly accessible sources;
- to ask for a rectification of his/her Personal Data in cases where such data is inaccurate and/or incomplete,
- to ask for a restriction of processing of his/her Personal Data,
- to object to the processing of his/her Personal Data,
- to ask for the erasure of his/her Personal Data, and
- to data portability with respect to his/her Personal Data.

Further details regarding the above rights are provided for in Chapter III of GDPR and in particular articles 15 to 21 of GDPR.

No automated decision-making is conducted.

To exercise the above rights and/or withdraw his/her consent regarding any specific processing to which he/she has consented, the Data Subject may contact the Fund's data protection officer at the following address: info@pharusmanco.lu

In addition to the rights listed above, should a Data Subject consider that the Fund does not comply with the Data Protection Laws, or has concerns with regard to the protection of his/her Personal Data, the Data Subject is entitled to lodge a complaint with a supervisory authority (within the meaning of GDPR). In Luxembourg, the competent supervisory authority is the CNPD.

5. INFORMATION ON DATA SUBJECTS RELATED TO THE INVESTOR

To the extent the investor provides Personal Data regarding Data Subjects related to him/her/it (e.g. representatives, beneficial owners, contact persons, agents, service providers, persons holding a power of attorney, etc.), the investor acknowledges and agrees that: (i) such Personal Data has been obtained, processed and disclosed in compliance with any applicable laws and regulations and its/his/her contractual obligations; (ii) the investor shall not do or omit to do anything in effecting this disclosure or otherwise that would cause the Fund, the Processors, Sub-Processors and/or Subsequent Sub-Processors to be in breach

of any applicable laws and regulations (including Data Protection Laws); (iii) the processing and transferring of Personal Data as described herein shall not cause the Fund, the Processors, Sub-Processors and/or Subsequent Sub-Processors to be in breach of any applicable laws and regulations (including Data Protection Laws); and (iv) without limiting the foregoing, the investor shall provide, before the Personal Data is processed by the Fund, the Processors, Sub-Processors and/or Subsequent Sub-Processors, all necessary information and notices to such Data Subjects concerned, in each case as required by applicable laws and regulations (including Data Protection Laws) and/or its/his/her contractual obligations, including information on the processing of their Personal Data as described in this notice. The investor will indemnify and hold the Fund, the Processors, Sub-Processors and/or Subsequent Sub-Processors harmless for and against all financial consequences that may arise as a consequence of a failure to comply with the above requirements.

6. DATA RETENTION PERIOD

Personal Data will be kept in a form which permits identification of Data Subjects for at least a period of ten (10) years after the end of the financial year to which they relate or any longer period as may be imposed or permitted by applicable laws and regulations, in consideration of the legal limitation periods (including for litigation purposes).

7. RECORDING OF TELEPHONE CONVERSATIONS

Investors, including the Data Subjects related to him/her/it (who will be individually informed by the investors in turn) are also informed that for the purpose of serving as evidence of commercial transactions and/or any other commercial communications and then preventing or facilitating the settlement of any disputes or litigations, their telephone conversations with and/or instructions given to the Fund, its management company, its depositary bank, its domiciliary agent, its administrative agent, its registrar and transfer agent, and/or any other agent of the Fund may be recorded in accordance with applicable laws and regulations. These recordings are kept during a period of seven (7) years or any longer period as may be imposed or permitted by applicable laws and regulations, in consideration of the legal limitation periods (including for litigation purposes). These recordings shall not be disclosed to any third parties, unless the Fund, its management company, its depositary bank, its domiciliary agent, its administrative agent, its registrar and transfer agent and/or any other agent of the Fund is/are compelled or has/have the right to do so under applicable laws and/or regulations in order to achieve the purpose as described in this paragraph.

GENERAL SECTION

The General Section applies to all Sub-Fund of the Fund. The specific features of each Sub-Fund are set forth in its Sub Fund Appendices.

1.2 Description of the Fund

SWAN SICAV-SIF (the "**Fund**") is an open-ended investment company with variable capital (a "société d'investissement à capital variable" or "**SICAV**"), organised as a public limited company ("société anonyme") incorporated under Luxembourg law.

The Fund was incorporated by notarised deed on 22 February 2013 and is governed by the Law of 13th February 2007 on Specialised Investment Funds ("**SIF**") , as amended or supplemented from time to time, and recently by the law of 26 March 2012 amending the Luxembourg law of 13 February 2007 on specialised investment funds officially entered into force on 1 April 2012 after having been adopted by the Luxembourg Parliament on 6 March 2012 (the "**SIF Law**") and to the circular letter 07/309 of 3 August 2007 issued by the Luxembourg supervisory authority, the Commission de Surveillance du Secteur Financier (the "**CSSF**") in relation to risk spreading in the context of SIF's (the "**Circular 07/309**").

The Articles are published in the "Mémorial C, Recueil des Sociétés et Associations" (the "**Mémorial**") N. 972 of 24 April 2013, R.C.S. Luxembourg B 175600, and have been filed with the Luxembourg Register of Commerce.

The Fund qualifies as alternative investment fund («AIF») in accordance with the SIF Law and the law of 12 July 2013 on alternative investment fund managers*. It is enrolled in the Official list of Specialised Investment Funds kept* by the Luxembourg Supervisory Authority on the financial sector, the *Commission de Surveillance du Secteur Financier* (the "**CSSF**") and is subject to the supervision of such Authority in accordance with the SIF Law.

However, such registration does not imply a positive assessment by the CSSF of the contents of the OFFERING MEMORANDUM or of the quality of the shares (the "Shares") offered for sale. Any representation to the contrary is unauthorized and unlawful.

As of the date of the OFFERING MEMORANDUM, the Fund has appointed Pharus Management Lux S.A. in accordance with the determinations undertaken under 2.2. of this OFFERING MEMORANDUM as its external manager pursuant to the Luxembourg law dated 12 July 2013 on alternative investment fund managers (the "**AIFM Law**").

Umbrella structure – Sub-Funds and Classes

The Fund is an investment company with multiple sub-funds (the "**Sub-Funds**", each a "**Sub-Fund**") which permits the offer of shares (the "**Shares**") on the basis of the information contained in the present OFFERING MEMORANDUM as well as in the documents described herein.

The Fund will have the possibility to create additional Sub-Funds, in accordance with the provisions of the SIF Law and of the Articles of Association of the Fund (the "**Articles**").

Each Sub-Fund is treated as a separate entity and operates independently, each portfolio of Investments being invested for the exclusive benefit of the relevant Sub-Fund. A purchase of Shares relating to a particular Sub-Fund does not give the holder of these Shares any rights with respect to another Sub-Fund.

Within a Sub-Fund, the Board of Directors of the Fund may decide to issue one or more Classes the Investments of which will be commonly invested but subject to different fee structures, distribution, marketing targets, currency or other specific features as further detailed in the relevant Special Section. A separate Net Asset Value per Share, which may differ as a consequence of these variable factors, will be calculated for each Class.

The Board of Directors may issue an unlimited number of Shares in each Sub-Fund and in each Class. The Board of Directors may furthermore decide, at any time, to create additional Sub-Fund and Classes whose features may differ from the existing Sub-Fund and Classes. Upon creation of an additional Sub-Fund or Class, the OFFERING MEMORANDUM will be updated and, if necessary, supplemented by an additional Special Section.

Shares are exclusively reserved for subscription by Well-Informed Investors. Investors should note that some Sub-Funds or Classes may not be available to all Well-Informed Investors. In addition, Investors should note that the Board of Directors reserves the right to reject (in whole or in part) any Subscription Form in its absolute discretion.

Side Pockets

Subject to the prior approval of the CSSF, the Board of Directors may decide to designate one or more specified Investments that (i) lack a readily assessable market value, (ii) are hard to value and/or (iii) are illiquid, as Side Pocket Investments.

Subject to the approval of the CSSF and after the Shareholders have been duly informed, the Board of Directors is entitled to compulsorily convert on a pro rata basis a part of the outstanding Shares of each Classes (if any) of the relevant Sub-fund into the SP Class, which has been newly formed by the Board of Directors within the relevant Sub-Fund. The SP Class will have an initial Net Asset Value equal to the fair value (which may be the cost) of such Side Pocket Investments net of any costs including deferred fees attributable to that SP Class.

The Net Asset Value of the Side Pocket Investments shall in principle not exceed (at the moment of the creation of the SP Class) 30% of the Net Asset Value of the relevant Sub-Fund.

Any such decision will be taken by the Board of Directors with due care and in good faith in the best interest of the Shareholders. The creation of a side pockets is designed to:

i. protect redeeming Shareholders from being paid an amount in respect of these illiquid or hard to value investments that may be less than their ultimaterealisation value;
ii. (protect the non-redeeming Shareholders against the disposal of part or all of the most liquid investments in order to satisfy the then outstanding redemption requests;
iii. protect new investors by ensuring that they are not exposed to these Side Pocket Investments when subscribing for new Shares in the Sub-Fund; or

iv. avoid a suspension of the calculation of the Net Asset Value (and of subscriptions and redemptions) on the basis of Section 6.2 of this General Section affecting all the Shareholders in the relevant Sub-Fund.

v. The Shares of the SP Class will be treated as if redeemed as of the date of the compulsory conversion of the relevant Shares into that SP Class. The Shares of the SP Class will further entitle their holders to participate on a pro rata basis in the relevant Side Pocket Investments. The Shares of the SP Class are not redeemable upon request by a relevant Shareholder.

vi. The Board of Directors shall have as its priority objective to realize the Side Pocket Investments in the best interest of the relevant Shareholders which depends, inter alia, on the market conditions. The Side Pocket Investments should be realized within a reasonable timeframe which shall in principle not exceed three years starting from the day of the compulsory conversion.

The Side Pockets Investments will be subject to a separate accounting and the value and liabilities allocated to the Side Pocket Investments shall be separate from other Classes. For the purpose of calculating the Net Asset Value of the SP Class, the Side Pocket Investments will either be valued at the fair value estimated in good faith and with the prudent care of the Board of Directors or remained booked at the value of the relevant Side Pocket Investments when converted into the SP Class.

Given the expected illiquid nature of Side Pocket Investments, the Net Asset Value, if any, of the Shares of the SP Class cannot be determined with the same degree of certainty as it would be the case in respect of the Shares of other Classes.

No fees(including the Management Fee or a performance fee, if any) will be levied on the net assets of the SP Class.

The Fund is reserved for well-informed investors within the meaning of article 2 of the SIF Law who on the basis of the OFFERING MEMORANDUM, have made their own assessment of the conditions of their participation in the Fund. Accordingly, it is the responsibility of participating investors to determine whether investment in the Fund and the rights afforded to them are suitable and whether they can perform the obligations placed on them.

No person is authorised to give any information or to make any representations other than those contained in the OFFERING MEMORANDUM and in the documents referred to therein.

The registration of the Fund as a SIF does not require any Luxembourg authority to approve or disapprove either the adequacy or accuracy of the OFFERING MEMORANDUM or the assets held in the Fund. Any representations to the contrary are unauthorised and unlawful.

The value of the Shares may fall as well as rise and a Shareholder, upon redemption of Shares may not get back the amount he initially invested. Income from the Shares may fluctuate in money terms and changes in rates of exchange may cause the value of the Shares to go up or down. The levels and basis of, and relief from, taxation may change. There can be no assurance that the investment objectives of the Fund will be achieved.

The board of directors of the Fund (the "**Board of Directors**") has to its best knowledge and belief taken all reasonable care to ensure that the information contained in this OFFERING MEMORANDUM is accurate and does not omit anything likely to affect the accuracy of such information.

Investors should inform themselves and should take appropriate advice on the legal requirements as to possible tax consequences, foreign exchange restrictions or exchange control requirements which they might encounter under the laws of the countries of their citizenship, residence, or domicile and which might be relevant to the subscription, purchase, holding, redemption, if applicable, or disposal of the Shares of the Fund.

Investors should furthermore be informed that the supervision of the Luxembourg Supervisory Authority – the Commission de Surveillance du Secteur Financier (CSSF) – on undertakings qualifying as Specialised Investments Funds is lighter than supervision normally carried out on UCITS IV products.

2. MANAGEMENT AND ADMINISTRATION

2.1. The Board of Directors

The Board of Directors of the Fund, as appointed from time to time, is responsible for all commitments of the Fund and for the management of the Fund and of the assets of each Sub-fund in compliance with the Articles and the provisions of this OFFERING MEMORANDUM for the sole benefit, and in the best interest, of the Shareholders.

The Board of Directors is responsible, while observing the principle of risk diversification, for laying down the investment policy of each Sub-Fund of the Fund and for monitoring the business activity of each Sub-Fund of the Fund. The Board of Directors has delegated to the Management Company the implementation of the investment policy of each Sub-Fund of the Fund, the administration and the distribution of the Fund.

2.2. The Management Company

The Management Company is responsible for the administration and the management of the Fund as well as the determination of the investment objectives and policy to be followed in each Sub-Fund.

In defining the investment policy and the day-to-day management of each of the Sub-Funds, the Management Company may be assisted, under its overall control and responsibility, by one or several investment managers and/or investment advisors the name of which, in case, will be specified in the Appendix to this OFFERING MEMORANDUM.

In order to cover potential liability risks arising from professional negligence, the Management Company acting as AIFM holds appropriate additional own funds in accordance with the provisions of the AIFM Directive as implemented in its legal order to cover any potential professional liability resulting from its activities as AIFM.

According to a management company agreement dated 27th of June 2014 which takes effect as from 27th of June 2014, PHARUS MANAGEMENT LUX S.A., a chapter 15 management company, having its registered office at 16 avenue de la Gare, L-1610

Luxembourg, has been appointed to act as the management company of the Fund (the "**Management Company**"). The Management Company qualifies as from the 22nd of July 2013 as alternative investment manager of the Fund.

The management company agreement is for an indefinite period of time and may be terminated by either party with three (3) months' written notice.

The Management Company is a company incorporated in Luxembourg as a "société anonyme" on 3 July 2012 for an indefinite duration and registered in the Luxembourg Commercial Register under Number B169798. Its registered capital is set at three-hundred fifty thousand euro (EUR 350,000) divided into three hundred and fifty (350) registered shares, with a nominal value of one thousand euro (EUR 1,000), each fully paid up.

Besides managing the Fund, the Management Company currently manages additional undertakings for collective investments, the list of which can be obtained from the Management Company.

The Management Company shall be responsible for the management and the administration of the Fund.

The Management Company shall be responsible for the implementation of the investment policy of all Sub-Funds. The Management Company may under its control and supervision appoint one or more Investment Advisers/Managers to provide investment information, recommendations and research concerning prospective and existing investments and to deal with the day-to-day investment management of the portfolio of the Sub-Funds.

2.3. The Depositary Bank and Domiciliary Agent

2.3.1. Edmond de Rothschild (Europe) has been appointed to act as depositary bank and domiciliary agent of the Fund in accordance with the Depositary Bank Agreement (as amended from time to time).

2.3.2. Edmond de Rothschild (Europe) is a bank organized as a société anonyme, regulated by the CSSF and incorporated under the laws of the Grand Duchy of Luxembourg. Its registered office and administrative offices are at 20, Boulevard Emmanuel Servais L-2535 Luxembourg.

2.3.3. The Depositary Bank Agreement provides that it will remain in force for an unlimited period and that it may be terminated by either party at any time upon 90 days' written notice.

2.3.4. In consideration of the services rendered, the Depositary Bank and the Domiciliary Agent receive a fee as detailed in section 9.5 of this OFFERING MEMORANDUM.

2.3.5. The Depositary Bank and the Domiciliary Agent shall assume their functions and responsibilities in accordance with the Luxembourg applicable laws and

regulations and the Depositary Bank Agreement.

In particular, the Depositary Bank shall be liable to the Fund or to the Shareholders for the loss of Financial Instruments (as defined in the AIFM Law) by the Depositary Bank or its delegates to which it has delegated its custody functions. A loss of a Financial Instrument held in custody by the Depositary Bank or its delegate shall be deemed to have taken place when any of the following conditions is met:

(a) a stated right of ownership of the Fund is demonstrated not to be valid because it either ceased to exist or never existed; or

(b) the Fund has been definitively deprived of its right of ownership over the Financial Instrument; or

(c) the Fund is definitively unable to directly or indirectly dispose of the Financial Instrument.

For avoidance of any doubt, a Financial Instrument shall not be deemed to be lost where the Fund is definitively deprived of its right of ownership, but this Financial Instrument is substituted by or converted into another Financial Instrument or instruments.

In case of loss of Financial Instruments by the Depositary Bank or any of its delegates, the Depositary Bank shall return Financials Instruments of identical type or the corresponding amount to the Fund without undue delay. However, the Depositary Bank's liability shall not be triggered if the Depositary Bank can prove that all the following conditions are met in accordance with the AIFM Law and the AIFM Regulation 231/2013 of 19 December 2012 supplementing Directive 2011/61/EU of the European Parliament and of the Council with regard to exemptions, general operating conditions, depositaries, leverage, transparency and supervision (the "AIFM Regulation"):

i. the event which led to the loss is not the result of any act or omission of the Depositary Bank or of any of its delegate;

ii. the Depositary Bank could not have reasonably prevented the occurrence of the event which led to the loss despite adopting all precautions incumbent on a diligent depositary bank as reflected in common industry practice;

iii. despite rigorous and comprehensive due diligence, the Depositary Bank could not have prevented the loss.

The requirements referred to in items i and ii here-above may be deemed to be fulfilled in the following circumstances:

(a) natural events beyond human control or influence;
(b) the adoption of any law, decree, regulation, decision or order by any government or governmental body, including any court or tribunal, which impacts the Financial Instruments;
(c) war, riots or other major upheavals.

The Depositary Bank's liability shall not be affected by any delegation of its custody functions unless it has discharged itself of its liability in accordance with article(s) 19.(13) and/or 19.(14) of the AIFM Law and the AIFM Regulation.

2.3.6. The Depositary Bank and the Domiciliary Agent shall not be liable for the contents of this OFFERING MEMORANDUM and will not be liable for any insufficient, misleading or unfair information contained in this OFFERING MEMORANDUM.

2.4. The Paying Agent, Registrar and Transfer Agent, Administrative Agent

Edmond de Rothschild (Europe) has also been appointed by the Management Company (with the consent of the Fund) as the central administrative agent, registrar and transfer agent and paying agent of the Fund, herein collectively referred as the "**Administrator**", and will be responsible for the performance of the central administrative functions required by Luxembourg Law, the calculation of the Net Asset Value of the Shares, the processing of the issues, redemptions and conversions of Shares, the safe keeping of the Register and the maintenance of the Fund's accounting records.

The relationship between the Management Company, the Fund and the Administrator is subject to the terms of the Central Administration Agreement entered into between the Fund, the Management Company and the Administrator with effect on 27th of June 2014 (as amended from time to time) for an unlimited period of time. The Fund, the Management Company and the Administrator may terminate the Central Administration Agreement upon prior written notice of ninety (90) days.

The duties of the Administrator are listed in the Central Administration Agreement.

The Administrator will not be liable for the Fund's investment decisions nor the consequences of the Fund's investment decisions on its performances and the Administrator is not responsible for the monitoring of the compliance of the Fund's investments with the rules contained in its Articles and/or its OFFERING MEMORANDUM and/or in any investment management agreement(s) concluded between the Fund or the Management Company and its investment manager(s).

In consideration of the services rendered, the Administrator receives a fee as detailed in section 9.5 of this OFFERING MEMORANDUM.

The Administrator shall not be liable for the contents of this OFFERING MEMORANDUM and will not be liable for any insufficient, misleading or unfair information contained in this OFFERING MEMORANDUM.

2.5. The Investment Manager(s) and Investment Advisor(s)

The Management Company may delegate the investment management of a relevant Sub-Fund to one or more Investment Managers pursuant to an investment management agreement between the Management Company and that Investment Manager. Such an appointment will be done under the responsibility and the supervision of the Management Company and disclosed in the relevant Special Section.

Subject to the prior approval of the Management Company, the Investment Manager may appoint one or more sub-managers or advisers based on their particular knowledge, skills and experience which may be necessary or recommendable for the achievement of the investment objectives of the relevant Sub-Fund. Such a sub-manager or adviser will in principle provide its services under the costs and the responsibility of the Investment Manager.

2.6. Prime Brokers

2.6.1 With the prior consent of the Depositary Bank, the Fund may use the services of prime brokers (each a "Prime Broker").

2.6.2 Where a Prime Broker is appointed, the Fund and/or the Management Company shall ensure that from the date of that appointment, an agreement is in place pursuant to which the Prime Broker is required to make available, on an on-going basis, to the Depositary Bank all relevant information that the Depositary Bank needs in order to comply with its obligations under Luxembourg law, in particular the statement as specified in Article 91 of the AIFM Regulation.

2.6.2. Where a Prime Broker

(i) does not hold in custody any Financial Instruments of the Fund or
(ii) is entrusted with Financial Instruments of the Fund by way of "transfer of ownership" (*transfert de propriété*):

This Prime Broker shall not to be considered as a delegate of the Depositary Bank and shall not belong to the sub-custody network of the Depositary Bank. As a result, the Depositary Bank shall not be liable to the Fund and/or its Shareholders for the loss of Financial Instruments held in custody (if any) by such Prime Broker.

2.6.3 Where (i) a Prime Broker holds in custody Financial Instruments of the Fund whose ownership has not been transferred to this Prime Broker and (ii) the Depositary Bank has not discharged itself of its liability in accordance with article 19.(13) or 19.(14) of the AIFM Law and the AIFM Regulation:

This Prime Broker shall be considered as a delegate of the Depositary Bank and shall belong to the sub-custody network of the Depositary Bank. As a result, in case of loss of Financial Instruments held by this Prime Broker, the Depositary Bank's liability

(and the relevant limitation of liability, as the case may be) as described in the "Depositary Bank" section of this Prospectus shall apply, in accordance with AIFM Law and AIFM Regulation.

2.6.4 Where (i) a Prime Broker holds in custody Financial Instruments of the Fund whose ownership has not been transferred to this Prime Broker and (ii) the Depositary Bank's liability with respect to custody of these Financial Instruments held by the Prime Broker has been transferred to such Prime Broker in accordance with article 19.(13) or 19.(14) of the AIFM Law and the AIFM Regulation:

The Depositary Bank shall not be liable to the Fund and/or its Shareholders for the loss of such Financial Instruments held by such Prime Broker.

3. CONFLICTS OF INTEREST / SOFT COMMISSION AGREEMENTS

Investors should be aware that there may be situations in which each and any of the Directors, any agent of the Fund including the Management Company, the relevant Investment Manager or the relevant Investment Adviser encounter a conflict of interest in connection with the Fund. In particular, Investors should be aware of the following:

(a) A Director, an agent of the Fund including the Management Company, an Investment Manager or an Investment Adviser may control, directly or indirectly, an Affiliated Company. An Affiliated Company may be entitled to receive a portion, or all, of the brokerage commissions, transaction charges, advisory fees, investment management fees or any other type of remuneration paid out of the relevant Sub-Fund. An Affiliated Company may be in conflict of interest with the relevant Director, the Management Company, the relevant Investment Manager, the relevant Investment Adviser or any other agent of the Fund.

(b) Any Investment Manager and any Investment Adviser may advise or make, as the case may be, investments for the account of other persons and entities without making the same for the Fund where, in regard to its relevant obligations, the Investment Manager or the Investment Adviser consider that it acts in the best interests of the Fund, so far as reasonably practicable having regard to its obligations to those other persons and entities.

(c) An Interested Party may be involved in other financial, investment or other professional activities including in connection with the UCIs which may cause a conflict of interest with the Fund. Furthermore, Interested Parties may provide services similar to those provided to the Fund to other entities and will not be liable to account for any profit earned from these services. An Interested Party may also acquire investments in which a relevant Sub-Fund is or intends to invest into.

(d) The Fund may acquire securities from or dispose of securities to any Interested Party or any other UCI or account advised or managed by an Interested Party. An

Interested Party may provide professional services to the Fund or hold Shares and buy, hold and deal in any investments for its own account notwithstanding that similar investments may be held by the Fund. An Interested Party may contract or enter into any financial or other transaction with any Shareholder or with any entity any of whose securities are held by or for the account of the Fund, or is interested in any such contract or transaction.

(e) Furthermore, an Interested Party may receive remuneration in relation to any sale or purchase of an investment of the Fund for the account of a relevant Sub-Fund provided that in each case the terms are no less beneficial to that Sub-Fund than a transaction involving a disinterested party and that the relevant remuneration is in line with market practice.
For the purposes of alleviating such conflicts of interest, the Board of Directors will implement appropriate conflict management procedures which will be periodically reviewed and amended when necessary. Specific conflicts will be considered by the Board of Directors as they arise but it is possible that certain conflicts may not be entirely eliminated.

SOFT COMMISSION AGREEMENTS

The Investment Manager may enter into so called soft commission arrangements with brokers under which certain business services are obtained for third parties and are paid for by the brokers out of the commissions they receive from transactions of the Fund.
Consistent with obtaining best execution, brokerage commissions on portfolio transactions for the Fund may be directed by the Investment Manager to broker dealers in recognition of research services furnished by them as well as for services rendered in the execution of orders by such broker dealers.

The Fund's soft commission arrangements are subject to the following conditions:

(i) The Investment Manager will act at all times in the best interest of the Fund when entering into soft commission arrangements;
(ii) The services provided will be in direct relationship to the activities of the Investment Manager for the Fund;
(iii) Brokerage commissions on portfolio transactions for the Fund will be directed by the Investment Manager to broker-dealers that are entities and not to individuals;
(iv) The Investment Manager will provide reports to the Directors with respect to soft commission arrangements including the nature of the services it receives and
(v) Soft commission agreements will be listed in the periodic reports.
(vi) Soft commission agreements can only be used in any Sub-Fund if that is mentioned in the Sub-Fund particular of the applicable Sub-Fund.

4. INVESTMENT / POLICIES AND OBJECTIVES /RESTRICTIONS

4.1. Investment philosophy and objectives

The object of the Fund is the collective investments of its assets in securities in order to spread the investment risks and to provide to the investors the benefit of the result of the management of its assets. The Investment policies and the objectives of the Fund are more detailed set out in the Appendix to this OFFERING MEMORANDUM.

4.2 Leverage and Borrowing policy

The Fund has the authority to borrow, trade on margin, utilize derivatives and otherwise obtain leverage from brokers, banks and others on a secured or unsecured basis. The Fund may utilize leverage to the extent deemed appropriate by the Investment Manager. The overall leverage of the relevant Sub-Fund will depend on the investment strategies employed by the Investment Manager in respect of the relevant Sub-Fund and specific market opportunities.

In addition, the Fund may borrow for cash management purposes, such as to satisfy redemption requests.

To facilitate such borrowings, the Fund may, among other things, enter into a credit facility with a third party credit institution.

The envisaged maximum level of leverage that may but not necessarily need to be employed in connection with the Fund's investment program calculated in accordance with the **AIFM Directive's gross method and Commitment method of the Sub-Fund`s net Asset Value** is set out in the relevant Appendix.

In accordance with the AIFM Law, the Fund will for each Sub-Fund provide to competent authorities and investors the level of leverage of the Fund both on a gross and on a commitment method basis in accordance with the gross method where applicable as set out in Article 7 and the commitment method where applicable as set out in Article 8 of the AIFM Regulation.

Any determination to limit the amount of leverage, which may be employed by the Fund and/or the level thereof may not be changed by the Fund without the consent of Shareholders.

While leverage presents opportunities for increasing the total return on investments, it has the effect of potentially increasing losses as well. Accordingly, any event which adversely affects the value of an investment could be magnified to the extent leverage is utilized and may result in a substantial loss to the Fund. The Fund may incur indebtedness whether secured or unsecured, with respect to each Sub-Fund, as further described in the relevant Appendix.

Unless otherwise stated in the relevant Appendix, borrowings may be utilized for investment purposes as well as bridge financing and to fund expense disbursements when liquid funds are not readily available.

4.3 Investment Restrictions:

Unless it is otherwise stated in the respective investment objectives of a Sub-Fund:

1) The Fund may not invest more than 30% of the total net assets or commitments of each Sub-Fund in the securities of the same type issued by the same issuer.

This restriction does not apply to:

- Investments in securities issued or guaranteed by a member state of the Organisation for Economic Cooperation and Development (the "OECD") or its regional or local authorities or by European Union, regional or global supranational institutions and bodies;
- Investments in underlying UCIs which are subject to risk –spreading requirements at least comparable to those applicable to a "specialized investment fund" as defined by the SIF Law. For the purpose of the application of this restriction, every Sub-Fund of an underlying umbrella UCI is to be considered as a separate issuer provided that the principle of segregation of liabilities among the various Sub-Funds vis-à-vis third parties is ensured.

2) Short sales may in principle not result in any Sub-Fund holding a short position in securities of the same type issued by the same issuer representing more than 30% of its net assets.

The granting to a Prime Broker of a right of use (or hypothecation right) over the Investments of a relevant Sub-Fund is conditional upon the inclusion of enforceable close-out netting provisions within the meaning of the Collateral Directive in the prime brokerage agreement.

The total value of the Investments of a relevant Sub-Fund over which a right of use can be granted in favour of a Prime Broker is limited to 140% of that Sub-Fund's liabilities towards the Prime Broker.

3) When using financial derivative instruments, the Fund will ensure a similar level of risk spreading per Sub-Fund by an appropriate diversification of such derivatives' underlying assets.

With the same objective, the counterparty risk in over-the-counter (the "OTC") transactions will, as applicable, be limited in consideration of the relevant counterparty's quality and status.

4) Each Sub-Fund is authorized to employ financial derivative instruments. These financial derivative instruments may, amongst others, include options, financial futures and related options as well as swap contracts by private agreement on any type of financial instruments. The used financial derivative instruments must be dealt in on an organized market or contracted by private agreement with first class professionals specialized in these transactions.

5) Kick off period

The investment restrictions of a relevant Sub-Fund may not be complied with during a transitional period determined in the Appendix of the relevant Sub-Fund in order to build-up the portfolio of that Sub-Fund.

The Board of Directors reserves the right to amend the investment policies and objectives of each Sub-Fund, in which case the OFFERING MEMORANDUM will be updated accordingly. Any such amendment shall be brought to the attention of the Shareholders by means of a 30 (thirty) days' previous notice before any amendment is implemented.

6) Securities Financing Transactions and the use of Total Return Swaps.

General provisions related to SFTs and TRS

The Fund can make use of the following SFTs:

- "**securities lending" or "securities borrowing**" means a transaction by which a counterparty transfers securities subject to a commitment that the borrower will return equivalent securities on a future date or when requested to do so by the transferor, that transaction being considered as securities lending for the counterparty transferring the securities and being considered as securities borrowing for the counterparty to which they are transferred;

- "**repurchase agreement transaction**" means a transaction governed by an agreement by which a counterparty transfers securities or guaranteed rights relating to title to securities where that guarantee is issued by a recognized exchange which holds the rights to the securities and the agreement does not allow a counterparty to transfer or pledge a particular security to more than one counterparty at a time, subject to a commitment to repurchase them, or substituted securities of the same description at a specified price on a future date specified, or to be specified, by the transferor, being a repurchase agreement for the counterparty selling the securities and a reverse repurchase agreement for the counterparty buying them;

- **"buy-sell back transaction**" or "**sell-buy back transaction**" means a transaction by which a counterparty buys or sells securities, commodities, or guaranteed rights relating to title to securities, agreeing, respectively, to sell or to buy back securities, or such guaranteed rights of the same description at a specified price on a future date, that transaction being a buy-sell back transaction for the counterparty buying the securities, or guaranteed rights, and a sell-buy back transaction for the counterparty selling them, such buy-sell back transaction or sell-buy back transaction not being governed by a repurchase agreement or by a reverse- repurchase agreement within the meaning of a transaction governed by an agreement by which a counterparty transfers securities or guaranteed rights relating to title to securities where that guarantee is issued by a recognized exchange which holds the rights to the securities and the agreement does not allow a counterparty to transfer or pledge a particular security to more than one counterparty at a time, subject to a commitment to repurchase them, or substituted securities of the same description at a specified price on a future date specified, or to be specified, by the transferor, being a repurchase agreement for the counterparty selling the securities and a reverse repurchase agreement for the counterparty buying them;

- "**margin lending transaction**" means a transaction in which a counterparty extends credit in connection with the purchase, sale, carrying or trading of securities, but not including other loans that are secured by collateral in the form of securities.

Further the Fund may enter into credit derivatives contracts. Credit derivatives are transactions which are designed to isolate and transfer the credit risk associated with a third party (the reference entity) or a basket/index of reference entities. Such credit default products will typically be divided into two categories, **namely "funded" and "unfunded"**, depending on whether or not the credit protection seller makes an initial principal payment in respect of the reference asset.

There are many ways in which this can be done, which essentially involve four types of transaction.

The first type, credit default products, consists of transactions under which the parties' obligations depend on whether a "credit event" has occurred in relation to the reference asset. The credit events are specified in the contract and are intended to identify the occurrence of a significant deterioration in the creditworthiness of the reference asset. On settlement, credit default products may be cash settled or involve the physical delivery of an obligation of the reference entity following a default. In entering into these credit default products, the Issuer may be a credit protection buyer or a credit protection seller.

The second type consists of total return swaps ("TRS") which means total return swap, i.e., a derivative contract as defined in point (7) of Article 2 of Regulation (EU) No 648/2012 in which one counterparty transfers the total economic performance, including income from interest and fees, gains and losses from price movements, and credit losses, of a reference obligation to another counterparty.

When entering into Total Return Swaps (**"TRS**") arrangements, which for sake of clarity, also need to comply with the provisions applicable to TRS under the SFTR, or investing in other derivative financial instruments having similar characteristics to TRS.

The third type, credit spread derivatives, are credit protection transactions under which the payments may be made by either a credit spread or protection buyer or seller depending on the relative credit standings of two or more reference assets, measuring the market value of a particular asset against the market value of another asset, one of which typically being of "benchmark" quality, i.e. of a highly creditworthy obligor, such as a sovereign entity.

The fourth type, credit spread options, are credit derivatives designed to hedge against or take advantage of changes in credit spreads under which a reference credit instrument or index is selected and the strike spread, exercise date(s) and maturity date are set. The pay-off is based on whether the actual spot spread of the reference credit instrument or index as at the option exercise date is greater or less than the strike spread. The transaction may be either based on changes in a credit spread of a reference credit instrument or index against a market benchmark (e.g. LIBOR or U.S. Treasuries) or changes in the relative spread between two credit instruments or indices or a combination thereof.
All credit derivative risks are monitored and included at their full underlying value

(including the underlying assets in inventory and the associated loan as a liability) for the purpose of maintaining compliance with investment restrictions.

Furthermore, the Fund may, for efficient portfolio management purposes, exclusively resort to securities lending and borrowing and repurchase agreement transactions, provided that the rules described here below are complied with.

The Fund and any of its Sub-funds may employ SFTs for reducing risks (hedging), generating additional capital or income or for cost reduction purposes.

Any use of SFTs for investment purposes will be in line with the risk profile and risk divarication rules applicable to the Fund and any of its Sub-Funds.

The maximum and expected proportion (i) of assets that may be subject to SFT and TRS and (ii) for each type of assets that are subject to TRS or SFT will be set out for each Sub-fund in the relevant Special Section.

If a Sub-fund intends to make us of SFT and TRS, the relevant Special Section will include the disclosure requirements of the SFTR.

The assets that may be subject to SFTs and TRS are limited to:

- short term bank certificates or money market instruments such as defined within Directive 2007/16/EC of 19 March 2007 implementing Council Directive 85/611/EEC on the coordination of laws, regulations and administrative provisions relating to certain UCITS as regards the clarification of certain definitions;
- bonds issued or guaranteed by a Member State of the OECD or by their local public authorities; or by supranational institutions and undertakings with EU, regional or world-wide scope;
- shares or units issued by money market UCIs calculating a daily net asset value and being assigned a rating of AAA or its equivalent;
- bonds issued by non-governmental issuers offering an adequate liquidity;
- shares quoted or negotiated on a regulated market of a European Union Member State or on a stock exchange of a Member State of the OECD, on the condition that these shares are included in a main index.

The maximum proportion and the expected proportion of assets under management of the Sub-Funds that can be subject to SFTs and TRS is disclosed on the respective Sub Fund`s level.

The counterparties to the SFTs and TRS will be selected on the basis of very specific criteria taking into account notably their legal status, country of origin, and minimum credit rating. The Fund will therefore only enter into SFTs and TRS with such financial defined in Art 3 of the **REGULATION (EU) 2015/2365 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 25 November 2015 on transparency of securities financing transactions and of reuse and amending Regulation (EU) No 648/2012.** Further such financial and non-financial

counterparties have to be subject to prudential supervision rules considered by the CSSF as equivalent to those prescribed by EU law and approved by the board of directors of the Management Company, and who are based on a regulated market of a European Union Member State or on a stock exchange of a Member State of the OECD.

The Fund will collateralize its SFTs and TRS pursuant to the provisions set forth hereunder in section **"Collateral Management and Policy".**

The risks linked to the use of SFTs and TRS as well as risks linked to collateral management, such as operational, liquidity, counterparty, custody and legal risks and, where applicable, the risks arising from its reuse are further described hereunder in section **"Risk Factors".**

The assets of a Sub-Fund that are subject to SFTs and TRS, and any collateral received, are held by the Depositary.

Where there is a title transfer, the collateral received must be held by the Depositary.

The Depositary may delegate the custody of the collateral to a sub-depositary but it will retain overall responsibility for the custody of the collateral.

For other types of collateral arrangement, the collateral can be held by a third party depositary which is subject to prudential supervision, and which is unrelated to the provider of the collateral.

The Depositary will further ensure that the assets of the Fund held in custody by the Depositary shall not be reused by the Depositary or by any third party to whom the custody function has been delegated for their own account.

The Fund`s assets may be reused for the account of the Fund where:

a. the reuse of the assets is executed for the account of the Fund;

b. the Depositary is carrying out the instructions of the Management Company;

c. the reuse is for the benefit of the Fund and in the interest of the shareholders; and

d. the transaction is covered by high quality and liquid collateral received by the Fund under a title transfer arrangement with a market value at all times at least equivalent to the market value of the reused assets plus a premium.

Policy on sharing of return generated by SFTs and TRS

All revenues arising from SFTs and TRS, net of direct and indirect operational costs and fees, will be returned to the Fund.

Notwithstanding this, fees, commissions, costs or expenses may be paid to "SFT Agents" of the Fund as normal compensation of their services (Hereafter referred to as operational costs).

SFT Agent means any person involved in SFTs and/or TRSs as securities lending agent, broker, collateral agent or service provider and that is paid fees, commissions, costs or expenses out of the Fund's assets or any Sub-fund's assets (which can be the counterparty of a Sub-fund in an SFT and/or a TRS).

SFT Agents are not related parties to the Investment Manager or the Management Company.

The SFT Agents that will charge operational costs and the amount of such costs will be disclosed in the annual report of the Fund.

These operational costs may reach a maximum of 50% of revenues arising from efficient portfolio management techniques and do not include hidden revenues.

Securities Lending and Borrowing

The Fund in order to achieve a positive return in absolute terms may enter into securities lending transactions and borrowing transaction provided that they comply with the SFTR and the provisions set forth in CSSF's Circular 08/356, CSSF's Circular 14/592 and ESMA Guidelines 2014/937 concerning the rules applicable to undertakings for collective investment when they use certain techniques and instruments relating to transferable securities and money market instruments, as amended from time to time, as follows:

i. The Fund may only lend or borrow securities through a standardized system organized by a recognized clearing institution or through a first class financial institution specializing in this type of transaction approved by the board of directors of the Management Company. In all cases, the counterparty to the securities lending or borrowing agreements must be subject to prudential supervision rules considered by the CSSF as equivalent to those prescribed by EU law. In case the aforementioned financial institution acts on its own account, it is to be considered as counterparty in the securities lending agreement. If the Fund lends its securities to entities that are linked to the Fund by common management or control, specific attention has to be paid to the conflicts of interest which may result therefrom.
ii. As part of lending transactions, the Fund must in principle receive an appropriate collateral, the value of which at the conclusion of the contract must be at least equal to the global valuation of the securities lent. At maturity of the securities lending transaction, the appropriate collateral will be remitted

simultaneously or subsequently to the restitution of the securities lent.

iii. All assets received by the Fund in the context of efficient portfolio management techniques should be considered as collateral. The collateral which must comply with the conditions set forth below under section "**Collateral Management and Policy"**

iv. In case of a standardized securities lending system organized by a recognized clearing institution or in case of a lending system organized by a financial institution subject to prudential supervision rules considered by the CSSF as equivalent to those prescribed by EU law and specialized in this type of transactions, securities lent may be transferred before the receipt of the guarantee if the intermediary in question assures the proper completion of the transaction. Such intermediary may, instead of the borrower, provide to the Fund a guarantee which the value at conclusion of the contract must be at least equal to the total value of the securities lent.

v. The Fund must ensure that the volume of the securities lending transactions is kept at an appropriate level or that it is entitled to request the return of the securities lent in a manner that enables it, at all times, to meet its redemption obligations and that these transactions do not jeopardize the management of Fund's assets in accordance with its investment policy.

vi. With respect to securities lending, the Fund will generally require the borrower to post collateral representing, at any time during the lifetime of the agreement, at least the total value of the securities lent (interest, dividends and other potential rights included) as further described hereunder in section "**Collateral Management and Policy**".

vii. Borrowing transactions may not exceed 50% of the global valuation of the securities portfolio of each Sub-Fund. Each Sub-Fund may borrow securities under the following circumstances in connection with the settlement of a sale transaction:

(a) during a period the securities have been sent out for re-registration;

(b) when the securities have been loaned and not returned in time;

(c) to avoid a failed settlement when the Depositary fails to make delivery; and

(d) as a technique to meet its obligation to deliver the securities being the object of a repurchase agreement when the counterparty to such agreement exercises its right to repurchase these securities, to the extent such securities have been previously sold by the relevant Sub-Funds.

viii. The Fund ensures that it is able at any time to recall any security that has been lent or terminate any securities lending transaction into which it has entered.

Pharus Management Lux S.A., as Management Company of the Fund, does not act as securities lending agent. If Pharus Management Lux S.A. takes over this function and activity, the Prospectus will be updated accordingly.

The Fund's annual report will provide details on the depositary of the Fund, provided they receive direct and indirect operational costs and fees.

Repurchase Agreement Transactions

The Fund may on an ancillary basis, in order to achieve a positive return in

absolute terms may enter into repurchase agreement transactions, which consist of the purchase and sale of securities with a clause reserving the seller the right or the obligation to repurchase from the acquirer the securities sold at a price and term specified by the two parties in their contractual arrangement.

The Fund can act either as purchaser or seller in repurchase agreement transactions or a series of continuing repurchase transactions. Its involvement in such transactions is, however, subject to the following rules:

i. The Fund may enter into these transactions only if the counterparties to these transactions are subject to prudential supervision rules considered by the CSSF as equivalent to those prescribed by EU law and approved by the board of directors of the Management Company.
ii. At the maturity of the contract, the Fund must ensure that it has sufficient assets to be able to settle the amount agreed with the counterparty for the restitution of the Fund. The Fund must take care to ensure that the volume of the repurchase agreement transactions is kept at a level such that it is able, at all times, to meet its redemption obligation towards shareholders.
iii. The Fund must ensure that it is able at any time to recall the full amount of cash or to terminate the reverse repurchase agreement on either an accrued basis or a mark-to-market basis. When the cash is recallable at any time on a mark-to-market basis, the mark-to-market value of the reverse repurchase agreement must be used for the calculation of the Net Asset Value of the relevant Sub-Funds.
iv. The Fund must further ensure that it is able at any time to recall any securities subject to the repurchase agreement or to terminate the repurchase agreement into which it has entered.
v. Repurchase agreement and reverse repurchase agreements will generally be collateralized as further described hereunder in section "**Collateral Management and Policy**", at any time during the lifetime of the agreement, at least their notional amount.
vi. The securities purchased with a repurchase option or through a reverse repurchase agreement transaction must be in accordance with the Sub-Fund investment policy and must, together with the other securities that it holds in its portfolio, globally comply with its investment restrictions.
vii. Fixed- term repurchase and reverse repurchase agreements that do not exceed seven (7) days are to be considered as arrangements on terms that allow the assets to be recalled at any time by the Fund.

Disclosure to Investors

In connection with the use of techniques and instruments the Fund, will, in its financial reports, disclose the following information:

- the exposure obtained through efficient portfolio management techniques;
- the identity of the counterparty(ies) to these efficient portfolio management techniques;

- the type and amount of collateral received by the Fund to reduce counterparty exposure;
- the use of TRS and SFTs pursuant to the SFTR.
- the revenues arising from efficient portfolio management techniques for the entire reporting period together with the direct and indirect operational costs and fees incurred.

Collateral Management and Policy

As security for any SFTs and OTC financial derivatives transactions, the relevant Sub-Fund will obtain collateral, under the form of bonds (bonds issued or guaranteed by a Member State of the OECD or by their local public authorities; or by supranational institutions and undertakings with EU, regional or world-wide scope) and cash, covering at least the market value of the financial instruments object of SFTs and OTC financial derivatives transactions.

Collateral received must at all times meet the following criteria:

(a) Liquidity: Collateral must be sufficiently liquid in order that it can be sold quickly at a robust price that is close to its pre-sale valuation.

(b) Valuation: Collateral must be capable of being valued on at least a daily basis and must be marked to market daily, it being understood that the Fund does not intend to make use of daily variation margins.

(c) Issuer credit quality: The Fund will ordinarily only accept very high quality collateral.

(d) Safe-keeping: Collateral must be transferred to the Depositary or its agent.

(e) Enforceable: Collateral must be immediately available to the Fund without recourse to the counterparty, in the event of a default by that entity.

(f) Non-Cash collateral

1. cannot be sold, pledged or re-invested;

2. must be issued by an entity independent of the counterparty; and

3. must be diversified to avoid concentration risk in one issue, sector or country.

(g) The maturity of the non-cash collateral shall be a maximum of 5 years.

(h) Cash Collateral can only be:

Placed on deposit with fist class financial institution subject to prudential supervision rules considered by the CSSF as equivalent to those prescribed by EU law and specializing in this type of transaction as mentioned in CSSF Circular 08/356, and in the ESMA Guidelines 2014/937;

- invested in high-quality government bonds;
- used for the purpose of reverse repurchase transactions provided the transactions are with credit institutions subject to prudential supervision and the Fund is able to recall at any time the full amount of cash on accrued basis;
- invested in short-term money market funds as defined in ESMA's Guidelines on a Common Definition of European Money Market Funds. Each Sub-Fund may reinvest cash which it receives as collateral in connection with the use of techniques and instruments for efficient portfolio management, pursuant to the provisions of the applicable laws and regulations, including CSSF Circular 08/356, as amended by CSSF Circular 11/512 and the ESMA Guidelines.

Re-invested cash collateral will expose the Sub-Fund to certain risks such as foreign exchange risk, the risk of a failure or default of the issuer of the relevant security in which the cash collateral has been invested. Re-invested cash collateral should be diversified in accordance with the diversification requirements applicable to non-cash collateral.

Each Sub-Fund must make sure that it is able to claim its rights on the guarantee in case of the occurrence of an event requiring the execution thereof. Therefore, the guarantee must be available at all times, either directly or through the intermediary of a first class financial institution or a wholly-owned subsidiary of this institution, in such a manner that the Sub-Fund is able to appropriate or realize the assets given as guarantee, without delay, if the counterparty does not comply with its obligation to return the securities. During the duration of the agreement, the guarantee cannot be sold or given as a security or pledged.

Collateral diversification (asset concentration) – collateral should be sufficiently diversified in terms of country, markets and issuers. The criterion of sufficient diversification with respect to issuer concentration is considered to be respected if the Fund receives from a counterparty of efficient portfolio management and over-the-counter financial derivative transactions a basket of collateral with a maximum exposure to a given issuer of 20% of its net asset value. When the Fund is exposed to different counterparties, the different baskets of collateral should be aggregated to calculate the 20% limit of exposure to a single issuer. By way of derogation from this sub-paragraph, the Fund may be fully collateralized in different transferable securities and money market instruments issued or guaranteed by a Member State, one or more of its local authorities, a third country, or a public international body to which one or more Member States belong. Such the Fund should receive securities from at least six different issues, but securities from any single issue should not account for more than 30% of the Fund's net asset value.

Haircut Policy

The Fund has set up, a clear haircut policy adapted for each class of assets received as collateral mentioned above. Such policy takes account of the characteristics of the relevant asset class, including the credit standing of the issuer of the collateral, the price volatility of the collateral and the results of any stress tests which may be performed in accordance with the stress testing policy.

When entering into securities lending and borrowing transactions, each Sub-Fund must receive, in principle, a guarantee the value of which is, during the lifetime of the lending agreement, at least equivalent to 105% of the global valuation (interests, dividends and other possible rights included) of the securities lent, depending on the degree of risk that the market value of the assets included in the guarantee may fall:

- Government bonds with maturity up to 1 year: Haircut between 0 and 2%

- Government bonds with maturity of more than 1 year: Haircut between 0% and 5%

- Corporate bonds: Haircut between 6% and 10%

- Cash: 0%

When entering into repurchase or reverse repurchase transactions, each Sub-Fund will obtain the following collateral covering at least the market value of the financial instrument object of the transaction:

- Government bonds with maturity up to 1 year: Haircut between 0 and 5%

- Government bonds with maturity of more than 1 year: Haircut between 0 and 5%

- Corporate bonds: Haircut between 6% and 10%

- Cash: 0%

When entering into OTC transaction each Sub-Fund must receive or pay a guarantee managed by the Credit Support Annex (CSA) to the ISDA in place with each counterparty and it will obtain the following collateral covering at least the market value of the financial instrument object of the OTC transaction:

- Cash: 0%

- Government bonds with maturity up to 1 year: Haircut between 0 and 2%

- Government bonds with maturity of more than 1 year: Haircut between 0 and 5%

Any haircuts applicable to collateral are agreed conservatively with each OTC financial derivative counterparty on case by case basis. They will vary according to the terms of each collateral agreement negotiated and prevailing market practice and conditions. Collateral received or paid by the Fund shall predominantly be limited to cash and government bonds according to the CSA.

All assets received in the context of Management of collateral for OTC financial derivative transactions and efficient portfolio management techniques in accordance with the Circular 14/592 will be considered as collateral and will comply with the criteria set up above.

All collateral used to reduce counterparty risk exposure will comply with the following criteria at all times:

For all the Sub-Funds receiving collateral for at least 30% of their assets, the Fund will set up, in accordance with the Circular 14/592, an appropriate stress testing policy to ensure regular stress tests under normal and exceptional liquidity conditions to assess the liquidity risk attached to the collateral.

The Fund must proceed on a daily basis to the valuation of the guarantee received or paid, using available market prices and taking into account appropriate discounts which will be determined in according to the CSA for each asset class based on its haircut policy. The policy takes into account a variety of factors, depending on the nature of the collateral received, such as the issuer’s credit standing, the maturity, currency and price volatility of the assets.

Currency Hedging

In order to protect its present and future assets and liabilities against the fluctuation of currencies, the Fund may enter into transactions the object of which is the purchase or the sale of forward foreign exchange contracts, the purchase or the sale of call options or put options in respect of currencies, the purchase or the sale of currencies forward or the exchange of currencies on a mutual agreement basis provided that these transactions be made either on exchanges or over-the-counter with first class financial institutions specializing in these types of transactions and being participants of the over-the counter markets.

The objective of the transactions referred to above presupposes the existence of a direct relationship between the contemplated transaction and the assets or liabilities to be hedged and implies that, in principle, transactions in a given currency, including a currency bearing a substantial relation to the value of the reference currency (i.e. currency of denomination) of the relevant Sub-Fund -known as "hedging by proxy"- may not exceed the total valuation of the assets and liabilities held in such currency nor may they, as regards their duration, exceed the period where such assets are held

or anticipated to be acquired or for which such liabilities are incurred or anticipated to be incurred.

In its financial reports, the Fund must indicate for the different categories of transactions involved, the total amount of commitments incurred under such outstanding transactions as of the reference date for such financial reports.

5. GENERAL RISK CONSIDERATIONS

An investment in a Sub-Fund is speculative and involves certain risks relating to the particular Sub-Fund structure and investment policies and objectives which investors should evaluate before making an investment. Although the Board of Directors for each Sub-Fund will attempt to manage those risks through careful research and portfolio management, there can be no assurance that it will do so successfully.

The following is a brief description of certain factors which should be considered along with other matters discussed elsewhere in this OFFERING. The following, however, does not purport to be a comprehensive summary of all the risks associated with any Sub-Fund.

It is important to outline that to the extent any counterparty of the Fund or a Sub-Fund involved in any type of transactions, is not entrusted with, or does not keep in safe custody assets of the Fund or a Sub-Fund, the selection of such counterparty shall be under the Fund's sole responsibility.

- **Risks linked to the investment objectives and the investment policies**

Importance of market judgment: market judgement and experience still remain very important element of strategic investment decisions even if these are supported by the use of quantitative valuation models. Therefore the outcome of any strategy is not the simple result of the application of quantitative (both proprietary and third party) models and therefore the greater the importance of subjective factors, the more unpredictable a strategy and its outcome are.

Risks linked to debt investments: a Sub-Fund may be exposed to credit risk including default risk and credit spread risk. Furthermore a Sub-Fund may be exposed to the integrity of the issuer's management, its commitment to repay the loan, its qualification, its operating record, its emphasis in strategic direction, financial philosophy, operational management and control systems as well as to its capacity and ability to generate cash flow to repay its debt obligations. A Sub-Fund may invest in debt which are issued without any guarantee, letter of credit, debt insurance or collateral including junior debt.

Risks linked to equity investments: a Sub-Fund may be exposed to equity risk including failures of the issuer and substantial declines in value at any stage. Investments in stock-listed equities made by a Sub-Fund depend for a large part of the evolution of the stock markets, and there will be little or no collateral to protect an investment once made. Sales of equity may not always be possible, and could therefore have to be made at substantial discounts. Equity holders have in general an inferior rank towards debt holders and so are exposed to higher risks**.** Furthermore a Sub-Fund may be entitled to take privately negotiated equity participations. In many cases, private equity invest in companies that have been in existence for only a short time and which intend to establish themselves in an existing market or occupy new business areas. Consequently, the process of forecasting the performance of such companies, their potential success, is often fraught with uncertainty. The market risks for private equity investments are partly dependent on the trade-sale and the IPO market which

constitute key instruments for exiting from/selling a private equity investment. A reduced level of activity on the trade-sale and the IPO market may have an adverse, overall influence on the implementation of exit strategies.

Risks linked to investments in structured financial instruments: structured financial instruments are backed by, or representing interests in, the underlying investments of various nature. The cash flow on the underlying investments may be apportioned among the newly issued structured financial instruments to create securities with different investment characteristics such as varying maturities, payment priorities or interest rate provisions, and the extent of the payments made with respect to structured investments depends on the amount of the cash flow on the underlying investments. Structured financial instruments may embed leverage and so investments in structured financial instruments may be exposed to higher volatility as direct investments.

Risks linked to the lack of liquidity and marketability as well as due duration: a Sub-Fund may invest in assets which have not an access to financial markets. Consequently the asset may represent a low level of liquidity and marketability involving that selling of the asset in the market may only be possible with high discounts or not possible at all in certain market circumstances. Furthermore a Sub-Fund generally takes long-term positions. Due to fact that there may be a prevalence of longer-term over shorter term investments, the valuation of illiquidity premiums is important and may contribute to change significantly the performance of a relevant Sub-Fund.

Risks linked to investments in assets exposed to emerging market risk and political risk: a Sub-Fund may invest in securities issued in emerging markets as well as in assets produced, extracted, traded or stocked in emerging markets. Certain issues are more prevalent in emerging markets than in other markets, such as high inflation making valuations problematic, macroeconomic volatility, capital restrictions and controls, and political risks. Furthermore there can be no assurance that the political and economic evolution in these countries will continue on a business friendly path. The political system of these countries is vulnerable to the population's dissatisfaction and exposed to internal pressure exercised by groups of influence with reforms, social unrest and changes in governmental policies, any of which could indirectly have a material adverse effect on the performance of the Fund.

Risks of possible concentration of investments: a Sub-Fund may hold a few relatively large investments in relation to its capital. Consequently a loss in a single investment could result in a relatively higher reduction in the Fund's capital than if such capital had been spread among a wider number of investments. Although a Sub-Fund may be well diversified within a relevant asset class, it may be exposed to the evolution of this specific asset class and so be exposed to substantial losses if this specific asset class suffers relevant decline.

Risk of early liquidation: in the event of the early liquidation of a Sub-Fund, the funds would have to be distributed to the Shareholders pro-rata with their interest in the assets of the Sub-Fund. The Sub-Fund's investments would have to be sold by the Fund or distributed to the Shareholders. It is possible that at the time of such sale or redemption certain investments held by the Sub-Fund may be worth less than the initial cost of the investment, resulting in a loss to the Sub-Fund and to its Shareholders. Moreover, in the event the Sub-Fund terminates prior to the complete amortisation of organisational expenses, any non-amortised portion of such expenses will be accelerated and will be debited (and thereby reduce) amounts otherwise available for distribution to Shareholders.

Risks due to foreign exchanges and currency risk: a Sub-Fund may invest its assets in equity and debt denominated in a wide range of currencies. The Net Asset Value of each Share Class expressed in its respective unit currency will fluctuate in accordance with the changes in foreign exchange rate between its unit currency, the reference currency of the Fund and the currencies in which the Fund's investments are denominated.

Risks due to investments in hedge funds: since a Sub-Fund may invest its assets in hedge funds, the Sub-fund's investment performance depends on the investment performance of the underlying funds in which it invests. Investing directly or indirectly in hedge funds is generally considered to be risky; if the underlying hedge funds do not perform, the value of the Fund may fall substantially. Investments in hedge funds are illiquid, will not be listed on any exchange and should be regarded as fixed and long term. Hedge funds may use leverage and other speculative practices which increase the risk of investment loss, their returns may be volatile, they are not required to provide period pricing or valuation information to investors and may involve complex tax structures and delays in distributing important tax information. Hedge funds are not subject to the same regulatory requirements as mutual funds. Investors can expect fees for the underlying funds to be higher as well as expect fund of hedge fund fees to be higher than those charged if the investor invested directly in a direct hedge fund.

Risks of using special investment techniques

Risks linked to trading on futures, options and other derivatives dealt or traded on a regular market: Futures, options and other derivatives are volatile and involve a high degree of leverage. The profitability of the Fund will depend also on the ability of the Board of Directors to make a correct analysis of the market trends, influenced by governmental policies and plans, international political and economic events, changing supply and demand relationships, acts of governments and changes in interest rates. In addition, governments may from time to time intervene on certain markets, particularly currency markets. Such interventions may directly or indirectly influence the market. Given that only a small amount of margin or a low amount of premium may be required or paid to trade on futures and option markets, the operations of the portion of the Sub-Fund will be characterised by a high degree of leverage. As a consequence, a relatively small variation of the price of the derivative may result in substantial losses for the Sub-Fund and a correlated reduction of the Net Asset Value of the Sub-Fund.

Risks linked to entering into forwards, swaps, OTC options or any other OTC derivatives: The Sub-Fund may enter into one or more forward rate agreements, forwards, swaps, OTC derivatives in connection either with a hedge or an exposure. OTC derivatives are not traded on exchanges but rather banks and dealers act as principals by entering into an agreement to pay and receive certain cash flow over a certain time period, as specified in the OTC derivative. Consequently, the Sub-Fund is subject to the risk of the counterparty's inability or refusal to perform according to the terms of the OTC derivative. The OTC derivative market is generally unregulated by any governmental authority. To mitigate the counterparty risk resulting from such transactions, the Sub-Fund will enter into such transactions only with highly rated, first class financial institutions with which it has established ISDA agreements. The use of credit derivative such as credit default swaps can be subject to higher risk than direct investment in securities. The market for credit derivative may from time to time be less liquid than the markets for transferable securities. In relation to credit default swaps where the Sub-Fund buys protection, the Sub-Fund is subject to the risk of the counterparty of the credit default swaps defaulting. To mitigate the counterparty risk resulting from credit default swap transactions, the Sub-Fund will only enter into credit

default swaps with highly rated financial institutions specialised in this type of transaction and in accordance with the standard terms laid down by the ISDA.

The Sub-Fund may have credit exposure to one or more counterparties by virtue of its investment positions. To the extent that a counterpart defaults on its obligation and the Fund is delayed or prevented from exercising its rights with respect to the investments in its portfolio, it may experience a decline in the value of its position, loose income and incur costs associated with asserting its rights. Such risks will increase where the Sub-Fund uses only a limited number of counterparties. Participants to such markets are not protected against defaulting counterparts in their transactions because such contracts are not guaranteed by a clearinghouse.

Risks linked to counterparties: The Fund is allowed to enter in contractual relationships with all type of counterparties. To the extent that the Sub-Fund invests in derivatives as mentioned in the previous paragraph, the Sub-Fund may bear substantial credit risk and risk of settlement default. These risks might be larger than those born in exchange-traded negotiations where the function of the settlement and clearing house is to face such risks. Transactions entered directly between two counterparties do not benefit of the same level of security and pledge then those entered with a settlement and clearing house.

Risks linked to market participants: The institutions, including brokerage firms and banks, with which the Fund executes trades or enters in transaction may encounter financial difficulties that impair the operational capabilities or the capital position of such counterpart. The Fund will have no control whatsoever over the counterparties or brokers used by the companies or entities it is invested in.

Risks due to short sales: A Sub-Fund may be allowed to take short positions on securities. In such a case the Sub-Fund may be exposed to price movements in an opposite way as the expected one which may involve that the Sub-Fund is not able to cover the short position. As a result, the Sub-Fund may theoretically face an unlimited loss. The availability in the market of the borrowed securities cannot be ensured when necessary to cover such short position.

Risks linked to use of leverage: A relevant Sub-Fund may make use of leverage, i.e. a borrowing facility for purchasing securities and assets in excess of the equity value which is available for the Sub-Fund. If the cost of borrowing is lower than the net return earned on the purchased asset, the Sub-Fund may increase its performance. However, if the use of leverage exposes the Sub-Fund to additional risks such as but not limited to (i) greater potential losses on the investment purchase by using the leverage; (ii) greater interest costs and lower debt coverage in case of increasing interest rates and/or (iii) premature margin calls which may force the liquidation of some Sub-Fund's investments (which may occur at a moment where the investments have been under pressure by the markets involving the liquidation at prices below the acquisition prices).

Risks linked to the use of the Depositary Bank, a Prime Broker and Third Party Custodians: All of the Financial Instruments of the Fund will be deposited with the Depositary Bank and all or part of such Financial Instruments may be sub-deposited with its sub-custodians (such as a Prime Broker subject to the prior consent of the Depositary Bank and the conditions set out in section 2.6 of this Offering Memorandum). Such Financial Instruments will in principle be clearly identified as belonging to the Fund. In case of the insolvency of the Depositary Bank or of the relevant sub-custodian, there might be problems in achieving the segregation of the

Sub-Fund's Financial Instruments from those of other parties. This might create substantial losses for Shareholders.

Due to the fact that the Fund's Financial Instruments are in custody with the Depositary Bank and/or its sub-custodians, the Fund may become one of the Depositary Bank's unsecured creditors. In the event of insolvency of the Depository Bank or sub-custodian, the Fund may not be able to fully recover its Financial Instruments under custody.

Furthermore, the Fund's cash may not be segregated from the own cash of the Depository Bank, of the Depositary Bank's sub-custodians, of third party custodians (such as a Prime Broker) or of their respective other clients. In addition, such Fund's cash may be permitted to be used in the ordinary course of the Depositary Bank's, the Depositary Bank's sub-custodians' or the third party custodians' business. Hence the Fund may become an unsecured creditor of the Depository Bank or of third party custodians in relation thereto.

Specific risks associated with the structure of the Fund

Risks due to changes in applicable law: The Fund must comply with various legal requirements, including securities laws and tax laws as imposed by the jurisdictions under which it operates. Should any of those laws change over the life of the Fund, the legal requirement to which the Fund may be subject, could differ materially from current requirements.

Risks linked to special purpose vehicles: A relevant Sub-Fund may use special purpose vehicle for investments as well as may invest in securities issued by special purpose vehicles. All decisions with respect to the general management of such a special purpose vehicle are taken by the board of that special purpose vehicle. Such a board may have the broadest power to decide, among others, on issuing of securities such as bonds, notes or insurance linked securities, on reimbursement of capital, payment of interests and collection of various type of revenues such as but not limited to premiums. As a result, the performance of such a special purpose vehicle for the foreseeable future will depend largely upon the abilities of the special purpose vehicle and in particular key people exercising a mandate or working for the relevant special purpose vehicle. There can be no assurance that key people remain director, manager, officer or employee for the relevant special purpose vehicle.

Risk Considerations applicable to the use of derivatives

While the prudent use of derivatives can be beneficial, derivatives also involve risks different from, and, in certain cases, greater than, the risks presented by more traditional investments. Investment in derivatives may add volatility to the performance of the Sub-Funds and involve peculiar financial risks.

The following is a summary of the risk factors and issues concerning the use of derivatives instruments (FDI) that investors should understand before investing in the Fund.

Market Risk

This is a general risk that applies to all investments meaning that the value of a particular derivative may change in a way which may be detrimental to the Fund's

interests.

Control and Monitoring

Derivative products are highly specialized instruments that require investment techniques and risk analysis different from those associated with equity and fixed income securities.

The use of derivative techniques requires an understanding not only of the underlying assets of the derivative but also of the derivative itself, without the benefit of observing the performance of the derivative under all possible market conditions. In particular, the use and complexity of derivatives require the maintenance of adequate controls to monitor the transactions entered into, the ability to assess the risk that a derivative adds to a Company and the ability to forecast the relative price, interest rate or currency rate movements correctly.

Legal risk

There may be a risk of loss due to the unexpected application of a law or regulation, or because contracts are not legally enforceable or documented correctly.

There may be a risk from uncertainty due to legal actions or uncertainty in the applicability or interpretation of contracts, laws or regulations.

The use of Over the Counter (OTC) derivatives, such as forward contracts, swap agreements and contracts for difference, will expose the Sub-Funds to the risk that the legal documentation of the contract may not accurately reflect the intention of the parties.

The terms of Over the Counter Financial Derivative Instrument (OTC FDI are generally established through negotiation between the parties thereto.

While therefore more flexible, OTC FDI may involve greater legal risk than exchange-traded instruments, which are standardized as to the underlying instrument, expiration date, contract size and strike price, as there may be a risk of loss if the OTC FDI are deemed not to be legally enforceable or are not documented correctly. There may also be a legal or documentation risk that the parties to the OTC FDI may disagree as to the proper interpretation of its terms. If such a dispute occurs, the cost and unpredictability of the legal proceedings required for a Fund to enforce its contractual rights may lead the Fund to decide not to pursue its claims under the OTC FDI. A Fund thus assumes the risk that it may be unable to obtain payments owed to it under OTC arrangements, and that those payments may be delayed or made only after the Fund has incurred the costs of litigation. Further, legal, tax and regulatory changes could occur which may adversely affect a Fund. The regulatory and tax environment for FDI is evolving, and changes in the regulation or taxation of FDI may adversely affect the value of such instruments held by the Fund and the Fund's ability to pursue its trading strategies.

Risk linked to the reuse of collateral or any guarantee granted under any leveraging arrangement

Investors should take explicitly into account the risk of reuse of collateral or and any

guarantee granted under any leveraging arrangement.

Liquidity Risk

Liquidity risk exists when a particular instrument is difficult to purchase or sell. If a derivative transaction is particularly large or if the relevant market is illiquid, it may not be possible to initiate a transaction or liquidate a position at an advantageous price (however, the Fund will only enter into OTC derivatives if it is allowed to liquidate such transactions at any time at fair value).

Counterparty Risk

The Fund may enter into transactions in OTC markets, and the Sub-Funds may incur losses through their commitments vis-à-vis a counterparty on the techniques described above, in particular its swaps, TRS ("TRS"), forwards, in the event of the counterparty's default or its inability to fulfil its contractual obligations. This will expose the Fund to the credit of its counterparties and their ability to satisfy the terms of such contracts. In the event of a bankruptcy or insolvency of a counterparty, the Fund could experience delays in liquidating the position and significant losses, including declines in the value of its investment during the period in which the Fund seeks to enforce its rights, inability to realize any gains on its investment during such period and fees and expenses incurred in enforcing its rights. There is also a possibility that the above agreements and derivative techniques are terminated due, for instance, to bankruptcy, supervening illegality or change in the tax or accounting laws relative to those at the time the agreement was originated.

Securities Lending, Repurchase Agreements and Reverse Repurchase Transactions

The principal risk when engaging in securities lending, repurchase or reverse repurchase transactions is the risk of default by a counterparty who has become insolvent or is otherwise unable or **refuses to honor** its obligations to return securities or cash to the Sub-Fund as required by the terms of the transaction. Counterparty risk is mitigated by the transfer or pledge of collateral in favor of the Sub-Fund.

However, securities lending, repurchase or reverse repurchase transactions may not be fully collateralized.

Fees and returns due to the Sub-Fund under securities lending, repurchase or reverse repurchase transactions may not be collateralized. In addition, the value of collateral may decline between collateral rebalancing dates or may be incorrectly determined or monitored. In such a case, if a counterparty defaults, the Sub-Fund may need to sell non-cash collateral received at prevailing market prices, thereby resulting in a loss to the respective Sub-Fund. A Sub-Fund may also incur a loss in reinvesting cash collateral received. Such a loss may arise due to a decline in the value of the investments made. A decline in the value of such investments would reduce the amount of collateral available to be returned by the Sub-Fund to the counterparty as required by the terms of the transaction. The Sub-Fund would be required to cover the difference in value between the collateral originally received and the amount available to be returned to the counterparty, thereby resulting in a loss to the Sub-Fund.

Securities lending, repurchase or reverse repurchase transactions also entail operational risks such as the non-settlement or delay in settlement of instructions and

legal risks related to the documentation used in respect of such transactions.

The Fund may enter into securities lending, repurchase or reverse repurchase transactions with other companies. Affiliated counterparties, if any, will perform their obligations under any securities lending, repurchase or reverse repurchase transactions concluded with the Fund in a commercially reasonable manner. In addition, the Investment Manager will select counterparties and enter into transactions in accordance with best execution and at all times in the best interests of the respective Sub-Fund and its Shareholders. However, Shareholders should be aware that the Investment Manager may face conflicts between its role and its own interests or that of affiliated counterparties.

Operational & Custody Risk:

Operational risk is the risk of contract on financial markets, the risk of back office operations, custody of securities, as well as administrative problems that could cause a loss to the sub funds. This risk could also result from omissions and inefficient securities processing procedures, computer systems or human errors.

Risk of relating to the use of Total Return Swaps

Because it does not involve physically holding the securities, synthetic replication through total return (or unfunded swaps) and fully-funded swaps can provide a means to obtain exposure to difficult-to-implement strategies that would otherwise be very costly and difficult to have access to with physical replication. Synthetic replication therefore involves lower costs than physical replication.

Synthetic replication however involves counterparty risk. If the Sub-fund engages in OTC Derivatives, there is the risk – beyond the general counterparty risk – that the counterparty may default or not be able to meet its obligations in full.
Where the Fund and any of its Sub-funds enters into TRSs on a net basis, the two payment streams are netted out, with Fund or each Sub-Fund receiving or paying, as the case may be, only the net amount of the two payments. Total return swaps entered into on a net basis do not involve the physical delivery of investments, other underlying assets or principal. Accordingly, it is intended that the risk of loss with respect to TRSs is limited to the net amount of the difference between the total rate of return of a reference investment, index or basket of investments and the fixed or floating payments. If the other party to a TRS defaults, in normal circumstances the Fund's or relevant Sub-fund's risk of loss consists of the net amount of total return payments that the Fund or Sub-Fund is contractually entitled to receive.

6. THE SHARES

6.1. The Share Capital

The initial share capital of the Fund at the time of the incorporation was Euro 31.000 divided into 310 Shares. The minimum share capital as set by the SIF Law (Euro 1.250.000=) will be reached within a period of 12 months following the Fund's authorization by the CSSF.

The share capital of the Fund will be equal, at any time, to the total value of the net assets of the Fund.

The Fund has been set up as a "multiple compartment investment company" which means that the Fund may be composed of several Sub-Funds with each Sub-Fund constituting a separate portfolio of assets and liabilities. Each Sub-Fund is treated as a separate entity and operates independently and as between Shareholders, each portfolio of assets shall be invested for the exclusive benefit of the relevant Sub-Fund.

Pursuant to the Articles, the Board of Directors may decide to issue, within each Sub-Fund, one or several classes of Shares (each, hereinafter, also a "**Share Class**"), the assets of which will be commonly invested but subject to specific features which are defined hereunder such as, but not limited to, sales and/or redemption charge structures, currency structures, marketing target, distribution policies or hedging policies.

Where different classes are issued within a Sub-Fund, the details of each Share Class shall be described in the appendix containing details for each Sub-fund (the "**Appendix**"). References herein to Shares of a Sub-Fund should be construed as being to Shares of a class of a Sub-Fund, if the context so requires.

A separate net asset value per Share, which may differ as a consequence of these variable factors, will be calculated for each Share Class.

Shares are issued in registered form only; owners of registerd Shares will be entered in the Register of Shareholders and the entry will indicate, *inter alia*, the name of each owner of registered Shares, his residence or elected domicile as communicated to the Fund, the number of registered Shares which he holds and the amount paid on the Shares. The entry of the name of the Shareholder in the register of Shares is proof of his ownership of such Shares

Fractions of Shares are allowed up to two decimal places for registerd Shares.

Shares are freely transferable to Well Informed Investors (as defined in paragraph 5.2) except to U.S. Persons or relevant nominees.

All Shares must be fully paid-up; they are of no par value and carry no preferential or pre-emptive rights. Each Share of the Fund, irrespective of its Sub-Fund, is entitled to one vote at any general meeting of Shareholders, in compliance with Luxembourg law and the Articles.

However, the Fund may decline to accept the vote of any U.S. Person, as referred to here above and provided in the Articles.

6.2. Eligible Investors

In accordance with the SIF Law, subscription for Shares in the Fund is exclusively limited to well-informed investors (the "**Well-Informed Investors"**) within the meaning of the article 2 of the SIF Law, namely:

1. an institutional investor, or
2. a professional investor or
3. any other investor who meets the following conditions:
    - adheres in writing to the status of well-informed investors; **and either**
    - invests a minimum of EUR 125,000 (one hundred and twenty five thousand Euros) in the Fund; **or**
    - benefit from a certificate delivered by a credit institution within the meaning of the EU directive 2006/48/EC, an investment company within the meaning

of Directive 2004/39/EC or a management company within the meaning of the EU directive 2009/65/EC, stating its expertise, its experience and its knowledge to appreciate in an adequate manner the investment performed in a specialized investment fund.

The Fund may restrict or object to the ownership of Shares in the Fund by any person that does not comply with the requirements set out above.

For this purpose the Fund may:

- refuse to issue Shares and to register the transfer of Shares when it appears that this issue or transfer would, or could, result in the ownership of Shares by any Person not qualifying as a Well-Informed Investor;
- proceed with the compulsory redemption of all or some of the Shares if it appears that a Person is not a Well-Informed Investor.

The compliance with requirements of the status of Well-Informed Investor is verified by the Administrator in accordance with the terms of the Central Administration Agreement under the responsibility of the Fund.

The Fund reserves the right to refuse all or a part of an application for subscription. In the case of non-acceptance of an application, the amount of the subscription or the balance remaining from a partial acceptance shall be reimbursed to the applicant within five working days of the refusal by wire transfer, in which case all charges shall be borne by the applicant.

6.3. Issue of Shares

During the Initial Offering Period, the Fund can offer the Shares under the terms and conditions set out in the Appendix.

After the Initial Offering Period, the subscription price per Share (the "**Subscription Price**") will be equal to the net asset value ("**NAV**") per Share of the relevant Class of the relevant Sub-Fund increased, as the case may be, by the subscription fee as detailed in the Appendix.

The Subscription Price is available for inspection at the registered office of the Fund.

Prospective investors and Shareholders should note that the Fund may reject or cancel any subscription or conversion orders for any reason and in particular in order to comply with Circular 04/146.

The repeated purchase and sale of Shares designed to take advantage of pricing inefficiencies in the Fund - also known as “Market Timing” - may disrupt portfolio investment strategies and increase the Fund’s expenses and adversely affect the interests of the Fund’s long term Shareholders. To deter such practice, the Board of Directors reserves the right, in case of reasonable doubt and whenever an investment is suspected to be related to Market Timing, which the Board of Directors shall be free to appreciate, to suspend, revoke or cancel any subscription order placed by Shareholders who have been identified as doing frequent in and out trades within the Fund.

The Board of Directors, as safeguard of the fair treatment of all Shareholders, takes necessary measures to ensure that:

- the exposure of the Fund to Market Timing activities is adequately assessed on an ongoing basis, and

- sufficient procedures and controls are implemented to minimise the risks of Market Timing in the Fund. These functions are delegated to the Registrar and Transfer Agent.

The Fund issues registered Shares the proceeds of which are commonly invested in accordance with the specific investment policy of each Sub-Fund.

The Board of Directors may decide to issue different classes of Shares in each Sub-Fund, in which case this OFFERING MEMORANDUM will be updated from time to time, upon the issue of a new Share Class.

In the case of suspension of dealings in Shares, the application will be dealt with on the first Valuation Day (as defined in the Appendix) following the end of such suspension period.

Pursuant to international rules and Luxembourg laws and regulations (comprising but not limited to the law of November 12, 2004 on the fight against money laundering and financing of terrorism, as amended) as well as circulars of the supervising authority, obligations have been imposed on all professionals of the financial sector to prevent the use of undertakings for collective investment for money laundering and financing of terrorism purposes. As a result of such provisions, the registrar agent of a Luxembourg undertaking for collective investment must ascertain the identity of the investors. Accordingly, the Fund Administrator may require, pursuant to its risks based approach, investors to provide proof of identity. In any case, the Fund Administrator may require, at any time, additional documentation to comply with applicable legal and regulatory requirements.

Such information shall be collected for compliance reasons only and shall not be disclosed to unauthorised persons.

In case of delay or failure by an Investor to provide the documents required, the application for subscription may not be accepted and in case of redemption request, the payment of the redemption proceeds and/or dividends may not be processed. Neither the Board os Directors nor the Fund Administrator have any liability for delays or failure to process deals as a result of the investor providing no or only incomplete documentation.

Shareholders may be, pursuant to the Fund Administrator's risks based approach, requested to provide additional or updated identification documents from time to time pursuant to ongoing client due diligence requirements under relevant laws and regulations.

Confirmation of completed subscriptions will be sent by letter, swift or telefax, at the risk of the investor, to the shareholder contact details indicated in the subscription form within 24 hours after the calculation of the NAV.

Issue of Shares of a given Sub-Fund shall be suspended whenever the determination of the Net Asset Value per Share of such Sub-Fund is suspended by the Fund.

The Board of Directors may impose restrictions on the frequency at which Shares shall be issued. The Board of Directors may, in particular, decide that Shares only be issued during one or more offering periods or at such other periodicity as detailed in the Appendix for each Sub-Fund.

Futhermore, the Board of Directors may impose restrictions in relation to the minimum amount of the aggregate net asset value of Shares to be initially subscribed, the minimum amount of any additional investments and the minimum of any holding of Shares.

Subject to the above limitation, subscriptions for Shares in each Sub-Fund can be made on any Business Day (a "**Business Day**": any day on which banks are open for business in Luxembourg). Applications for subscriptions will normally be satisfied on the next Valuation Day, provided that the application is received before the cut-off time detailed in the Appendix and that subscription proceeds are received by the Depositary Bank within the cut-off detailed in the Appendix.

The Fund may also limit the distribution of Shares of a given Sub-Fund to specific countries.

All subscriptions shall be made directly to the Sub-Fund's account with the Depositary Bank.

The Board of Directors may agree that the Fund issues Shares for a contribution in kind of equity, debt, loans, financial instruments or any other assets provided that such assets comply with the investment objectives, restrictions and policy of the relevant Sub-Fund and with the conditions set forth by Luxembourg law. In the case where Shares are issued for a contribution in kind, a valuation report on this contribution must be delivered from an auditor qualifying as a *réviseur d'entreprises agréé* which will be available for inspection. Any costs incurred in connection with a contribution in kind of the said assets, including the costs of the valuation report, will be borne by the incoming investor.

"Series" refers to a series of Shares issued such that each issue of Shares on a specific Valuation Date in any Class may constitute a separate series.

Shares may be issued in a Series, each Series representing the Shares issued on a particular Valuation Date in any Class unless subsequently redeemed.

Each Series will be identified by a different number corresponding to each Valuation Date on which they have been issued; different Investment Manager Performance Fee accruals, if any, will be applied to each different Series depending on the Valuation Date upon which they have been issued. Shares of different Series may be converted into Shares of one Series where a performance fee has been earned or on a periodic basis as determined by the Board and notified to Shareholders.

Where a Sub-Fund issues Shares in a Series, the Net Asset Values per Share of Shares of different Series may vary as a result of calculating and accruing the Investment Manager Performance Fee, as more fully described in the section "Charges and Expenses" of this Prospectus.

The shareholders leaving the initial series, have redeemed their shares with a NAV per share price without performance fees, and have subscribed shares in their new series with the proceed of this redemption.

On this date their performance have been maintained between the old and the new method.

Disclosure of Information

Shareholders are informed that their personal data or information given in the subscription documents or otherwise in connection with an application to subscribe for Shares, as well as details of their shareholding, will be stored in digital form and processed in compliance with the provisions of the Luxembourg law of 2 August 2002 on data protection.

Personal information given on the application form or otherwise in connection with an application to subscribe for Shares and details of your shareholding may be disclosed to the Management Company, the Investment Manager or any other companies

affiliated to the Investment Manager. Personal data contained in the application form or otherwise furnished in connection with any application and details of shareholdings may be processed by the Investment Manager and its affiliates for the purpose of developing and processing the business relationship with the Shareholder. To this end data may be transmitted, both in the UK and internationally, to other companies affiliated with the Investment Manager and to all intermediaries and all other parties which intervene in the process of the business relationship. By signing the application form, an investor consents to such transfer and processing.

Certain personal data concerning investors may also be gathered, recorded, transferred, treated and used by the Fund, the Fund Administrator as well as by other companies linked to the Fund and the distributors/nominees. Such data may be used particularly within the framework of the identification obligations required by the legislation relating to the fight against money laundering and terrorist financing. Such information will not be transmitted to non-authorised third parties. By subscribing to Shares of the Fund, each investor agrees to such a treatment of its personal data.

Shareholders must also be aware that telephone conversations with the Fund, the Depositary Bank and the Administrator may be recorded. Recordings will be conducted in compliance with the applicable laws and regulations. Recordings may be produced in court or other legal proceedings with the same value in evidence as a written document.

6.4. Conversion of Shares

Subject to *i)* any limitations set out in the Appendix to this OFFERING MEMORANDUM, *ii)* any suspension of the determination of the Net Asset Values concerned, *iii)* compliance with any eligibility conditions of the Sub-Fund and Share Class into which the conversion is to be effected and *iv)* the right of the Board of Directors to refuse any conversion in the interest of the relevant Shareholders or of the Sub-Fund into which the conversion is to be effected, Shareholders may have the right to convert all or part of their Shares in any Sub-Fund into shares of another existing Sub-Fund , by making a request in writing or by fax, to the Fund indicating the number and the reference name of the shares to be converted.

Specific cut-off times for each Sub-Fund are detailed in the Appendix.

The number of shares issued upon conversion will be based upon the price of the Shares of the two Sub-Funds concerned on the common Valuation Day following the Business Day on which the conversion request is accepted.

No conversion fee shall apply.

Under the responsibility of the Board of Directors, conversions may be effected in kind by conversion of a representative selection of the original Sub-Fund's holding in securities and cash pro rata to the number of shares converted, to the receiving Sub-Fund having a compatible investment policy as certified by the auditor of the Fund. Any expenses incurred in the valuation of the conversion in kind shall be borne by the incoming investor.

The number of shares allocated in the new Sub-Fund or Share Class shall be determined as follows:

$$A = \frac{(B \times C \times D)}{E}$$

A: number of shares allotted in the new Sub-Fund/Share Class;

B: number of shares presented for conversion in the original Sub-Fund/Share Class;

C: Conversion Price, on the applicable Valuation Day, of the shares of the original Sub-Fund/Share Class, presented for conversion;

D: exchange rate applicable on the day of the operation between the currencies of both Sub-Funds/Share Classes;

E: Conversion Price on the applicable Calculation Day of the shares allotted in the new Sub-Fund/Share Class.

In addition, if, as a result of a conversion, the value of a Shareholder's remaining holding in the original Sub-Fund would become less than the minimum holding referred in the Appendix, the relevant Shareholder will be deemed to have requested the conversion of all of its shares.

6.5. Redemption of Shares

Redemption requests should contain the following information: the identity and address of the Shareholder requesting the redemption, the number of Shares to be redeemed, the relevant Sub-Fund, the relevant Share Class, the name in which such Shares are registered. All necessary documents to complete the redemption should be enclosed with such request.

Redemption payments will be made in the reference currency of the relevant Share Class being redeemed. Details on payment of redemption proceeds are to be found in the Appendix.

The Fund may limit the total number of Shares in a Sub-Fund which may be redeemed for any Valuation Day to a number representing 10**%** (ten per cent) of the Net Asset Value of a Sub-Fund. The redemption of a number of Shares representing **more than 10%** of the Net Asset Value shall be assessed and allowed, by the Board of Directors taking into consideration the interest of remaining and redeeming Shareholders. The limitation will be applied to the Shareholders that presented their Shares for redemption as described for each Sub-Fund in the Appendix.

The Board of Directors currently expects not to exercise such power to limit the redemptions except to the extent that they consider that remaining Shareholders would otherwise be materially prejudiced or that such exercise is necessary to comply with applicable law or regulation.

The Board of Directors shall ensure that part or all of such requests for redemption will be deferred proportionally for such period as the Board of Directors considers to be in the best interests of the Sub-Fund. These redemption requests will be met on a pro-rata basis in priority to later requests and in compliance with the principle of equal treatment of Shareholders at a following Valuation Day.

Except as otherwise provided for a Share Class or Sub-Fund in the relevant Appendix, the Board of Directors may, in its sole discretion, in compliance with the conditions set forth by Luxembourg law, notably the obligation to deliver a valuation report from an auditor qualifying as a réviseur d'entreprises agrée, decide to satisfy the payment of the redmption proceeds to any Shareholder either wholly or partly in specie by allocating to such Shareholder assets of the relevant Sub-Fund, equal in value as of the Valuation Day with respect to which the redemption price is calculated, to the Net Asset Value of the Shares to be redeemed less any applicable redemption fee. The nature and type of assets to be transferred in such case shall be determined on a fair and reasonable basis and without prejudicing the interests of the redeeming Shareholder and/or the other Shareholders of the relevant Share Class(es). The cost of such transfer shall be borne by the transferee.

In principle, a Shareholder may not withdraw his request for redemption of Shares of any Sub-Fund, except in the event of a suspension of the calculation of the Net Asset Value of the Shares of such Sub-Fund and, in such event, a withdrawal will be effective only if written notification is received by the Transfer Agent before the termination of the period of suspension. If the request is not withdrawn, the Fund shall proceed to redemption on the first applicable Valuation Day following the end of the suspension of the determination of the Net Asset Value of the Shares of the relevant Sub-Fund.

However, redemption requests may be withdrawn subject to the approval of the Board of Directors, to be released on a case by case basis, until the day preceding the relevant Valuation Day.

The Articles provide that the Board of Directors, on behalf of any Sub-Fund, may compulsorily redeem the Shares held by any person, firm or corporate body, if in the opinion of the Board of Directors such holding may be detrimental to the Sub-Fund, if it may result in a breach of any law or regulation whether Luxembourg or foreign, or if as a result thereof the Sub-Fund may become subject to laws other than those of the Grand Duchy of Luxembourg (including but without limitation tax laws); specifically but without limitation the Sub-Fund may compulsorily redeem Shares held by any U.S. Person or a person who is not an Eligible Investor.

The Shares redeemed by the Fund will be cancelled.

Specific cut-off times for each Sub-Fund are detailed in the Appendix. Notwithstanding the above, the Board of Directors, in its sole discretion, reserves the right to accept redemptions requests received after the expiration of the cut-off time set in the Appendix.

6.6. Transfer of Shares

Transfer of registered shares shall be effected (i) if share certificates have been issued, upon delivering the certificate or certificates representing such shares to the Fund along with other instruments of transfer satisfactory to the Fund and (ii) if no share certificates have been issued, by a written declaration of transfer to be inscribed into the register of shareholders, dated and signed by the transferor and the transferee, or by persons holding suitable powers of attorney to act therefore. Any transfer of registered shares shall be entered into the register of shareholders; such inscription shall be signed by one or more directors or officers of the Fund or by one or more other persons duly authorized thereto by the board of directors.

The transfer of Shares shall be permitted as long as the transferee qualifies as a Well-informed Investor and is not a person to whom the holding of the Shares is prohibited.

7. THE DETERMINATION OF THE NET ASSET VALUE

7.1 Calculation and Publication

The valuation of the assets of the Fund is based on the fair value.

The Net Asset Value of the Shares of each Sub-Fund is determined in the reference currency of each Share Class. It shall be determined on each Valuation Day by dividing the net assets attributable to each Share Class by the number of Shares of such Share Class then outstanding. The net assets of each Share Class are made up of the value of the assets attributable to such Share Class less the total liabilities attributable to such Share Class calculated at such time as the Board of Directors shall have set for such purpose.

The NAV per Share may be rounded up or down to the nearest second decimal place.

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

(i) the value of any cash on hand or on deposit, bills and demand notes and accounts receivable, prepaid expenses, cash dividends and interest declared or accrued, and not yet received shall be deemed to be the full amount thereof, unless, however, the same is unlikely to be paid or received in full, in which case the value thereof shall be determined after making such discount as the Fund may consider appropriate in such case to reflect the fair value thereof;

(ii) the value of securities which are listed or dealt in on any stock exchange wiil be based on the previous day closing prices on the stock exchange which can reasonably be considered the principal market of such securities, and each security traded on any other stock exchanges or regulated markets will, unless otherwise provided in the OFFERING MEMORANDUM, be based on its last available price on the principal market on which such securities are listed or admitted for trading, as furnished by a recongnized pricing service approved by the Board of Directors; for non-listed securities or securities not traded or dealt in on any stock exchange or other regulated market, as well as listed or non-listed securities on such other market for which no valuation price is available, or securities for which the quoted prices are not representative of the fair market value, the value thereof shall be determined prudently and in good faith on the basis of foreseeable sales prices or on the basis of the prices as determined by the Board of Directors;the value of each security or other asset dealt in on any other regulated market that operates regularly, is recognized and is open to the public (a "**Regulated Market**") will be based on its last available price on the principal market on which such security is listed or admitted for trading, as furnished by a recognized pricing service approved by the Board of Directors.

(iii) in the event that any assets are not listed nor dealt in on any stock exchange or on any other Regulated Market, or if, with respect to assets listed or dealt in on any stock exchange or on any other Regulated Market as aforesaid, the price as determined pursuant to sub-paragraph (b) or (c) is not representative of the fair market value of the relevant assets, or if, with respect to any assets listed or nor listed on such other market for which no valuation price is available, the value of such assets will be based on the reasonably foreseeable sales price determined prudently and in good faith or on the basis of the prices as determined by the Board of Directors.

(i) Units or shares of other undertakings for collective investments will be valued at their latest determined and available net asset value or, if such price is not representative of the fair market value of such assets, then the price shall be determined by the Board of Directors on a fair and equitable basis. In particular some of the other undertakings for collective investment might not offer a valuation more frequently than monthly; valuations of such investments might be based on estimated or final figures calculated on the last available valuation and the market development in the opinion of the relevant manager of these investments. These valuations may be subject to

adjustment (upward or downward) upon the finalization or the auditing of such valuation; the liquidating value of futures, spot, forward or options contracts not traded on stock exchanges nor on other Regulated Markets shall mean their net liquidating value determined, pursuant to the policies established by the board of directors, on a basis consistently applied for each different variety of contracts. The liquidating value of futures, spot, forward or options contracts traded on stock exchanges or on other Regulated Markets shall be based upon the last available settlement prices of these contracts on stock exchanges and Regulated Markets on which the particular futures, spot, forward or options contracts are traded by the Fund; provided that if a futures, spot, forward or options contract could not be liquidated on the day with respect to which net assets are being determined, the basis for determining the liquidating value of such contract shall be such value as the Board of Directors may deem fair and reasonable. Swaps will be valued at their market value.

(ii) all other securities and other assets will be valued at fair market value as determined in good faith pursuant to procedures established by the Board of Directors.

(iii) money market instruments are valued at: *a)* market value plus any accrued interest for instruments having, at the moment of their acquisition by the Fund, an initial or remaining maturity of more than 12 (Twelve) months, until the instruments have a remaining maturity of less than 12 (Twelve) months at which time they will move to an amortised cost basis plus accrued interest, and *b)* if no market value is availableon an amortised cost basis plus accrued interest for instruments having, at the moment of their acquisition by the Fund, an initial or remaining maturity of less than 90 (ninety) days.

For the purpose of determining the value of the assets of the Fund, the Fund Administrator, having due regards to the standard of care and due diligence in this respect, may, when calculating the NAV, completely and exclusively rely upon the valuations or prices which can be:

(a) either provided by or through independent specialized and reputable external pricing sources which are either used by common market practice (including, but not limited to, (i) generally used information sources such as Reuters, Bloomberg, Telekurs and similar, (ii) brokers, prime brokers or external depositories, (iii) the administrators of portfolio funds and other assets, where the valuation of such assets is established by an administrator), or which have been specifically appointed to that effect by the Board of Directors or the Management Company in accordance with the AIFM Regulation (the "External Pricing Sources"), or

(b) established by the Management Company itself or any independent external valuer.

In such circumstances, the Fund Administrator shall not, in the absence of manifest error on its part, be responsible for any loss suffered by the Fund or any shareholder by reason of any error in the calculation of the NAV and the NAV per Share resulting from any inaccuracy in the information provided by the External Pricing Sources, by the Management Company itself or any external valuer.

In circumstances where one or more External Pricing Sources, the Management Company or the relevant service provider fail(s) to provide pricing/valuations for the assets of the Fund or, if for any reason, the pricing/valuation of any asset of the Fund may not be determined as promptly and accurately as required, the Fund Administrator shall inform the Board of Directors thereof and the Management

Company and the Fund Administrator shall obtain from it authorized instructions in order to enable it to finalize the computation of the NAV. The Board of Directors and the Management Company may decide to suspend the Net Asset Value calculation, in accordance with the relevant provisions in the OFFERING MEMORANDUM and the Articles and instruct the Fund Administrator to suspend the Net Asset Value calculation. In such circumstances, the Fund Administrator shall not, in the absence of manifest error on its part, be responsible for any loss suffered by the Fund or any Shareholder. The Board of Directors or the Management Company shall be responsible for notifying the suspension of the Net Asset Value calculation to the Shareholders, if required, or for instructing the Fund Administrator to do so. If the Board of Directors or the Management Company do not decide to suspend the Net Asset Value calculation in a timely manner, they shall be liable for all the consequences of a delay in the Net Asset Value calculation, and the Fund Administrator may inform the relevant authorities and the Fund's auditor in due course.

The Fund is authorised to apply other adequate valuation principles for the assets of the Fund and/or the assets of a given Sub-Fund if the aforesaid valuation methods appear impossible or inappropriate due to extraordinary circumstances or events.

If the Board of Directors considers that the Net Asset Value calculated on a given Valuation Day is not representative of the fair value of the Fund's Shares, or if, since the calculation of the Net Asset Value, there have been significant fluctuations on the stock exchanges concerned, the Board of Directors may decide to actualise the Net Asset Value on that same day. In these circumstances, all subscription and redemption requests received for that day will be handled on the basis of the actualised Net Asset Value with care and good faith.

The value of all assets and liabilities not expressed in the reference currency of a Sub-Fund will be converted into the reference currency of such Sub-Fund at the rate of exchange used by the Fund Administrator on the relevant Valuation Day. If such quotations are not available, the rate of exchange will be determined in good faith by or under procedures established by the Board of Directors.

The Board of Directors, in its discretion, may permit some other method of valuation to be used, if it considers that such valuation better reflects the fair value of any asset of the Fund.

The Net Asset Value per Share of each Sub-Fund and the issue and redemption prices thereof are available at the registered office of the Fund.

With respect to the protection of investors in case of net asset value calculation error and the correction of the consequences resulting from non-compliance with the investment rules applicable to the Fund, the Board of Directors intends to comply with the principles and rules set out in CSSF circular 02/77 of 27 November 2002, subject to what is specified here below:

(a) the tolerance threshold applicable for the Net Asset Value calculation error (the "**Tolerance Threshold**") shall be, subject to the Fund Administrator's prior approval, the threshold stated in the relevant Appendix of each Sub-Fund in this OFFERING MEMORANDUM. If no threshold is provided for in this OFFERING MEMORANDUM, the threshold provided for in CSSF circular 02/77 or otherwise agreed between the Fund Administrator and the Board of Directors and/or the Management Company shall apply;

(b) the correction shall be made under the control of the auditor of the Fund.

7.2 Temporary Suspension of Issues and Redemptions

The determination of the Net Asset Value of Shares of one or several Sub-Funds or Share Classes may be suspended during:

(a) any period when any of the principal markets or stock exchanges on which a substantial portion of the investments of the concerned Sub-Fund or Share Class is listed or dealt in, is closed otherwise than for ordinary holidays, or during which dealings therein are restricted or suspended; or

(b) the existence of any state of affairs which constitutes an emergency as a result of which disposal or valuation of assets of the concerned Sub-Fund would be impracticable; or

(c) any breakdown in the means of communication or computation normally employed in determining the price or value of the assets of the concerned Sub-Fund or the current prices or values of such assets on any market or stock exchange; or

(d) any period when the Fund is unable to repatriate funds for the purpose of making payments on the redemption of Shares or during which any transfer of funds involved in the realisation or acquisition of investments or payments due on redemption of Shares cannot in the opinion of the Board of Directors be effected at normal rates of exchange.

(e) when for any other reason, the prices of any investments owned by the Fund attributable to such Sub-Fund cannot be promptly or accurately ascertained.

(f) for the purpose of winding up, dissolution, orderly disposal of the Fund or of any Sub- Funds;

(g) during any period when the market of a currency in which a substantial portion of the assets of the Fund is denominated is closed otherwise than for ordinary holidays, or during which dealings therein are suspended or restricted;

(h) during any period when political, economic, military, monetary or fiscal circumstances which are beyond the control and responsibility of the Fund prevent the Fund from disposing of the assets, or determining the net asset value of the Fund in a normal and reasonable manner;

(i) during any period when the calculation of the net asset value per unit or share of a substantial part of the undertakings for collective investment the Fund is investing in, is suspended and this suspension has a material impact on the net asset value of such Share Class;

(j) in any other case where deemed necessary by the Board of Directors.

The Board of Directors has the power to suspend the issue and redemption of Shares in one or several Sub-Funds for any period during which the determination of the Net Asset Value per Share of the concerned Sub-Fund(s) is suspended by the Fund by virtue of the powers described above. Any redemption request made or in abeyance during such a suspension period may be withdrawn by written notice to be received by the Fund before the end of such suspension period. Should such withdrawal not be effectuated, the Shares in question shall be redeemed on the first Valuation Day following the termination of the suspension period. Shareholders who have requested the issue or redemption of Shares shall be informed of such suspension when such request is made.

Any application for subscription, conversion or redemption of Shares submitted to the relevant Sub-Fund during a suspension period may be withdrawn by the applicant; such withdrawal must be notified to the Fund before the end of the suspension period. If no such notice is received by the Fund, such application will be dealt with on the first Valuation Day following the end of the period of suspension.

8. DISTRIBUTION POLICY

The Fund's operating plan in general does not contemplate payment of dividends to Shareholders. The Board of Directors may however decide to declare payment of dividends on its own discretion within the limits of the Luxembourg law on commercial companies.

9. CHARGES AND EXPENSES

9.1. Operational costs

The Fund bears its operational costs including but not limited to the cost of valuation agents, the Prime Broker fees and costs, the costs of buying and selling portfolio securities, governmental fees, taxes, fees and out-of-pocket expenses of its Directors, as well as any compensation to any third party as so indicated by the Board of Directors, reasonable legal, accounting and auditing fees, publishing and printing expenses, financial reports and other documents for the Shareholder, postage, telephone and telex. The Fund also pays advertising expenses and the costs of the preparation of this OFFERING MEMORANDUM and any other registration fees.

All expenses are taken into account in the determination of the Net Asset Value of the Shares of each Sub-Fund.

9.2.Formation and launching expenses of the Fund and of additional Sub-Funds

All costs associated with the information of the Fund, including establishment and legal costs, estimated at about EUR 50.000,00, will be amortised over a period of 5 (five) years. These expenses will be divided in equal parts between the Sub-Funds in existence at the date of formation.

In case where further Sub-Funds are created in the future, these Sub-Funds will bear their own formation expenses and such expenses will be amortised over a period of 5 (five) years.

9.3. ManCo and Management Fees

The Management Company, the Investment Manager/the Investment Advisor and Business Introducers / Placing Agents are entitled to receive from each Sub-Fund a fee. From this fee the Management Company, the Investment Manager, the Investment Advisor and the Business Introducers / Placing Agents are are paid each directly out of the respective Sub-Fund`s assets. Such fees, if any, are detailed in the Appendix for each relevant Sub-Fund.

9.4. Performance Fees

In addition, the Investment Manager/Investment Advisor may receive a performance fee calculated as described in the Appendix for each relevant Sub-Fund.

9.5. Fees of the Depositary Bank, Paying Agent, Domiciliary Agent, Registrar and Transfer Agent, Administrative Agent

The Depositary Bank, the Paying Agent, Domiciliary Agent, the Registrar and Transfer Agent and the Administrative Agent are entitled to receive out of the assets of each Sub-Fund; such fees are calculated, in accordance with customary banking practice in Luxembourg, as an annual percentage of the total net assets and are payable quarterly in arrears. They may also be determined partly on a transaction basis and partly as a fixed sum. In addition, the Depositary Bank is entitled to be reimbursed by the Fund for its reasonable out-of-pocket expenses and disbursements and for the charges of any correspondents.

10. MEETINGS AND REPORTS TO SHAREHOLDERS

10.1 Annual General Meeting

The annual general meeting of Shareholders will be held at the registered office of the Fund in Luxembourg on the second Tuesday of the month of June of each year at 12.00 (noon) or, if any such day is not a Business Day, on the next following Business Day. Notices of all general meetings will be sent to the holders of registered Shares by post at least 8 (eight) days prior to the general meeting at their addresses shown on the register of Shareholders through registered letter.

Such notices will include the agenda and specify the time and place of the meeting and the conditions of admission and will refer to the requirements of Luxembourg Law with regard to the necessary quorum and majorities required for the meeting. If all Shareholders meet and declare waiving the notice, the General Meeting may be validly held.

Each Share confers the right to one vote. The vote on the payment of a dividend on a particular Sub-Fund requires a separate majority vote from the meeting of shareholders of the Sub-Fund concerned.

10.2. Reports and Accounts

The Fund's accounting year ends on 31 (thirty first) December of each year. The first accounting year of the Fund shall begin on the date of its incorporation and shall end on 31 (thirty first) December 2013. Audited annual reports shall be published within 6 (six) months following the end of the accounting year.

Audited annual reports shall be made available for inspection at the registered office of the Fund during ordinary office hours.

The reference currency of the Fund is the Euro. The audited annual report will comprise consolidated accounts of the Fund expressed in EUR as well as individual information on each Sub-Fund expressed in the reference currency of each Sub-Fund.

The details of the leverage of the Sub-Funds of the Fund will be disclosed to investors in the APPENDIX to this Offering Memorandum under the applicable description of the Sub Funds.

The following disclosures will be made in the Fund's financial statements in accordance with provisions of applicable regulations, or in another appropriate periodic reporting, and where necessary on an ad hoc basis:

- Changes to the Depositary Bank's liability;

- Any conflicts of interest that may arise from any delegation of the management of the assets of the Fund, the administration of the Fund and the marketing of the shares of the Fund;

- Any material changes to the valuation policy or pricing methodology applicable to the Fund;

- The possibility to sub-delegate;

- The loss of an asset or Financial Instrument;

- Any changes to the maximum level of leverage which the Investment Manager may employ on behalf of each Sub-Fund as well as any right of the reuse of collateral or any guarantee granted under the leveraging arrangement, if any;

- The total amount of leverage employed by each Sub-Fund;

- Any new arrangements for managing the liquidity of each Sub-Fund;

- The percentage of each Sub-Fund's assets which are subject to special arrangements arising from their illiquid nature;

- The risk profile of each Sub-Fund and the risk management systems employed by the Management Company to manage those risks;

- Any changes to risk management systems employed by the Management Company in accordance with point (c) of Article 23(4) of the AIFM Directive as well as its anticipated impact on each Sub-Fund and the Shareholders;

- The existence, nature and amount of new fees, commissions or nonmonetary benefits paid or provided to or by a third party or a person acting on behalf of a third party in the case where such fees, commissions or nonmonetary benefits are not already disclosed in this Offering Memorandum;

- Information related to the total remuneration of the employees of the Investment Manager in compliance with Article 20 of the AIFM Law;

- When the Fund acquires control of a non-listed company pursuant to Article 26(1) in conjunction with (5) of the AIFM Directive, information on the financing of the acquisition.

The following information will be made available for inspection by Shareholders or their representatives at the registered office of the Administrative Agent:

- Where available, the historical performance of each Sub-Fund;

- The latest net asset value of the Shares.

The following disclosures will be made on the website of the Management Company (i.e. www.pharusmanco.lu) in accordance with the applicable regulations on an ad hoc basis:

- The valuation and pricing policy applicable to the Fund;

- The conflict of interest policy applicable to the Fund;

- The best execution policy applicable to the Fund;

- The voting right policy applicable to the Fund.

11. DISSOLUTION AND LIQUIDATION OF THE FUND

The Fund may at any time be dissolved by a resolution of the general meeting of Shareholders subject to the quorum and majority requirements applicable for amendments to the Articles.

Whenever the share capital falls below two-thirds of the minimum capital of EUR 1,250,000-, the question of the dissolution of the Fund shall be referred to a general meeting of Shareholders by the Board of Directors. The general meeting, for which no quorum shall be required, shall decide the dissolution by simple majority of the Shares represented at the meeting.

The question of the dissolution of the Fund shall also be referred to a general meeting of Shareholders whenever the share capital falls below one-fourth of the minimum capital of EUR 1,250,000-; in such event, the general meeting shall be held without any quorum requirement and the dissolution may be decided by Shareholders holding one-fourth of the Shares represented at the meeting.

The meeting must be convened so that it is held within a period of forty days as from ascertainment that the share capital has fallen below two-thirds or one-fourth of the legal minimum, as the case may be.

Liquidation shall be carried out by one or several liquidators, who may be physical persons or legal entities and do not need to be Shareholders; the general meeting of Shareholders, shall appoint them and determine their powers and their compensation.

The net proceeds of liquidation corresponding to each Share Class in each Sub-Fund shall be distributed by the liquidators to the holders of Shares of the relevant class of Shares in the relevant Sub-Fund in proportion to their holding of such Shares in such Share Class.

Should the Fund be voluntarily or compulsorily liquidated, its liquidation will be carried out in accordance with the provisions of the SIF Law, which specify the steps to be taken to enable Shareholders to participate in the distribution(s) of the liquidation proceeds and provide for a deposit in escrow at the Caisse de Consignation at the time of the close of liquidation. Amounts not claimed from escrow within the statute of limitation period shall be liable to be forfeited in accordance with the provisions of Luxembourg law.

12. DISSOLUTION AND MERGER OF SUB-FUNDS OR SHARE CLASSES

In the event that for any reason the value of the net assets in any Sub-Fund has

decreased to or has not reached an amount of the equivalent of EUR 5.000.000 (five million) which is the minimum level for such Sub-Fund to be operated in an economically efficient manner, or if a change in the economic, monetary or political situation relating to the Sub-Fund or Share Class concerned would have material adverse consequences on the investments of that Sub-Fund or Share Class or in order to proceed to an economic rationalization, the Board of Directors may decide to compulsorily redeem all the Shares issued in such Sub-Fund or Share Class at their NAV (taking into account actual realization prices of investments and realization expenses) calculated on the Valuation Day at which such decision shall take effect. The Fund shall send a notice in writing to the holders of Shares concerned by the compulsory redemption prior to the effective date for such compulsory redemption, which will indicate the reasons for, and the procedure of, the redemption operations. Unless it is otherwise decided in the interests of or to keep equal treatment between the Shareholders, the Shareholders of the Sub-Fund or Share Class concerned may continue to request redemption or conversion (if appropriate) of their Shares free of charge (but taking into account actual realization prices of investments and realization expenses) prior to the effective date for the compulsory redemption.

Notwithstanding the powers conferred to the Board of Directors by the preceding paragraph, the general meeting of Shareholders of any Sub-Fund or Share Class may, upon proposal from the Board of Directors, redeem all the Shares of such Sub-Fund or class and refund to the Shareholders the NAV of their Shares (taking into account actual realization prices of investments and realization expenses) calculated on the Valuation Day at which such decision shall take effect. There shall be no quorum requirements for such general meeting of Shareholders which shall decide by resolution taken by simple majority of those present or represented and voting at such meeting.

Assets which may not be distributed to their beneficiaries upon the implementation of the redemption will be deposited with the Depositary Bank for the time provided by the law; after such period, the assets will be deposited with the Caisse de Consignation on behalf of the persons entitled thereto.

Under the same circumstances as provided in the first paragraph of this section, the Board of Directors may decide to allocate the assets of any Sub-Fund to those of another existing Sub-Fund within the Fund or to another undertaking for collective investment or to another Sub-Fund within such other undertaking for collective investment (the "new Sub-Fund") and to re-designate the Shares of the Sub-Fund concerned as Shares of the new Sub-Fund (following a split or consolidation, if necessary, and the payment of the amount corresponding to any fractional entitlement to Shareholders). Such decision will be notified in the same manner as described in the first paragraph of this section (and, in addition, the notification will contain information in relation to the new Sub-Fund), one month before the date on which the amalgamation becomes effective in order to enable Shareholders to request redemption or conversion of their Shares, free of charge, during such period. After such period, the decision commits the entirety of Shareholders who have not used this possibility, provided however that, if the amalgamation is to be implemented with a Luxembourg undertaking for collective investment of the contractual type ("*fonds commun de placement*") or a foreign based undertaking for collective investment, such decision shall be binding only on the Shareholders who are in favour of such amalgamation; the other shareholders will be considered to have asked for the redemption of their shares.

Notwithstanding the powers conferred to the Board of Directors by the preceding paragraph, a contribution of the assets and of the liabilities attributable to any Sub-

Fund to another Sub-Fund of the Fund may be decided upon by a general meeting of the Shareholders of the Sub-Fund concerned which will decide upon such an amalgamation by resolution taken with no quorum and by simple majority of those present or represented and voting at such meeting.

A contribution of the assets and of the liabilities attributable to any Sub-Fund to another undertaking for collective investment referred to in the fifth paragraph of this section or to another Sub-Fund within such other undertaking for collective investment shall require a resolution of the Shareholders of the Sub-Fund concerned taken with no quorum and by simple majority of those present or represented and voting at such meeting, except when such an amalgamation is to be implemented with a Luxembourg undertaking for collective investment of the contractual type ("fonds commun de placement") or a foreign based undertaking for collective investment, in which case resolutions shall be binding only on such Shareholders who have voted in favour of such amalgamation.

13. TAXATION

13.1. Taxation of the Fund

Under present Luxembourg law and administrative practice, neither the Fund nor any of its Sub-funds is liable for any Luxembourg corporate income tax, municipal business tax, and net wealth tax.

However, the Fund is liable in Luxembourg to a “taxe d’abonnement” of 0.01 % per annum of its net assets, such tax being payable quarterly and calculated on the aggregate Net Asset Value of each Sub-Fund at the end of the relevant calendar quarter.

The value of assets represented by units or shares held in other undertakings for collective investments is however exempt from subscription tax provided such units or shares have already been subject to this tax. No other stamp duty or other tax is payable in Luxembourg on the issue of shares by the Fund.

The Fund is liable for a flat registration duty of EUR 75 to be paid upon incorporation and upon future modification (if any) of its articles of incorporation.

Dividends and interest, if any, received by the Fund from investments may be subject to taxes and/or withholding taxes in the countries concerned at varying rates, such (withholding) taxes usually not being recoverable. The Fund may be liable to certain other foreign taxes

13.2. Taxation of the Shareholders

Under current legislation, Shareholders are not liable to any taxation in Luxembourg in relation to the holding, sale, redemtion or transfer of the Shaares of the Fund (except for (i) those domiciled, resident or having a permanent establishment in Luxembourg, (ii) certain former residents of Luxembourg or iii) Shareholders holdibng more than 10% of the Shares of the Fund and who dispose of all or part of their holdings within 6 months following acquisition) subject to the application of the Council Directive 2003/48/EC regarding the taxation of savings income, implemented within the Luxembourg legal framework per a Law dated 21 June 2005 (the “**EU Savings Directive”**).

It is expected that Shareholders in the Fund will be resident for tax purposes in many

different countries. Consequently, no attempt is made in this OFFERING MEMORANDUM to summarize the taxation consequences for each investor of subscribing, converting (if any), holding or redeeming, if applicable, or otherwise acquiring or disposing of Shares in the Fund. These consequences will vary in accordance with the law and practice currently in force in a Shareholder's country of citizenship, residence, domicile or incorporation and with his personal circumstances. Shareholders non-residents of Luxembourg but in another member state of the European Union may fall under the provisons of the EU Savings Directive.

Investors should inform themselves of, and when appropriate consult their professional advisers on, the possible tax consequences of subscribing for, buying, holding, redeeming or otherwise disposing of Shares under the laws of their country of citizenship, residence, domicile or incorporation.

13.3 Foreign account tax compliance

As of 1 July 2014, payments of U.S. source income (such as dividends and interest) and, as of 1 January 2015, gross proceeds from the disposition of property that can produce dividends and interest and a portion of payments from certain non-U.S. entities may be subject to a new U.S. reporting and withholding tax regime. The FATCA rules are designed to require non-U.S. accounts and financial assets of U.S. persons and certain U.S. owned persons to be reported to the U.S. Internal Revenue Service ("**IRS**"). If the FATCA rules are not complied with, the payments become subject to a 30% withholding tax.

However, on 21 May 2013, the finance minister of Luxembourg announced that Luxembourg will enter into a Model 1 Intergovernmental agreement ("Model 1 Regime") with the U.S. authorities.

Such Model 1 Regime should enable the Fund not to be subject to the 30% withholding tax on U.S. payments and to be subject to less stringent requirements. The Model 1 Regime requires the Fund not to register with the IRS and the gathering and reporting of the FATCA related information shall be done directly to Luxembourg authorities, which in their turn will exchange the relevant information with their U.S. counterparts.

If the Fund is unable to get the FATCA related required information from an investor, it may be forced to withhold on that investor's share of the relevant payments and may be required to forcibly redeem that investor's interest in the Fund. If the Fund does not comply with FATCA, income and gains might be materially impaired as they would be subject to the 30% withholding tax in certain circumstances. In any case, the Fund intends to become FATCA compliant.

Each investor should consult its own tax advisors regarding the application of FATCA to its own situation.

The information set out above is a summary of those tax issues which could arise in Luxembourg and does not purport to be a comprehensive analysis of the tax issues which could affect a prospective Investor. It is expected that Investors may be resident for tax purposes in many different countries. Consequently, no attempt is made in this OFFERING MEMORANDUM to summarise the tax consequences for each prospective Investor of subscribing, converting, holding, redeeming or otherwise acquiring or disposing of Shares in the Fund. These consequences will vary in accordance with the law and practice currently in force in an Investor's country of citizenship, residence, domicile or incorporation and with his/her/its personal circumstances.

13.4 Other jurisdictions

Interest, dividend and other income realised by the Fund on the sale of securities of non-Luxembourg issuers, may be subject to withholding and other taxes levied by the jurisdictions in which the income is sourced. It is impossible to predict the rate of foreign tax the Fund will pay since the amount of the assets to be invested in various countries and the ability of the Fund to reduce such taxes is not known.

13.5 Future changes in applicable law

The foregoing description of Luxembourg tax consequences of an investment in, and the operations of, the Fund is based on laws and regulations which are subject to change through legislative, judicial or administrative action. Other legislation could be enacted that would subject the Fund to income taxes or subject Investors to increased income taxes.

THE TAX AND OTHER MATTERS DESCRIBED IN THIS ISSUING DOCUMENT DO NOT CONSTITUTE, AND SHOULD NOT BE CONSIDERED AS, LEGAL OR TAX ADVICE TO PROSPECTIVE INVESTORS. PROSPECTIVE INVESTORS SHOULD CONSULT THEIR OWN COUNSEL REGARDING TAX LAWS AND REGULATIONS OF ANY OTHER JURISDICTION WHICH MAY BE APPLICABLE TO THEM.

14. AVAILABLE DOCUMENTS

The following documents are available for inspection by prospective investors and Shareholders free of charge, during usual business hours at the registered office of the Fund in Luxembourg:

(a) this OFFERING MEMORANDUM;

(b) the Articles;

(c) the latest available annual report;

(d) the application form of the Fund

(d) the management company agreement;

(e) the Depositary Bank Agreement;

(f) the Central Administration Agreement;

(g) the relevant investment management agreement, if any; and

(h) the relevant investment advisory agreement, if any.

15. OFFICIAL LANGUAGE

The original version of this OFFERING MEMORANDUM and of the Articles of Incorporation is in English. However, the Board of Directors may consider that these documents must be translated into the languages of the countries in which the Shares are offered and sold. In case of any discrepancies between the English text and any other language into which the OFFERING MEMORANDUM and the Articles of Incorporation are translated, the English text will prevail.

APPENDIX

DESCRIPTION OF THE SUB-FUNDS

1. SWAN SICAV-SIF – SWAN BOND ENHANCED FUND
(the "**Swan Bond Enhanced Fund**")

Investment Objective	The investment objective of the Swan Bond Enhanced Fund is to achieve medium and long-term capital appreciation primarily through investment in a diversified portfolio of fixed income securities (bond, notes and credit derivatives, variable and floating-interest bonds traded on recognised markets worldwide). The Swan Bond Enhanced Fund will seek to carry out its objective by following the "Investment Policy" and "Investment Philosophy" set out below.
Investment Policy	The Swan Bond Enhanced Fund will invest globally in diversified fixed income bonds, international short, medium or long-term bonds, including zero-coupon bonds, fixed or variable-interest bonds, convertible bonds or bonds with warrants on transferable securities, indexed on bond indices or exchangeable against bonds and more generally in any transferable securities representing bond issues, without geographical, sector or rating limitation including credit derivatives. Derivatives may be used for both investment and hedging purposes. Investment in issues with a rating of less than BBB-/Baa3/BBB- as defined by S&P's/Moody's/Fitch or not rated may be made if they are deemed suitable by the Investment Manager. The Swan Bond Enhanced Fund is however permitted to invest in any bonds and securities denominated in any currency. The Swan Bond Enhanced Fund may also use exchange-traded or over-the-counter derivatives for hedging purposes use as well as for the purpose of optimizing the return of the portfolio.
Investment Philosophy	The investment selection for bonds is based on a combination between the top-down approach and the bottom-up one. First the Investment Manager defines the global and regional macroeconomic environment analysing monetary and fiscal policy, inflation and GDP growth in order to identify the future develop of the interest rate yield curve and sovereign risk premiums. An analysis of the main economic releases (such as jobless claims, unemployment rate, industrial production, retail sales, CPI, PPI, etc.) is made on a weekly basis, which analyses historical data and determines potential investment action. Then the research is focused on the credit cycle and the corporate profit cycle analysing default rates trends and the quality of global credit risk in order to calibrate the exposure to global credit markets. Finally, the resulting desired exposure is invested in a extremely diversified portfolio at the geographic, sector and single-issuer level, in order to abate any concentration risk; the selection of the securities is always driven by a careful analysis of the credit profile of the relevant issuers.
SFTR regulation applicable to this Sub Fund	The maximum proportion of assets under management of the Sub-Funds that can be subject to SFTs and TRS is as follows: Securities lending 100% Securities borrowing 100% Repurchase agreements 100% Buy-sell back transaction 100% Sell-buy back transaction 100% Margin lending transaction 300%

	TRS 100% The current expected proportion of assets under management that will be subject to SFTs and TRS is as follows: Securities lending 50% Securities borrowing 50% Repurchase agreements 50% Buy-sell back transaction 50% Sell-buy back transaction 50% Margin lending transaction 200% TRS 100%
Leverage and borrowings	The Swan Bond Enhanced Fund will leverage its capital by borrowing. The maximum leverage involved by the borrowings of cash and the use of financial derivative instruments should in principle not exceed 300% of the net asset of the Fund. Consequently the maximum leverage calculated using the commitment method may in principle not exceed 400% of its net assets. Risk control is key to the Swan Bond Enhanced Fund's success and the measurement of risk is central to its disciplined investment philosophy.
Base Currency	EUR, the Net Asset Value of the Swan Bond Enhanced Fund will be calculated in Euro.
Form of Shares	Registered Shares
Type of shares	Accumulating Shares
Available Share Classes and Sub-Classes	The Swan Bond Enhanced Bond Fund may issue the following Share Classes, differentiated by category of investors and by fee structure: **A-Share Class,** accumulating shares for Well-Informed Investors (as defined under par. 5.2 of this OFFERING MEMORANDUM); **B-Share Class,** accumulating shares reserved to the members of the Board of Directors of the Fund, to the Investment Manager and investors previously authorized by the Board of Directors of the SWAN SICAV SIF. A and B share Classes will be available in the following currencies: EUR (Euro), CHF (Swiss Franc - hedged) and USD (US Dollar - hedged).
ManCo and Management Fees	The Swan Bond Enhanced Fund will pay a ManCo and Management Fee quarterly in arrears to the Investment Manager and to the Management Company for its portion of the ManCo and Management Fees equivalent to the percentages indicated below. The ManCo Management Fee will be calculated without taking into account any accrued performance related fee. **A-Share Class**: Max 1,55% per annum of the average Net Asset Value of the Share Class during the relevant quarter, payable quarterly to the Investment Manager in arrears. **B-Share Class:** Max 0,55% per annum of the average Net Asset Value of the Share Class during the relevant quarter, payable quarterly to the Investment Manager in arrears.

	In case the total assets under management of the SWAN SICAV SIF do not result in a payment of fees, forming part of the ManCo and Management Fees, to the Management Company of at least 10.000 EUR per Sub-Fund a guaranteed annual minimum fee of 10.000 EUR is paid by the Sub-Fund to the Management Company. Notwithstanding the aforementioned fees, the Management Company charges in any case an annual minimum fee of 5.000 EUR to the Sub-Fund for its risk management service. The Investment Manager may from time to time and at its sole discretion and out of its own resources decide to rebate to intermediaries and/or the Shareholders part or all of the Management Fee, with the exception of the portion due to the Management Company.
Performance Fees	For both Share Classes in addition to the Management Fees, the Investment Manager shall be entitled to receive a performance related fee (the "**Performance Fee**") from the Sub-Fund so that each Share Class is effectively charged a fee which equates precisely with that Share Class' performance. This method of calculation ensures that (i) any Performance Fee paid to the Investment Manager is charged only to those Share Classes which have appreciated in value; (ii) all shareholders have the same amount of capital per Share Class at risk in the Fund; and (iii) shareholders have the same Net Asset Value per Share. The Performance Fee is payable annually in arrears in respect of each performance period. The performance period will comprise each twelve month period to 31 December (the "**Performance Period**"). The Performance Fee will be equal to - **20%** of the increase in the Net Asset Value per **Share Class A** - **10%** of the increase in the Net Asset Value per **Share Class B** (after adding back any distributions made) outstanding in respect of each Performance Period subject to a high water mark. The use of a high water mark (as described below) ensures that investors will not be charged a Performance Fee until any previous losses are recovered. The Performance Fee will be accrued on each Valuation Day (as defined below) and taken into account in the calculation of the Net Asset Value per Share of the relevant class on each Valuation Day. In the event that a shareholder redeems any Shares prior to the end of a Performance Period, any accrued but unpaid Performance Fee in respect of such Shares will be deducted from the redemption proceeds and paid to the Investment Manager promptly thereafter. The Performance Fee in respect of each Performance Period will be calculated by reference to the Net Asset Value per Share before the deduction of any accrued Performance Fees but after the deduction of accrued Management Fees and other expenses.
Soft Commission Agreements	**N/A**
Subscription Fee	**A-Share Class**: up to 3% **B-Share Class**: none The Subscription Fee may be waived at the discretion of the Board of Directors.

Redemption/Conversion Fee	None
Valuation Day	The Net Asset Value per Share is determined, under the overall responsibility of the Board of Directors, on a daily basis, on each Business Day (the "**Valuation Day**").
Initial Offering Period, initial price and first Valuation Day	For both Share Classes A and B, in EUR, starting **from 17 June 2013 to 21 June 2013 before 3 p.m.** (Luxembourg time). **The first Valuation Day was 24 June 2013**. The initial price of the Shares was EUR 100,00, or the equivalent in a different currency, increased by the Subscription Fee, whose percentage is mentioned above. The Subscription Fee may be waived at the discretion of the Board of Directors. The Share Classe A in CHF (hedged) first valuation date was the 05. 02 2014. The Share Classe B in CHF (hedged) first valuation date was the 19. 02 2014. The Share Class A in USD (hedged) first valuation date was the 05. 02 2014. The share Class B in USD (hedged) will be will be opened for subscription at a later date.
Minimum subscription redemption and conversion amounts	Shares are issued and redeemed at the Net Asset Value. The minimum subscription amount is € 125.000 or the equivalent in a different currency for individuals not qualifying as professional investors, pursuant to the SIF Law. There is no minimum subscription amount for institutional investors and professional investors.
Minimum holding amount in the Sub-Fund and Share Class	EUR 125.000 or the equivalent in a different currency only for individuals not qualifying as professional investors pursuant to the SIF Law. There is no minimum holding amount for institutional investors and professional investors.
Subscriptions	Shares may be subscribed on each Valuation Day, provided that applications for subscriptions are received by the Administrator before 3 p.m. (Luxembourg time) on a Business Day preceding the applicable Valuation Day and that subscription proceeds are received by the Depositary Bank at the latest on the third Business Day following the applicable Valuation Day.
Redemptions	Shares are redeemable at the option of the Shareholder on each Valuation Day, provided that applications for redemption are received by the Administrator before 3 p.m. (Luxembourg time) on a Business Day preceding the applicable Valuation Day. The redemption proceeds have to be paid within three Business Days following the applicable Valuation Day .
Conversions	Shares may be converted into shares of another existing Sub-Fund of the Fund on each Valuation Day, provided that applications for conversion are received by the Administrator before 3 p.m. (Luxembourg time) on a Business Day preceding the applicable Valuation Day.
Tolerance Threshold	0,50%
Investment Manager of the Sub-Fund	**Swan Asset Management S.A.**, with registered office at Via L. Zuccoli 19, 6900 Lugano – Paradiso (Switzerland) has been appointed as Investment Manager of the Sub-Fund by virtue of an Agreement dated 27th of June 2014 The Investment Manager was founded in November 2008 in Lugano-Paradiso, Switzerland, and is

	a licensed Swiss asset management company. The Manager is authorised by the Swiss Financial Market Supervisory Authority (FINMA) to act as investment manager of collective investment schemes pursuant to art. 13 of the Federal Act on Collective Investment Schemes of June 23, 2006. Under the Investment Management Agreement, the Investment Manager has full discretion, subject to the control of and review by the Board of Directors, to invest the assets of the Swan Bond Enhanced Fund in a manner consistent with the investment objective, approach and restrictions described in this OFFERING MEMORANDUM.
Prime Broker	BNP PARIBAS, a company incorporated under the laws of France, whose registered office is at 16 boulevard des Italiens, 75009 Paris, France, acting through its London branch located at 10 Harewood Avenue, London, NW1 6AA ("**BNP Paribas**"), has been appointed 09 February 2015 as prime broker of the Sub-Fund by virtue of a prime brokerage agreement dated 09 February 2015. Pursuant to a sub-custody services agreement entered into between the Depositary Bank, the Fund, the Management Company and BNP Paribas (the "**Custody Services Agreement**"), the Depositary Bank has appointed BNP Paribas in accordance with Article 19 (11) of the AIFM Law to provide custody services with respect to some Financial Instruments of the Fund and to act therefore as the Depositary Bank's delegate.In accordance with article 19 (13) of the AIFM Law, the AIFM Regulation and the Custody Services Agreement, the Depositary Bank has transfered its liability to BNP Paribas with respect to the loss of Fund's Financial Instruments held in custody by BNP Paribas or BNP Paribas' delegates (the "**BNP Sub-Delegates**"). Therefore, the Depositaray Bank is discharged of its liability under the first and second sub-paragraphs (but excluding the third sub-paragraph) of Article 19(12) of the AIFM Law in relation to such loss construed, for the avoidance of doubt, in accordance with Article 100 of the AIFM Regulation (the **"Discharge of Liability"**). Accordingly, the Fund, the Management Company acting on behalf of the Fund, or the Depositary Bank acting on their behalf, may make a claim against BNP Paribas for the loss of the Fund's Financial Instruments (held in custody by BNP Paribas or BNP Sub-Delegates). Therefore, the Depositary Bank shall have no liability in respect of the loss of the Fund's Financial Instruments (held in custody by BNP Paribas or BNP Sub-Delegates), as the Depositary Bank has discharged itself of such liability and such Discharge of Liability has been accepted by BNP Paribas. The appointment by the Depositary Bank of BNP Paribas as its delegate in respect of the custody of the Fund's Financial Instruments and the Discharge of Liability, in each case is at the express direction of the Fund and the Management Company for and on behalf of the Fund, for the purposes of facilitating the provision of financing or other prime brokerage services by BNP Paribas to the Fund in order to assist the Management Company in achieving the investment objectives and policies of the Fund and such direction constitutes the objective reason for the delegation to BNP Paribas of the custody functions and the Discharge of Liability regarding the loss of the Fund's Financial Instruments, as required by articles 19(11)(b) and 19 (13) (c) of the AIFM Law, respectively. As custodian, BNP Paribas will identify in its books and record the Financial Instruments of the Fund held by it as custodian in such a manner that the Financial Instruments of the Fund shall be at any time and without delay identifiable as belonging to, and held for the benefit of, the Fund. The Financial Instruments of

	the Fund will be segregated from Financial Instruments held for any other client, any of the Depositary Bank's own Financial Instruments and any of BNP Paribas' own Financial Instruments and should therefore be unavailable to creditors of BNP Paribas. BNP Paribas may also hold the Financial Instruments and other assets of the Fund with a BNP Sub-Delegate, including affiliated companies of BNP Paribas or a person connected with BNP Paribas. BNP Paribas will require that any BNP Sub-Delegate appointed by it will identify in its books and records that the Financial Instruments belong to the Fund or BNP Paribas' customers so that it is readily apparent that such Financial Instruments do not belong to BNP Paribas and should therefore be unavailable to creditors of BNP Paribas. The Financial Instruments of the Fund may then be held with a BNP Sub-Delegate in an omnibus account that is identified as belonging to customers of BNP Paribas. BNP Paribas will exercise all due skill, care and diligence in the selection of any such BNP Sub-Delegate and will be responsible for the duration of any sub-custody agreement for satisfying itself as to the ongoing suitability of such BNP Sub-Delegate, for the maintenance of an appropriate level of supervision over such BNP Sub-Delegate and for confirming by means of appropriate periodic enquiries that the obligations of such BNP Sub-Delegate continue to be competently discharged. Any cash held or received for the Fund by or on behalf of BNP Paribas may be held with BNP Paribas as credit institution or banker and not as trustee and as a result will not be subject to any client money protections. Accordingly, the Fund's cash will not be segregated from the cash of BNP Paribas and such cash may be used by BNP Paribas in the course of its investment business and the Fund will rank as a general creditor of BNP Paribas in the event of BNP Paribas' insolvency.