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BR Partners Capital

PRIVATE OFFERING MEMORANDUM

BR Partners Gestão de Recursos Ltda.
Investment Manager

March 2018

This Private Offering Memorandum is strictly confidential. It is being provided to a restricted number or class of potential investors. It is intended to be read by the potential investor to whom it has been delivered, and is made available on the understanding that it will not be passed on to any other person.

This Private Offering Memorandum is not to be distributed in, and no offer of the Offered Shares will be made in, any jurisdiction in which it would be unlawful to do so without the need for registration or other legal requirements. In any such jurisdiction, a recipient of this Private Offering Memorandum or the accompanying Application Form may not treat either document as an invitation to subscribe for Offered Shares, nor should that recipient submit an Application Form.

Prospective investors should carefully review this Private Offering Memorandum and obtain their own professional advice before subscribing for Offered Shares. In particular, potential investors should consult with their legal and financial advisors to determine the possible tax and other consequences of purchasing or holding Offered Shares or having Offered Shares redeemed.

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DIRECTORY

Directors:	Registered Office:
Sergio Carbone Marcelo Nobrega da Costa	Intertrust Corporate Services (Cayman) Limited 190 Elgin Avenue George Town Grand Cayman KY1-9005 Cayman Islands
Investment Manager:	Auditors:
BR Partners Gestão de Recursos Ltda. Av. Brig. Faria Lima, 3355 – 26 andar 04538-133 – Sao Paulo – SP - Brazil	PricewaterhouseCoopers 18 Forum Lane Camana Bay, Grand Cayman Cayman Islands
Administrator:	Prime Broker:
Banco Bradesco S.A. Cidade de Deus, Vila Yara City of Osasco, State of Sao Paulo Brazil	Newedge USA, LLC 630 Fifth Avenue, Suite 500 New York, NY 10111 United States of America
Cayman Islands Legal Advisors:	
Ogier 89 Nexus Way Camana Bay Grand Cayman KY1-9009 Cayman Islands	

Enquiries

Written inquiries relating to the Fund should be addressed to the Investment Manager at the address set forth above.

IMPORTANT NOTICE TO POTENTIAL INVESTORS

This Private Offering Memorandum

This Private Offering Memorandum ("**Memorandum**") relates to the offering of Class A shares ("**Offered Shares**") in BR Partners Capital ("**Fund**"). The Fund is a company incorporated under the Companies Law (Revised) of the Cayman Islands as an exempted company limited by shares.

This Memorandum is strictly confidential. It is intended to be read only by the person to whom it has been delivered to enable that person to evaluate an investment in the Fund. It is not to be reproduced or distributed to any other person. But each recipient (and each employee, representative, or other agent of the recipient) may disclose to any person the tax treatment and tax structure of an investment in the Fund and all related tax materials (including opinions or other tax analyses) given to the recipient.

The directors of the Fund, whose names appear in the Directory, accept responsibility for the information contained in this document. To the best of their knowledge and belief, the information contained in this document is factually correct and does not omit anything that is likely to make that information deceptive or misleading. The directors have taken all reasonable care to ensure this is the case.

Reliance on this Memorandum

The Offered Shares are offered solely on the basis of the information contained in this Memorandum. Potential investors should disregard, and not rely upon, any other information or representations given or made by any dealer, broker or other person. No person is authorised to give any information or to make any representations in connection with the offering of Offered Shares apart from those contained in this Memorandum. A potential investor to whom such information or representations are given or made must not rely on them as having been authorised by the Fund, the directors, BR Partners Gestão de Recursos Ltda. ("**Investment Manager**"), Banco Bradesco S.A. ("**Administrator**") or Newedge USA, LLC ("**Prime Broker**")

Statements in this Memorandum are based on the law and practice in the Cayman Islands current at the date it was issued. Those statements are therefore subject to change should that law or practice change. Under no circumstance does the delivery of this Memorandum or the issue of Offered Shares imply or represent that the affairs of the Fund have not changed since the date of this Memorandum.

Investor responsibility

The Fund does not make representations or warranties of any kind with respect to the economic return from, or the tax consequences of an investment in, the Fund. It cannot assure that existing laws will not be changed or interpreted adversely.

Prospective investors must not treat this Memorandum as legal, investment or tax advice. This Memorandum supersedes all previous versions. It should be reviewed before making an investment decision.

Prospective investors should carefully review the whole of this Memorandum. They should also consult with their legal, tax and financial advisors in relation to the following:

- (i) the legal and regulatory requirements within their own countries for purchasing, holding and disposing of Offered Shares;
- (ii) any foreign exchange restrictions to which they may be subject in their own countries in relation to purchasing, holding or disposing of Offered Shares; and
- (iii) the legal, tax, financial and other consequences of subscribing for, purchasing, holding or disposing of Offered Shares.

By retaining this Memorandum, each recipient acknowledges and represents to the Fund that it has read, understood and accepted the terms of this Important Notice. If the recipient does not accept these terms, it must immediately return this Memorandum to the Fund, marked to the attention of “The directors”.

No offer in restricted jurisdictions

The distribution of this Memorandum and the offering or purchase of the Offered Shares may be restricted in certain jurisdictions. Neither this Memorandum nor the Offered Shares qualify for offer, sale or distribution under the laws of any jurisdiction governing the offer or sale of mutual fund shares or other securities.

The receipt of this Memorandum or the accompanying Application Form does not constitute an invitation to a recipient to subscribe for Offered Shares in a jurisdiction where it is necessary to comply with some registration or other legal requirement to make that invitation, or the use of the Application Form, lawful. No such recipient may treat this Memorandum or the accompanying Application Form as an invitation to subscribe for Offered Shares, nor may such recipient use the Application Form. More particularly, this Memorandum does not constitute an offer or solicitation:

- by anyone in a jurisdiction in which such offer or solicitation is not lawful or in which the person making such offer or solicitation is not qualified to do so; or
- to anyone to whom it is unlawful to make such offer or solicitation.

It is the responsibility of every person in possession of this Memorandum and every person wishing to apply for Offered Shares to inform himself, herself or itself of, and to observe all applicable laws and regulations of, any relevant jurisdiction.

The Fund may not make an invitation to the public in the Cayman Islands to subscribe for the Offered Shares unless the Fund is listed on the Cayman Islands Stock Exchange. For these purposes, “public” has the same meaning as “public in the Islands” as defined in the Mutual Funds Law (Revised) of the Cayman Islands. Apart from this restriction, persons resident, domiciled, established, incorporated or registered pursuant to the laws of the Cayman Islands may beneficially own Offered Shares.

The Offered Shares have not been, nor will they be, registered with the Comissão de Valores Mobiliários (“**Brazilian Securities Commission**” or “**CVM**”). Consequently, they may not be offered or sold in Brazil except in circumstances that do not constitute a public offering or distribution under Brazilian laws and regulations.

Risks

Investment in the Fund carries with it a degree of risk. The value of the Offered Shares and the income derived from them may go down as well as up, and investors may not get back the amount

invested. Because of these and other risks, an investment in the Fund is only suitable for sophisticated investors who:

- (a) are able to bear the loss of a substantial portion or even all of the money they invest in the Fund;
- (b) understand the high degree of risk involved;
- (c) believe that investment in the Fund is suitable for them based on their investment objectives and financial needs; and
- (d) have no need of liquidity of investment.

Investors are therefore advised to seek independent professional advice on the implications of investing in the Fund. Certain risk factors that potential investors need to consider appear in Section III headed "Certain Risk Factors."

There is no public market for the Offered Shares, nor is a public market expected to develop in the future.

Regulation

The Fund is a regulated mutual fund for the purpose of the Mutual Funds Law (Revised) of the Cayman Islands. The Fund is registered with the Cayman Islands Monetary Authority ("CIMA") pursuant to section 4(3) of that Law and this Memorandum has been filed with CIMA. Such registration does not imply that CIMA or any other regulatory authority in the Cayman Islands has approved this Memorandum or the offering of the Offered Shares. For a summary of the continuing regulatory obligations of the Fund and a description of the regulatory powers of CIMA, see Section I headed "The Fund."

Confidentiality

Except as outlined in the Data Protection policy in the Application Form, any information forwarded to the Fund by a potential investor will be treated on a confidential basis. If required to do so by law or regulation, the Fund may pass on that information to a relevant third party. By subscribing for Offered Shares, each investor is deemed to have consented to such release of confidential information pursuant to Section 3(2)(b)(i) (or any amendment of that provision) of the Confidential Relationships (Preservation) Law (Revised) of the Cayman Islands.

Forward-looking information

If and when included in this Memorandum, the words "expects," "intends," "anticipates," "estimates" and analogous expressions are intended to identify forward-looking statements. Any statement of this kind is inherently subject to a variety of risks and uncertainties that could cause actual results to differ materially from those projected. Without seeking to be exhaustive, those risks and uncertainties include (i) general economic and business conditions, (ii) interest rate risks, (iii) prepayment risks, (iv) delinquency and default rates, (v) competition, (vi) changes in political, social and economic conditions, (viii) regulatory initiatives and compliance with governmental regulations and (ix) customer preferences. Many of these are beyond the Fund's or the Investment Manager's control.

These forward-looking statements speak only as of the date of this Memorandum. None of the Fund, its directors, the Investment Manager, the Administrator, the Prime Broker or any of their

respective affiliates is obliged, or undertakes, to release publicly any updates or revisions to any forward-looking statement to reflect a change in the Fund's or the Investment Manager's expectations or a change in events, conditions or circumstances on which the statement is based.

EXECUTIVE SUMMARY

You should not rely on this summary alone; you must read it in conjunction with the rest of this Memorandum together with the Fund's memorandum and articles of association and its other material contracts.

The Fund

BR Partners Capital ("**Fund**") is incorporated in the Cayman Islands as an exempted company limited by shares. It was incorporated on February 28, 2011.

The Fund's authorised share capital is \$50,000 which is made up of:

- (a) 100 management shares of \$1.00 par value per share ("**Management Shares**"); and
- (b) 4,990,000 participating shares of \$0.01 par value per share ("**Participating Shares**").

Initially, the Fund's directors have designated one class of Participating Shares for offer to investors, being Class A shares ("**Offered Shares**"). At any time, the directors may designate additional classes, sub-classes or series of Participating Shares without notice to, or the consent of, the Fund's shareholders. They may also differentiate between classes on various bases, including, as to (i) the currency of denomination of each class, (ii) the level of fees payable in respect of each class; and (iii) the redemption or information rights applicable to each class.

(In the rest of this Memorandum, the expression "**Class**" refers to any class of Participating Shares designated as such by the directors pursuant to the Fund's articles of association. Also, "\$" or "**US dollars**" refers to US currency.)

See Section V headed "Description of the Fund's Shares" for full details.

Investment objectives and strategies

The primary investment objective of the Fund is to generate consistent long term capital appreciation. The Fund intends to accomplish this objective primarily by investing, directly or indirectly, in a wide range of securities, including equity and debt securities, currencies, options, futures, options on futures and other derivative instruments, with a focus in the Brazilian market. The Fund cannot guarantee that its investment objective will be achieved.

See Section II headed "Investment objective and strategy" for full details.

Management

Directors: Sergio Carbone
Marcelo Nobrega da Costa

Investment Manager: BR Partners Gestão de Recursos Ltda.

(**"Investment Manager"**)

Administrator: Banco Bradesco S.A. (**"Administrator"**)

Prime broker: Newedge USA, LLC (**"Prime Broker"**)

See Section IV headed "Management and Administration" for full details.

Offering

The initial offering of Offered Shares was open until 5.00 pm (Brazil time) on April 1, 2011 (**"Initial Offering Period"**), or a later date nominated by the directors (**"Closing Date"**). During the Initial Offering Period, Eligible Investors subscribed for the issue to them of Offered Shares at a subscription price of \$1,000 per share. (Investors who qualify as **"Eligible Investors"** are specified in Appendix 1.)

After the Closing Date, the directors issue the Offered Shares on any business day, or an alternative day they nominate (**"Subscription Day"**), at a subscription price based on the Net Asset Value per Share of the Offered Shares as of the open of business on the relevant Subscription Day.

See Section VI headed "Subscription, Redemption and Transfer of Shares" for full details.

Minimum investment

The minimum initial investment for the Offered Shares is \$100,000. There is currently no minimum subsequent investment for Offered Shares.

In each case, the directors may fix some other amount as the minimum subscription payable by a particular shareholder or group of shareholders. However, if the Fund is registered as a regulated mutual fund under Section 4(3) of the Mutual Funds Law (Revised) of the Cayman Islands and its shares are not listed on any stock exchange approved by CIMA, the minimum initial investment must not be less than \$100,000 or its equivalent in any other currency.

Eligible Investors

Only Eligible Investors may subscribe for shares. See Appendix I for the description of persons who qualify as Eligible Investors.

Redemptions

Generally, a shareholder, on giving prior written notice, may redeem Offered Shares as of any business day, or an alternative day that the directors nominate, (**"Redemption Day"**) at Net Asset Value per Share prevailing at the close of business on that Redemption Day.

(In this Memorandum:

"Net Asset Value", in respect of the Fund or each Class of Participating Shares, refers to the net asset value of the Fund or that Class determined using the valuation principles described in Section VI headed "Subscription, Redemption and Transfer of Shares";

"Net Asset Value per Share", in respect of a share of a Class, refers

to the Net Asset Value for that Class divided by the number of currently issued shares of that Class; and

A reference to a business day refers to a day other than a Saturday or Sunday on which banks are open for business generally in Brazil, or an alternative day nominated by the directors.)

The Fund may compulsorily redeem shares in certain circumstances.

Normally, the Fund will pay redemption proceeds in cash (in \$) by electronic transfer at the shareholder's risk and expense. However, in certain circumstances, the Fund may satisfy the redemption proceeds in securities, or partly in cash and partly in securities. No redemption charges will apply to the shares.

See Section VI headed "Subscription, Redemption and Transfer of Shares – Redemption of Offered Shares" for full details.

Transfers

The directors must give their prior written consent before any Offered Shares are transferred.

See Section VI headed "Subscription, Redemption and Transfer of Shares – Transfer of Offered Shares" for full details.

Dividends

The Fund may pay dividends or other distributions to shareholders in the directors' sole discretion, even though generation of income is not one of the main objectives of the Fund.

Fees/expenses

The Fund is responsible for the following fees and expenses.

- (a) The Fund must pay to the Investment Manager an annual fee ("**Management Fee**") in respect of the Offered Shares, which is calculated at an annual rate equal to 2% of the Net Asset Value of the Fund attributable to the Offered Shares, and is payable annually in arrears. This fee is payable under the management agreement ("**Management Agreement**") between the Fund and the Investment Manager referred to in Section IV headed "Management and Administration". Out of this fee, the Investment Manager bears all of its administration and operational expenses incurred in providing investment management services to the Fund. The Investment Manager may waive or reduce the Management Fee with regard to certain shareholders.
- (b) The Fund must pay to the Administrator its fees as agreed under the administration agreement ("**Administration Agreement**") between the Fund and the Administrator also referred to in Section IV headed "Management and Administration".
- (c) The Fund must pay to the Prime Broker its fees as agreed under the prime brokerage agreement and related documents between the Fund and the Prime Broker.

(In this Memorandum, a reference to “**Material Contracts**” is a reference to the Management Agreement and the Administration Agreement.)

The Fund bears all costs of its investment program, other than those borne by the Investment Manager. Those costs include interest and taxes as well as professional fees of its auditors and legal advisers. The Fund is also responsible for its formation and related expenses.

See Section IV headed “Management and Administration – Expenses”.

Risk factors

An investment in the Fund entails certain risks. Prospective investors should review carefully the discussion about risks in Section III headed “Certain Risk Factors”.

Reporting

The Fund will furnish to each shareholder an annual report that will include audited financial statements as of the end of each fiscal year or the first audit period, as applicable. The Fund will also provide shareholders with a monthly unaudited report on the investment performance of the Fund.

Fiscal year

Fiscal year means a period of 12 months ending December 31 in each year.

Tax

Apart from registration and annual filing fees, the Fund is not (under the current laws of the Cayman Islands) subject to tax in the Cayman Islands. Each prospective investor should consult its own advisors about the tax consequences for it of any proposed investment in the Fund.

Application procedure

To participate, an investor must do the following:

- (a) complete and return the application form provided by the Administrator (“**Application Form**”); and
- (b) transfer its subscription price to the Fund’s bank account.

Defined terms

This Memorandum uses capitals to identify defined terms. Most of those terms are defined in this summary. Occasionally, a term is defined in the part of this Memorandum that directly relates to it.

In addition, other matters of interpretation to note are these:

- (a) a reference to any law, legislation or legislative provision includes any statutory modification, amendment or re-enactment, and any subordinate legislation or regulations issued under that legislation or legislative provision;
- (b) a reference to any document or agreement is to that document or agreement as amended, novated, supplemented or replaced; and

- (c) a reference to 'including' or similar expression does not imply any limitation.

SECTION I - THE FUND

1.1 Structure

The Fund is a corporate, open-ended investment fund. It was incorporated under the Companies Law (Revised) of the Cayman Islands on February 28, 2011 as an exempted company limited by shares. The location of its registered office appear in the Directory.

If, following consultation with the Investment Manager, it appears expedient for tax, regulatory or other reasons the directors consider appropriate, the Fund may:

- (a) invest through one or more wholly-owned subsidiaries of the Fund; or
- (b) channel investments through vehicles that would effectively operate as a master fund in which one or more Classes of Participating Shares or other investment vehicles may invest.

Such subsidiaries or master funds may be managed by the Investment Manager or its affiliates and may pay separate fees to those persons.

The trading companies, investment subsidiaries or master funds may incur operational and administrative costs and expenses that include, but are not limited to, establishment costs, custodian fees and local regulatory fees. These costs and expenses will be paid out of the assets of the Fund.

Unless otherwise indicated, references to the “Fund” in this Memorandum include the Fund and, as the context may permit, the applicable trading companies, investment subsidiaries or master funds.

The Fund is structured as an investment fund to enable shareholders’ subscriptions to be pooled for the purpose of investing those subscriptions and earnings in accordance with the investment objectives and strategies set out in this Memorandum. The Fund will only accept subscriptions for shares from Eligible Investors. It reserves the right to reject any subscriptions.

1.2 Regulation

The Fund is registered as a “mutual fund” under Section 4(3) of the Mutual Funds Law (Revised) of the Cayman Islands and is therefore regulated under that Law. The Fund specifies that the minimum aggregate equity interest purchasable by a prospective investor in the Fund is \$100,000 or its equivalent in any other currency. Consequently, it qualifies for registration under that Section without the need to be licensed or administered by a licensed mutual fund administrator.

The Fund has filed with CIMA a copy of this Memorandum together with certain details about this Memorandum as required by the Mutual Funds Law. It has also paid the prescribed initial registration fee. These are matters required in connection with its initial registration under the Mutual Funds Law.

The Fund has ongoing obligations under the Mutual Funds Law following its initial registration. These are:

- (a) to file with CIMA prescribed details of any changes to this Memorandum;
- (b) to file annually with CIMA accounts audited by an approved auditor and a fund annual report; and

- (c) to pay a prescribed annual fee.

As a regulated mutual fund, the Fund is subject to the supervision of CIMA. At any time, CIMA may instruct the Fund to have its accounts audited and to submit them to CIMA within a specified time. Failure to comply with any supervisory request by CIMA may result in substantial fines. CIMA has wide powers to take certain actions if certain events occur. For instance, it has wide powers to take action if it is satisfied that a regulated mutual fund:

- (a) is or is likely to become unable to meet its obligations as they fall due; or
- (b) is carrying on or is attempting to carry on business or is winding up its business voluntarily in a manner that is prejudicial to its investors or creditors.

The powers of CIMA include, amongst others, the following: (i) the power to require a director to be replaced; (ii) the power to appoint a person (at the Fund's expense) to advise the Fund on the proper conduct of its affairs; and (iii) the power to appoint a person, once again at the Fund's expense, to assume control of the affairs of the Fund, including for the purpose of terminating the business of the Fund. CIMA also has other remedies available to it. These include applying to the courts of the Cayman Islands for approval of other actions, and requiring the Fund to re-organise its affairs in a manner specified by CIMA.

1.3 Additional information

This Memorandum does not give a complete description of the Fund's memorandum and articles of association, or the Material Contracts. Before investing in the Fund, each prospective investor should examine this Memorandum, the Application Form, the Fund's memorandum and articles of association and the Material Contracts, and satisfy itself that an investment in the Fund is appropriate. In addition, before a prospective investor purchases any Offered Shares, the Fund will allow it or its representative:

- (a) to ask questions of, and receive written answers from, representatives of the Fund concerning any aspect of the investment, and
- (b) to obtain any additional non-proprietary information, to the extent that the Fund possesses that information or can acquire it without unreasonable effort or expense.

An investment in the Fund may be considered speculative. It is not intended as a complete investment program. It is designed solely for experienced and sophisticated investors who are able to bear the risk that all or a substantial part of their investment may be lost.

SECTION II - INVESTMENT OBJECTIVE AND STRATEGY

2.1 Investment objective and strategies

2.1.1 General

The primary investment objective of the Fund is to generate consistent long term capital appreciation. The Fund intends to accomplish this objective primarily by investing, directly or indirectly, in a wide range of securities, including equity and debt securities, fixed income securities, options, futures, options on futures and other derivative instruments, with a focus in the Brazilian market. The Fund cannot guarantee that its investment objective will be achieved.

The Fund expects to diversify its holdings among broad categories of investment strategies and techniques. It will not follow a rigid investment policy that limits it from participating in any market, strategy or investment. The Fund's Investment Manager is permitted to utilise leverage and to invest in long and short positions in equities, options, warrants, fixed income securities, financial and commodity futures, currency forwards, over-the-counter derivative instruments, securities that lack active public markets, repurchase and reverse repurchase agreements, preferred stock and convertible bonds and other financial instruments. When they determine that such an investment policy is warranted, the Investment Manager may invest without limitation in cash and cash equivalents.

In order to take advantage of available investment opportunities in changing market conditions, the Fund reserves the right to alter or modify some or all of its investment strategies if the Investment Manager concludes that those alterations or modifications are consistent with the goal of maximising returns to investors.

Prior to, and in addition to, investing the assets of a Class, the Fund may invest in any market for purposes of hedge transactions or in order to maintain liquidity to fund redemptions. The Fund may also invest in short-term (less than 12 months to maturity) instruments issued or guaranteed by the United States or any of its agencies or instrumentalities, or as otherwise deemed appropriate by the Investment Manager. Ordinarily, any income earned from those investments will be reinvested for the relevant Class.

The Fund has the power to borrow. It may do so when the Investment Manager considers it appropriate. For instance, it may borrow to avoid the premature realisation of certain of the Fund's investments that would otherwise have to be realised to satisfy redemption payments to redeeming shareholders. The Fund may also achieve leverage indirectly through the use of futures, options and other derivative instruments and through the borrowing and short selling of securities. While there will be no formal limit, the Fund's borrowing levels will be within the discretion of the Investment Manager who will have regard to what it considers is in the Fund's best interests having regard to the Fund's investment strategy.

The Fund believes that with diversified asset management it can achieve consistent, long-term capital growth while controlling risks.

2.1.2 Use of investment subsidiaries

The Fund may invest through one or more subsidiaries established in an appropriate jurisdiction (including, but not limited to, Delaware) in order to take advantage of applicable tax treaties or increase the tax efficiency of the Fund's investments, to engage in short-selling and hedging

activities, or in such other circumstances as the directors, following consultation with the Investment Manager, deem appropriate, including compliance with local investment laws.

2.2 Investment restrictions

The Fund's investment policy is to invest in a wide range of securities and financial instruments referred to above. The Fund is unlikely to restrict this policy by applying any investment restrictions in relation to the Offered Shares. From time to time it may carry a significant cash holding or invest in a single security or instrument.

2.3 Distribution policy

The Fund's investment objective is to generate consistent long term capital appreciation. Therefore, it does not envisage that any income or gains derived from its investments will be distributed by way of dividend. Despite this, the directors may declare a dividend at any time in the future if they consider it appropriate to do so. If a dividend is declared, the Fund will pay it in compliance with any applicable laws.

SECTION III - CERTAIN RISK FACTORS

An investment in the Fund entails substantial risks. Those risks include the ones listed below but there may be others. In ascertaining whether an investment in the Fund is suitable for it, a prospective investor should carefully consider the following risk factors, amongst others.

3.1 Risk factors specific to the investment objective and strategies

3.1.1 Investing in Brazil

The following discussion sets forth some of the risks associated with investing in the securities of Brazilian markets:

General economic and market conditions

The success of the Fund's activities will be affected by general economic and market conditions, such as interest rates, availability of credit, inflation rates, economic uncertainty, changes in laws, trade barriers, currency exchange controls and national and international political circumstances. These factors may affect the level and volatility of securities prices and the liquidity of the Fund's assets. Volatility or illiquidity could impair the Fund's profitability or result in losses.

The Brazilian economy may differ favourably or unfavourably from the U.S. or other developed economies in such respects as growth of gross domestic product, rate of inflation, currency depreciation, asset reinvestment, resource self-sufficiency and balance of payments position. Further, the Brazilian economy is heavily dependent upon international trade and, accordingly, has been and may continue to be adversely affected by trade barriers, exchange controls, managed adjustments in relative currency values and other protectionist measures imposed or negotiated by the countries with which it trades. The country also has been and may continue to be adversely affected by economic conditions in the countries with which it trades and is subject to high levels of debt or may be subject to higher inflation.

There is the possibility of nationalisation, expropriation, confiscatory taxation, imposition of withholding or other taxes on dividends, interest, capital gains or other income, limitations on the removal of funds or other assets of the Fund, political changes, government regulation, social instability or diplomatic developments, any of which could affect adversely the Brazilian economy or the value of the Fund's investments.

Where Fund assets are invested in narrowly-defined markets or sectors of a given economy, risk is increased by the inability to broadly diversify investments and by potentially adverse developments within those markets or sectors.

Volatility

Brazilian markets are more likely than developed markets to experience periods of extreme volatility. Such volatility could result in substantial losses for the Fund.

Exchange rate fluctuations; currency considerations

The Fund may hold investments denominated in Brazilian currency, whereas capital contributions to, and distributions from, the Fund are made in U.S. dollars. Accordingly, changes in currency exchange rates (to the extent unhedged) will affect the value of the Fund's assets and the unrealised

appreciation or depreciation of investments. Among the factors which may impact currency levels are trade balances and interest rates, as well as political developments.

Furthermore, the Fund may incur costs in connection with conversions between 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 Fund at one rate, while offering a lesser rate of exchange should the Fund desire immediately to resell that currency to the dealer. It is anticipated that most of the Fund's currency exchange transactions will occur at the time securities are purchased and will be executed through the local broker or custodian acting for the Fund.

Risk of errors and omissions in information

Brazilian companies are generally subject to less stringent and less uniform accounting, auditing and financial reporting standards, practices and disclosure requirements than those applicable to companies in developed countries. Consequently, there is generally less publicly available information about Brazilian companies than about companies in developed countries. Furthermore, the quality and reliability of official data published by the government or securities exchanges in Brazil may not accurately reflect the statistics being reported.

Investment and repatriation restrictions

Prior governmental approval for foreign investments may be required under certain circumstances and registration of investments with the Central Bank of Brazil is mandatory.

Repatriation of investment income, assets and the proceeds of sales by foreign investors is subject to governmental control. The Fund could be adversely affected by delays in or a refusal to grant any required governmental registration or approval for such repatriation or by withholding taxes on interest paid on securities held by the Fund or gains from the disposition of such securities.

Legal risk

Many of the laws that govern private and foreign investment, securities transactions and other contractual relationships are new and largely untested. As a result, the Fund may be subject to a number of unusual risks, including inadequate investor protection, contradictory legislation, incomplete, unclear and changing laws, ignorance or breaches of regulations on the part of other market participants, lack of established or effective avenues for legal redress, lack of standard practices and confidentiality customs characteristic of developed markets and lack of enforcement of existing regulations. Furthermore, it may be difficult to obtain and enforce a judgment. There can be no assurance that this difficulty in protecting and enforcing rights will not have a material adverse effect on the Fund and its operations. In addition, the income and gains of the Fund may be subject to withholding taxes for which shareholders may not receive a foreign tax credit.

Cybersecurity

The operations of the Investment Manager and the Fund are dependent on technology information and communication systems. A failure of any such system or a security breach or cyber-attack could significantly disrupt the Investment Manager's operations and those of the Fund. The service providers of the Investment Manager and the Fund are subject to the same cyber-security threats as the Investment Manager and the Fund. If a service provider fails to adopt, implement or adhere to adequate cyber-security measures, or in the event of a breach of its networks, information relating to the Fund, the Fund's operations and personal information relating to shareholders may be lost, damaged or corrupted or improperly accessed, used or disclosed.

Any system failure, security breach or cyber-attack on the Investment Manager or the Fund, or any of their service providers, could cause the Investment Manager and/or the Fund to suffer, among other things, financial loss, disruption to its business, including its trading capabilities and the ability of the Fund to transmit payments, including to shareholders, increased operating costs, liability to third parties, regulatory intervention and reputational damage and could have a material adverse effect on the Fund and shareholders' investments in the Fund.

3.1.2 Equity securities

The Fund may invest in equity securities and equity derivatives. 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 Fund may suffer losses if the Fund invests in equity instruments of issuers whose performance diverges from the Investment Manager's expectations or if equity markets generally move in a single direction and the Investment Manager has not hedged against such a general move. The Fund also may be exposed to risks that issuers will not fulfill contractual obligations, such as, in the case of convertible securities or private placements, delivering marketable common stock upon conversions of convertible securities and registering restricted securities for public resale.

3.1.3 Investment Flexibility

The Fund has broad and flexible investment authority. In particular the Fund is not required to invest any particular percentage of its portfolio in any type of investment, sector or region, and the amount of the Fund's portfolio which is invested in any type of investment or which is weighted in different countries or different sectors can change at any time based on the availability of attractive market opportunities. Accordingly, at any time, the Fund may have significant investments in strategies, sectors or instruments not specifically described herein and which therefore present risks which are not specifically described herein.

3.2 Risk due to the Fund's structure

3.2.1 Dependence on key personnel

The Fund's investment activities depend on the experience and expertise of the principals of the Investment Manager. If a principal leaves the Investment Manager, this may have a material adverse effect on the Fund's operations.

3.2.2 Illiquidity of shares

Offered Shares are not transferable without the approval of the directors, and there will be no secondary market for shares. Consequently, a holder of Offered Shares may only be able to dispose of its Offered Shares by having the Fund redeem them, subject to any limitations on redemption described in this Memorandum. Even then the shareholder may receive securities rather than cash in exchange for its shares.

3.2.3 Possible effect of substantial redemptions

If a substantial number of shares are redeemed at one time, the Fund may have to liquidate its positions more rapidly than otherwise desired in order to raise the cash necessary to fund those redemptions. The Fund may find it difficult to liquidate its positions on favourable terms if some of the securities it holds are illiquid. This could result in losses or a decrease in the Net Asset Value of the Fund.

If the Investment Manager determines that it is inadvisable to liquidate portfolio assets for the purpose of redeeming shares, the Fund is allowed to borrow the cash necessary for that purpose. The Fund may also pledge portfolio assets as collateral security for the repayment of that borrowing. In these circumstances, the continuing shareholders will bear the risk of any subsequent decline in the value of the Fund's assets

3.2.4 Absence of regulatory oversight

Although the Fund is a regulated mutual fund under the Mutual Funds Law (Revised) of the Cayman Islands, it is not required to, nor does it intend to, register under the laws of any other jurisdiction.

As a consequence, the statutes of certain jurisdictions (which may provide certain regulatory safeguards to investors) do not apply. For example, the Fund is not required to maintain custody of its securities or place its securities in the custody of a bank or member of a recognised securities exchange in the same way as required under the statutes of some other jurisdictions.

Generally, a registered investment company that places its securities in the custody of a member of a recognised securities exchange is required to have a written custodian agreement. Typically, such an agreement provides that securities held in custody must be kept separate from the securities of any other person and that those securities must be clearly identified as the property of the investment company. It also contains other provisions requiring compliance with applicable regulations. However, the Fund may maintain accounts at a brokerage firm that does not keep assets separate in that way as would be the case for a registered investment company. In those circumstances, if the brokerage firm becomes insolvent, the insolvency may affect the Fund more adversely than a registered investment company's insolvency would affect the Fund.

3.2.5 Limited rights of holders of Participating Shares

An investment in the Fund should be regarded as a passive investment.

This is because shareholders holding Participating Shares have no right to participate in the day-to-day operations of the Fund, nor are they entitled to receive notice of, attend or vote at general meetings of the Fund, other than a general meeting to vote on a proposed variation of the Class rights attaching to their shares or to vote on a proposed variation to the provisions in the Company's articles of association regarding the compulsory transfer of Management Shares. Consequently, they have no control over the management of the Fund or over the appointment and removal of its directors and service providers. As holder of all the Management Shares, the Investment Manager controls all of the voting interests in the Fund, other than in respect of a proposal to vary the Class rights attaching to the shares or the provisions in the Company's articles of association regarding the compulsory transfer of Management Shares. Consequently, it may make any changes to the Fund's memorandum and articles of association that it considers appropriate, including increasing the share capital, consolidating the shares and sub-dividing the shares. Only the Investment Manager can appoint and remove the directors of the Fund and, in turn, only the directors can terminate the services of the Investment Manager, the Administrator and other agents of the Fund.

3.2.6 Side letters

From time to time, the Fund or the Investment Manager or both may enter into agreements ("**Side Letters**") with certain prospective or existing shareholders holding Participating Shares, under which those shareholders receive advantages not appearing in this Memorandum. For example, a Side Letter with a prospective or existing shareholder may give that shareholder one or more of the following advantages over other holders of Participating Shares:

- (a) special rights to make future investments in the Fund, other investment vehicles or managed accounts;
- (b) special redemption rights relating to frequency, period of notice, redemption fees (whether in the form of a reduction or rebate), redemption penalties payable or other terms, or any combination of these;
- (c) rights to receive reports from the Fund on a more frequent basis or that include information not provided to other shareholders (including, without limitation, more detailed information regarding portfolio positions); and
- (d) such other rights as may be negotiated by the Fund and that shareholder.

The terms of any Side Letters are at the sole discretion of the Fund. They may be based on the following things, amongst others: (i) the size of the shareholder's investment in the Fund or affiliated investment entity; (ii) an undertaking by the shareholder to maintain its investment in the Fund for a significant period of time; or (iii) some other similar undertaking by the shareholder to the Fund.

3.2.7 Valuation of the Fund's investments

Valuation of the Fund's securities and other investments may involve uncertainties and judgmental determinations. If a valuation is incorrect, the Net Asset Value per Share may be adversely affected. Independent pricing information about some of the Fund's securities and other investments may not always be available. However, valuations will be made in good faith in accordance with the Fund's articles of association.

If the value assigned by the Fund to an investment differs from its actual value, the Net Asset Value per Share may be either understated or overstated to the extent of that difference. Consequently, if the actual value of some of the Fund's investments is higher than the value assigned to them, a shareholder holding Participating Shares who redeems all or part of its shares while they are so undervalued may be paid less than if they were correctly valued. Conversely, if the actual value of some of the Fund's investments is lower than the value assigned to them, the shareholder may, in effect, be overpaid.

Furthermore, an investment in the Fund by a new shareholder (or an additional investment by an existing shareholder) may dilute the value of the Fund's investments for the other shareholders if those investments are undervalued. Conversely, a new shareholder (or an existing shareholder who makes an additional investment) could pay too much if the Fund's investments are overvalued by the Fund. If either of these scenarios happens, the Fund does not intend to adjust the Net Asset Value per Share retroactively.

Additionally, as the fees of a number of the Fund's service providers are tied to the Fund's Net Asset Value per Share, any discrepancy in valuation may result in overpayment or underpayment to those service providers.

None of the directors, nor the Fund or Administrator will be liable if a price or valuation used in good faith in connection with any of the above procedures, later proves to be incorrect or inaccurate.

3.2.8 In-kind distributions

A redeeming shareholder may, in the discretion of the directors, receive securities owned by the Fund in lieu of or in combination with cash. The value of securities distributed may increase or decrease before the securities can be sold, and the investor will incur transaction costs in connection

with the sale of those securities. Additionally, securities distributed to a shareholder in connection with a redemption may not be readily marketable. In those circumstances, the investor bears the risk of loss and delay in liquidating those securities, with the result that it may ultimately receive less cash than it would otherwise have received if it had been paid in cash alone for its shares on the date of redemption.

3.2.9 Business and regulatory risks of hedge funds

Legal, tax and regulatory changes during the term of the Fund may adversely affect it. The regulatory environment for hedge funds is evolving. Changes in the regulation of hedge funds may adversely affect the value of the Fund's investments. They may also adversely affect its ability to obtain the leverage it might otherwise have obtained or to pursue its trading strategies. In addition, securities and futures markets are subject to comprehensive statutes, regulations and margin requirements. Regulators and self-regulating organisations and exchanges are authorised to take extraordinary actions in cases of market emergencies. The regulation of derivative transactions and funds that engage in those transactions is an evolving area of law and is subject to modification by government and judicial actions. The effect of any future regulatory change on the Fund could be substantial and adverse.

3.2.10 Segregation risk

Although the assets and liabilities of each of the Fund's Classes of Participating Shares (that have been or may be created in the future) are, in effect, segregated into a separate sub-fund, there is a risk that the assets of one Class may be applied to meet any claims by the Fund's creditors if the liabilities of another Class exceed the assets of that other Class. As at the date of this document, the directors are not aware of any such claim or contingent liability. Nevertheless, the assets of a solvent Class may be at risk with respect to, and may be used to satisfy the liabilities of, an insolvent Class.

3.2.11 No separate counsel

Ogier will act as Cayman Islands counsel to the Fund. No separate counsel has been retained to act on behalf of the shareholders or any directors. This Memorandum is based on information furnished by the Investment Manager. Ogier has not independently verified that information.

3.2.12 Securities law enforceability

The Investment Manager's directors, officers, and affiliate persons are principally Brazilian residents. As a result, it may be difficult for investors to effect service of process upon such persons within the countries of domicile of such investors or to realise on judgments of courts of the respective countries of domicile of such investors predicated upon civil liabilities of such persons under the securities laws of such countries. There is doubt as to the enforceability in Brazil of certain civil remedies and criminal penalties afforded by securities laws of countries other than Brazil. Also, Brazilian law may not permit the extradition of Brazilian citizens to another country in connection with criminal proceedings to enforce the securities laws of such other country.

3.3 Investment and trading risks

3.3.1 Overall investment risk

All investments in securities risk the loss of capital. There may be increased risk due to the nature of the securities to be purchased and traded by the Fund and the investment techniques and strategies used to try to increase profits. While the Investment Manager will devote its best efforts to the

management of the Fund's portfolio, it cannot give an assurance that the Fund will not incur losses. Many unforeseeable events, including actions by various government agencies and domestic and international political events, may cause sharp market fluctuations.

3.3.2 Derivative instruments

The Investment Manager may use various derivative instruments, including futures, options, forward contracts, swaps and other derivatives. These may be volatile and speculative. Certain positions may be subject to wide and sudden fluctuations in market value, with a resulting fluctuation in the amount of profits and losses. Using derivative instruments has various risks. These include the following:

Tracking

When used for hedging purposes, an imperfect or variable degree of correlation between price movements of the derivative instrument and the underlying investment sought to be hedged may prevent the Investment Manager from achieving the intended hedging effect or may expose the portfolio to the risk of loss.

Liquidity

Derivative instruments, especially when traded in large amounts, may not always be liquid. Hence in volatile markets, the Investment Manager may not be able to close out a position without incurring a loss. In addition, exchanges on which the Investment Manager conducts its transactions in certain derivative instruments may have daily limits on price fluctuations and speculative positions limits. These limits may prevent the Investment Manager from liquidating positions promptly, thereby subjecting the portfolio to the potential of greater losses.

Leverage

Trading in derivative instruments can result in large amounts of leverage. The leverage offered by trading in derivative instruments may magnify the gains and losses experienced by the Fund. This could subject the Fund's Net Asset Value to wider fluctuations than would be the case if the Investment Manager did not use the leverage feature in derivative instruments.

Over-the-counter trading

Derivative instruments that may be purchased or sold for the portfolio may include instruments not traded on an exchange. Over-the-counter instruments, unlike exchange-traded instruments, are two-party contracts with price and other terms negotiated by the buyer and seller. The risk of non-performance by the obligor on an over-the-counter instrument may be greater, and the ease with which the Investment Manager can dispose of or enter into closing transactions with respect to such an instrument may be less, than in the case of an exchange-traded instrument. In addition, significant disparities may exist between "bid" and "asked" prices for derivative instruments that are not traded on an exchange. Derivative instruments not traded on exchanges are also not subject to the same type of government regulation as exchange-traded instruments, and many of the protections afforded to participants in a regulated environment may not be available in connection with those instruments.

3.3.3 Short sales

Short sales by the Fund that are not made “against the box” create opportunities to increase the Fund’s return, but at the same time involve special risk considerations and may be considered a speculative technique.

Because the Fund does not need to invest the full purchase price of the securities on the date of the short sale, the value of its shares will tend to increase more when the securities it has sold short decrease in value, and to decrease more when the securities it has sold short increase in value, than would otherwise be the case had it not engaged in those short sales. Theoretically, short sales involve unlimited loss potential, as the market price of securities sold short may increase continuously. However, the Fund may mitigate those losses by replacing the securities sold short before the market price has increased significantly.

Under adverse market conditions the Fund might have difficulty purchasing securities to meet its short sale delivery obligations, and might have to sell portfolio securities to raise the capital necessary to meet its short sale obligations at a time when fundamental investment considerations would not favour such sales.

Short sales may be used with the intention of hedging against the risk of declines in the market value of the Fund’s long portfolio, but there is no guarantee that such hedging operations will be successful.

3.3.4 Risks of executing investment strategies

The Fund will invest in a number of securities and obligations that entail substantial inherent risks. Although the Fund will attempt to manage those risks through careful research, ongoing monitoring of investments and appropriate hedging techniques, there is no assurance that the securities and other instruments purchased by the Fund will in fact increase in value or that the Fund will not incur significant losses.

3.3.5 Market risks and liquidity

In large measure the profitability of a significant portion of the Fund’s investment program depends on correctly assessing the future course of the price movements of securities and other investments. There is no assurance that the Fund will be able to accurately predict those price movements. Although the Fund may attempt to mitigate market risk through the use of long and short positions or other methods, there is always some and occasionally a significant degree of market risk.

Furthermore, the Fund may be adversely affected by a decrease in market liquidity for instruments in which it invests, which may impair its ability to adjust its position. The size of the Fund’s positions may magnify the effect of a decrease in market liquidity for those instruments. Changes in overall market leverage, de-leveraging as a consequence of a decision by a prime broker to reduce the level of leverage available, or the liquidation by other market participants of the same or similar positions, may also adversely affect the Fund’s portfolio. Some of the underlying investments of the Fund may not be actively traded and there may be uncertainties involved in valuing those investments. Potential investors are warned that under those circumstances, the Net Asset Value of the Fund may be adversely affected.

3.3.6 Hedging

Although the Fund will attempt to hedge its exposure to specific arbitrage positions, it will not always be possible to fully hedge risk from such positions or any other position. In addition, the Fund may

take positions based on the expected future direction of the markets without fully hedging the market risks.

3.3.7 Risks of global investing

The Fund invests in various capital markets throughout the world. As a result, the Fund is subject to risks relating to the following:

- (a) currency exchange matters, including fluctuations in the rate of exchange between the base currency of the Fund and various other currencies in which its investments may be denominated, and costs associated with converting investment principal and income from one currency into another; and
- (b) the possible imposition of withholding taxes on income received from the issuer of, or gains with respect to, those investments.

In addition, investing in some of these capital markets involves factors not typically associated with investing in established securities markets. These include risks relating to the following:

- (a) differences between markets, including potential price volatility in and relative illiquidity of some securities markets;
- (b) the absence of uniform accounting, auditing and financial reporting standards, practices and disclosure requirements, and less governmental supervision and regulation; and
- (c) certain economic and political risks, including potential exchange control regulations or restrictions on investment and repatriation of capital.

3.3.8 Currency risks

Part of the Fund's assets may be invested in securities denominated in various currencies and in other financial instruments, the price of which will be determined with reference to those currencies. Nonetheless, the accounts of the Fund will be valued in US dollars. To the extent they are not hedged, the value of the Fund's net assets will fluctuate with US dollar exchange rates as well as with price changes of its investments in the various local markets and currencies. The Fund may use forward-currency contracts and options to hedge against currency fluctuations, but there is no guarantee that such hedging transactions will be effective.

3.3.9 Counterparty and settlement risk

Due to the nature of some of the investments that the Fund may make, the Fund may rely on the ability of the counterparty to a transaction to perform its obligations. If that party fails to complete its obligations for any reason, the Fund may suffer losses and therefore be exposed to a credit risk on the counterparties with which it trades. The Fund will also bear the risk of settlement default by clearing houses and exchanges. A default by a counterparty or a default on settlement could have a material adverse effect on the Fund.

3.3.10 Borrowing

The Fund is permitted to finance its operations with secured and unsecured borrowing to the maximum extent allowable under applicable credit regulations. The Fund may suffer losses if there are adverse changes in the level of market prices of the assets being financed with the borrowings.

3.3.11 Distributions

Ordinarily, the Fund will not make distributions by way of dividends to the shareholders holding Participating Shares and, consequently, all earnings of the Fund are expected to be retained for reinvestment.

3.3.12 Discretion of the Investment Manager; concentration of investments

The Investment Manager will seek to engage in the investment activities described in this Memorandum. Nonetheless, the Investment Manager may alter the Fund's portfolio. It can do so in its sole discretion and without the approval of any holder of Participating Shares. Although, as a matter of general policy, the Investment Manager will try to spread the Fund's capital among a number of investments, it may depart from that policy from time to time and may hold a few relatively large securities positions in relation to the Fund's capital. A loss on a large security position following such concentration could materially reduce the Fund's capital.

3.3.13 Difficult market for investment opportunities

The activity of identifying, completing and realising on attractive investments is highly uncertain. There is no assurance that the Fund will be able to locate and complete investments that satisfy the Fund's rate-of-return objective or to realise on the value of those investments; nor is there any assurance that the Fund will be able to fully invest its subscribed capital in a manner consistent with its investment strategy.

3.3.14 Trading Errors

The Fund will bear the financial consequences of all trade errors including, but not limited to, a technology error or malfunction in the computers, networks, and systems used by the Investment Manager and its employees, agents, affiliates, counter-parties and service providers. The Investment Manager will take all reasonable measures to ensure that trade errors do not occur and will monitor and document all trade errors but shareholders must be prepared to bear the cost of a trade error.

3.4 Potential conflicts of interest

3.4.1 Generally

The Investment Manager, the Administrator, the Fund's directors, the Prime Broker and any other broker or custodian appointed by the Fund, may act for, or be involved with, other collective investment vehicles that have similar investment objectives to those of the Fund. Capacities in which one or more of them may act for, or be involved with, other collective investment vehicles of that type include: as distributor, promoter, manager, investment manager, investment adviser, registrar, transfer agent, administrator, trustee, custodian, broker, director and placing agent. Similarly, one or more of them may provide discretionary fund management or ancillary administration, custodian or brokerage services to investors with similar investment objectives to those of the Fund. Consequently, any of them may, in the course of their business, have potential conflicts of interests with the Fund. If a potential conflict arises, so far as practicable, each will have regard to its obligation to act in the best interests of the shareholders, having regard to its obligations to other clients, when undertaking investments. Further, each will endeavour to resolve any conflicts fairly.

3.4.2 The Investment Manager

The Investment Manager has been formed to engage in the business of discretionary management and advising client investors, including other investment vehicles, in the purchase and sale of securities and financial instruments. During the period it is responsible for managing the account of the Fund, it may also be advising other accounts. In doing so it may use the same or different information and trading strategies that it obtains, produces or utilises in the performance of services for the Fund.

The Investment Manager may have conflicts of interest in rendering advice because its compensation for managing other accounts exceeds its compensation for managing the account of the Fund, thus providing an incentive to prefer the other accounts. Moreover, if the Investment Manager makes trading decisions for other accounts at or about the same time it makes trading decisions for the account of the Fund, the Fund may be competing with those other accounts for the same or similar positions. The Investment Manager will endeavour to allocate all investment opportunities on a fair and equitable basis between the Fund and those other accounts.

The Fund has been established and promoted by the directors and the Investment Manager. Accordingly the selection of the Investment Manager and the terms of its appointment, including the fees payable to it, are not the result of arms-length negotiations. However, the directors believe that the fees, commissions and compensation payable to the Investment Manager are consistent with normal market rates for investment funds of a similar type to the Fund.

From time to time, the Investment Manager may come into possession of non-public information concerning specific companies even though internal structures are in place to prevent it from receiving such information. Under applicable securities laws, this may limit the Investment Manager's flexibility to buy or sell portfolio securities issued by those companies. The Fund's investment flexibility may be constrained due to the Investment Manager's inability to use such information for investment purposes.

3.4.3 Interests of certain directors

Each of Sergio Carbone and Marcelo Nobrega da Costa are directors of the Fund as well as each a partner of the holding entity which indirectly controls the Investment Manager. The fiduciary duty of the directors to the Fund may compete with or be different from the interests of the Investment Manager. Only the directors may terminate the services of the Investment Manager and other agents of the Fund.

3.4.4 Duties of the directors

At all times so far as practicable the directors will have regard to their obligations to act in the best interests of the Fund and its shareholders, and will seek to ensure that any conflict of interest is resolved fairly and in the interests of the Fund and its shareholders.

3.4.5 Dealings with service providers and their affiliates

The Fund is not prevented from entering into transactions with any prime broker, any custodian, the Administrator or any of their affiliates so long as those transactions are carried out as if they were made on commercial terms negotiated at arm's length.

This list of risk factors does not purport to be complete. Nor does it purport to be an entire explanation of the risks involved in an investment in the Fund. A prospective investor should read

this Memorandum in its entirety as well as consult with its own legal, tax and financial advisers before deciding to invest in the Fund.

SECTION IV - MANAGEMENT AND ADMINISTRATION

4.1 Board of directors

4.1.1 *Delegations by the directors*

The directors are responsible for the overall management and control of the Fund in accordance with its memorandum and articles of association. However, the directors are not responsible for the day-to-day operations and administration of the Fund, nor are they responsible in their capacity as directors for making or approving any investment decisions. The investment responsibilities have been delegated to the Investment Manager under the Management Agreement whilst the day-to-day administrative functions have been delegated to the Administrator under the Administration Agreement. In each case, the delegation has been made in accordance with the directors' powers of delegation under the Fund's articles of association. The directors will periodically review the performance of the Investment Manager and the Administrator.

4.1.2 *Composition of the board*

The Fund's board of directors comprises Sergio Carbone and Marcel Nobrega da Costa. Currently, each director serves in his capacity as director without compensation.

Biographical information for Sergio Carbone and Marcel Nobrega da Costa appears below.

Sergio Carbone. Prior to joining BR Partners Gestao de Recursos Ltda., Mr. Sergio Carbone worked at Credit Suisse (1992-2011) in the Post-Trade/Back Office of Equities division. Prior to Credit Suisse, he worked as a Liberal Professional in CTVM (Bank of America) (1985-1992) and Bovespa (1982-1985). Mr. Carbone holds a Bachelor's Degree in Chemistry from Faculdades Osvaldo Cruz.

Marcel Nobrega da Costa. Prior to joining BR Partners, Mr. Marcelo Costa was responsible for the Fixed Income & Derivatives Sales at Banco Espirito Santo (2006-2012). Prior to joining Banco Espirito Santo, he was responsible for the Structured Products Sales at Standard Bank in Brasil (2004-2006) and worked in Risk Management Division at Dresdner, WestLB and JPMorgan (1997-2004). Mr. Costa holds a Bachelor's Degree in Mechanical – Aeronautical Engineering from Instituto Tecnológico Aeronáutico (1996) and a Master's Degree in Mathematics Applied to Finance Modeling from FEA/IME – USP (2003).

For the purpose of this Memorandum, the address of all the directors is the registered office of the Fund.

4.1.3 *Provisions of the Fund's articles of association affecting the directors*

The Fund's articles of association do not stipulate a retirement age for the directors nor do they provide for retirement of the directors by rotation. There is no shareholding qualification for the directors.

The directors are empowered to exercise all of the borrowing powers of the Fund.

Subject to one condition, under the Fund's articles of association a director may enter into any contract or arrangement with the Fund without:

- (a) that contract or arrangement being liable to be declared void; or

- (b) that director being liable to account to the Fund for any profit realised by that contract or arrangement due to his or her holding of that office or as a consequence of the director's fiduciary relationship with the Fund.

The condition is that the director must disclose the nature of his or her interest at the earliest opportunity. Furthermore, under the Fund's articles of association, a director may hold any other office or place of profit with the Fund (other than that of auditor) in conjunction with his or her office of director on terms as to tenure of office and otherwise as the directors determine.

Except as disclosed below, at the date of this Memorandum no director and no person connected with a director has any of the following interests:

- (a) an interest, beneficial or non-beneficial, in the share capital of the Fund;
- (b) a material interest in the shares of the Fund;
- (c) an option in respect of the shares of the Fund; or
- (d) an agreement or arrangement with the Fund.

Furthermore, no director has a direct or indirect interest in any contract or arrangement made in previous years that remains outstanding and that is either unusual in its nature or of significance to the Fund's business.

By virtue of its articles of association, the Fund releases its directors and officers from, and indemnifies them against, certain legal liabilities and expenses so long as, in connection with the matter that gives rise to a particular claim, they had not engaged in gross negligence or wilful default in the performance of their duties.

The directors may change any of the Fund's service providers, including the Fund's auditors, without the consent of the holders of Participating Shares. In addition, the directors may, with the consent of a service provider, amend the remuneration that the Fund pays to that service provider (and any other term of its service agreement). This may be necessary from time to time to keep the remuneration that the Fund pays to its service providers in line with prevailing market rates.

4.2 Investment Manager

4.2.1 Background

The Fund's Investment Manager is BR Partners Gestão de Recursos Ltda., a limited company incorporated in Brazil. The location of its registered office appears in the Directory. The Investment Manager is responsible for the investment decisions of the Fund.

4.2.2 Investment Manager's key personnel

The Investment Manager's key person responsible for implementation of the Fund's investment objectives and policies is [•]. Biographical information for [•] appears below.

[•].

4.2.3 Management Agreement

Pursuant to the Management Agreement between the Investment Manager and the Fund, the Investment Manager invests and will reinvest the assets of the Fund in accordance with the Fund's investment objective and strategies described above. Under the Management Agreement the Fund agrees to pay to the Investment Manager a "Management Fee" described below for its services as Investment Manager.

The Management Agreement is for an indefinite term. It may be terminated by either party giving 90 days' notice in writing to the other. In certain circumstances it may be terminated immediately.

The Management Agreement provides that the Investment Manager is not liable for any loss, damage, liability, cost or expense (of whatever kind) that arises from errors by it of fact or judgment or from any action taken (or omitted to be taken) by it. However, the Investment Manager remains liable or responsible, as the case may be, to the extent that the act, omission or error, as the case may be, is attributable to its fraud, wilful default or gross negligence. It provides further that the Fund indemnifies the Investment Manager, its directors, officers and employees and each of them against all liabilities, losses, damages, claims, costs and expenses (of whatever kind) that they or any of them may suffer or incur arising out of, or in connection with, the Management Agreement. But the Fund is not so liable to the extent the liability, loss, damage, outgoing cost or expense is due to the Investment Manager's fraud, wilful default or gross negligence or due to breach by the Investment Manager of any of its obligations under the Management Agreement.

The Management Agreement is governed by the laws of the Cayman Islands.

4.2.4 Management Fee

Under the Management Agreement, the Fund must pay to the Investment Manager a Management Fee in respect of the Offered Shares, which is an annual fee calculated at an annual rate of 2% of the Net Asset Value of the Fund attributable to the Offered Shares on the last day of each calendar year (adjusted for any subscriptions made during the year). The Fund will pay the Management Fee in US dollars promptly following the end of the calendar year. The Management Fee will be deducted in computing the net profit or net loss of the Fund attributed to each Class. If the Investment Manager does not act as investment manager for the whole of a calendar year, the Management Fee payable by the Fund for that calendar year will be prorated so that it is paid only for that part of the calendar year that it so acted.

Despite the foregoing, the Investment Manager may waive or reduce the Management Fee with regard to certain shareholders.

4.3 Administrator

4.3.1 Background

Pursuant to the Administration Agreement, the Fund has appointed Banco Bradesco S.A. as administrator of the Fund. The Administrator is a financial institution and was incorporated in Brazil in 1943. The location of its registered office appears in the Directory. The Administrator is engaged in the business of providing administrative services to collective investment schemes for which it is licensed under the Mutual Funds Law (Revised) of the Cayman Islands, as amended from time to time. The Administrator is one of the leading banks in the financial sector in Brazil, with one of the best operating efficiency ratios. The Administrator has grown and developed in tandem with the economic trends and cycles of the country. Its management model is transparent and committed to

good governance practices and it has a dividend policy which offers an attractive return to its shareholders.

The Administrator has more than 30 years of ample experience in Qualified Custody services (Settlement and Safekeeping), Fiduciary Administration for Investment funds, daily NAV calculation, fund accounting among others.

The Administrator is a service provider to the Fund and is not responsible for the preparation of this Memorandum or the activities of the Fund and therefore accepts no responsibility for any information contained in this Memorandum. In reviewing this Memorandum, the Administrator relied upon information furnished to it by the directors, the Investment Manager and its affiliates, and did not investigate or verify the accuracy and completeness of information set forth herein concerning the Fund, the directors, the Investment Manager, its affiliates and personnel. The Administrator is not an investment or other adviser to the Fund and will not participate in the investment decision-making process.

4.3.2 Fees and expenses

The Administrator is compensated for its services pursuant to the Administration Agreement. The fees and charges of the Administrator are subject to variation and renegotiation from time to time, pursuant to an amendment to the Administration Agreement. The Administrator is also entitled to reimbursement of out-of-pocket expenses incurred by it for the benefit of the Fund.

4.3.3 Administration Agreement

Under the Administration Agreement, the Administrator:

- (a) provides office facilities and personnel adequate to administer the affairs of the Fund; and
- (b) performs certain designated services for the Fund in connection with the administration of its affairs.

The designated services include:

- (a) maintaining the financial books and records of the Fund;
- (b) preparing information for the Fund's reports to shareholders;
- (c) responding to shareholder enquiries relating to the administration services provided to the Fund;
- (d) ensuring that the Fund complies with applicable anti-money laundering laws and regulations;
- (e) accepting and processing subscriptions, transfer requests and redemption requests from investors;
- (f) maintaining the register of shareholders;
- (g) providing confirmation of share ownership to investors (and share certificates if required); and

- (h) such other administrative services as may be required by the Fund, pursuant to the Administration Agreement.

The Administration Agreement is of an indefinite term and may be terminated by either party giving 90 days' notice in writing to the other. In certain circumstances, it may be terminated immediately.

The Administration Agreement provides that neither the Administrator nor any of its employees shall, except in the case of fraud, willful misconduct or negligence, be liable for any losses suffered or incurred by the Fund arising out of any act or omission on the part of the Administrator in connection with the Administrator's duties under the Administration Agreement. The Administration Agreement provides that the Fund indemnifies the Administrator and its employees against any losses which may be suffered or incurred by the Administrator or any of its employees from time to time in connection with the performance or non-performance of the Administrator's duties under the Administration Agreement except where such losses arise from the fraud, willful misconduct or negligence of the Administrator.

The Administration Agreement is governed by the laws of the Cayman Islands.

4.4 Brokerage and custody

4.4.1 Choice of brokers or dealers and scope of services received

The Investment Manager is authorised to determine the broker or dealer to be used for each securities transaction for the Fund. In placing orders, the Investment Manager's policy is to obtain the best price and execution for its transactions. If best price and execution may be obtained from more than one dealer, the Investment Manager may purchase and sell securities through dealers who provide research, statistical and other information, even though the Fund may not necessarily, in any particular instance, be the direct or indirect beneficiary of the research services provided. Research and related services furnished or paid for by brokers may include the following:

- (a) written information and analyses concerning specific securities, companies or sectors;
- (b) market, financial and economic studies and forecasts;
- (c) financial and trade publications;
- (d) statistical and pricing services;
- (e) discussions with research personnel and consultants; and
- (f) hardware, software, databases and other technological, technical and telecommunication services (including wireless services), lines and equipment utilised in the investment management process (including updates, modifications, improvements, product testing, maintenance, offsite or onsite backup, repairs and replacements).

4.4.2 Commissions etc

The Investment Manager may use research and related services obtained by the use of commissions arising from the Fund's investment transactions in its other investment activities.

All other services obtained by the use of commissions arising from the Fund's investment transactions will be limited to services that would otherwise be a Fund expense (including research-related testing, travel, meals and lodging expenses).

Additionally, from time to time, the Fund may request and receive cash rebates when there is a soft dollar commission credit built up at an executing broker.

In selecting brokers and negotiating commission rates, the Investment Manager will take into account the financial stability and reputation of brokerage firms and the brokerage and research services provided by those brokers, even though the Fund may not, in any particular instance, be the direct or indirect beneficiary of the research services provided. The Investment Manager may also consider the referral of investors, consistent with best execution.

4.4.3 Independent trading firms

The Investment Manager may also hire separate independent trading firms in order to obtain better price or execution or both. Those trading firms will be paid through additional commissions to be borne by the Fund.

4.4.4 Prime Brokers and Custodians

The Fund will enter into a prime brokerage arrangement with Newedge USA, LLC. Additional brokerage or custodial arrangements may be established in the future with banks and other broker-dealers. A substantial portion of the Fund's assets may be held in brokerage or custodial arrangements at any given time. The Prime Broker and any other broker or custodian will be paid customary fees for its services as prime broker or custodian and the Fund may negotiate such fees from time to time. The Investment Manager may change or add prime brokers or custodians or both without notice to the holders of Participating Shares.

4.5 Expenses

4.5.1 Preliminary Expenses

The Fund is responsible for paying the preliminary expenses of, and incidental to, the initial offering (including expenses relating to establishment of the Fund in the Cayman Islands, negotiation and preparation of the contracts to which it is a party, costs of printing this Memorandum and the fees and expenses of its professional advisors).

These preliminary expenses will be amortised on a straight-line basis over the first six months of the Fund's operations. While the directors of the Fund consider that such an accounting policy is appropriate, that policy conflicts with International Accounting Standards Board ("**IFRS**"), and therefore may lead to qualifications in the Fund's audited financial statements.

4.5.2 Operating expenses

The Investment Manager renders its services to the Fund at its own expense. It is responsible for its overhead expenses including the following: (i) office rent; (ii) furniture and fixtures; (iii) stationery; (iv) secretarial/internal administrative services; (v) salaries; (vi) entertainment expenses; and (vii) employee insurance and payroll taxes.

The Fund will bear all expenses related to its investment program, including the following: (i) brokerage commissions; (ii) other expenses related to buying and selling securities; (iii) costs of due diligence (including travel) regardless of whether a particular transaction is consummated; (iv) the costs of attending shareholder meetings; (v) research expenses; and (vi) costs related to monitoring investments (collectively, the "**investment-related expenses**").

It will also bear expenses incurred in connection with its operations including the following: (i) fees and expenses of advisors and consultants; (ii) Management Fee; (iii) fees and expenses of any custodians, escrow or transfer agents and other investment-related service providers; (iv) indemnification expenses and the cost of insurance against potential indemnification liabilities; (v) interest and other borrowing expenses; (vi) legal, administrative, accounting, tax, audit and insurance expenses; (vii) expenses of preparing and distributing reports, financial statements and notices to shareholders; (viii) litigation or other extraordinary expenses; and (ix) costs of periodically updating the Memorandum.

4.5.3 The Fund is not responsible for placement-agents' fees

The Fund may, in its sole discretion, appoint placement agents or distributors, who may, in turn, appoint selling dealers to participate in the distribution of Offered Shares. Those placement agents or distributors may be affiliated with the Investment Manager.

The Investment Manager may pay (or cause to be paid) fees to those persons. If the Fund pays those fees, they will be deducted from the Investment Manager's Management Fee. However, those fees will not be payable by or chargeable to the Fund or any shareholder or prospective shareholder. The Fund may make such a payment only if it coincides with its payment of the Management Fee to the Investment Manager.

4.6 Orderly realisation

The directors may, in the circumstances described below (see 6.4 - Temporary suspension of dealings), declare that the issue or redemption of shares of any Class is suspended. Also, in either case, they may (but need not) declare that the determination of the Net Asset Value per Share of that Class is simultaneously suspended. While such suspensions may be temporary, the circumstances giving rise to the decision to suspend may continue for a prolonged period of time such that the directors, in consultation with the Investment Manager, consider that it is appropriate that the suspension be declared permanent and the investments of the Fund be managed for the sole purpose of realising all investments in anticipation of the termination of the business of the Fund (the "**Realisation**").

The Fund's articles of association provide that the Fund's business shall continue for so long as the Fund holds assets, irrespective of whether the directors, in their discretion, have determined that the Fund shall not acquire any further investments. Accordingly, unless the directors consider it is in the best interests of the Fund that it be placed into liquidation under the Companies Law, the Realisation shall be managed by the by the directors, together with, if the directors so determine, the Investment Manager. If the directors determine that the Investment Manager is to manage the Realisation, the Investment Manager will be engaged on the terms of the Investment Management Agreement then in force unless the directors, in their discretion, determine otherwise.

SECTION V - DESCRIPTION OF THE FUND'S SHARES

5.1 General

The Fund's authorised share capital is \$50,000 which is made up of:

- (a) 100 management shares of \$1.00 par value per share ("**Management Shares**"); and
- (b) 4,990,000 participating shares of \$0.01 par value per share ("**Participating Shares**"), which may be issued in Classes, sub-classes and series.

Subject to the Fund's articles of association, the unissued Participating Shares of the Fund are under the control of the directors. The directors may issue, allot, dispose of or grant options over those unissued shares to any persons, on any terms and in any manner they think fit. No shareholder has any pre-emptive right to purchase the Participating Shares.

5.2 Management Shares

100 Management Shares have been issued. They are fully paid up and held by the Investment Manager.

The Management Shares are not transferable without the prior written consent of the directors, who do not intend to give such consent apart from transfers to affiliates of the Investment Manager. The Management Shares have the entire voting power of the Fund unless the issue involves modification of Class rights or a variation to the provisions in the Company's articles of association regarding the compulsory transfer of Management Shares. However, they do not entitle the holder to participate in the Fund's profits and losses and they are not redeemable. On the winding up of the Fund, the holders of the Management Shares are only entitled to receive their paid-up capital of \$1.00 per Management Share.

5.3 Participating Shares

5.3.1 *Rights of holders of Participating Shares*

The holders of Participating Shares have no right to receive notice of, attend or vote at, general meetings of the Fund, nor do they have voting rights (unless the issue involves modification of share rights – see the Section below entitled "Rights of shareholders" or a proposed variation to the provisions in the Company's articles of association regarding the compulsory transfer of Management Shares).

But they are entitled to receive, to the exclusion of the holders of the Management Shares, any dividends that may be declared by the Fund. Also, on the winding up of the Fund, they will receive, by way of distribution, the full amount of the assets of the Fund other than the paid-up capital of \$100 in respect of the Management Shares.

When the Participating Shares are issued, they will be fully paid. Within each Class, all Participating Shares of the Fund have equal dividend, distribution and liquidation rights.

5.3.2 *Classes of Participating Shares*

The issue of the Offered Shares was authorised by resolution of the directors.

The directors may designate further Classes of Participating Shares which may be attributable to the current single underlying portfolio of the Fund or a new portfolio. Each further Class of Participating Shares may be offered on different terms (including as to currency) to those on which the Offered Shares are being offered pursuant to this Memorandum. Additionally, the Fund may, for administrative convenience, issue sub-classes of Participating Shares. Hence, in this Memorandum, unless the context otherwise requires, a reference to “Class” includes any sub-class or sub-classes derived from that Class.

5.4 Records

The Fund must separately record in its books each Class, sub-class and series of Participating Shares with its own distinct designation. Further, the Fund must record in its books the proceeds from the allotment and issue of each Class, sub-class and series of Participating Shares to the credit of that Class, sub-class and series.

See Section VII headed “Financial Information and Reports – Fiscal periods”.

5.5 Rights of shareholders

All shareholders are entitled to the benefit of, are bound by and are deemed to have notice of, the Fund’s memorandum and articles of association.

Under those documents, the liability of the shareholders is limited to the amount, if any, unpaid on their shares. As the Participating Shares may only be issued if they are fully paid, the holders of Participating Shares will not be liable for any debt, obligation or default of the Fund beyond their interests in the Fund.

The Fund’s objects are set out in clause 3 of its memorandum of association. Those objects are unrestricted.

5.5.1 Management Shares

As an exempted company, the Fund is not required to hold scheduled annual general meetings of shareholders. General meetings of the holders of Management Shares may be called by the directors and will be called at the request of the holders of Management Shares holding a simple majority of the issued Management Shares. All meetings of the holders of Management Shares will be held in the Cayman Islands, unless the directors determine to hold them elsewhere. Those meetings require seven days’ prior notice which may be given by hand, mail, fax or email, or alternatively, where the recipient has agreed, by posting the notice on a secure nominated website.

Unless the Companies Law (Revised) of the Cayman Islands requires a special resolution, all decisions of the holders of Management Shares will be made by an ordinary resolution on condition that a quorum of the holders of one-third of those shares is present in person or by proxy. Any matter may also be adopted by resolution in writing of all the holders of Management Shares.

5.5.2 Participating Shares

The Participating Shares have no conversion or pre-emptive rights. When duly issued, all Participating Shares will be fully paid and non-assessable.

5.5.3 *Other matters*

From time to time, the Fund may increase its authorised share capital so that at all times a substantial number of Participating Shares is available for issue. This may be done by ordinary resolution.

At any time, the Fund may amend its memorandum and articles of association or resolve that it be wound up by the holders of the Management Shares passing a special resolution to that effect.

5.6 **Modification of Class rights**

Whether or not the Fund is being wound up, the rights attaching to any Class of shares may be modified:

- (a) with the consent in writing of the holders of two-thirds of the issued shares of that Class; or
- (b) with the sanction of a resolution passed by a two-thirds majority of the holders of the issued shares of that Class at a separate meeting of the holders of the shares of that Class.

5.7 **Variation of offering terms**

Subject to applicable law and without the approval of any holders of Participating Shares, the Fund may amend this Memorandum to vary the offering terms applicable to any Participating Shares (as distinct from modifying Class rights attaching to those shares, as discussed above) in any of the following ways:

- (a) by making any change that the directors consider, in their sole discretion, will not adversely affect the shareholders in any material respect; or
- (b) by making a change that is necessary or desirable to satisfy any requirements, conditions or guidelines contained in any opinion, directive, order, statute, ruling or regulation of any applicable regulator, court of competent jurisdiction, government or government entity (including any tax authority). However, that change must be made in a manner that minimises, to the extent practicable as determined by the directors in their sole discretion, any adverse effect on the shareholders; or
- (c) by making any change that the directors consider, in their sole discretion, is likely to adversely affect the shareholders in a material respect (including amendments to the trading program, fees charged to the Fund by service providers and the liquidity terms of the shares). However, that amendment does not become effective until after the affected shareholders have been given prior written notice of the change and have had the opportunity, following receipt of that notice, to request the redemption of their shares so affected. If they request that those shares be redeemed, the Fund must do so.

Furthermore, the Fund may amend this Memorandum to vary the offering terms applicable to the Fund with the consent of the shareholders owning a majority by value of all outstanding Participating Shares at the time of the amendment provided that such amendment does not discriminate amongst shareholders. A meeting so convened will generally follow the provisions of the Fund's articles of association relating to general meetings amended as necessary by the directors, as they may, in their absolute discretion, determine, notwithstanding that the articles of association will not govern such meetings. If the Fund seeks such approval from shareholders, then following the giving of notice of the proposed amendment, the Fund shall request a response for or against the proposed

amendment. The Fund shall deem a lack of response from a shareholder to constitute the consent of such shareholder to the amendment.

Despite the foregoing, the Fund (if required, with the consent of the Investment Manager) may enter into a written agreement with an existing or prospective investor in respect of Participating Shares of a certain Class that provides for offering terms that vary from those applicable to other shareholders of the same Class. The ways in which the offering terms may vary include the following: (i) the waiver, reduction or rebate of fees or allocations payable in respect of those shares; (ii) the provision of additional information or reports; (iii) more favourable transfer rights; and (iv) more favourable liquidity rights, including additional permitted dates for redemptions and the waiver or reduction of notice periods, or proceeds payment periods and different redemption terms. In those circumstances, the directors may issue shares of the same Class to that shareholder or may issue a separate Class (or sub-class) of shares to that shareholder.

SECTION VI - SUBSCRIPTION, REDEMPTION AND TRANSFER OF SHARES

6.1 Subscription for shares

6.1.1 *Some defined terms used in this Section*

This Section uses a number of defined terms, particularly as they relate to the subscription, redemption and transfer of shares in the Fund. Of those, the following expressions are defined in the Executive Summary:

“Application Form”

“Closing Date”

“Initial Offering Period”

“Net Asset Value”

“Net Asset Value per Share”

“Offered Shares”

“Redemption Day”

“Subscription Day”

When reading this Section, you should also note the following defined terms:

“**Redemption Request**” means a redemption request in the form provided by the Administrator or such other form determined by the directors from time to time;

“**Redemption Price**” means the redemption price of Offered Shares described in this Memorandum and calculated in accordance with the Fund’s articles of association; and

“**Valuation Day**”, with respect to the Offered Shares, means any one or more of the following having regard to the context:

- (a) each Redemption Day;
- (b) the business day immediately preceding each Subscription Day;
- (c) the other day or days that the directors determine is or are to apply, whether generally or in a particular case.

6.1.2 *Offering of shares*

The Fund is offering its Offered Shares privately to a limited number of Eligible Investors. The purchase of Offered Shares is not open to the general public. The description of an Eligible Investor appears in Appendix I.

The minimum initial investment for the Offered Shares is \$100,000. There is currently no minimum subsequent investment for Offered Shares.

In each case, the directors may fix some other amount as the minimum subscription payable by a particular shareholder or group of shareholders. However, if the Fund is registered as a regulated mutual fund under Section 4(3) of the Mutual Funds Law (Revised) of the Cayman Islands and its shares are not listed on any stock exchange approved by CIMA, the minimum initial investment must not be less than \$100,000 or its equivalent in any other currency.

6.1.3 Offer price, sales charges

During the Initial Offering Period, Eligible Investors subscribed for the issue to them of Offered Shares at a subscription price of \$1,000 per share. After the Closing Date, the directors will issue the Offered Shares on any business day, or an alternative day they nominate at a subscription price based on the Net Asset Value per Share of the Offered Shares as of the open of business on the relevant Subscription Day.

During and after the Initial Offering Period, both of the following must be received by the Administrator by 10.00 am (Brazil time) on the Closing Date or applicable Subscription Day:

- (a) applications for subscriptions for Offered Shares; and
- (b) payment for those subscriptions (including the initial charge, if any) in cleared funds in US dollars.

However, following consultation with the Administrator and Investment Manager, the directors may waive those requirements in any particular case or generally if they determine that to do so will not materially prejudice the remaining holders of Participating Shares. In no event will subscriptions be accepted for processing as of the Closing Date or on a particular Subscription Day if the Application Form is received by the Administrator after 5.00 pm (Brazil time) on the Closing Date or on that Subscription Day. Similarly, payment for those subscriptions must be received by the Administrator in cleared funds in US dollars no later than 5.00 pm (Brazil time) on the Closing Date or on the applicable Subscription Day. If any application or payment is received late, it will be dealt with on the next Subscription Day.

Application Forms may be sent by facsimile transmission or e-mail to the facsimile number or e-mail address stated in the Application Form, provided that the original Application Form is forwarded to the Administrator forthwith. Neither the Fund nor the Administrator accepts any responsibility for any loss arising from the non-receipt by the Administrator of any Application Form sent by facsimile transmission or e-mail.

6.1.4 Payment

Payment for Offered Shares must be made in cash by electronic transfer and not cheques, net of bank charges, and is due in cleared funds in US dollars. Payment must be sent to the Administrator's bank account, details of which are noted on the Application Form.

However, the Fund may, but is not obligated to, accept subscriptions in kind.

No subscriptions in kind will be accepted unless the directors are satisfied of the following:

- (a) that the investments to be transferred are valued in accordance with the valuation provisions set out in the Fund's articles of association and summarised in this Memorandum; and
- (b) that the terms of that transfer do not materially prejudice the remaining shareholders.

If subscription monies are received in any currency other than US dollars, conversion into US dollars will be arranged by the Administrator at the risk and expense of the applicant. Any bank charges in respect of electronic transfers will be deducted from subscriptions and only the net amount will be invested in Offered Shares.

6.1.5 Prevention of Money Laundering

To ensure compliance with applicable statutory requirements relating to anti-money laundering and anti-terrorism initiatives, the Fund or the Administrator on behalf of the Fund, will require such information and documentation as it considers necessary to verify the identity, address and/or source of funds of all prospective investors. Depending on the circumstances of each application and the anti-money laundering policies and procedures of the Administrator, a detailed verification might not always be required.

In addition, the Fund expressly prohibits the purchase or ownership of Participating Shares (whether directly or indirectly) by any Prohibited Persons or Non-Eligible Investors as defined in Appendix I.

As mentioned above, the Fund or the Administrator on its behalf, reserves the right to request such evidence as is necessary to verify the identity and source of funds of a prospective investor. The Fund, or the Administrator on its behalf, may also request verification evidence in respect of a transferee of Participating Shares. If the prospective investor or transferee fails to produce, or delays in producing, any evidence required for verification purposes, the Fund, or the Administrator on its behalf, may refuse to accept the application or to register the relevant transfer (as the case may be). If that happens in the case of a subscription of Participating Shares, any funds received will be returned without interest to the account from which those funds were originally debited.

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

By subscribing for Participating Shares, subscribers consent to the disclosure by the Fund, the Investment Manager, the Administrator and their delegates, agents and affiliates, of any information about them to regulators and others upon request in connection with money laundering and similar matters both in the Cayman Islands and in other jurisdictions.

Each subscriber for Participating Shares will be required to make such representations as may be required by the Fund in connection with anti-money laundering programmes, including, without limitation, representations that such subscriber is not a prohibited country, territory, individual or entity listed on the United States Department of Treasury's Office of Foreign Assets Control ("**OFAC**") website and that it is not directly or indirectly affiliated with any country, territory, individual or entity named on an OFAC list or prohibited by any OFAC sanctions programmes. Each subscriber will also be required to represent that subscription monies are not directly or indirectly derived from activities that may contravene United States federal or state, or international, laws and regulations, including anti-money laundering laws and regulations.

None of the Fund, the Investment Manager, the Administrator or their respective delegates, agents and affiliates will be liable for any loss suffered by a subscriber arising as a result of a refusal of, or a delay in processing, an application for Participating Shares if such information and documentation as has been requested by the Fund, or the Administrator on behalf of the Fund, has not been provided by the subscriber in a timely manner.

6.1.6 Procedure for the purchase of Offered Shares

Applications are subject to the terms of this Memorandum, the Fund's memorandum and articles of association and the Application Form.

Only Eligible Investors may subscribe for Offered Shares. Further, Offered Shares purchased for those under 18 years of age must be registered in the name of the parent or legal guardian.

Applications must be made in the form of the Application Form and should be sent to the Administrator at the mailing address, e-mail address or facsimile number appearing in the Application Form.

If applications are made by facsimile or e-mail, the original written form should be forwarded without delay to the Administrator. Offered Shares will not be issued until the original Application Form and all other relevant due diligence documents have been received by the Administrator. Neither the Fund nor the Administrator accepts any responsibility for any loss arising from the non-receipt by the Administrator of any Application Form sent by facsimile or e-mail.

Offered Shares will be issued to two decimal places. Any smaller fraction of a Participating Share that would otherwise arise will be rounded down, with the relevant subscription monies being retained for the benefit of the Fund.

Any application may be rejected or scaled down in the sole discretion of the directors. If applications are scaled down or rejected, subscription monies received by the Fund will be returned to the account from which the monies were initially remitted, without interest.

6.1.7 Form of shareholding

Offered Shares will be held in registered form. Generally, share certificates will not be issued nor will any other documentation be issued, other than confirmation notices. Confirmation notices will include a Shareholder Identification Number and details of the Offered Shares that have been allotted. However, confirmation notices will be sent to a subscriber only after that subscriber's Application Form has been approved and due diligence in respect of that subscriber has been satisfactory completed.

6.2 Redemption of Offered Shares

6.2.1 General

Offered Shares may be redeemed on any Redemption Day at the Redemption Price.

A shareholder holding Participating Shares wishing to redeem its Offered Shares should deliver an executed Redemption Request to the Administrator at the address specified in the Redemption Request. The completed Redemption Request must be actually received by the Administrator no later than 10.00 am (Brazil time) on the relevant Redemption Day. If it is received after that time it

will be held over and dealt with on the next Redemption Day. However, following consultation with the Administrator and Investment Manager, the directors may waive those requirements in any particular case or generally if they determine that to do so will not have an adverse effect on the Fund's portfolio. In no event will redemption requests be accepted for processing as of a particular Redemption Day if the Redemption Form is received by the Administrator after 5.00 pm (Brazil time) on that Redemption Day.

A Redemption Request may be delivered to the Administrator by facsimile or e-mail, so long as the original Redemption Request is forwarded immediately to the Administrator. None of the Fund, the Fund's directors, the Administrator or any other agents of the Fund accepts any responsibility for any errors in facsimile or e-mail transmissions. If a Redemption Request is forwarded by facsimile or e-mail, no redemption proceeds will be paid to the shareholder until the original Redemption Request has been received by the Administrator.

Cayman Islands law imposes certain restrictions on the redemption of shares, particularly where the Fund does not permit the redemption out of profits or the proceeds of a fresh issue of shares made for the purposes of redemption. In particular, a redemption payment out of capital is only possible if the Fund remains able to pay its debts in the ordinary course of business after that redemption payment.

The Fund, or the Administrator on its behalf, may refuse to make a redemption payment or distribution to a shareholder if:

- (a) a director of the Fund or the Administrator suspects or is advised that the payment of any redemption or distribution moneys to that shareholder may result in a breach or violation of an applicable anti-money laundering or other law or regulation by any person in any relevant jurisdiction; or
- (b) that refusal is considered necessary or appropriate to ensure the compliance by the Fund, its directors or the Administrator with any of those laws or regulations in any relevant jurisdiction.

Once given, a Redemption Request may not be revoked by the shareholder unless determination of the Net Asset Value is suspended by the directors in the circumstances set out below or the directors otherwise agree.

6.2.2 Redemption proceeds

Upon redemption, shareholders will be paid the Redemption Price. The Redemption Price is calculated in accordance with the Fund's articles of association and is based on the Net Asset Value per Share on the applicable Valuation Day.

The Redemption Price will be paid in US dollars by electronic transfer at the request and expense of the redeeming shareholder.

Generally, the Redemption Price will be paid on the relevant Redemption Day (or as soon as practicable thereafter).

As provided in the Fund's articles of association, the Fund may retain part of the Redemption Price payable to a shareholder as a reserve to fund liabilities. If the Fund later determines that the reserve (or portion of it) is in excess of the amount required, it will return to that shareholder, without interest, the relevant proportion of that excess.

The Fund aims to pay all redemption proceeds in cash. However, under circumstances of low liquidity or adverse market conditions, the directors may choose to satisfy redemptions by transferring (i) securities (which may include short positions, as well as long positions) selected by the directors (following consultation with the Investment Manager), or (ii) partly cash and partly securities (which may include short positions, as well as long positions) selected by the directors (following consultation with the Investment Manager). In-kind distributions may be made directly to the redeeming shareholder or, alternatively:

- (a) may comprise interests in special purpose vehicles established by the Fund for the purpose of liquidating the securities which are being transferred (either outright or by a participation interest) by the Fund; or
- (b) may be distributed into a liquidating trust or account and sold for the benefit of such redeeming shareholder,

in either such case (i) payment to such shareholder of that portion of his redemption attributable to such securities will be delayed until such time as such securities can be liquidated and (ii) the amount otherwise due such shareholder will be increased or decreased to reflect the performance of such securities through the date on which the liquidation of such securities is effected, and any applicable fees and expenses.

6.2.3 Delay in payments

Notwithstanding any other provision of this Memorandum, if on any Redemption Day, assets of the Fund are invested in investments which the Fund is unable to realise, or if realised would be at a value determined by the directors to be a discount to their true value or the Fund is unable (or it is not practicable) to distribute any such investment to the redeeming shareholder, then, in the discretion of the directors, in consultation with the Investment Manager, payment to the shareholder of the portion of his requested redemption may be delayed until such time as such investment may be realised or may be realised at a value which is not, in the determination of the directors, a discounted value or the Fund is able to distribute such Investment to the shareholder and the amount otherwise due to the shareholder will be increased or decreased to reflect the performance of such investment through the date on which such investment is realised by the Fund or to reflect the increase or decrease in the value of the investment through the date on which it is distributed to the shareholder or otherwise disposed of by the Fund.

6.2.4 Compulsory redemption

A shareholder holding Participating Shares must notify the Fund and the Administrator immediately if it ceases to be an Eligible Investor. If that happens, at the next Redemption Day after that notification, the Fund may redeem that shareholder's Participating Shares at the Net Asset Value per Share. Without limitation to the previous sentence, the Fund may redeem any shares that are or become owned, directly or indirectly, by or for the benefit of a person who is not an Eligible Investor.

Further, on giving notice in writing to a shareholder holding Participating Shares, the Fund may redeem all or any shares of that shareholder on a day appointed by the directors for that purpose. It may do so with or without cause but the Redemption Day must not be less than 10 days after the date of that notice.

6.3 Determining Net Asset Value

The Administrator will calculate the Net Asset Value of each Class, sub-class and series of the Fund and the Net Asset Value per Share as of the close of business on each Valuation Day. Those

calculations will be made in accordance with the valuation provisions set out in the Fund's articles of association and summarised below.

The Net Asset Value of a share of the relevant Class, sub-class or series is calculated by dividing the assets of the Fund attributable to the Class, sub-class or series to which that share belongs, less the liabilities attributable to that Class, sub-class or series, by the number of issued shares in that Class, sub-class or series.

Unless the directors consider some other basis of valuation is more appropriate, the Fund's assets will be valued based on accrual accounting using IFRS (apart from amortisation of organisational costs) as a guideline and otherwise in accordance with the principles set out in the Fund's articles of association and summarised below.

6.3.1 *Assets*

For the purpose of any valuation, the Fund's assets include, without limitation:

- (a) all cash on hand or on deposit, including any accrued interest;
- (b) all bills and demand notes and accounts receivable (including the proceeds of investments and other assets sold but not delivered);
- (c) all investments and other assets owned by, or contracted on behalf of, the Fund;
- (d) all dividends and distributions payable in stock, cash or other property receivable by the Fund. However, the Fund and/or the Administrator may make adjustments with respect to fluctuations in the market value of investments caused by trading ex-dividend or ex-rights or by similar practices;
- (e) all interest accrued on any interest-bearing instruments owned by the Fund, except to the extent that interest is already included or reflected in the valuation of those instruments; and
- (f) all other assets of every kind and nature, including prepaid expenses (although goodwill is deemed to have no value).

6.3.2 *Liabilities*

For the purpose of any valuation, the Fund's liabilities include, without limitation:

- (a) all loans, bills and accounts payable;
- (b) all accrued or payable expenses and fees chargeable to the Fund including amortised organisational expenses and accrued Management Fees. Regular or recurrent expenses may be estimated for yearly or other periods in advance and accrued over that period;
- (c) gross acquisition cost of investments and other property contracted to be purchased by the Fund;
- (d) such sum (if any) the directors consider appropriate on account of anticipated brokerage, stamp duty and any other governmental taxes or charges;
- (e) dividends declared on the Participating Shares but not yet paid; and

- (f) all other liabilities, including unknown or unfixed contingencies and such reserves the directors, acting reasonably, consider advisable.

6.3.3 Valuation principles

In valuing the Fund's investments, the following principles apply:

- (a) No value is assigned to goodwill;
- (b) Expenses of the Fund, including any amounts of organisational expenses remaining to be amortised, are expensed as they are incurred;
- (c) Each investment traded on a Recognised Exchange is valued on the Recognised Exchange by reference to the closing price on that Recognised Exchange as at the applicable Valuation Day. However:
 - (i) if no closing price is available, or the directors, or the Investment Manager or the Administrator as their delegate, consider the closing price is unrepresentative of its fair value, that investment is valued at the last traded price; or
 - (ii) if the last traded price is unavailable, or the directors, or the Investment Manager or the Administrator as their delegate, consider the last traded price is unrepresentative of its fair value, that investment is valued:
 - (A) at the probable realisation value as certified by a competent person; or
 - (B) at such other value as the directors, or the Investment Manager or the Administrator as their delegate, consider to be fair in the circumstances.

If an investment is traded on more than one Recognised Exchange, it is valued on the Recognised Exchange that the directors, or the Investment Manager or the Administrator as their delegate, determine gives the fairest criterion of value for that investment. (For the purpose of this paragraph (c) and the following paragraph (d), "**Recognised Exchange**" means any regulated market or exchange in the United States or member states of the European Union or the Organisation for Economic Co-operation and Development, being an exchange within the meaning of the law of the country concerned relating to exchanges, or any other regulated exchange or market.);

- (d) The value of any investment not traded on a Recognised Exchange is its cost unless transactions in the relevant security known to the Investment Manager or Administrator or the directors indicate that a different valuation is appropriate;
- (e) Cash deposits and similar liquid investments are valued at their nominal value together with interest accrued to the relevant Valuation Day;
- (f) Securities may be valued on the basis of their net asset value or, if applicable, on their current bid price. If definitive prices are not available on the applicable Valuation Day, the last definitive or estimated available prices, supplied by the Investment Manager or the Administrator, may be used to calculate the Fund's Net Asset Value. No adjustment is to be made to those prices, despite any subsequent adjustment to the definitive or estimated valuation supplied;

- (g) Securities of the Fund's investment subsidiaries may be valued on the basis of their net asset value. If definitive prices are not available on the applicable Valuation Day, the last definitive or estimated available prices, supplied by the investment manager or the administrator of those investment subsidiaries, may be used to calculate the Fund's Net Asset Value. No adjustment is to be made to those prices, despite any subsequent adjustment to the definitive or estimated valuation provided in respect of the relevant investment subsidiary;
- (h) All other assets and liabilities of the Fund are to be valued in the manner determined by the directors;
- (i) In relation to a particular asset or liability, the directors or the Investment Manager or the Administrator may use an alternative method of valuation to that provided for in the Fund's articles of association if they consider that the method specified in the articles of association does not give a fair value of that asset or liability;
- (j) Asset values expressed in a currency other than US dollars are to be converted into US dollars at the latest available exchange rate; and
- (k) In calculating the Net Asset Value per Share, the Fund and/or the Administrator may rely on the Investment Manager, the Fund's prime broker(s), market makers and/or independent third party pricing services, valuers, surveyors, auctioneers, or other experts competent to give such financial data, opinion, advice or information. In any case, in the absence of fraud, negligence or wilful default on its part, the Administrator shall not be liable for any loss suffered by the Fund or a shareholder due to an error in the calculation of the Net Asset Value per Share as a result of an inaccuracy in the information supplied by a pricing service, broker, market maker or other intermediary. However, in calculating the Net Asset Value per Share, the Administrator must use reasonable endeavours to verify pricing information supplied by the Investment Manager or any connected person, although investors should note that in certain circumstances it may not be possible or practicable for the Administrator to verify that information. In those circumstances, the Administrator is not liable for any loss suffered by the Fund or a shareholder due to an error in the calculation of the Net Asset Value per Share as a result of an inaccuracy in the information supplied.

6.4 Temporary suspension of dealings

At any time, the Fund's directors may declare that the issue or redemption of shares by a shareholder of any Class is temporarily suspended. Also, in either case, they may (but need not) declare that the determination of the Net Asset Value per Share of that Class is simultaneously suspended.

Further, at any time, the directors may declare that the determination of the Net Asset Value per Share of any Class is temporarily suspended. Also, they may (but need not) declare that the redemption of shares by a shareholder of that Class is simultaneously suspended. The directors may also suspend the payout of redemption proceeds. If the directors determine to suspend the payout of redemption proceeds, the provisions under "6.2.3 Delay in Payments" above shall apply.

The Fund's directors may declare any of these suspensions in such circumstances as they think fit. These circumstances include, but are not limited to, any of the following:

- (a) a stock exchange on which a substantial part of the Fund's investments is traded is closed (apart from ordinary holidays) or dealings on that stock exchange are restricted or suspended;

- (b) disposal of a substantial part of the Fund's investments is not reasonably practicable and may seriously prejudice the shareholders; or
- (c) it is not reasonably practicable for the Fund to determine fairly the value of its net assets;
- (d) none of the outstanding Redemption Requests is able to be lawfully satisfied by the Fund in US dollars;
- (e) there is a breakdown in the means of communication normally used to determine the prices of a substantial part of the Fund's investments; or
- (f) any period during which the redemption of interests in any investment vehicle which comprises a substantial portion of the portfolio assets of the Fund is suspended.

Any suspension takes effect at the earlier of:

- (a) the time the directors specify in their declaration; and
- (b) the close of business on the business day immediately following the day the directors declare the suspension.

The suspension continues until the directors declare that it is ended.

As soon as practicable after declaring a suspension, the Fund's directors will cause notice to be given to the holders of Participating Shares of the affected Class of the terms of that declaration. Similarly, when the period of suspension ends, they will cause further notice of that fact to be given to those holders.

6.5 Transfer of Offered Shares

Offered Shares may not be transferred without the prior written consent of the directors, which they may withhold in their absolute discretion. Furthermore, transfers of Offered Shares may only be conducted in accordance with the anti-money laundering policies and procedures of the Fund and/or the Administrator. A transferee must complete an Application Form and will be subject to the same requirements for Eligible Investors. The transferor and transferee will be responsible for paying any taxes, duties, imposts or levies payable on or in consequence of a transfer of Offered Shares.

All transfers are subject to the provisions of the Fund's articles of association and this Memorandum. In particular, a transferee must be an Eligible Investor.

6.6 Conversion of Offered Shares

The Fund's directors may authorise a holder of Offered Shares to convert some or all of those shares to Participating Shares of another Class. The Fund will only make such a conversion after it receives from the relevant shareholder instructions in writing in the manner approved by the Fund. Offered Shares may not be converted without the prior written consent of the directors, which they may withhold without giving any reason. If conversion is approved, it will take place on any business day on which the Net Asset Value of all Classes involved is calculated. The Fund will treat a share conversion as the redemption of the relevant Offered Shares followed by the subscription for Participating Shares of another Class. However, it will be a condition of any conversion that the relevant shareholder pays all expenses and liabilities then due (including Management Fees). No redemption fees or subscription fees will be charged on a conversion.

Offered Shares may be converted for Participating Shares of another Class on the basis of the Net Asset Value per Share of each relevant Class at the time of the conversion. The minimum value that may be converted will be equivalent to the highest minimum initial or subsequent investment, as the case may be, of the Classes involved in the conversion, subject to the discretion of the directors to accept lesser amounts. If the conversion of some of the Offered Shares results in a residual amount in the original Class lower than the minimum investment required for that Class, the directors may, but are not obligated to, treat the request for conversion as a request to convert all of the Offered Shares in that Class that are held by the relevant shareholder.

SECTION VII - FINANCIAL INFORMATION AND REPORTS

7.1 Fiscal year

The Fund's fiscal year will end on December 31 of each year.

7.2 Fiscal periods

Because Participating Shares may be issued and redeemed, and dividends declared on them, during the course of a fiscal year, the Fund's articles of association provide for fiscal periods that are portions of a fiscal year to enable net profits and net losses to be allocated to each Class, sub-class and series.

For example, a new fiscal period will commence on:

- the day immediately after the date a redemption of Participating Shares occurs; or
- the date that any Participating Shares are issued; or
- the day immediately after the date fixed by the directors for determining the record of ownership of Participating Shares of a Class or sub-class in connection with the payment of dividends.

When that happens, the prior fiscal period will end on the day immediately before the first day of the new fiscal period.

7.3 Financial statements

Unless the directors in their discretion determine otherwise, the Fund's financial statements will be prepared using IFRS as a guideline. Despite this, because the directors believe it is more equitable, organisational expenses will be amortised over 60 months from the date the Fund commences operations, rather than expensing the entire amount during the first year of operations as required by IFRS. As a result, the Fund's financial statements may contain qualifications reflecting that treatment.

The books and records of the Fund will be audited at the end of each fiscal year by auditors selected by the directors. The Fund's first audit was for the period beginning when the Fund's operations commenced and ending on December 31, 2011.

As a regulated mutual fund, the Fund is required to file copies of its audited financial statements with CIMA within 180 days of the end of each financial year.

7.4 Auditors

PricewaterhouseCoopers of 18 Forum Lane, Camana Bay, Grand Cayman, Cayman Islands are the auditors for the Fund and have consented in writing to their appointment as auditors of the Fund. They have also consented to being referred to as such in this Memorandum.

The directors may replace the auditors without prior notice to the holders of Participating Shares.

7.5 Reports to shareholders

Each fiscal year, holders of Participating Shares will be sent audited financial statements of the Fund within six months after the end of that fiscal year (or as soon as practicable thereafter). The financial statements will include a statement of profit or loss for that fiscal year as well as a statement of the unaudited status of the shareholder's holdings in the Fund at that time.

The Fund will also provide each shareholder with a monthly unaudited report on the investment performance of the Fund

SECTION VIII - TAXATION

8.1 General

What follows is a general discussion of some of the anticipated Cayman Islands tax consequences to the Fund arising from its operation. The statements as to Cayman Islands taxation are based on advice from Ogier, Grand Cayman, Cayman Islands.

The summary that follows is considered by Ogier to be a correct interpretation of existing laws, regulations promulgated under those laws, published administrative findings and judicial decisions applied at the date of this Memorandum. However, neither Ogier nor the Fund represents that those laws, regulations, rulings or decisions, or their application or interpretation, will not change in the future, possibly with retroactive effect.

Furthermore, in view of the number of different jurisdictions where local laws may apply to holders of Participating Shares, the discussion that follows does not address all the tax consequences, including income tax consequences, to potential investors of purchasing, holding, redeeming or disposing of Offered Shares.

Prospective investors are urged to consult their own tax advisors to determine the possible tax consequences, including income tax consequences, to them under the laws of any of the following jurisdictions: jurisdictions of which they are citizens, residents or domiciliaries; jurisdictions in which they conduct business; and jurisdictions in which they purchase, hold, redeem or dispose of Offered Shares.

The following discussion does not constitute tax advice.

8.2 Cayman Islands

8.2.1 *At Fund level*

The Fund is not subject to any income, withholding or capital gains taxes in the Cayman Islands.

The Fund is registered as an exempted company, limited by shares, under Cayman Islands law. As such, it has obtained an undertaking from the Governor-in-Cabinet (dated 19 April 2011) that, for a period of twenty years from the date of the undertaking:

- (a) no law subsequently enacted in the Cayman Islands that imposes any tax to be levied on profits, income, gains or appreciations will apply to the Fund or its operations; and
- (b) in addition, that no tax to be levied on profits, income, gains or appreciations or that is in the nature of estate duty or inheritance tax will be payable by the Fund:
 - (i) on or in respect of the Participating Shares, debentures or other obligations of the Fund; or
 - (ii) by way of the withholding in whole or in part of any relevant payment as defined in section 6(3) of the Tax Concessions Law (Revised).

8.2.2 At the shareholder level

Shareholders holding Participating Shares will not be subject to any income, withholding or capital gains taxes in the Cayman Islands with respect to their Participating Shares and dividends received on those shares, nor will they be subject to any estate or inheritance taxes in the Cayman Islands.

8.2.3 The Cayman Islands and FATCA

The Foreign Account Tax Compliance Act ("**FATCA**") provisions of the Hiring Incentives to Restore Employment Act ("**HIRE Act**") provide that the Fund must disclose the name, address and taxpayer identification number of certain United States persons that own, directly or indirectly, an interest in the Fund, as well as certain other information relating to any such interest, pursuant to the terms of the intergovernmental agreement between the United States and the Cayman Islands ("**US IGA**") and implementing legislation and regulations which have been adopted by the Cayman Islands. If the Fund fails to comply with these requirements, then a 30% withholding tax will be imposed on payments to the Fund of United States source income and proceeds from the sale of property that could give rise to United States source interest or dividends. The withholding tax provisions of FATCA took effect on July 1, 2014 other than in relation to proceeds from the sale of property, in which case they have been postponed to January 1, 2019. Although the Fund will attempt to satisfy the obligations imposed on them to avoid the imposition of this withholding tax, no assurance can be given that the Fund will be able to satisfy these obligations. In this regard, the Fund may require investors to provide any documentation or other information regarding the investors and their beneficial owners that the Fund determines is necessary or desirable for the Fund to avoid the withholding tax and otherwise comply with the HIRE Act. If the Fund becomes subject to a withholding tax as a result of the HIRE Act, the value of Common Shares held by all Shareholders may be materially affected. The Cayman Islands legislation requires the Fund to make an annual report to the Cayman Islands Tax Information Exchange Authority ("**Cayman TIA**"). Any information provided by the Fund to the Cayman TIA will be shared with the Internal Revenue Service of the United States.

Other Intergovernmental Agreements

It is possible that further inter-governmental agreements ("**future IGAs**") similar to the US IGA may be entered into with other third countries by the Cayman Islands Government to introduce similar regimes for reporting to such third countries' fiscal authorities.

OECD Multilateral Competent Authority Agreement

Over 90 countries have signed the OECD Multilateral Competent Authority Agreement and Common Reporting Standard ("**CRS**") for the implementation of the automatic exchange of tax information based on the OECD's Multilateral Convention on Mutual Administrative Assistance in Tax Matters. The CRS is similar in form and substance to the US IGA and applies in respect of each "participating jurisdiction" (as identified in a list published by the Cayman TIA). On 16 October 2015, the Cayman Islands passed into law the Tax Information Authority (International Tax Compliance) (Common Reporting Standard) Regulations, 2015, as amended ("**CRS Regulations**"). As a result of this, Cayman Islands financial institutions, including the Fund, have substantially expanded international tax compliance obligations and substantially expanded reporting obligations from 2017.

By investing (or continuing to invest) in the Fund, investors shall be deemed to acknowledge that: (i) the Fund (or its agent) may be required to disclose to the Cayman TIA certain confidential information in relation to the investor, including, but not limited to, the investor's name, address, tax identification number (if any), social security number (if any) and certain information relating to the

investor's investment; (ii) the Cayman TIA may be required to automatically exchange information as outlined above with the IRS, HM Revenue & Customs, the United Kingdom tax authority ("**HMRC**") and other fiscal authorities ("**Competent Authorities**") of CRS "participating jurisdictions"; (iii) the Fund (or its agent or delegate) may be required to disclose to the IRS, HMRC and other Competent Authorities certain confidential information when registering with such authorities and if such authorities contact the Fund (or its agent or delegate directly) with further enquiries; (iv) the Fund may require the investor to provide additional information and/or documentation which the Fund may be required to disclose to the Cayman TIA; (v) in the event an investor does not provide the requested information and/or documentation and/or has not itself complied with the applicable requirements, whether or not that actually leads to compliance failures by the Fund, or a risk of the Fund's or its investors' being subject to withholding tax under the relevant legislative or inter-governmental regime, the Fund reserves the right to take any action and/or pursue all remedies at its disposal, including, without limitation, compulsory redemption or withdrawal of the investor concerned; and (vi) no investor affected by any such action or remedy shall have any claim against the Fund (or its agent or delegate) for any form of damages or liability as a result of actions taken or remedies pursued by or on behalf of the Fund in order to comply with any of the US IGA, the CRS Regulations or any future IGAs or agreements, laws or regulations entered into or implemented by the Cayman Islands for the purpose of ensuring and/or enhancing international tax transparency.

8.3 Other jurisdictions

Dividends, interest and other income received by the Fund from sources within certain countries may be subject to withholding taxes imposed by those countries.

The Fund may also be subject to capital gains taxes or other taxes in some of the countries where it purchases and sells securities or otherwise conducts business.

It is impossible to predict in advance the rate of tax that the Fund will pay since the amount of the Fund's assets to be invested in various countries is uncertain.

SECTION IX - GENERAL

9.1 Directors' report

At the date of this Memorandum, the Fund has not, nor since its incorporation has it, commenced operations, declared any dividends or made up any accounts. The Fund does not have, nor since its incorporation has it had, any employees, nor is it expected to have any in the future.

Since its incorporation, the Fund has not been, nor is it currently, engaged in any litigation or arbitration. Also, so far as the directors are aware, no litigation or claim is pending or threatened against the Fund.

9.2 Material Contracts

The Fund has entered into the following contracts:

- (a) Management Agreement with the Investment Manager under which the Investment Manager is appointed to provide certain investment management services to the Fund; and
- (b) Administration Agreement with the Administrator under which the Administrator is appointed administrator, registrar and transfer agent of the Fund.

These contracts are summarised in the Section IV headed "Management and Administration". They are, or may be, material.

9.3 Documents available for inspection

The following documents are available for inspection during the Fund's normal business hours, on weekdays (Saturdays, Sundays and public holidays excluded) at the registered office:

- (a) the Fund's memorandum and articles of association;
- (b) the Companies Law (Revised) and the Mutual Funds Law (Revised) of the Cayman Islands;
- (c) the Material Contracts referred to above; and
- (d) the most recent interim financial statements and audited financial statements of the Fund.

Copies of these documents may be obtained free of charge.

SECTION X - INDEX OF DEFINED TERMS

10.1 Introduction

Throughout the body of this Memorandum, certain terms are defined. This Memorandum uses capitals to identify defined terms. Most of these terms are defined in the Executive Summary. Occasionally, a term is defined elsewhere in the part of this Memorandum that directly relates to it.

Appearing next is an index of the terms defined in the body this Memorandum other than appendices or where the term is used only in that particular part of the Memorandum.

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APPENDIX I

Eligible Investors

From time to time, the directors may amend the criteria for determining who is an Eligible Investor for the purpose of an investment in the Fund. Initially, all subscribers are “**Eligible Investors**” except the following:

- (i) any subscriber whose acquisition of Offered Shares would cause a breach of the law or requirements of any country or governmental authority, including anti-money laundering regulations or conventions;
- (ii) any subscriber acting directly or indirectly on behalf of terrorists or terrorist organisations, including those persons or entities that are included on the List of Specially Designated Nationals and Blocked Persons maintained by the US Treasury Department’s Office of Foreign Asset Control¹ (“**OFAC**”);
- (iii) any subscriber who acts, directly or indirectly, for a senior foreign political figure, any member of a senior foreign political figure’s immediate family or any close associate of a senior foreign political figure² unless the Fund, after being specifically notified by the subscriber in writing that it is such a person, conducts further due diligence, and determines that the investment is permitted;
- (iv) any subscriber or any entity acting as trustee, agent, representative or nominee for a subscriber that is a foreign shell bank³;
- (v) any subscriber who makes representations in a Application Form that are not true when given or have ceased to be true;
- (vi) any subscriber whose circumstances are such that, in the opinion of the directors, its continued ownership of Offered Shares would cause an undue risk of adverse tax or other consequences to the Fund or another shareholder. Those circumstances include those that affect that subscriber directly or indirectly, whether taken alone or in conjunction with another person or persons, connected or not, or any other circumstance that appears to the directors to be relevant;
- (vii) any subscriber, or any subscriber that is an entity acting as trustee, agent, representative or nominee for a person, who is a “United States person” (within the meaning of Regulation S of the United States Securities Act of 1933, as amended). The subscriber must notify the Fund immediately if the subscriber becomes a United States person or becomes aware that any person for whom the subscriber holds shares as trustee, agent, representative or nominee has become a United States person. Despite this, if the Fund and the Investment Manager choose to comply fully with applicable U.S. laws and regulations, the Fund may arrange for the private placement of Offered Shares to investors who are in the United States or who are U.S. Persons if, among other things,

¹ The OFAC list may be accessed on the web at <http://www.treas.gov/ofac>.

² Senior foreign political figure means a senior official in the executive, legislative, administrative, military or judicial branches of a foreign government (whether elected or not), a senior official of a major foreign political party or a senior executive of a foreign government-owned corporation. In addition a senior foreign political figure includes any corporation, business or other entity that has been formed by, or for the benefit of, a senior foreign political figure. The immediate family of a senior foreign political figure typically includes the political figure’s parents, siblings, spouse, children and in-laws. A close associate of a senior foreign political figure is a person who is widely and publicly known internationally to maintain an unusually close relationship with the senior foreign political figure, and includes a person who is in a position to conduct substantial domestic and international financial transactions on behalf of the senior foreign political figure.

³ Foreign shell bank means a foreign bank without a physical presence in any country, but does not include a regulated affiliate.

before the acquisition of Offered Shares each such investor delivers to the Fund a completed Application Form that contains certain representations, warranties and agreements in accordance with applicable U.S. laws and regulations.

All persons who do not come into any of the above categories are “Eligible Investors”. All persons who do come within any of those categories are known collectively as “Prohibited Persons”.