SOUTH AFRICA ALPHA SPC

EXPLANATORY APPENDIX

CLASS FF SHARES

Fairtree Wild Fig Multi-Strategy USD Segregated Portfolio

This explanatory appendix (the "**Explanatory Appendix**") supplements the information found in the South Africa Alpha SPC Private Placement Memorandum (as amended from time to time, the "**Memorandum**"). The Memorandum is an integral part of this Explanatory Appendix and must be delivered and read with this Explanatory Appendix as one document. The terms of this Explanatory Appendix shall take precedence over any conflicting terms in the Memorandum.

1 October 2024

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SUPPLEMENTAL DIRECTORY

Sub-Investment Manager

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South Africa

Investment Manager

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GY1 1WG

Prime Broker 1

ABSA Capital Securities, a division of ABSA Bank Ltd
15 Alice Lane
Sandton
2146
South Africa

Prime Broker 2

FirstRand Bank Limited
(acting through its Rand Merchant Bank Division, trading as RMB Prime Brokers)
1 Merchant Place
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Administrator

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FAIRTREE WILD FIG MULTI-STRATEGY USD SEGREGATED PORTFOLIO

INTRODUCTION

This Explanatory Appendix sets forth the investment objective of the **Fairtree Wild Fig Multi-Strategy USD Segregated Portfolio** (the "**Portfolio**"), being a segregated portfolio of the South Africa Alpha SPC (the "**Fund**"), certain risks associated with the purchase of the class of shares of the Fund representing the Portfolio being the Class FF Shares (the "**Shares**"), and other pertinent information regarding the purchase of Shares that may not be set forth in the Memorandum. Capitalised terms used and not defined in this Explanatory Appendix have the meanings ascribed to them in the Memorandum. Terms defined in both this Explanatory Appendix and in the Memorandum shall be ascribed the appropriate meaning taking into account the context used. References to the Portfolio or to the Fund shall, where the context requires, refer to the Fund acting on behalf of and for the account of the Portfolio. References to assets and liabilities of the Portfolio and the Shares shall refer to assets, liabilities and Shares attributable to the Portfolio or issued in respect of the Portfolio, as appropriate and as the context requires.

Prospective investors should read this Explanatory Appendix in conjunction with the entire Memorandum carefully before making any decision to invest in the Portfolio. Prospective investors should pay particular attention to the information in the Memorandum and this Explanatory Appendix under the headings "Risk Factors" and "Conflicts of Interest" and "Additional Risk Factors" and should consult its own advisors in order to understand fully the consequences of an investment in the Portfolio.

DISTRIBUTION OF THIS EXPLANATORY APPENDIX IS NOT AUTHORISED UNLESS IT IS ACCOMPANIED BY THE MEMORANDUM. THE MEMORANDUM AND THIS EXPLANATORY APPENDIX TOGETHER FORM THE OFFERING CIRCULAR FOR THE ISSUE OF SHARES IN THE PORTFOLIO AND THE PROSPECTIVE INVESTOR MUST CAREFULLY REVIEW THE MEMORANDUM AND THIS EXPLANATORY APPENDIX; PROVIDED, HOWEVER, THAT TO THE EXTENT THERE IS ANY CONFLICT BETWEEN THE MEMORANDUM AND THIS EXPLANATORY APPENDIX, THE TERMS OF THIS EXPLANATORY APPENDIX SHALL CONTROL.

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

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

INVESTMENT OBJECTIVE AND STRATEGY

Objective

The Portfolio's investment objective is to achieve consistent absolute returns through investment in risk controlled strategies.

Strategy

The Portfolio aims to achieve its investment objective through capital allocation that ensures diversification across three asset classes with an additional risk allocation that introduces a further degree of gearing. The Portfolio is designed to maximise upside returns and although not a focus of the Portfolio construction, a degree of downside risk mitigation is introduced through the asset class diversification.

Risk Management Guidelines

I. Permitted Assets

1. Financial Products;

2. Derivatives: listed and OTC futures and options on indexes / equities / ETFs / ETNs / bonds /currencies, but it is specifically prohibited from trading in commodity derivative contracts that can be settled by the delivery of physical commodities;

3. Capital market instruments;

4. Asset swaps;

5. Securities;

6. Units and sub-units;

7. Negotiable certificates of deposit;

8. Notes and promissory notes; and

9. Any investment in over-the-counter investments or an investment in any company, corporation, partnership, joint venture, trust or any other entity (whether incorporated or unincorporated) or issued by any government body and any other assets and investment instruments of any kind, unless expressly excluded.

II. Trading Restrictions

1. Risk capital will be allocated to the Portfolio based on the Portfolio's underlying capital and will be used for risk management purposes as the capital base for individual asset class mandate compliance calculations.

2. The risk capital will be determined based on a leveraged value of the Portfolio's underlying capital.

3. The total risk capital will be limited to 300% of the Portfolio's underlying capital.

4. The Portfolio will be subject to an overall 10 day 95% VAR limit of 15%. VAR will be calculated using 500 days historical returns.

III Trading Limits

A. Equity Assets

1. The Portfolio may use leverage, but such leverage shall be subject to a maximum of 3.5 times the allocation of risk capital to the equity assets of the Portfolio. Excluded from this calculation shall be the investments in the Portfolio solely used to enhance the interest earned by the Portfolio.

2. No net individual equity position shall exceed 20% of the underlying capital of the Portfolio.

3. The Portfolio's directional exposure is not to exceed 120% of the underlying capital of the Portfolio.

4. The Portfolio shall at all times hold a minimum of 10 equity positions.

5. The Portfolio will limit exposure to equities based upon liquidity.

B. Fixed Income Assets

1. The VAR (95% 10 day) shall be limited to 10% of underlying capital of the Portfolio.

2. The Delta (PV01) shall be limited to 0.5% of the risk capital.

C. Commodity Assets

1. The Portfolio's directional or net exposure will range between 75% long and 50% short of the underlying capital of the Portfolio (taking into account the delta on options).

2. The Portfolio's gross exposure will range between 0% and 250% of the underlying capital of the Portfolio (taking into account the delta on options).

IV Use of Futures and Other Derivatives

While the Portfolio may trade in futures and other commodity interests and instruments, the Investment Manager (as defined below) has claimed an exemption from registration with the Commodity Futures Trading Commission (the "**CFTC**") as a commodity pool operator pursuant to Rule 4.13(a)(3) under the Commodity Exchange Act, as amended (the "**CEA**"), because: (a) either the aggregate initial margins and premiums required to establish commodity interest positions for the Portfolio do not exceed 5% of the liquidation value of the Portfolio or the aggregate net notional value of the Portfolio's commodity interest positions do not exceed 100% of the liquidation value of the Portfolio; and (b) participation in the Portfolio is limited to certain classes of investors recognised under the federal securities and commodities laws. Therefore, unlike a registered commodity pool operator, the Investment Manager is not required to deliver a disclosure document and a certified annual report to participants in the Portfolio. The Investment Manager may decide, in its sole and absolute discretion, or as otherwise required by applicable law or regulation, to rely on another exemption, if available, or register with the CFTC in the future. The Investment Manager intends to use investments in futures and other commodity interests primarily to hedge positions of the Portfolio.

Notwithstanding the investment objectives, strategies, guidelines and general policies set out above, the Investment Manager and the Sub-Investment Manager may pursue any other objective or strategy, or employ other techniques and work within other guidelines where it considers it appropriate and in the best interests of the Portfolio. The Fund cannot assure investors that the Portfolio will achieve its investment objective. Further, many of the investment techniques and activities described above are high-risk activities that could result in substantial losses under certain circumstances.

Each prospective investor must recognise that there are limitations inherent to all descriptions of investment strategies, techniques and processes due to the complexity, confidentiality and subjectivity of such processes. In addition, it is impossible to identify all such strategies, techniques and processes because they are continually changing, as are the markets invested in by the Portfolio. The investment programme of the Portfolio is speculative and entails substantial risks. There can be no assurance that the Portfolio's investment objective will be achieved, and certain investment practices (e.g., use of leverage, derivatives and short sales) may increase any adverse impact to which the Portfolio may be subject. The prospective investor should review the "Risk Factors" section in the Memorandum and "Additional Risk Factors" in this Explanatory Appendix for a discussion of certain risks associated with investing in the Portfolio.

MANAGEMENT AND SERVICE PROVIDERS

Sub-Investment Manager

The Investment Manager has entered into an investment management agreement (the "**Sub-Investment Management Agreement**") in respect of the Portfolio with Fairtree Asset Management (Pty) Ltd (the "**Sub-Investment Manager**") a private company organised under the laws of South Africa with registration number 2004/033269/07. Jacobus Adriaan Nel, Bradley Anthony and André Malan are the principals of the Sub-Investment Manager, with responsibility for overseeing the business of the Sub-Investment Manager. The Sub-Investment Manager is an authorised Financial Services Provider registered with the Financial Sector Conduct Authority (the "**FSCA**") with FSCA registration number 25917.

Jacobus Adriaan Nel ("**Kobus**")

CA (SA), CFA

Kobus completed his chartered accountant articles with PricewaterhouseCoopers in 2000. He obtained his CFA qualification in 2005. Prior to joining the Sub-Investment Manager, Kobus was part of the in-house corporate finance team at Sanlam, where he worked on several large corporate transactions. Kobus co-founded the Sub-Investment Manager in 2006. Kobus is a fund manager and a director of the Sub-Investment Manager.

André Malan

B Comm, MBA

André started his career as a banks analyst at Barnard Jacobs and Mellet, where he received one of the top ratings for a banks analyst in 1997. In 1998 he joined Decillion as a hedge fund manager. André co-founded the Sub-Investment Manager in 2006. André is a fund manager and a director of the Sub-Investment Manager.

Bradley Anthony

B.A (Economic History), CAIA

Bradley started his career at Nedcor in 1993 and has held positions as head of domestic treasury, head of fixed income and as structured products fund manager at the Nedcor Banking Group, BOE Asset Management Group, RMB and Momentum Capital Management, respectively. In 2007 Bradley joined the Momentum Alternative Investments Group where he was appointed as the chief investment officer of FRAIM. In 2011 Bradley joined the Sub-Investment Manager where he is a fund manager and a director and is responsible for managing the multi strategy hedge fund products.

The Sub-Investment Manager is registered as an exempt reporting adviser under the U.S. Investment Advisers Act of 1940, as amended.

Pursuant to the terms of the Sub-Investment Management Agreement, the Sub-Investment Manager has agreed, *inter alia*, to provide discretionary investment management services to the Investment Manager as to the management and investment of the Portfolio's assets. The Sub-Investment Management Agreement may be terminated at any time by the Investment Manager and on 60 days' notice by the Sub-Investment Manager. The Sub-Investment Manager has agreed that in the event of any claim whatsoever or howsoever made by the Sub-Investment Manager against the Fund, the recourse of the Sub-Investment Manager shall be limited solely to the assets of the Fund attributable to the Portfolio. Except for gross negligence, or wilful misconduct, neither the Sub-Investment Manager nor any of its officers, directors, members, employees, agents, affiliates, successors or permitted assigns is liable for any actions performed or omitted or any errors in judgment in rendering the discretionary investment management services in respect of the Portfolio or for any damage or loss suffered or expense or cost incurred as a result of its services performed as contemplated in the Sub-Investment Management Agreement, or for any decline in the price or value of or income from any of the assets of the Portfolio.

The Investment Manager is responsible for the fees of the Sub-Investment Manager.

The address of each of the Directors is deemed to be the registered office of the Fund. The address of each of the directors of the Investment Manager is deemed to be the registered office of the Investment Manager. The address of each of the principals of the Investment Advisor is deemed to be the registered office of the Investment Advisor

Prime Brokers

The Fund, on behalf of and for the account of the Portfolio, has entered into prime brokerage agreements with ABSA Capital Securities, a division of ABSA Bank Ltd and FirstRand Bank Limited (acting through its Rand

Merchant Bank Division, trading as RMB Prime Brokers) (the "**Prime Broker**"). The Sub-Investment Manager is authorised to give instructions with respect to all investment decisions regarding the assets in the Portfolio. The assets of the Portfolio may be held in an account designated by the Fund or an account designated by the respective Prime Brokers for the benefit of the Portfolio.

The prime brokerage documentation contains an indemnity operating in favour of the Prime Broker and its affiliates. In addition, the Prime Broker and its affiliates will not be liable for any losses incurred in relation to the Fund's account except where such losses are incurred as a result of the Prime Broker's gross negligence, fraud and/or wilful misconduct. The prime brokerage documentation also contains limited recourse language under which the liability of the Fund to the Prime Broker cannot exceed the value of the Portfolio.

ABSA Capital Securities and FirstRand bank Limited are regulated under the Banks Act under the jurisdiction SARB.

The Prime Broker will have no decision-making discretion relating to the Fund's investments. The Prime Broker is a service provider to the Fund and is not responsible for the preparation of this document or the activities of the Fund on behalf of and for the account of the Portfolio and therefore accepts no responsibility for any information contained in this document.

The Investment Manager reserves the right, in its discretion, to change the prime brokerage and custodian arrangements described above including, but not limited to, the appointment of additional prime broker(s) and custodian(s).

The Prime Brokers perform such services on arm's length commercial terms for which fees are charged at normal commercial rates and expenses are to be reimbursed.

Administrator

The Fund, on behalf of and for the account of the Portfolio, has appointed Apex Fund Services South Africa Limited a company incorporated in accordance with the laws of South Africa with registration number 1981/009543/06 and with its address at Apex House, River Park, Gloucester Road, Mowbray, 7700, Cape Town. South Africato act as administrator (the "**Administrator**") for the Portfolio pursuant to an Administration Agreement. The Administrator will, subject to the overall supervision of the Directors, be responsible for the day-to-day administration of the Portfolio, including the issue and redemption of Shares and the valuation of the Portfolio's assets. The Administrator is a Maltese entity established to provide administrative services to funds of funds and other alternative fund vehicles.
Pursuant to the Administration Agreement, the Administrator is responsible, under the overall supervision of the Fund's Directors, for matters pertaining to the day-to-day administration of the Portfolio, namely: (a) calculating the Net Asset Value of the Portfolio and the Net Asset Value per Share of each Class and Series (as the case may be) in accordance with the Fund's valuation policies and procedures; (b) maintaining the Portfolio's financial books and records so far as may be necessary to give a complete record of all transactions carried out by the Fund on behalf of and for the account of the Portfolio; and (c) providing registrar and transfer agency services in connection with the issuance, transfer and redemption of Shares.

The registrar and transfer agency services to be provided by the Administrator will include: (a) verifying the identity of prospective shareholders in accordance with applicable anti-money laundering policies and procedures; (b) maintaining the Portfolio's register of shareholders; (c) generally performing all actions related to the issuance, transfer and redemption of the Shares; (d) disseminating the Net Asset Value of the Shares to shareholders; (e) furnishing annual financial statements, as well as monthly shareholder statements to shareholders; and (f) performing certain other administrative and clerical services in connection with the administration of the Portfolio as agreed between the Fund, on behalf of and for the account of the Portfolio, and the Administrator.

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

The Administration Agreement may be terminated by either party giving to the other not less than 3 months' written notice of its intention to terminate.

The Administration Agreement provides that the Administrator's liability to the Portfolio will not exceed, in aggregate, the amount of the insurance cover that the Administrator has in place from time to time to cover itself

for claims arising in connection with the business that it conducts, provided that if the incident that gives rise to a loss, gives rise to claims from other clients of the Administrator, the Fund's claim against the Administrator will be limited to the amount of its share of the insurance cover, taking into account such other claims. Notwithstanding this, the Administrator's liability is in any event limited to circumstances where it has been fraudulent or grossly negligent or guilty of wilful default.

The Administration Agreement provides that the Administrator, its directors, officers, employees, agents and delegates will be indemnified and held harmless by the Fund, out of the assets of the Portfolio, against all liabilities, actions, proceedings, claims, costs, demands, expenses and losses including without limitation taxes (together, "**Claims**") which they might incur or which arise directly or indirectly as a result of the Administrator entering into, or taking or not taking any action pursuant to, the Administration Agreement or as a result of any transactions or dealings with third parties pursuant to the Administration Agreement, except to the extent that such Claims arise as a result of the Administrator's own gross negligence, fraud or wilful default.

Auditors to the Fund

The Fund has retained Deloitte & Touche in the Cayman Islands as its independent auditor.

Management Fee

The Investment Manager receives a monthly Management Fee equal to 1.5% per annum of the Net Asset Value of the Portfolio determined as of the first Business Day of each month. The Management Fee is payable to the Investment Manager within fifteen Business Days after the first Business Day of each such month. The Investment Manager may, in its sole discretion, waive or reduce the Management Fee chargeable to the Portfolio and the Investment Manager may, in its sole discretion, waive or reduce the portion of the Management Fee chargeable to Shares of any shareholder; provided, however, that no such waiver or reduction will adversely impact any other shareholder or cause them to bear a higher portion of the Management Fee than they would bear absent such waiver or reduction.

For the avoidance of doubt, a shareholder admitted to the Portfolio other than on the first day of a calendar month will be subject to a pro rata portion of the Management Fee for such month based upon the portion of the month for which it is a shareholder. A shareholder who redeems all or a portion of its Shares at any time other than at the end of a calendar month shall not be reimbursed a pro rata portion of the Management Fee.

Performance Fee

The Investment Manager receives an annual Performance Fee determined as of the last Business Day of each fiscal year (and on a Redemption Date with respect to Shares redeemed on any date other than the last Business Day of a calendar year) (a "**Performance Period**") equal to 20% of the increase in the Net Asset Value of each Series of Shares. Any such increase will be based on realised and unrealised gains and shall be adjusted for dividends, redemptions and subscriptions during a calendar quarter. The increase in the Net Asset Value and, therefore, the amount of the Performance Fee may vary among differing Series. The Performance Fee will only be paid with respect to the net realised and unrealised appreciation in the Net Asset Value of a Series of Shares in excess of a "High Water Mark" of such Series.

In the event of a redemption on any date other than the year end, the Performance Fee in respect of the Shares to be redeemed will be computed on the redemption amount as of the applicable Redemption Date. The High Water Mark of a Series will be reduced for redemptions of Shares from the Series.

The Performance Fee is payable annually in arrears in respect of each Performance Period.

Series are issued on consecutive months over each Performance Period, with the Shares of the first Series issued having been issued as at their commencement date. Each new Series is issued at a price of U.S.$100 per Share. On the expiry date of a Performance Period, any Performance Fee accruing and payable for each Series becomes payable.

In order to simplify the administration of the Fund, the Fund may upon the realisation of a Performance Fee in respect of any two or more Series of Shares at the end of a Performance Period consolidate all of such Series and thereafter issue Participating Shares of the consolidated Series of Class FF Shares to shareholders. The consolidated Series of Class FF Shares will be the oldest Series of Class FF Shares to have borne a Performance

Fee in respect of the relevant year. Such compulsory redemption and re-issue shall be effected based on the Net Asset Values of the consolidated Shares. The consolidation may result in the number of Class FF Shares held by a shareholder being changed. The total value of the shareholder's investment in Class FF will not change due to the consolidation.

For each Series, the High Water Mark means the greater of the: (a) Net Asset Value of such Series on the last date of a Performance Period for which a Performance Fee was last paid with respect to such Series; and (b) the Net Asset Value of such Series on the original date of issue of such Series. All such calculations are made before deduction of the Performance Fee for the current period and including realised and unrealised gains and losses, and in each case adjusted for any dividends, distributions, recapitalisations and other similar events. If consolidation is not achieved, the Series are consolidated at the end of the next Performance Period in which the criteria listed above are met.

Each Series has identical rights, other than to the Net Asset Value per Share and Performance Fee payable. The above structure has been designed to treat all holders of Shares and the Investment Manager fairly, with respect to the Performance Fee payable. Thus, depending on when an investor acquires Shares, it may be charged a Performance Fee for gains in a particular Performance Period while other investors in another Series, whose Shares are recovering any previous losses, will not be charged a Performance Fee.

The Investment Manager may, in its sole discretion, waive or reduce the Performance Fee chargeable to Shares of any shareholder; provided, however, that no such waiver or reduction will adversely impact any other shareholder or cause them to bear a higher portion of the Performance Fee than they would bear absent such waiver or reduction.

Notwithstanding the foregoing, the Directors may determine to issue more than one Series of Shares in a Class on any given Closing Date for the purpose, *inter alia*, of tracking different levels of fees attributable to different shareholders within such Class. In any such instance, there may be consolidation of one or more sets of fee Series at the end of any relevant Performance Period as provided for herein.

SUMMARY OF INVESTMENT TERMS

Offer Price

The initial offer price will be U.S.$100 per Share. Thereafter, the Fund, on behalf of and for the account of the Portfolio, will issue a separate Series of Shares at a price per Share of U.S.$100 on each Closing Date.

Minimum Subscription

The minimum subscription per subscriber is U.S.$ 100,000 (net of any initial fees and bank charges). Any initial or additional subscriptions for Shares may be accepted or rejected, in whole or in part, in the sole discretion of the Directors.

Shares are offered prior to the close of business on each Closing Date. Generally, the Administrator must receive a Share Application at its office prior to 5:00 P.M. (South African time), and subscription monies must be credited to the Portfolio's subscription account, on the Closing Date at which the subscription is intended to be accepted by the Fund.

The Fund, on behalf of and for the account of the Portfolio, will issue separate Series of Shares, as appropriate, on each Closing Date.

Redemptions

The Directors may limit the total number of Shares which may be redeemed on any Redemption Date and redemptions will be paid out, in cash or in kind, as soon as practically possible after the Redemption Date.

Valuations

For purposes of determining the unrealised gains and losses on the Portfolio's securities, except as otherwise determined by the Directors in their discretion, securities and other assets shall generally be valued as follows:

(a) any security which is listed or quoted on any securities exchange or similar electronic system and regularly traded thereon will be valued at its last traded price on the relevant valuation date or, if no trades occurred on such day, at the closing bid price if held long by the Portfolio and at the closing offer price if sold short by the Portfolio, as at the relevant valuation date, and as adjusted in such manner as the Directors (or their duly authorised agent), in their sole discretion, determine, having regard to the size of the holding, and where prices are available on more than one exchange or system for a particular security the price will be the last traded price or closing bid or offer price, as the case may be, on the exchange which constitutes the main market for such security or the one which the Directors (or their duly authorised agent) in their sole discretion determine provides the fairest criteria in ascribing a value to such security;

(b) investments, other than securities, which are dealt in or traded through a clearing firm or an exchange or through a financial institution, will be valued by reference to the most recent official settlement price quoted by that clearing house, exchange or financial institution. If there is no such price, then the average will be taken between the lowest offer price and the highest bid price at the close of business on any market on which such investments are or can be dealt in or traded, provided that where such investments are dealt in or traded on more than one market, the Directors (or their duly authorised agent) may determine in their discretion which market shall prevail;

(c) any security which is not listed or quoted on any securities exchange or similar electronic system or if, being so listed or quoted, is not regularly traded thereon or in respect of which no prices as described above are available, will be valued at its probable realization value as determined by the Directors (or their duly authorised agent) in good faith having regard to its cost price, the price at which any recent transaction in the security may have been effected, the size of the holding having regard to the total amount of such security in issue, and such other factors as the Directors (or their duly authorised agent) in their sole discretion deem relevant in considering a positive or negative adjustment to the valuation;

(d) investments, other than securities, which are not dealt in or traded through a clearing firm or an exchange or through a financial institution will be valued on the basis of the latest available valuation provided by the relevant counterparty;

(e) deposits will be valued at their cost plus accrued interest; and

(f) any value (whether of an investment or cash) otherwise than in dollars will be converted into dollars at the rate (whether official or otherwise) which the Directors (or their duly authorised agent) in their absolute discretion deem applicable as at close of business on the relevant Valuation Date, having regard, among other things, to any premium or discount which they consider may be relevant and to costs of exchange.

All other assets of the Portfolio will be valued in the manner determined by the Directors (or their duly authorised agent) to reflect their fair market value.

The foregoing valuations and methods may be modified by the Directors. Portfolio securities shall be valued as set forth above, provided that the Directors (or their duly authorised agent) may determine that the listed prices of the securities and instruments as determined in accordance with the valuation procedures set forth above do not reflect the actual value of the securities or instruments and the Directors (or their duly authorised agent) may make such appropriate and reasonable modifications thereto to reflect the value of the instruments and securities, including to reflect liquidity conditions or other factors affecting such value.

Investor Side Letter and Preferential Rights Disclosure

Additional shareholders may be admitted to the Fund upon such terms and conditions as are permitted by the Directors, in accordance with the constitutional documents of the Fund, which terms and conditions may differ from those applicable to other shareholders on matters relating to, without limitation, lock up/commitment periods, notice periods, management/incentive fees and information rights. New classes of Shares in the Fund may be established by the Directors without the approval of the existing shareholders. Such new classes will have such rights and characteristics as the Directors may determine in their sole discretion and that may differ from the rights and characteristics attached to Shares in the Fund in any other classes. Certain discretions may be granted to the Directors in the Memorandum and this Explanatory Appendix, relating to the waiver or modification of the application of certain provisions of the Memorandum and Explanatory Appendix or the granting of special or

more favourable rights with respect to certain provisions therein (all subject to the Articles). Such discretions may apply to provisions relating to fees, allocations, redemptions, transfers, notices and transparency into the Portfolio's portfolio of assets, with respect to any shareholder, the exercise of which may be undertaken by the Directors without notice to, or the consent of, other shareholders, subject to the duties of the Directors under law.

ADDITIONAL RISK FACTORS

There is no assurance that the objectives of the trading strategies and methods utilised by the Investment Manager and/or the Sub-Investment Manager will be met and no guarantee that such trading strategies and methods will be profitable or will avoid losses. The Portfolio may be deemed to be a speculative investment and is not intended as a complete investment programme. The Portfolio is designed only for sophisticated persons who are able to bear the risk of an investment in the Portfolio. The following does not purport to be a summary of all of the risks associated with an investment in the Portfolio. Rather, the following describes certain specific risks to which the Portfolio (and, therefore, the investor) is subject and with respect to which the Portfolio, and the Sub-Investment Manager strongly encourage the potential investor to carefully consider and to consult regarding the same with its professional advisors, as it deems necessary.

Investors should review carefully the section of the Memorandum entitled "**Risk Factors**". In addition, the following risk factors are relevant in relation to an investment in the Portfolio.

Lack of Operating History. The Portfolio was recently formed and has a limited financial and operating history. There can be no assurance that the Portfolio will achieve its investment objective. The past investment performance of the Investment Manager or the Sub-Investment Manager cannot be construed as an indication of the future results of an investment in the Portfolio.

Target Jurisdictions. Investing in Emerging Market countries involves certain risks and special considerations not typically associated with investing in other more established economies or securities markets. Such risks may include, without limitation: (a) the risk of nationalisation or expropriation of assets or confiscatory taxation; (b) social, economic and political uncertainty including war and revolution; (c) dependence on exports and the corresponding importance of international trade and commodities prices; (d) less liquidity of securities markets; (e) currency exchange rate fluctuations; (f) potentially higher rates of inflation (including hyper-inflation); (g) controls on foreign investment and limitations on repatriation of invested capital and the ability to exchange local currencies for dollars; (h) a higher degree of governmental involvement and control over the economies; (i) government decisions to discontinue support for economic reform programmes and imposition of centrally planned economies; (j) differences in auditing and financial reporting standards which may result in the unavailability of material information about the economics of issuers; (k) less extensive regulatory oversight of securities markets; (l) longer settlement periods for securities transactions; (m) less stringent laws regarding the fiduciary duties of officers and directors and protection of investors; and (n) certain consequences regarding the maintenance of portfolio securities and cash with sub-custodians and securities depositories in Emerging Markets. A general economic downturn or the materialisation of any one or a combination of the above risks could have a materially adverse effect on the Portfolio's financial results. Many of the laws and regulations of countries in Emerging Markets are either not well established or at an early stage of development. Such laws and regulations and the applicable legal framework can be vague, contradictory, not comprehensive and subject to varying interpretation. Accordingly, there can be no assurance that the Portfolio will be able to achieve effective enforcement of its rights by way of legal proceedings.

Corruption. Corruption remains a significant issue in Emerging Markets. Its effects seriously constrains the development of local economies, erodes stability and trust and its macro economic and social costs are immense. There remains, across Emerging Markets, insufficient effective anti-corruption legislation and insufficient co-ordination of anti-corruption initiatives.

Political and Country Risks. The value of the Portfolio's investments in or relating to Emerging Markets may be affected by changes in foreign exchange rates and controls, interest rates or government policy, as well as social and civil unrest and other political, economic and other developments in or affecting Emerging Markets. Future political and economic conditions in Emerging Markets may result in its governments adopting different policies with respect to foreign investment. Any such changes in policy may affect ownership of assets, taxation, rates of exchange, environmental protection, labour relations, repatriation of income and return of capital, with potentially adverse effects on the Portfolio's investments. Future actions of Emerging Market governments could have a significant effect on the local economies, which could adversely affect private sector companies, market conditions and prices and yields of the Portfolio's investments. The Portfolio does not intend to obtain political

risk insurance. In recent years Emerging Markets have witnessed various terrorist attacks, civil unrest and other acts of violence or war, and it is possible that in the future such events as well as other adverse social, economic or political events in Emerging Markets may adversely affect the value and prospects of the Portfolio's investments.

Accounting and Financial Reporting Standards. Accounting, auditing and financial reporting standards, practices and disclosure requirements imposed on companies incorporated in Emerging Markets are generally less stringent than those applicable in the United Kingdom or United States. This may make it more difficult to obtain accurate information and carry out effective due diligence in respect of potential investments. In addition, there is generally less government supervision and regulation of stock exchanges, brokers and listed companies, which may lead to an increased risk of irregularities.

Securities Exchanges. Emerging Market securities' exchanges are less developed than the leading stock markets of the developed world. Trading volumes can be substantially lower so that accumulation and disposal of holdings may be time consuming and may need to be conducted at unfavorable prices. Prices may also be more volatile. Any significant extension of settlement periods in a sector of the Emerging Market financial markets as a result of unforeseen circumstances may lead to delays in the receipt of proceeds from the sale of securities. It is possible that the Portfolio could miss investment opportunities as a result of an inability of the Portfolio to make intended securities purchases due to settlement problems. Securities' exchanges typically have the right to suspend or limit trading in any instrument traded on that exchange. Any suspension of any security held by the Portfolio could make it impossible for the Portfolio to liquidate positions and thereby expose the Portfolio to losses. The value of the Portfolio's investments may be affected generally by factors affecting Emerging Market securities' exchanges, such as price and volume volatility in the capital markets, interest rates, changes in policies of the governments in Emerging Markets, taxation laws or policies and other political and economic developments, including closure of stock exchanges, which may have an adverse bearing on individual securities, a specific sector, or all sectors including equity and debt markets.

Market Transparency. Market transparency in Emerging Markets lags behind European and U.S. standards with Emerging Markets still being very opaque. The level of information generally available in Emerging Markets is far behind European and U.S. standards. Whilst the Sub-Investment Manager believes that Emerging Markets possesses great investment potential, it is also aware that Emerging Markets harbours greater risk due to a lack of transparency.

Equity Securities Generally. The Portfolio will invest in equity and equity-related securities listed on Emerging Market exchanges and other countries. The value of these financial instruments generally will vary with the performance of the issuer and movements in the equity markets. As a result, the Portfolio may suffer losses if it invests in equity instruments of issuers whose performance diverges from the Sub-Investment Manager's expectations or if equity markets generally move in a single direction and the Portfolio has not hedged against such a general move. The Portfolio also may be exposed to risks that issuers will not fulfil contractual obligations such as, in the case of convertible securities or private placements, delivering marketable common stock upon conversions of convertible securities and registering or otherwise qualifying restricted securities for public resale.

Undervalued and Overvalued Equity Securities. The Portfolio's investment strategy will also focus on investing in companies that the Sub-Investment Manager believes are undervalued and overvalued. Opportunities in undervalued equity securities arise from market inefficiencies or due to a lack of wide recognition of the potential impact (positive or negative) that earnings events or trends may have on the value of a security. Opportunities in overvalued equity securities arise when a stock's earnings will be less than analyst's published consensus, therefore, is expected to drop in price. Overvaluation may result from an emotional buying spurt, which inflates the stock's market price, or from deterioration in a company's financial strength. The identification of investment opportunities in undervalued and overvalued securities is a difficult task, and there is no assurance that such opportunities will be successfully recognised or acquired. While investing long in undervalued securities and investing short in overvalued securities present opportunities for above-average capital appreciation, these investments involve a high degree of financial risk and can result in substantial losses. Furthermore, investing in these securities carries additional risk as other managers with similar positions could be forced to unwind and drive security pricing in a manner adverse to the Portfolio.

Investment and Trading Risks in General. The Fund invests most of the Portfolio's available capital (other than the capital the Sub-Investment Manager determines to retain in cash or cash equivalents) in publicly-traded and over-the-counter options, futures, foreign exchange, and other derivative instruments. Markets for such instruments are subject to fluctuations and the market value of any particular investment may be subject to

substantial variation. In addition, such securities may be issued by new or developing companies and may be highly speculative. The Fund cannot assure investors that the Portfolio will generate any income or will appreciate in value. All securities investments present a risk of loss of capital. The Directors believe that the Portfolio's investment policy moderates this risk through a careful selection of securities and other financial instruments. The Portfolio's investment policy may, however, utilise such investment techniques as option transactions, margin transactions, short sales and futures and forward contracts which practices can, in certain circumstances, maximise any losses.

Exchange-Traded Futures Contracts and Options on Futures Contracts. The Portfolio's use of futures contracts and options on futures contracts will present the same types of volatility and leverage risks associated with transactions in derivative instruments generally (see below). In addition, such transactions present a number of risks which might not be associated with the purchase and sale of other types of investment products.

Prior to exercise or expiration, a futures or option position can be terminated only by entering into an offsetting transaction. This requires a liquid secondary market on the exchange on which the original position was established. While the Portfolio will enter into futures and option positions only if, in the judgment of the Sub-Investment Manager, there appears to be a liquid secondary market for such instruments, there can be no assurance that such a market will exist for any particular contract at any point in time. In that event, it might not be possible to establish or liquidate a position.

The Portfolio's ability to utilise futures or options on futures to hedge its exposure to certain positions or as a surrogate for investments in instruments or markets will depend on the degree of correlation between the value of the instrument or market being hedged or to which exposure is sought, and the value of the futures or option contract. Because the instrument underlying a futures contract or option traded by the Portfolio will often be different from the instrument or market being hedged or to which exposure is sought, the correlation risk could be significant and could result in substantial losses to the Portfolio. The use of futures and options involves the risk that changes in the value of the underlying instrument will not be fully reflected in the value of the futures contract or option.

The liquidity of a secondary market in futures contracts and options on futures contracts is also subject to the risk of trading halts, suspensions, exchange or clearing house equipment failures, government intervention, insolvency of a brokerage firm, clearing house or exchange or other disruptions of normal trading activity.

OTC Derivative Instrument Transactions. The Portfolio may invest a portion of its assets in investments which are not traded on organised exchanges and as such are not standardised. Such transactions are known as over-the-counter or ("**OTC**") transactions and may include forward contracts, investment contracts, contracts for differences, or options. Whilst some OTC markets are highly liquid, transactions in OTC derivatives may involve greater risk than investing in exchange traded derivatives because there is no exchange market on which to close out an open position. It may be impossible to liquidate an existing position, to assess the value of the position arising from an off-exchange transaction or to assess the exposure to risk. Bid and offer prices need not be quoted and, even where they are, they often will be established by the dealers in these instruments and consequently it may be difficult to establish what is a fair price. In respect of such trading, the Portfolio is subject to the risk of counter-party failure or the inability or refusal by a counter-party to perform with respect to such contracts. Market illiquidity, counter-party non-performance or other disruption could result in major losses to the Portfolio.

The instruments, indices and rates underlying derivative transactions expected to be entered into by the Portfolio may be extremely volatile in the sense that they are subject to sudden fluctuations of varying magnitude, and may be influenced by, among other things, government trade, fiscal, monetary and exchange control programmes and policies; national and international political and economic events; and changes in interest rates. The volatility of such instruments, indices or rates, which may render it difficult or impossible to predict or anticipate fluctuations in the value of instruments traded by the Portfolio, could result in losses.

Short Sales. The Portfolio may engage in short sales as part of hedging transactions or when the Investment Manager believes securities are overvalued. Short sales are sales of securities the Portfolio borrows but does not actually own, usually made with the anticipation that the prices of the securities will decrease and the Portfolio will be able to make a profit by purchasing the securities at a later date at the lower prices. The Portfolio will incur a potentially unlimited loss on a short sale if the price of the security increases prior to the time it purchases the security to replace the borrowed security. A short sale presents greater risk than purchasing a security outright since there is no ceiling on the possible cost of replacing the borrowed security, whereas the risk of loss on a "long" position is limited to the purchase price of the security. Closing out a short position may cause the security

to rise further in value creating a greater loss.

Short sale transactions have been subject to increased regulatory scrutiny in response to recent market events, including the imposition of restrictions on short selling certain securities and reporting requirements. The Portfolio's ability to execute a short selling strategy may be materially adversely impacted by temporary and/or new permanent rules, interpretations, prohibitions, and restrictions adopted in response to these adverse market events. Temporary restrictions and/or prohibitions on short selling activity may be imposed by regulatory authorities with little or no advance notice and may impact prior trading activities of the Portfolio. Additionally, the SEC, its foreign counterparts, other governmental authorities and/or self-regulatory organisations may at any time promulgate permanent rules or interpretations consistent with such temporary restrictions or that impose additional or different permanent or temporary limitations or prohibitions. The SEC might impose different limitations and/or prohibitions on short selling from those imposed by various non-U.S. regulatory authorities. These different regulations, rules or interpretations might have different effective periods.

Regulatory authorities may impose restrictions that adversely affect the Portfolio's ability to borrow certain securities in connection with short sale transactions. In addition, traditional lenders of securities might be less likely to lend securities under certain market conditions. As a result, the Portfolio may not be able to effectively pursue a short selling strategy due to a limited supply of securities available for borrowing. The Portfolio may also incur additional costs in connection with short sale transactions, including in the event that it is required to enter into a borrowing arrangement in advance of any short sales. Moreover, the ability to continue to borrow a security is not guaranteed and the Portfolio is subject to strict delivery requirements. The inability of the Portfolio to deliver securities within the required time frame may subject the Portfolio to mandatory close out by the executing broker-dealer. A mandatory close out may subject the Portfolio to unintended costs and losses. Certain actions or omissions by third-parties, such as executing broker-dealers or clearing broker-dealers, may materially impact the Portfolio's ability to effect short sale transactions. Such actions or omissions may include a failure to deliver securities in a timely manner in connection with a short sale effected by a third-party unrelated to the Portfolio.

Leverage, Interest Rates and Margin. The Portfolio may borrow securities from brokerage firms, banks, and other financial institutions in order to increase the amount of capital available for investment. Consequently, the level of interest rates at which the Portfolio can borrow will affect the operating results of the Portfolio. In addition, the Portfolio may in effect borrow securities through entry into repurchase agreements and may seek to "leverage" its investment return with such instruments as forwards, futures, options and other derivative contracts.

The Portfolio's use of borrowing results in certain additional risks. For example, should the securities pledged to brokers to secure the Portfolio's margin accounts decline in value, the Portfolio could be subject to a "margin call" and need to deposit additional securities or collateral with the broker or suffer mandatory liquidation of the pledged securities to compensate for the decline in value. In the event of a sudden drop in the value of the Portfolio's assets, the Portfolio might not be able to liquidate assets quickly enough to pay off its margin debt. In addition, leverage can increase the loss to investors. In the futures markets, margin deposits are typically low. Low margin deposits mean that a relatively small price movement in a futures contract may result in immediate and substantial losses. For example, if at the time of purchase 10% of the price of a futures contract is deposited as margin, a 10% decrease in the price of the futures contract would, if the contract is then closed out, result in a total loss of the margin deposit before any deduction for the brokerage commission.

Disaster Recovery. Whilst the Sub-Investment Manager has put in place safeguards including the use of parallel and/or back-up systems, emergency power and alternative data feeds, designed to protect the interests of the Portfolio in case of disruption of the technology, including transmission failures, this is no guarantee that such measures would be effective against all situations or could be implemented in time and the Portfolio may be adversely affected accordingly.

Investments in Fixed-Income Securities. The Portfolio may invest a portion of its capital in bonds or other fixed income securities, including, without limitation, bonds, notes and debentures issued by corporations, debt securities issued or guaranteed by the U.S. or foreign government or one of its agencies or instrumentalities, commercial paper, and "higher yielding" (and, therefore, higher risk) debt securities of the former categories. These securities may pay fixed, variable or floating rates of interest, and may include zero coupon obligations. Fixed income securities are subject to the risk of the issuer's inability to meet principal and interest payments on its obligations (i.e., credit risk) and are subject to price volatility due to such factors as interest rate sensitivity, market perception of the creditworthiness of the issuer and general market liquidity (i.e., market risk). A major economic recession could disrupt severely the market for such securities and may have an adverse impact on the

value of such securities. In addition, any such economic downturn could adversely affect the ability of the issuers of such securities to repay principal and pay interest thereon and increase the incidence of default for such securities.

Preferred Shares. The Portfolio may invest in the preferred shares of certain companies. Preferred shares may pay dividends at a specific rate and generally have preference over common stock in the payment of dividends in a liquidation of assets but rank after debt securities. Unlike interest payments on debt securities, dividends on preferred shares are generally payable at the discretion of the board of directors of the issuer. The market prices of preferred shares are subject to changes in interest rates and are more sensitive to changes in the issuer's creditworthiness than are the prices of debt securities.

Securities and Other Investments of the Portfolio may be Illiquid. Certain investment positions may be illiquid. Futures positions may be illiquid because, for example, some exchanges limit fluctuations in certain futures contract prices during a single day by regulations referred to as "daily price fluctuation limits" or "daily limits". Once the price of a contract for a particular future has increased or decreased by an amount equal to the daily limit, positions in the future can neither be taken nor liquidated unless traders are willing to effect trades at or within the limit. Similar occurrences could prohibit the Portfolio from promptly liquidating unfavourable positions and subject the Portfolio to substantial losses. In addition, the Portfolio may not be able to execute futures contract trades at favourable prices if little trading in the contracts involved is taking place. It is also possible that an exchange may suspend trading in a particular contract, order immediate liquidation and settlement of a particular contract, or order that trading in a particular contract be conducted for liquidation only. Further, the factors relating to illiquidity of investment positions may also be applicable to an investor whose assets are used in any in specie redemption or withdrawal.

Funding Liquidity Risk. Where investors redeem their Shares in the Portfolio in an amount which exceeds the amount of cash or other liquid assets immediately available to the Portfolio such redemptions, the Portfolio may need to liquidate additional assets. This may limit or otherwise adversely affect the ability of the Portfolio to operate or manage investment positions and strategies within its investment portfolio.

Hedging Transactions. The Portfolio may utilise certain financial instruments and investment techniques for risk management or hedging purposes. There is no assurance that such risk management and hedging strategies will be successful, as such success will depend on, among other factors, the Investment Manager's and/or the Sub-Investment Manager's ability to predict the future correlation, if any, between the performance of the instruments utilised for hedging purposes and the performance of the investments being hedged. Since the characteristics of many securities change as markets change or time passes, the success of the Portfolio's hedging strategies may also be subject to the Investment Manager's ability to correctly readjust and execute hedges in an efficient and timely manner. There is also a risk that such correlation will change over time rendering the hedge ineffective. It may be more difficult to hedge a position in a smaller cap issuer than a larger-cap issuer. The Portfolio's portfolio is not expected to be completely hedged at all times and at various times the Investment Manager may elect to be more fully hedged and at other times hedged only to a limited extent, if at all. Accordingly, the Portfolio's assets may not be adequately protected from market volatility and other conditions.

Trading in Indices, Financial Instruments and Currencies. The Sub-Investment Manager may place an emphasis on trading indices, financial instruments and currencies. The effect of any governmental intervention may be particularly significant at certain times in currency and financial instrument futures and options markets. Such intervention (as well as other factors) may cause all of these markets to move rapidly in the same or varying directions which may result in sudden and significant losses.

Money Market Instruments. The Sub-Investment Manager may invest, for defensive purposes or otherwise, all or a portion of the Portfolio's assets in high quality fixed-income securities, money-market instruments, and foreign money-market mutual funds, or hold cash or cash equivalents in such amounts as the Investment Manager deems appropriate under the circumstances. Money market instruments are high quality, short-term fixed-income obligations, which generally have remaining maturities of one year or less, and may include U.S. government securities, commercial paper, certificates of deposit and bankers' acceptances issued by domestic branches of U.S. banks that are members of the Federal Deposit Insurance Corporation and repurchase agreements. However, there can be no assurances that such investments will not be subject to significant risks.

Securities Lending and Borrowing. The Portfolio may lend its portfolio securities on terms customary in the securities industry, enter into reverse repurchase agreements or enter into other transactions constituting a loan of the Portfolio's assets. By doing so, the Portfolio attempts to increase its income through the receipt of interest on

the loan. In the event of the bankruptcy of the other party to a securities loan, the Portfolio could experience delays in recovering the securities it lent. To the extent that the value of the securities the Portfolio lent has increased, the Portfolio could experience a loss if such securities are not recovered.

Repurchase Agreements. The Portfolio may enter into repurchase agreements with counterparties, by which it buys a security and simultaneously agrees to sell it back later at a predetermined price, or in reverse repurchase agreements, by which the Portfolio sells a security and simultaneously agrees to buy it back later at a predetermined price. In the event of a bankruptcy or other default of a transferor of securities in a repurchase agreement, the Fund as transferee could experience both delays in liquidating the underlying securities and losses, including: (a) a possible decline in the value of the collateral during the period in which the Portfolio seeks to enforce its rights thereto; (b) possible subnormal levels of income and lack of access to income during this period; and (c) expenses of enforcing its rights. In the case of default by the transferee of securities in a repurchase agreement, the Portfolio as transferor runs the risk that the transferee may not deliver the securities when required.

Portfolio Turnover. Turnover of the Portfolio's investments may be higher than the average for other more traditional portfolios and, accordingly, the level of commissions paid and other transaction costs are likely to be higher than average.

Taxation. The Portfolio may take positions with respect to certain tax issues which depend on legal conclusions not yet resolved by the courts. Should any such positions be successfully challenged by any applicable taxing authorities, there could be a materially adverse effect on the Portfolio.

Transaction Execution and Costs. As the Sub-Investment Manager may actively manage the Portfolio's portfolio, purchases and sales of investments may be frequent and may result in higher transaction costs to the Portfolio. In addition, in many cases relatively narrow spreads may exist between the prices at which the Portfolio will purchase and sell particular positions. The successful application of the Portfolio's investment strategy will therefore depend, in part, upon the quality of execution of transactions, such as the ability of broker-dealers to execute orders on a timely and efficient basis. Although the Portfolio will seek to utilise brokerage firms that will afford superior execution capability to the Portfolio, there is no assurance that all of the Portfolio's transactions will be executed with optimal quality. Furthermore, due to the degree of trading, total commission charges and other transaction costs may be expected to be high. The level of commission charges, as an expense of the Portfolio, may therefore be expected to be a factor in determining future profitability of the Portfolio.

Limitations on Shareholder Redemptions and Transfers. Subject to the Redemption Dates, redemption notices, and other redemption restrictions, a shareholder generally will not be permitted to redeem all or any of its Shares from the Portfolio except as of the last day of each calendar month. Subject to the Articles, the Directors may waive or reduce such limitations in their sole discretion. The Directors may suspend redemption rights (in accordance with the Articles). In addition, transfers of Shares will be permitted only in limited circumstances at the discretion of the Directors. Accordingly, Shares should only be acquired by investors willing and able to commit their funds for an appreciable period of time.

Effect of Substantial Redemptions. Substantial redemptions by one or more shareholders within a short period of time could require the Fund to liquidate securities positions more rapidly than would otherwise be desirable, possibly reducing the value of the Fund's assets and/or disrupting the Fund's investment strategy. Reduction in the size of the Fund could make it more difficult to generate a positive return or to recoup losses due to, among other things, reductions in the Fund's ability to take advantage of particular investment opportunities or decreases in the ratio of its income to its expenses.

In-Kind Distributions. The Portfolio anticipates distributing cash to a shareholder upon a redemption. However, there can be no assurance that the Portfolio will have sufficient cash to satisfy Redemption Requests or that it will be able to liquidate investments at the time of such Redemption Requests at favorable prices. Under the foregoing circumstances, and under other circumstances deemed appropriate by the Directors, a shareholder may receive in-kind distributions from the Portfolio's investment portfolio. Distributions in-kind will generally be made pro rata to all withdrawing shareholders and may, in the discretion of the Directors, be made through the use of a liquidating entity. The risk of loss and delay in liquidating these securities will be borne by the shareholder, with the result that such shareholder may receive less cash than it would have received as of the Redemption Date.

A Series is not a Separate Legal Entity. Although the Portfolio maintains only one investment portfolio of assets, the appreciation and depreciation attributable to any Series will be allocated only to such Series. Similarly, expenses attributable solely to a particular Series will be allocated solely to that Series. However, a creditor of

the Portfolio will generally not be bound to satisfy its claims from a particular Series. Rather, such creditor generally may seek to satisfy its claims from the assets of the Portfolio as a whole. Further, if the losses attributable to a Series exceed its value, then such losses could negatively impact the value of other Series**.**

Conflicts of Interest. As described in the Memorandum as read with this Explanatory Appendix, there are certain actual and potential conflicts of interest that should be considered by prospective investors before subscribing for Shares. These include that the Directors, the Investment Manager, the Sub-Investment Manager, their members, principals, managers, affiliates and employees may engage in other activities, including providing professional services or investment management and advisory services to other accounts, and shall not be required to refrain from any activity, to disgorge profits from any such activity or to devote all or any particular amount of time or effort of any of their officers, directors or employees to the Portfolio and its affairs. Any such accounts may include other funds that may have the same or similar investment objectives as the Portfolio. Although each of the Investment Manager and the Sub-Investment Manager will act in a manner that it considers fair, reasonable and equitable in allocating investment opportunities to the Portfolio, it otherwise is not restricted in the nature or timing of investments for the Portfolio and other accounts and may average the prices paid or received in connection with such investments.

Supplementary Agreements with Shareholders. In connection with an investor's subscription for Shares, the Directors and/or the Investment Manager may enter into a side letter or similar agreement (a "**Supplementary Agreement**") with such investor. A Supplementary Agreement may provide for, among other things, the Directors' and/or the Investment Manager's agreement to exercise its discretionary authority under the Articles in certain respects for the benefit of the investor. The entry by the Directors and/or the Investment Manager into any Supplementary Agreement may not require the vote or consent of any shareholder or limited partner. In addition, the terms of any such Supplementary Agreement will not be disclosed to other shareholders unless the Directors and/or the Investment Manager, in their sole discretion, agree otherwise or unless required by law.

Soft Dollars. The use of brokerage commissions to obtain research services creates a conflict of interest between the Investment Manager or the Sub-Investment Manager and the Portfolio. This may result in the Portfolio paying higher brokerage commissions than might be paid if transactions were effected through brokers that do not provide such services. To the extent that the Investment Manager or the Sub-Investment Manager is able to acquire these research services without expending its own resources or at reduced prices, the Investment Manager's or the Sub-Investment Manager's use of "soft-dollars" would tend to increase its profitability. Such research services may also be used by the Investment Manager or the Sub-Investment Manager in its other investment activities, and therefore, the Portfolio may not, in any particular instance, be the direct or indirect beneficiary of the research, services or equipment provided. In addition, the availability of these non-monetary benefits may influence the Investment Manager or the Sub-Investment Manager to select one broker rather than another to perform services for the Portfolio.

Valuation. Valuations of the Portfolio's securities and other investments, such as options, may involve uncertainties and judgmental determinations, and if such valuations should prove to be incorrect, the Net Asset Value of the Portfolio could be adversely affected. Certain of the Portfolio's investments may not be listed on established exchanges, which may make a determination of the fair market value of such securities difficult to accurately determine. Furthermore, even for listed securities, the Directors (or their duly authorised agent) may determine that the listed prices of the securities as determined in accordance with the valuation procedures set forth herein do not reflect the actual value of the securities and the Directors (or their duly authorised agent) may make such appropriate and reasonable modifications thereto to reflect the value of the securities, including to reflect liquidity conditions or other factors affecting such value. Third party pricing information may at times not be available regarding certain securities. Valuation determinations made by the Directors (or their duly authorised agent), which will be conclusive and binding, may affect the amount of the Management Fee and Performance Fee.

Investment Manager's Performance Fee. The Performance Fee is based, in part, on unrealised investment gains that may never be realised in the event of adverse changes in the value of such investments. A performance-based fee arrangement may create an incentive for riskier or more speculative investments by the Investment Manager and/or the Sub-Investment Manager, than might be the case in the absence of such performance-based fee arrangement.

Limitation of Liability and Indemnification of the Investment Manager and the Sub-Investment Manager. The Investment Management Agreement provides that the Investment Manager and its affiliates shall be indemnified and held harmless from and against any loss or expense suffered or sustained in connection with the

Investment Manager's duties under the Investment Management Agreement, so long as such loss or expense did not result from action or inaction adjudged to constitute wilful malfeasance, bad faith, or gross negligence. Therefore, a shareholder may have a more limited right of action against the Investment Manager than a shareholder would have had absent these provisions. Except for gross negligence, wilful misconduct, bad faith, or negligent violation of applicable law, neither the Sub-Investment Manager nor any of its offices, directors, members, employees, agents, affiliates, successors or permitted assigns is liable for any actions performed or omitted or any errors in judgment in providing discretionary investment management services in respect of the Portfolio or for any damage or loss suffered or expense or cost incurred as a result of its services performed as contemplated in the Sub-Investment Management Agreement, or for any decline in the price or value of or income from any of the assets of the Portfolio.

Systems and Operational Risks. The Portfolio depends on the Investment Manager and the Sub-Investment Manager to develop and implement appropriate systems for the Portfolio's activities. The Portfolio relies heavily and on a daily basis on financial, accounting and other data processing systems to execute, clear and settle transactions and to evaluate certain securities, to monitor its portfolio and capital, and to generate risk management and other reports that are critical to oversight of the Portfolio's activities. In addition, the Portfolio relies on information systems to store sensitive information about the Portfolio, the Investment Manager, the Sub-Investment Manager their affiliates and the shareholders. Certain of the Portfolio's and the Investment Manager's activities will be dependent upon systems operated by third parties, including prime brokers, the Administrator, market counterparties and other service providers, and the Investment Manager and/or the Sub-Investment Manager may not be in a position to adequately verify the risks or reliability of such third-party systems. Failures in the systems employed by the Investment Manager, the Sub-Investment Manager, prime brokers, the Administrator, counterparties, exchanges and similar clearance and settlement facilities and other parties could result in mistakes made in the confirmation or settlement of transactions, or in transactions not being properly booked, evaluated or accounted for. Disruptions in the Portfolio's operations or breach of the Portfolio's information systems may cause the Portfolio to suffer, among other things, financial loss, the disruption of its business, liability to third parties, regulatory penalties or reputational damage. Any of the foregoing failures or disruptions could have a material adverse effect on the Portfolio and the shareholders' investments therein.

Compliance. The Portfolio must comply with various legal requirements, including requirements imposed by the securities laws, tax laws and pension laws in various jurisdictions. Should any of those laws change over the life of the Portfolio, the legal requirements to which the Portfolio and the shareholders may be subject could differ materially from such requirements as at the date of this Explanatory Appendix.

Exchange Rate Fluctuations–Currency Considerations. While the Portfolio expects to operate in dollars, the Portfolio's assets may be invested in non-U S. securities and any income or capital received by the Portfolio will be denominated in the local currency of investment. Accordingly, changes in currency exchange rates (to the extent unhedged) will affect the value of the Portfolio's investment portfolio and the unrealised appreciation or depreciation of investments. Furthermore, the Portfolio may incur costs in connection with conversions between various currencies. Currency exchange dealers realise a profit based on the difference between the prices at which they are buying and selling various currencies. Thus, a dealer normally will offer to sell currency to the Portfolio at one rate, while offering a lesser rate of exchange should the Portfolio desire immediately to resell that currency to the dealer. The Portfolio will conduct their currency exchange transactions either on a spot (i.e., cash) basis at the spot rate prevailing in the currency exchange market, or through entering into forward or options contracts to purchase or sell non-US. currencies. It is anticipated that most of the Portfolio's currency exchange transactions will occur at the time securities are purchased and will be executed through the local broker or any custodian acting for the Portfolio.

Change in Investment Strategies. The investment strategies, approaches and techniques discussed herein may evolve over time due to, among other things, market developments and trends, the emergence of new or enhanced investment products, changing industry practice and/or technological innovation. As a result, these investment strategies, approaches and techniques may not reflect the investment strategies, approaches and techniques actually employed by the Portfolio. Nevertheless, the investments made on behalf of the Portfolio will be consistent with the Portfolio's investment objective.

Reserves. Under certain circumstances, the Portfolio may find it necessary to establish a reserve for contingent liabilities or withhold a portion of the shareholder's proceeds at the time of redemption. If the reserve is subsequently determined to have been excessive, such excess amount shall be returned to the net assets of the Portfolio, but the amount paid upon a prior redemption will not be adjusted. Conversely, if the reserve is subsequently determined to have been insufficient, the net assets of the Portfolio will be used to pay such amounts

and the Portfolio may be limited in its right to recover any excess redemption proceeds from a shareholder. As the establishment of a reserve impacts the determination of the Portfolio's Net Asset Value, an incorrect reserve will impact the subscription prices for Shares purchased by shareholders.

Electronic Delivery of Information. Portfolio information and information with respect to a shareholder's investment in the Portfolio may be delivered to such shareholder electronically. There are risks associated with such electronic delivery including, but not limited to, that e-mail messages are not secure and may contain computer viruses or other defects, may not be accurately replicated on other systems, or may be intercepted, deleted or interfered with without the knowledge of the sender or the intended recipient.

Cybersecurity Risk. With the increased use of technologies such as the internet to conduct business, the Portfolio is susceptible to operational, information security and related risks. In general, cyber incidents can result from deliberate attacks or unintentional events. Cyber-attacks include, but are not limited to, gaining unauthorised access to digital systems (e.g., through "hacking" or malicious software coding) for purposes of misappropriating assets or sensitive information, corrupting data, or causing operational disruption. Cyber-attacks may also be carried out in a manner that does not require gaining unauthorised access, such as causing denial-of-service attacks on websites (i.e., efforts to make network services unavailable to intended users). Cyber incidents affecting the Investment Manager's and other service providers (including, but not limited to, Portfolio accountants, custodians, transfer agents and financial intermediaries) have the ability to cause disruptions and impact business operations, potentially resulting in financial losses, interference with the Portfolio's ability to value its securities or other investments, impediments to trading, the inability of shareholders to transact business, violations of applicable privacy and other laws, regulatory fines, penalties, reputational damage, reimbursement or other compensation costs, or additional compliance costs. Similar adverse consequences could result from cyber incidents affecting issuers of securities in which the Portfolio invests, counterparties with which the Portfolio engages in transactions, governmental and other regulatory authorities, exchange and other financial market operators, banks, brokers, dealers, insurance companies and other financial institutions (including financial intermediaries and service providers for shareholders) and other parties. In addition, substantial costs may be incurred in order to prevent any cyber incidents in the future. While the Portfolio's service providers have established business continuity plans in the event of, and risk management systems to prevent, such cyber incidents, there are inherent limitations in such plans and systems including the possibility that certain risks have not been identified. Furthermore, the Portfolio cannot control the cyber security plans and systems put in place by its service providers or any other third parties whose operations may affect the Portfolio or its shareholders. The Portfolio and its shareholders could be negatively impacted as a result.

THE FOREGOING RISK FACTORS DO NOT PURPORT TO BE A COMPLETE EXPLANATION OF ALL OF THE RISKS INVOLVED IN THIS OFFERING. THE POTENTIAL INVESTOR IN THE PORTFOLIO SHOULD READ THE MEMORANDUM AND THIS EXPLANATORY APPENDIX IN THEIR ENTIRETY BEFORE DETERMINING WHETHER TO SUBSCRIBE FOR SHARES.

CONFLICTS OF INTEREST

If permitted under applicable law, the Investment Manager and/or the Sub-Investment Manager may, on behalf of the Portfolio, for liquidity, investment portfolio rebalancing, trade allocation or other reasons, purchase investments from, sell investments to or enter into agreements with other funds or accounts managed by the Investment Manager and/or the Sub-Investment Manager or their affiliates (i.e., "cross transactions"). The terms of any such cross transactions will be commercially reasonable and will not be materially less favourable to the Portfolio than those available in the market. The Investment Manager and/or the Sub-Investment Manager will receive no special fees or other compensation in connection with cross transactions. Expenses incurred in a cross transaction will be allocated equitably in the sole discretion of the Investment Manager and/or the Sub-Investment Manager between the Portfolio and such other funds or accounts that are parties to the cross transaction. Similarly, if a transaction is cancelled, any costs incurred will be allocated equitably in the sole discretion of the Investment Manager and/or the Sub-Investment Manager between the Portfolio and such other funds or accounts that are parties to the cross transaction.

The use of brokerage commissions to obtain investment research services and to pay for the administrative costs and expenses of the Investment Manager and/or the Sub-Investment Manager creates a conflict of interest between the Investment Manager and/or the Sub-Investment Manager and the Portfolio because the Portfolio will pay for such products and services that are not exclusively for the benefit of the Portfolio and that may be primarily or exclusively for the benefit of the Investment Manager and/or the Sub-Investment Manager. To the extent that the Investment Manager and/or the Sub-Investment Manager is able to acquire these products and services without

expending its own resources (including Management Fees ultimately paid by the Portfolio), the Investment Manager's and/or the Sub-Investment Manager's use of "soft-dollars" (or cash in lieu thereof) would tend to increase its profitability. In addition, the availability of these benefits may influence the Investment Manager and/or the Sub-Investment Manager to select one broker rather than another to perform services for the Portfolio.

In addition, from time to time, representatives of the Investment Manager and/or the Sub-Investment Manager may speak at conferences and programmes for investors interested in investing in hedge funds that are sponsored by prime brokers. These conferences and programmes may provide opportunities by which the Investment Manager and/or the Sub-Investment Manager is introduced to potential investors in the Portfolio and other investment vehicles it manages. Generally, prime brokers are not compensated by the Investment Manager and/or the Sub-Investment Manager, the Portfolio, or potential investors for providing such "capital introduction" opportunities. In addition, prime brokers may provide financing and other services to the Portfolio and the Investment Manager and/or the Sub-Investment Manager. Consequently, such additional services by a prime broker may influence the Investment Manager and/or the Sub-Investment Manager in deciding whether to use the services of such prime broker in connection with the activities of the Portfolio.

INVESTORS IN THE PORTFOLIO SHOULD BE AWARE THAT IT IS IMPOSSIBLE TO PREDICT THE FULL RANGE OF SITUATIONS IN WHICH ACTUAL OR POTENTIAL CONFLICTS OF INTEREST MAY ARISE BETWEEN THE PORTFOLIO AND THE OTHER FUNDS AND ACCOUNTS MANAGED BY THE INVESTMENT MANAGER OR ITS AFFILIATES. ACCORDINGLY, THIS DISCUSSION CANNOT BE, AND IS NOT INTENDED TO BE, EXHAUSTIVE.

BROKERAGE

The Sub-Investment Manager is responsible for selecting broker-dealers to execute trades and negotiating any commissions paid on such transactions. The Sub-Investment Manager's primary consideration in placing transactions with particular broker-dealers is to obtain execution in the most effective manner possible. The Sub-Investment Manager also takes into account a variety of other factors, including the financial strength, integrity and stability of the broker-dealer and the commissions to be paid. The Sub-Investment Manager may also consider the quality comprehensiveness and frequency of available research and other products and services considered to be of value. Such products and services may include, among other things, written information and analyses concerning specific securities, companies or sectors; market, financial and economic studies and forecasts, statistics and pricing or appraisal services, discussion with research personnel, special execution capabilities, order of call and the availability of stocks to borrow for short trades. The Sub-Investment Manager is authorised to pay higher prices for the purchase of securities from, or accept lower prices for the sale of securities to, brokerage firms that provide it with such research and trading related products and services or to pay higher commissions to such firms if the Sub-Investment Manager determines such prices or commissions are reasonable in relation to the overall services provided. Accordingly, the Portfolio may be deemed to be paying for research and other products and services with "soft" or commission dollars. Research obtained with soft dollars generated by the Portfolio may be used by the Sub-Investment Manager to service accounts other than the Portfolio. Where a product or service obtained with soft dollars provides both research and non-research assistance to the Sub-Investment Manager, the Sub-Investment Manager will make a reasonable allocation of the cost that may be paid for with soft dollars.

Although the Investment Manager and the Sub-Investment Manager believes that the Portfolio benefits from many of the products and services obtained with soft dollars generated by the Portfolio's trades, the Portfolio may not benefit exclusively or at all. In addition, the Sub-Investment Manager may, in its discretion, determine to use one or more third party service providers to perform certain trading functions for the Portfolio, and in connection therewith the Portfolio may pay higher brokerage commissions than might be paid if the Sub-Investment Manager performed this function, particularly in the case of trades that the Sub-Investment Manager directs to be executed with a broker other than the third party service provider. Such service provider may be subject to certain restrictions and conflicts that may limit its ability to perform such trading services.

U.S. TAX

THE DISCUSSION HEREIN IS FOR INFORMATIONAL PURPOSES ONLY AND IS A DISCUSSION PRIMARILY OF THE U.S. TAX CONSEQUENCES TO PROSPECTIVE SHAREHOLDERS. EACH PROSPECTIVE SHAREHOLDER SHOULD CONSULT ITS PROFESSIONAL TAX ADVISOR WITH

RESPECT TO THE TAX ASPECTS OF AN INVESTMENT IN THE FUND. TAX CONSEQUENCES MAY VARY DEPENDING UPON THE PARTICULAR STATUS OF A PROSPECTIVE SHAREHOLDER. IN ADDITION, SPECIAL CONSIDERATIONS (NOT DISCUSSED HEREIN) MAY APPLY TO PERSONS WHO ARE NOT DIRECT SHAREHOLDERS IN THE FUND BUT WHO ARE DEEMED TO OWN SHARES AS A RESULT OF THE APPLICATION OF CERTAIN ATTRIBUTION RULES.

The following is a summary of certain tax considerations applicable to the Fund under the tax laws of the United States. The discussion below is based on existing tax laws (including the Internal Revenue Code of 1986, as presently amended (the "**IRC**"), judicial decisions and administrative regulations, rulings, procedures and practice, all of which are subject to change. The conclusions summarised herein could be adversely affected if any of the material factual representations on which they are based should prove to be inaccurate. No assurance can be given that courts or fiscal authorities will agree with the following or that there will not be changes to the below-mentioned laws or regulations.

The discussion below is not intended to constitute tax or legal advice, or to be a complete description of the tax effects of investing in the Fund. It is provided solely as a partial illustration of certain tax matters and issues that may arise as a result of investment in the Fund. No attempt has been made to ensure that all applicable interpretations or applicable provisions are described herein, or to provide any evaluation of the likelihood or effect of any of the concerns described below. This summary does not discuss all aspects of the income taxation under the laws of the United States that may be relevant to a particular shareholder in light of his/her/its personal investment circumstances or his/her/its jurisdiction. This summary also does not discuss any aspects of state, and local tax laws of the United States that may be applicable to a shareholder. Accordingly, a prospective shareholder is urged to consult his/her/its own tax advisor regarding an investment in the Fund.

Income Taxation of the Fund and the Portfolio. The Fund will be treated as a corporation for U.S. federal income tax purposes if the fund invests in the U.S.. The Fund intends to structure its operations through the Portfolio such that the Portfolio will not be treated as being engaged in a U.S. trade or business for U.S. federal income tax purposes, although there can be no certainty that this result will occur since whether the Portfolio is treated as being engaged in a U.S. trade or business is dependent to a great extent upon the activities of the Investment Manager, not under the control of the Fund or Portfolio. As a result, it is anticipated that no gains realised by the Portfolio (other than gains, if any, realised on the disposition of U.S. real property interests) will be subject to U.S. federal income taxation, but, generally, dividend and interest income will be subject to U.S. federal withholding tax as discussed further below. If, contrary to the intended method of operation, the Fund or the Portfolio were considered to be engaged in a U.S. trade or business, the Portfolio's share of any income that is effectively connected with such U.S. trade or business would be subject to regular U.S. federal income taxation (currently imposed at a maximum rate of 39.6% on a net basis and an additional 30% U.S. "branch profits" tax. In addition, it is possible that the Fund or the Portfolio could be subject to taxation on a net basis by state or local jurisdictions within the U.S.. Any such taxation could adversely affect the Fund's ability to make payments in respect of the Shares.

Because the Fund is organised under the laws of the Cayman Islands, the Fund will be considered a foreign person for purposes of the U.S. tax laws. As a result, any dividends received by the Portfolio from U.S. sources will be subjected to U.S. withholding tax at a 30% rate. U.S. source interest income received by the Portfolio generally will be exempt from U.S. federal income and withholding tax under the exemption for "portfolio interest" or under another statutory exemption. Interest on corporate obligations will not qualify as "portfolio interest" to a non-U.S. person that owns (directly and under certain constructive ownership rules) 10% or more of the total combined voting power of the corporation paying the interest, or, with respect to certain obligations, if and to the extent the interest is determined by reference to certain economic attributes of the debtor (or a person related thereto). In addition, interest on U.S. bank deposits, certificates of deposit and certain obligations with maturities of 183 days or less (from original issuance) will not be subject to withholding tax. Interest (including original issue discount) derived by the Portfolio from U.S. sources not qualifying as "portfolio interest" or not otherwise exempt under U.S. law will be subject to U.S. withholding tax at a rate of 30%.

Even if the Fund is not otherwise engaged in a U.S. trade or business during a taxable year, the Fund will be subject to U.S. federal income taxation on any net gain recognised from the disposition of a "U.S. real property interest," as if such gain were effectively connected with the conduct by the Fund of a trade or business within the United States. In the context of the Fund's investment programme, a "U.S. real property interest" would include any direct real estate investment and any interest (other than an interest solely as a creditor) in a U.S. corporation the assets of which are predominantly comprised of "U.S. real property interests," other than a U.S. corporation that: (a) is publicly traded and in which the Fund is not a more-than 5% shareholder (directly, indirectly or after

application of certain ownership attribution rules); or (b) is a "domestically-controlled" real estate investment trust. Interests in a U.S. corporation held by the Fund solely as a creditor (e.g., "straight" debt obligations) will not constitute "U.S. real property interests."

Moreover, if the Fund was deemed to be engaged in a U.S. trade or business as a result of owning a limited partnership interest in a U.S. business partnership or a similar ownership interest, the Fund's allocable share of the income and gain realised from that investment would be subject to U.S. income and branch profits tax.

Taxation of U.S. Shareholders. For purposes of this Explanatory Appendix, the term "**U.S. Taxpayer**" means any person that is a U.S. person for federal income tax purposes. A U.S. person for federal income tax purposes is: (a) a citizen or resident of the U.S.; (b) a partnership or corporation created or organised in the U.S. or under the laws of the U.S. or any state (other than a partnership that is not treated as a U.S. Taxpayer under any applicable Treasury Regulations); (c) an estate whose income is includible in gross income for federal income tax purposes regardless of its source; or (d) a trust if a U.S. court is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust.

The Fund expects to be classified as a passive foreign investment company ("**PFIC**") for federal income tax purposes. Under the PFIC rules, a U.S. Taxpayer that is not a tax-exempt U.S. Person (a "**Non Tax-Exempt U.S. Person**") is subject to U.S. federal income taxation with respect to its investment in the Fund under one of three complex methods designed to eliminate the benefit of any tax deferral that might otherwise be available as a result of an investment in a PFIC.

Under the "interest charge" method, a Non Tax-Exempt U.S. Person is generally liable for tax (at ordinary income rates) plus an interest charge reflecting the deferral of tax liability (which is not deductible by an individual) when it pledges or redeems its shares at a gain, receives a distribution from the Fund or when such Non Tax-Exempt U.S. Person's indirect interest in the Fund is reduced.

Alternatively, under a second option, a Non Tax-Exempt U.S. Person can make an election under the PFIC rules to have the Fund treated as a qualified electing fund ("**QEF**") with respect to its shares. A Non Tax-Exempt U.S. Person that has made the QEF election, which may only be revoked with the consent of IRS, is generally taxed currently on its proportionate share of the ordinary earnings and net long-term capital gains of the Fund, whether or not the earnings or gains are distributed. As a result of certain rules that may apply to the timing of income inclusions associated with certain types of synthetic instruments, the Fund may recognise ordinary income from its investments but the receipt of cash attributable to such income may be deferred, perhaps for a substantial period of time. In addition, Fund expenses, if any, that are properly capitalised will not be deductible for purposes of calculating the income included as a result of the QEF election. Thus, absent an election to defer payment of taxes, a Non Tax-Exempt U.S. Person that makes a QEF election may owe tax on significant amounts of "phantom" income. For each taxable year of the Fund, the Fund will also provide each U.S. Taxpayer with a completed "PFIC Annual Information Statement" (as described in Treasury Regulation Section 1.1295-1(g)), which is required in order for such U.S. Taxpayer to report its pro rata share of the Fund's earnings and gain to the IRS and include such pro rata share in income.

If the PFIC realises a net loss in a particular year, under the QEF rules, that loss will not pass through to the Non Tax-Exempt U.S. Person nor will it be netted against the income of any other PFIC with respect to which a QEF election has been made. Moreover, the loss also cannot be carried forward to offset income of the PFIC in subsequent years. Instead, a Non Tax-Exempt U.S. Person would only realise a tax benefit from the loss in calculating its gain or loss when it disposes of its interests in the PFIC. A Non Tax-Exempt U.S. Person should also note that under the QEF rules, it may be taxed on income related to unrealised appreciation in the PFIC's assets attributable to periods prior to the investor's investment in the PFIC if such amounts are recognised by the PFIC after the investor acquires its shares. Moreover, any net short-term capital gains of the PFIC will not pass through as capital gains, but will be taxed as ordinary income.

In order for an investor to be eligible to make a QEF election, the Fund would have to agree to provide certain tax information to such investor on an annual basis. The Fund has committed to providing such information. The Fund may invest in equity of other PFICs. In such event, a Non Tax-Exempt U.S. Person must make a separate QEF election with respect to such other PFIC and the Fund will provide, to the extent it receives the same, the information needed for Non Tax-Exempt U.S. Persons to make such a QEF election. However, there is no assurance that a PFIC in which the Fund may invest would provide to the Fund the information necessary for a Non Tax-Exempt U.S. Person to make a QEF election with respect to any such underlying PFIC.

Finally, under the third alternative, if the Fund's shares are considered "marketable," a Non Tax Exempt U.S. Person would be able to elect to mark its shares to market at the end of every year. Any such mark to market gain or loss would be considered ordinary. Ordinary mark to market losses would only be allowed to the extent of prior mark to market gains. However, as a result of the definition of "marketable" adopted in recent regulations, the Fund does not currently anticipate that the shares would be eligible for the mark to market election. Special rules apply for calculating the amount of the foreign tax credit with respect to excess distributions by a PFIC.

In addition, the Fund may be a "controlled foreign corporation" ("**CFC**"), and therefore a Non Tax-Exempt U.S. Person may: (a) recognise taxable income prior to his or her receipt of distributable proceeds; or (b) recognise ordinary taxable income that would otherwise have been treated as long-term or short-term capital gain. In general, a non-U.S. corporation will constitute a CFC if more than 50% of the equity of the corporation, measured by reference to combined voting power or value, is held, directly or indirectly, by U.S. Shareholders. A "U.S. Shareholder," for this purpose, is any person that is a U.S. person for U.S. federal income tax purposes that possesses (actually or constructively) 10% or more of the combined voting power of all classes of equity of a corporation. If the Fund constituted a CFC, each Non Tax-Exempt U.S. Person that is a U.S. Shareholder would be treated, subject to certain exceptions, as receiving ordinary income at the end of the taxable year of the Fund in an amount equal to the Non Tax-Exempt U.S. Person's pro rata share of the "subpart F income" and certain other income of the Fund. Among other items, and subject to certain exceptions, "subpart F income" includes dividends, interest, annuities, gains from the sale of shares and securities, certain gains from commodities transactions, income from notional principal contracts, certain types of insurance income and income from certain transactions with related parties. Furthermore, if more than 70% of the Fund's gross income is subpart F income in any year, 100% of its income in such year would be treated as subpart F income.

If the Fund were treated as a CFC, a Non Tax-Exempt U.S. Person that is a U.S. Shareholder generally would be taxable on the subpart F income of the Fund under the rules applicable to CFCs. As a result, to the extent subpart F income of the Fund includes net capital gains, such gains would be treated as ordinary income of the U.S. Shareholder under the CFC rules, notwithstanding the fact that the character of such gains generally would otherwise be preserved under the PFIC rules if a QEF election had been made. If the Fund is a CFC, prospective investors should be aware that, due to the nature of the Fund's assets, the amount of taxable income recognisable by a Non Tax Exempt U.S. Person may significantly exceed the Fund's distributions on its Participating Shares for one or more periods, and that a Non Tax-Exempt U.S. Person may owe tax on significant amount of "phantom" income.

It is unclear whether the Portfolio would be treated as a separate corporation for U.S. federal income tax purposes. On September 13, 2010, the IRS issued proposed regulations that, if adopted, would treat separate series or portfolios of a single entity as separate persons for tax purposes. However, the proposed regulations apply only to entities formed under U.S. state or federal law or certain foreign insurance companies. In the event that the Portfolio is treated as a separate corporation for U.S. federal income tax purposes, it could constitute a PFIC or a CFC based solely on the income, assets and ownership of the Portfolio, regardless of whether the Fund itself constitutes a PFIC or CFC.

Generally, a U.S. Taxpayer that is subject to ERISA or is otherwise exempt from payment of U.S. federal income tax (such persons hereinafter referred to as "**Tax-Exempt U.S. Persons**") or an entity substantially all of the ownership interests in which are held by Tax-Exempt U.S. Persons are exempt from federal income tax on certain categories of income, such as dividends, interest, capital gains and similar income realised from securities investment or trading activity. This type of income is exempt even if it is realised from securities trading activity that constitutes a trade or business. This general exemption from tax does not apply to the "unrelated business taxable income" ("**UBTI**") of a Tax-Exempt U.S. Person. Generally, except as noted above with respect to certain categories of exempt trading activity, UBTI includes income or gain derived from a trade or business, the conduct of which is substantially unrelated to the exercise or performance of the Tax-Exempt U.S. Person's exempt purpose or function. UBTI also includes: (a) income derived by a Tax Exempt U.S. Person from debt-financed property; and (b) gains derived by a Tax-Exempt U.S. Person from the disposition of debt-financed property.

Reporting Requirements for U.S. Taxpayers. Each U.S. Taxpayer owning Shares during any year that the Fund is a PFIC must file IRS Form 8621 regarding such U.S. Taxpayer's Shares, regardless of whether such U.S. Taxpayer has made a qualifying electing fund with respect to the Fund. IRS Form 8621 is also used to make the qualifying electing fund election described above.

Any U.S. Taxpayer owning 10% or more (taking certain attribution rules into account) of either the total combined voting power or total value of all classes of the shares of stock of a non-U.S. corporation such as the Fund will

likely be required to file an information return (IRS Form 5471) with the IRS containing certain disclosure concerning the filing shareholder, other shareholders and the corporation. In addition, a U.S. Taxpayer that transfers cash to a non-U.S. corporation may also be required to file IRS Form 5471 in order to report the transfer to the IRS if: (a) immediately after the transfer, such person holds (directly, indirectly or by attribution) at least 10% of the total voting power or total value of such corporation; or (b) the amount of cash transferred by such person (or any related person) to such corporation during the twelve-month period ending on the date of the transfer exceeds U.S.$100,000. In the event that a U.S. Taxpayer is required to file IRS Form 5471 with respect to such U.S. Taxpayer's ownership of the Shares, the Fund will provide such U.S. Taxpayer with all of the information about the Fund and its shareholders that is reasonably necessary to properly complete the form.

Furthermore, certain U.S. Taxpayers may have to file IRS Form 8886 ("**Reportable Transaction Disclosure Statement**") with their U.S. tax return, and submit a copy of Form 8886 with the Office of Tax Shelter Analysis of the IRS if the Fund engages in certain "reportable transactions" within the meaning of the Internal Revenue Code and the U.S. Treasury Regulations. Shareholders required to file this report would include any U.S. Taxpayer if the Fund were treated as a "controlled foreign corporation" and such U.S. Taxpayer owned a 10% voting interest. In certain situations, there may also be a requirement that a list be maintained of persons participating in such reportable transactions, which could be made available to the IRS at its request. Moreover, if a U.S. Taxpayer recognises a loss upon a disposition of Shares, such loss could constitute a "reportable transaction" for such shareholder, and such shareholder would be required to file Form 8886. A significant penalty is imposed on taxpayers who fail to make the required disclosure. The maximum penalty for failure to make the required disclosure is generally U.S.$10,000 for natural persons and U.S.$50,000 for other persons (increased to U.S.$100,000 and U.S.$200,000, respectively, if the reportable transaction is a "listed" transaction).

As discussed above, it is unclear whether the Portfolio would be treated as a separate corporation for U.S. federal income tax purposes. If the Portfolio is treated as a separate corporation for U.S. federal income tax purposes and constitutes a PFIC or a CFC, then the above forms would need to be filed with respect to ownership of the Portfolio, regardless of whether the Fund itself constitutes a PFIC or a CFC. Shareholders who are U.S. Taxpayers (including tax-exempt U.S. Persons) are urged to consult their own tax advisors concerning the application of these reporting obligations to their specific situations and the penalty discussed above.

Taxation of Non-U.S. Shareholders. For U.S. federal income tax purposes, a shareholder of the Fund who is a non-U.S. person will not be subject to U.S. federal income taxation on amounts paid by the Fund in respect of the Shares or gains recognised on the sale, exchange or redemption of the Shares, provided that such income and gains are not considered to be effectively connected with the conduct of a trade or business by the shareholder in the U.S. In limited circumstances, an individual shareholder who is present in the U.S. for 183 days or more during a taxable year may be subject to U.S. income tax at a flat rate of 30% on gains realised on a disposition of the Shares in such year.

For these purposes the term "non-U.S. person" means any person that is not a U.S. Taxpayer. Special rules may apply in the case of non-U.S. persons: (a) that conduct a trade or business in the U.S. or that have an office or fixed place of business in the U.S.; or (b) that are controlled foreign corporations, passive foreign investment companies, foreign insurance companies that hold Shares in connection with their U.S. business or corporations that accumulate earnings to avoid U.S. federal income tax. Such persons are urged to consult their U.S. tax advisors before investing in the Fund.

Other Jurisdictions. Interest, dividend and other income realised by the Fund from non-U.S. sources, and capital gains realised on the sale of securities of non-U.S. issuers, may be subject to withholding and other taxes levied by the jurisdiction 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, are not known.

Future Changes in Applicable Law. The foregoing description of U.S. income 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 shareholders to increased income taxes.

The foregoing is a summary of some of the important tax rules and considerations affecting the shareholders, the Fund, the Portfolio, and the Portfolio's proposed operations and does not purport to be a complete analysis of all relevant tax rules and considerations, nor does it purport to be a complete listing of all potential tax risks inherent in purchasing or holding Shares. Each prospective investor in the Fund is urged to consult its own tax advisor in

order to understand fully the U.S. federal, state, local and any foreign tax consequences of such an investment in its particular situation.

ERISA AND OTHER U.S. BENEFIT PLAN CONSIDERATIONS

The following summary of certain aspects of the United States Employee Retirement Income Security Act of 1974, as amended ("**ERISA**"), and of the IRC, is based upon ERISA, the IRC, judicial decisions, U.S. Department of Labor regulations and rulings in existence on the date hereof, all of which are subject to change. This summary is general in nature and does not address every issue that may be applicable to the Fund or a particular shareholder. Accordingly, each prospective shareholder should consult with its own counsel in order to understand the ERISA and tax issues affecting the Fund and the shareholder.

In General. In considering whether to invest assets of any benefit plan in the Fund, the persons acting on behalf of the plan should consider in the plan's particular circumstances whether the investment will be consistent with their responsibilities and any special constraints imposed by the terms of the plan and by applicable U.S., state or other law, including ERISA and the IRC. Some of the responsibilities and constraints imposed by ERISA on employee benefit plans subject to the fiduciary responsibility provisions of Title I of ERISA ("**ERISA Plans**") and by the IRC on retirement plans subject to IRC Section 4975, including plans covering only partners or other self-employed individuals ("**Keogh Plans**") and individual retirement accounts (collectively, "**Qualified Plans**" and, together with ERISA Plans, "**Plans**"), are summarised below. The following is merely a summary of those particular laws, however, and should not be construed as legal advice or as complete in all relevant respects. In addition, governmental plans, certain church plans, non-U.S. plans and other benefit plans not subject to ERISA or the prohibited transaction provisions of the IRC may nevertheless be subject to similar federal, state or other laws. All investors are urged to consult their legal advisors before investing assets of a benefit plan, including an ERISA Plan or Qualified Plan, in the Fund, and must make their own independent decisions. In addition, ERISA Plans and Qualified Plans should consider the applicability to them of the IRC provisions relating to unrelated business taxable income or "UBTI" (see above under "CERTAIN TAX CONSIDERATIONS – U.S. Federal Income Tax Treatment of Certain U.S. Persons and Reporting Requirements – Investment by ERISA and Other Tax-Exempt Entities").

Fiduciary Responsibilities With Respect to ERISA Plans. Persons acting as fiduciaries on behalf of an ERISA Plan are subject to specific standards of behaviour in the discharge of their responsibilities pursuant to Section 404(a)(1) of ERISA. Consequently, in determining whether to invest assets of an ERISA Plan in the Fund, the Plan's fiduciaries must conclude that an investment in the Fund would be prudent and in the best interests of Plan participants and their beneficiaries. They must also determine that any such investment would be in accordance with the documents and instruments governing the ERISA Plan and would provide the Plan with sufficient liquidity in light of the limitations upon a shareholder's ability to redeem or transfer Shares in the Fund, and would satisfy applicable diversification requirements. In making those determinations, such persons should take into account, among the other factors described in this Explanatory Appendix, that the Fund will invest its assets in accordance with the investment objectives and policies expressed in this Explanatory Appendix without regard to the particular objectives or investment policies of any class of investors, including ERISA Plans and Qualified Plans. Such persons should also take into account, as discussed below, that it is not expected that the Portfolio's assets will constitute the "plan assets" of any investing ERISA Plan or Qualified Plan, and neither the Fund, the Portfolio, the Investment Manager, the Sub-Investment Manager nor any of their principals, agents, employees, or affiliates, will be a fiduciary as to any investing ERISA Plan or Qualified Plan. See also "Identification of Plan Assets" below.

Prohibited Transactions. Both ERISA Plans and Qualified Plans are subject to special rules limiting direct and indirect transactions involving the assets of the Plan and certain persons related to the Plan, termed "parties in interest" under ERISA and "disqualified persons" under the IRC. Disqualified persons and parties in interests include any fiduciary for a Plan, any service provider to a Plan, the employer sponsoring a Plan, and certain persons affiliated with a fiduciary, service provider, or employer. In addition, ERISA and the IRC prohibit fiduciaries of a Plan from engaging in various acts of self-dealing. A party in interest engaging in a "prohibited transaction" may be subject to substantial excise tax penalties and possibly personal liability. Further, any fiduciary to an ERISA Plan taking or permitting any action which the fiduciary knows or should know constitutes a "prohibited transaction" may be personally liable for any loss resulting to the ERISA Plan from such transaction, and subject to forfeiture of any gain derived by the fiduciary from the transaction. The persons acting on behalf of an investing Plan should consider whether an investment of Plan assets in the Portfolio might constitute such a prohibited transaction, as might occur for example if the Investment Manager or one of its affiliates were a fiduciary to the investing Plan with respect to the purchase of Shares in the Portfolio.

Identification of Plan Assets. Under Section 3(42) of ERISA and United States Department of Labor Regulations Section 2510.3-101, as modified by Section 3(42) of ERISA (together, the "**Plan Asset Rules**"), for purposes of the fiduciary, prohibited transaction and other related provisions of ERISA and Section 4975 of the IRC, when a Plan invests in Shares, its assets will generally include not only such Shares, but also an undivided interest in each of the Portfolio's underlying assets. Under the Plan Asset Rules, however, the assets of the Portfolio may be considered to include assets of the investing Plans ("**Plan Assets**") if immediately after any acquisition of an equity interest in the Portfolio, 25% or more of the value of any class of equity interests in the Portfolio is held by "Benefit Plan Investors." This Benefit Plan Investor percentage of ownership test applies at the time of an acquisition or redemption by any person of his Shares. For this purpose, a Benefit Plan Investor means an ERISA Plan, a Qualified Plan, or an entity deemed to hold Plan Assets by reason of investment in the entity by ERISA Plans or Qualified Plans. However, entities which hold Plan Assets are generally considered to be Benefit Plan Investors only to the extent that their equity interests are held by Benefit Plan Investors, although special rules apply to certain entities, including insurance companies investing assets of their separate accounts and bank collective trust funds. In performing the 25% calculation, interests in the Portfolio held by persons (and their affiliates) who provide investment advice to the Portfolio for a fee, direct or indirect (including the Investment Manager and the Sub-Investment Manager), or have discretionary authority over the Portfolio's assets, are disregarded.

Consequences of Plan Asset Status. If the assets of the Portfolio were determined to include plan assets under the Plan Asset Rules, there could be a number of adverse consequences under ERISA and the IRC. Under ERISA and the IRC, a person who exercises any discretionary authority or discretionary control respecting the management or disposition of the assets of a Plan or who renders investment advice for a fee to a Plan is generally considered to be a fiduciary of such Plan. Consequently, should the 25% threshold be exceeded as to any class of equity interest in the Portfolio, the Investment Manager and/or the Sub-Investment Manager could be characterised as a fiduciary of the investing Plans. As a result, various transactions between the Portfolio on the one hand and the Investment Manager, the Sub-Investment Manager or their respective affiliates, or other parties in interest or disqualified persons with respect to the investing Plans, on the other hand, could constitute prohibited transactions under ERISA or the IRC. In addition, the prudence standards and other provisions of Title I of ERISA applicable to investments by ERISA Plans and their fiduciaries would extend to investments made by the Portfolio, and the ERISA Plan fiduciaries who made a decision to invest the Plan's assets in the Portfolio could, under certain circumstances, be liable as co-fiduciaries for actions taken by the Portfolio and the Investment Manager and/or the Sub-Investment Manager. Finally, certain other requirements of ERISA, such as the "indicia of ownership" rules (see below under "Holding of Indicia of Ownership"), may become applicable to, but not be satisfied as to, the assets of the Portfolio.

Benefit Plan Investor Investment in the Portfolio. The Directors will monitor the investments in the Portfolio by Benefit Plan Investors to ensure that the Portfolio is not considered to include "plan assets." To ensure that the assets of the Portfolio are not deemed to be plan assets under ERISA and the IRC, the Directors do not generally intend to permit the investment by Benefit Plan Investors in any class of the equity interests of the Portfolio to equal or exceed 25% (or any higher percentage prescribed by the Plan Asset Rules) at any time. Accordingly, the Directors have the right, in their sole and absolute discretion, to reject any proposed investment by a prospective investor or existing shareholder in the Portfolio, to deny approval for any transfer of equity interests in the Portfolio and to require that a shareholder or other equity holder redeem all or part of its interests. However, the Directors reserve the right, in its sole discretion, to permit investment by Benefit Plan Investors to exceed the 25% threshold and to comply thereafter with the applicable provisions of ERISA and the IRC.

Representations by Benefit Plan Investors. The fiduciaries of each ERISA Plan or Qualified Plan proposing to invest in the Portfolio will be required to represent that they have been informed of and understand the Portfolio's investment objectives, policies and strategies and that the decision to invest such Plan's assets in the Portfolio is consistent with the Plan's terms and the applicable provisions of ERISA and the IRC, including, without limitation, terms and provisions that require diversification of Plan assets and impose other fiduciary responsibilities. The fiduciaries of investing Plans will also be required to represent that they are not relying upon the investment or other advice of the Investment Manager, the Sub-Investment Manager or their respective affiliates in investing in the Portfolio, and that the acquisition and holding of Shares in the Portfolio will not constitute a non-exempt "prohibited transaction" under ERISA or the IRC. Finally, any entity that is a Benefit Plan Investor immediately prior to its acquisition of an interest in the Portfolio or at any time thereafter while it continues to hold any interest in the Portfolio must notify the Portfolio of its status as a Benefit Plan Investor prior to its initial acquisition of an interest in the Portfolio, or, if it first becomes a Benefit Plan Investor after its initial acquisition of an interest in the Portfolio, a reasonable time in advance of becoming a Benefit Plan Investor. Each entity that is a Benefit Plan Investor must also advise the Portfolio of the percentage of its assets which are

considered to constitute "plan assets," and must notify the Portfolio a reasonable time in advance in the event of any change in such percentage.

Holding of Indicia of Ownership. Assets of ERISA Plans must at all times comply with the "indicia of ownership" rules set forth in Section 404(b) of ERISA which require the fiduciaries of ERISA Plans to maintain the indicia of ownership of any assets of the Plans within the jurisdiction of the United States district courts. For purposes of ERISA, a shareholder's ownership will be evidenced by the shareholder's fully executed subscription document. Fiduciaries of ERISA Plans who are considering an investment of ERISA Plan assets in the Portfolio should consult their own legal advisers regarding compliance with these rules.

Reporting Requirements. ERISA Plans and Qualified Plans are required to determine the fair market value of their assets as of the close of each Plan's fiscal year. ERISA Plans and certain Qualified Plans are also required to file annual reports (Form 5500 series and Form 5498) with the Department of Labor. To facilitate fair market value determinations, and to enable fiduciaries of ERISA Plans to satisfy their annual reporting requirements as they relate to an investment in the Fund, investors will be furnished annually with audited financial statements as described in this Explanatory Appendix. There can be no assurance: (a) that any value established on the basis of such statements could or will actually be realised by shareholders upon the Fund's liquidation; (b) that shareholders could realise such value if they were able to, and were to sell their Shares; or (c) that such value will in all circumstances satisfy the applicable ERISA or IRC reporting requirements. In addition, the fiduciaries of Plans investing in the Portfolio are notified that the information in this Explanatory Appendix in relation to: (a) the compensation received by certain service providers, including the Investment Manager, the Sub-Investment Manager and the Administrator, hereunder; (b) the services provided by such parties for such compensation and the purpose for the payment of the compensation; (c) a description of the formula used to calculate the compensation; and (d) the identity of the parties paying and receiving the compensation, is intended to satisfy the alternative reporting option with respect to the compensation of such parties that is reportable on Schedule C of the Form 5500 filed on behalf of the Plans.

Whether or not the underlying assets of the Portfolio are deemed plan assets under the Plan Asset Rules, an investment in the Portfolio by a Plan is subject to ERISA and/or the IRC. Accordingly, fiduciaries of such Plans should consult with their own counsel as to the consequences under ERISA and/or the IRC of an investment in the Portfolio.