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**PIPA GLOBAL EQUITIES FUND, LTD.**

**(an exempted company incorporated in the Cayman Islands)**

**OFFERING MEMORANDUM**

**relating to the offer for subscription of up to 99,990,000 Redeemable Non-Voting  
Participating Shares in different Classes**

**March 2023**

## **PIPA GLOBAL EQUITIES FUND, LTD.**

PIPA Global Equities Fund, Ltd. (the "Fund") is an exempted company incorporated under the laws of the Cayman Islands on October 10, 2000. The Fund's registered office is c/o MUFG Alternative Fund Services (Cayman) Limited, 227 Elgin Avenue, P.O. Box 852, Grand Cayman KY1-1103, Cayman Islands.

The Fund's investment objective is to generate capital appreciation.

**There can be no assurance that the Fund's investment objective will be achieved.**

The Fund is offering redeemable, non-voting participating shares ("Shares") to investors who are Eligible Investors (as defined herein). The public in the Cayman Islands may also not be invited to subscribe for Shares. The directors of the Fund (the "Directors") may, in their sole discretion, decline to accept the subscription of a prospective shareholder of the Fund, for any reason or for no reason, even if it satisfies the eligibility requirements.

### **IMPORTANT INFORMATION**

THIS OFFERING MEMORANDUM IS SUBMITTED TO YOU ON A CONFIDENTIAL BASIS SOLELY IN CONNECTION WITH YOUR CONSIDERATION OF AN INVESTMENT IN SHARES. DUE TO THE CONFIDENTIAL NATURE OF THIS OFFERING MEMORANDUM, ITS USE FOR ANY OTHER PURPOSE MIGHT INVOLVE SERIOUS LEGAL CONSEQUENCES. AS A RESULT, THIS OFFERING MEMORANDUM MAY NOT BE REPRODUCED IN WHOLE OR IN PART. EACH PERSON ACCEPTING THIS OFFERING MEMORANDUM THEREBY AGREES TO RETURN IT TO THE FUND PROMPTLY UPON REQUEST.

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### **DISTRIBUTION AND SELLING RESTRICTIONS**

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THE DISTRIBUTION OF THIS OFFERING MEMORANDUM AND THE OFFER AND SALE OF THE SHARES IN CERTAIN JURISDICTIONS MAY BE RESTRICTED BY LAW. PROSPECTIVE INVESTORS SHOULD INFORM THEMSELVES AS TO THE LEGAL REQUIREMENTS AND TAX CONSEQUENCES WITHIN THE COUNTRIES OF THEIR CITIZENSHIP, RESIDENCE, DOMICILE AND PLACE OF BUSINESS WITH RESPECT TO THE ACQUISITION, HOLDING OR DISPOSAL OF SHARES, AND ANY FOREIGN EXCHANGE RESTRICTIONS THAT MAY BE RELEVANT THERETO. THIS OFFERING MEMORANDUM DOES NOT CONSTITUTE AN OFFER TO SELL OR A SOLICITATION OF AN OFFER TO BUY ANY SHARES IN ANY JURISDICTION IN WHICH SUCH OFFER, SOLICITATION OR SALE WOULD BE UNLAWFUL OR TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH OFFER IN SUCH JURISDICTION.

THE SHARES OF THE FUND OFFERED HEREBY HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE UNITED STATES SECURITIES AND EXCHANGE

COMMISSION (“SEC”) OR BY THE SECURITIES REGULATORY AUTHORITY OF ANY STATE THEREOF OR OF ANY JURISDICTION. THE SHARES HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), NOR WILL THE FUND BE REGULATED AS A “COMMODITY POOL”, AS DEFINED UNDER THE UNITED STATES COMMODITY EXCHANGE ACT, AS AMENDED (THE “COMMODITY EXCHANGE ACT”), AND SHARES MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND ANY APPLICABLE STATE LAWS. THE SHARES ARE BEING OFFERED OUTSIDE THE UNITED STATES PURSUANT TO THE EXEMPTION FROM REGISTRATION UNDER REGULATION S UNDER THE SECURITIES ACT AND INSIDE THE UNITED STATES IN RELIANCE ON SECTION 4(A)(2) OF THE SECURITIES ACT.

THERE IS NO PUBLIC MARKET FOR THE SHARES AND NO SUCH MARKET IS EXPECTED TO DEVELOP IN THE FUTURE. THE SHARES ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE FUND'S ARTICLES OF ASSOCIATION AND UNDER APPLICABLE SECURITIES LAWS PURSUANT TO REGISTRATION THEREUNDER OR EXEMPTION THEREFROM.

THE FUND IS NOT REGISTERED UNDER THE INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE “1940 ACT”), IN RELIANCE UPON SECTION 3(C)(7) THEREOF.

THE FUND MAY ARRANGE OR PERMIT THE PRIVATE PLACEMENT IN THE UNITED STATES OF A PORTION OF THE SHARES UNDER THE EXEMPTION PROVIDED BY SECTION 4(A)(2) OF THE SECURITIES ACT TO U.S. PERSONS (AS DEFINED HEREIN) THAT ARE BOTH “ACCREDITED INVESTORS” (AS DEFINED IN RULE 501(A) OF REGULATION D UNDER THE SECURITIES ACT) AND “QUALIFIED PURCHASERS” (AS DEFINED IN SECTION 2(A)(51) OF THE 1940 ACT), UNDER RESTRICTIONS AND OTHER CIRCUMSTANCES DESIGNED TO PRECLUDE A DISTRIBUTION THAT WOULD OTHERWISE REQUIRE REGISTRATION OF THE SHARES UNDER THE SECURITIES ACT, CAUSE THE FUND TO BECOME SUBJECT TO THE REGISTRATION REQUIREMENTS OF THE 1940 ACT OR CAUSE THE ASSETS OF THE FUND TO BE “PLAN ASSETS” FOR THE PURPOSES OF THE UNITED STATES EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED, INCLUDING PRESENTATION BY SUCH INVESTORS, PRIOR TO THE DELIVERY TO THEM OF SHARES, OF SUBSCRIPTION DOCUMENTATION CONTAINING SPECIFIED REPRESENTATIONS AND AGREEMENTS.

THE INVESTMENT MANAGER QUALIFIES AS A “FOREIGN PRIVATE ADVISER” UNDER THE U.S. INVESTMENT ADVISERS ACT OF 1940, AS AMENDED (THE “ADVISERS ACT”), AND AS SUCH IS NOT REQUIRED TO REGISTER AS AN INVESTMENT ADVISER WITH THE SEC.

THE INVESTMENT MANAGER HAS CLAIMED AN EXEMPTION FROM REGISTRATION WITH THE UNITED STATES COMMODITY FUTURES TRADING COMMISSION ("CFTC") WITH RESPECT TO ITS STATUS AS THE FUND'S COMMODITY POOL OPERATOR ("CPO") PURSUANT TO CFTC RULE 4.13(A)(3). THIS OFFERING MEMORANDUM HAS NOT BEEN, AND IS NOT REQUIRED TO BE, FILED WITH THE CFTC, AND THE CFTC HAS NOT REVIEWED OR APPROVED THIS MEMORANDUM OR THE OFFERING OF THE SHARES.

THERE WILL BE NO PUBLIC OFFERING OF THE SHARES IN THE UNITED STATES.

THE FUND MAY NOT MAKE AN INVITATION TO THE PUBLIC IN THE CAYMAN ISLANDS TO SUBSCRIBE FOR THE SHARES UNLESS THE FUND IS LISTED ON THE CAYMAN ISLANDS STOCK EXCHANGE. THIS OFFERING MEMORANDUM SHALL NOT CONSTITUTE AN OFFER, INVITATION OR SOLICITATION TO THE PUBLIC IN THE CAYMAN ISLANDS TO SUBSCRIBE FOR ANY OF THE SHARES.

THE FUND IS A REGULATED MUTUAL FUND FOR THE PURPOSES OF THE MUTUAL FUNDS ACT (REVISED) OF THE CAYMAN ISLANDS. THE FUND IS REGISTERED WITH THE CAYMAN ISLANDS MONETARY AUTHORITY (THE "MONETARY AUTHORITY") PURSUANT TO SECTION 4(3) OF THAT LAW AND THE DETAILS IN RESPECT OF AND A COPY OF THIS OFFERING MEMORANDUM HAVE BEEN FILED WITH THE MONETARY AUTHORITY. SUCH REGISTRATION DOES NOT IMPLY THAT THE MONETARY AUTHORITY OR ANY OTHER REGULATORY AUTHORITY IN THE CAYMAN ISLANDS HAS APPROVED THIS OFFERING MEMORANDUM OR THE OFFERING OF THE SHARES.

THE CONTINUING REGULATORY OBLIGATIONS OF THE FUND IN THE CAYMAN ISLANDS ARE TO (I) FILE WITH THE MONETARY AUTHORITY PRESCRIBED DETAILS OF ANY CHANGES TO THIS OFFERING MEMORANDUM; (II) FILE ANNUALLY WITH THE MONETARY AUTHORITY ACCOUNTS AUDITED BY AN APPROVED AUDITOR AND A FUND ANNUAL RETURN; AND (III) PAY A PRESCRIBED ANNUAL FEE.

AS A REGULATED MUTUAL FUND, THE FUND IS SUBJECT TO THE SUPERVISION OF THE MONETARY AUTHORITY AND THE MONETARY AUTHORITY HAS WIDE POWERS UNDER THE MUTUAL FUNDS ACT IN THAT REGARD. THE POWERS OF THE MONETARY AUTHORITY INCLUDE THE POWER TO REQUIRE THE SUBSTITUTION OF A DIRECTOR AND, AT THE EXPENSE OF THE FUND, TO APPOINT A PERSON TO ADVISE THE FUND ON THE PROPER COURSE OF ITS AFFAIRS; AND, AT THE EXPENSE OF THE FUND, TO APPOINT A PERSON TO ASSUME CONTROL OF THE AFFAIRS OF THE FUND INCLUDING, BUT NOT LIMITED TO, HAVING THE ABILITY TO TERMINATE THE BUSINESS OF THE FUND. THERE ARE OTHER REMEDIES AVAILABLE TO THE MONETARY AUTHORITY INCLUDING THE ABILITY TO APPLY TO THE COURTS OF THE CAYMAN ISLANDS FOR APPROVAL OF OTHER ACTIONS.

A MUTUAL FUND LICENCE ISSUED OR A FUND REGISTERED BY THE CAYMAN ISLANDS MONETARY AUTHORITY DOES NOT CONSTITUTE AN OBLIGATION OF THE AUTHORITY TO ANY INVESTOR AS TO THE PERFORMANCE OR CREDITWORTHINESS OF THE FUND. FURTHERMORE, IN ISSUING SUCH A LICENCE OR IN REGISTERING A FUND, THE AUTHORITY SHALL NOT BE LIABLE FOR ANY LOSSES OR DEFAULT OF THE FUND OR FOR THE CORRECTNESS OF ANY OPINIONS OR STATEMENTS EXPRESSED IN ANY PROSPECTUS OR OFFERING DOCUMENT.

THE SHARES MAY NOT BE OFFERED OR SOLD IN BRAZIL AND/OR TO BRAZILIAN RESIDENTS OR TO ANY ENTITY ORGANIZED UNDER THE LAWS OF BRAZIL, EXCEPT UNDER CIRCUMSTANCES WHICH DO NOT CONSTITUTE A PUBLIC OFFERING OR DISTRIBUTION UNDER APPLICABLE BRAZILIAN LAWS, RULES AND REGULATIONS AND ARE OTHERWISE IN COMPLIANCE WITH THOSE LAWS, RULES AND REGULATIONS.

THIS OFFERING MEMORANDUM HAS BEEN FURNISHED ON A CONFIDENTIAL BASIS SOLELY FOR THE INFORMATION OF THE PERSON TO WHOM IT HAS BEEN DELIVERED ON BEHALF OF THE FUND AND MAY NOT BE REPRODUCED OR USED FOR ANY OTHER PURPOSES. EACH PERSON ACCEPTING THIS OFFERING MEMORANDUM THEREBY AGREES TO RETURN IT TO THE FUND PROMPTLY UPON REQUEST.

IF THE FUND BECOMES AWARE THAT SHARES HAVE BEEN ACQUIRED BY PERSONS NOT ENTITLED TO HOLD THEM, SUCH SHARES WILL BE COMPULSORILY REDEEMED.

THERE IS NO PUBLIC MARKET FOR THE SHARES AND NO SUCH MARKET IS EXPECTED TO DEVELOP IN THE FUTURE.

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#### **INVESTOR RESPONSIBILITY**

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PROSPECTIVE INVESTORS SHOULD CAREFULLY READ AND RETAIN THIS OFFERING MEMORANDUM. HOWEVER, THE CONTENTS OF THIS OFFERING MEMORANDUM SHOULD NOT BE CONSIDERED TO BE LEGAL, TAX, INVESTMENT OR ANY OTHER KIND OF ADVICE, AND EACH PROSPECTIVE INVESTOR SHOULD CONSULT WITH ITS OWN COUNSEL AND ADVISORS AS TO ALL LEGAL, TAX, REGULATORY, FINANCIAL AND RELATED MATTERS CONCERNING AN INVESTMENT IN SHARES.

IN MAKING AN INVESTMENT DECISION, POTENTIAL INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE FUND AND THE TERMS OF THE FUND, INCLUDING THE MERITS AND RISKS INVOLVED. AN INVESTMENT IN THE FUND MAY BE DEEMED SPECULATIVE AND IS NOT INTENDED TO BE A COMPLETE INVESTMENT PROGRAM. IT INVOLVES A CERTAIN DEGREE OF RISK AND IS

SUITABLE ONLY FOR SOPHISTICATED INVESTORS. NO ASSURANCE CAN BE GIVEN THAT THE FUND'S INVESTMENT OBJECTIVE WILL BE ACHIEVED.

NO PERSON IS AUTHORISED TO GIVE ANY INFORMATION OR MAKE ANY REPRESENTATIONS NOT CONTAINED HEREIN. SHARES WILL BE ISSUED ONLY ON THE BASIS OF THE INFORMATION AND REPRESENTATIONS CONTAINED IN THIS OFFERING MEMORANDUM. ANY PURCHASE MADE BY ANY PERSON ON THE BASIS OF INFORMATION OR REPRESENTATIONS NOT CONTAINED HEREIN OR INCONSISTENT HERewith SHALL BE SOLELY AT THE RISK OF THE PURCHASER.

EACH PROSPECTIVE INVESTOR IS INVITED TO MEET WITH THE FUND AND TO DISCUSS WITH, ASK QUESTIONS OF AND RECEIVE ANSWERS FROM IT CONCERNING THE TERMS AND CONDITIONS OF THIS OFFERING OF THE SHARES, AND TO OBTAIN ANY ADDITIONAL INFORMATION, TO THE EXTENT THE FUND POSSESSES SUCH INFORMATION OR CAN ACQUIRE IT WITHOUT UNREASONABLE EFFORT OR EXPENSE, NECESSARY TO VERIFY THE INFORMATION CONTAINED HEREIN.

THIS OFFERING MEMORANDUM CONTAINS INFORMATION ABOUT THE ARTICLES OF ASSOCIATION OF THE FUND AND OF OTHER DOCUMENTS REFERRED TO HEREIN. HOWEVER, THE DISCUSSIONS SET FORTH IN THIS OFFERING MEMORANDUM DO NOT PURPORT TO BE COMPLETE. THEY ARE SUBJECT TO AND QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO THE ARTICLES OF ASSOCIATION AND SUCH OTHER DOCUMENTS, COPIES OF WHICH WILL BE PROVIDED TO ANY PROSPECTIVE INVESTOR UPON REQUEST AND WHICH SHOULD BE REVIEWED FOR COMPLETE INFORMATION CONCERNING THE RIGHTS, PRIVILEGES AND OBLIGATIONS OF THE SHAREHOLDERS.

IN MAKING AN INVESTMENT DECISION, POTENTIAL INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE FUND AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. INVESTMENT IN THE FUND INVOLVES A CERTAIN DEGREE OF RISK AND IS SUITABLE ONLY FOR SOPHISTICATED INVESTORS. NO ASSURANCE CAN BE GIVEN THAT THE FUND'S INVESTMENT OBJECTIVE WILL BE ACHIEVED AND INVESTMENT RESULTS MAY VARY SUBSTANTIALLY ON A MONTHLY OR ANNUAL BASIS. (SEE "CERTAIN RISK FACTORS AND POTENTIAL CONFLICTS OF INTEREST").

NEITHER DELIVERY OF THIS OFFERING MEMORANDUM NOR ANYTHING STATED HEREIN SHOULD BE TAKEN TO IMPLY THAT ANY INFORMATION CONTAINED HEREIN IS CORRECT AS OF ANY TIME SUBSEQUENT TO THE DATE HEREOF.

THE DIRECTORS ACCEPT RESPONSIBILITY FOR THE INFORMATION IN THIS OFFERING MEMORANDUM. TO THE BEST OF THE KNOWLEDGE AND BELIEF OF THE DIRECTORS (WHO HAVE TAKEN REASONABLE CARE TO ENSURE THAT

SUCH IS THE CASE) THE INFORMATION CONTAINED IN THIS DOCUMENT IS IN ACCORDANCE WITH THE FACTS AND DOES NOT OMIT ANYTHING LIKELY TO AFFECT THE IMPORT OF SUCH INFORMATION.

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## DEFINITIONS

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In this Offering Memorandum the following words and phrases have the meanings set forth below:

|                           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|---------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| "AEOI"                    | one or more of the following, as the context requires: (i) the U.S. Foreign Account Tax Compliance Act, or similar legislation, regulations or guidance enacted in any other jurisdiction which seeks to implement equivalent tax reporting and/or withholding tax regimes; (ii) any intergovernmental agreement, treaty or any other arrangement between the Cayman Islands and any of the U.S., the U.K. or any other jurisdiction (including between any government bodies in each relevant jurisdiction), entered into to facilitate, implement, comply with or supplement the legislation, regulations or guidance described in clause (i) or any similar regime, including any automatic exchange of information regime arising from or in connection with the OECD Common Reporting Standard; and (iii) any legislation, regulations or guidance implemented in the Cayman Islands to give effect to the matters outlined in the preceding clauses; |
| "Affiliate or Affiliates" | in respect of a company, any other company that is directly or indirectly controlled, under common control with, or controlling such company, and "control" means possession of the power to direct management and policies of a company through ownership of equity interests, by contract or otherwise;                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| "Annex" and/or "Annexes"  | the document or documents that are part of this Offering Memorandum, which set out the particular terms and conditions of each Class of Shares;                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| "Articles"                | the Articles of Association of the Fund for the time being in force and as may be modified from time to time;                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| "Auditors"                | KPMG;                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |

|                           |                                                                                                                                                                                                                                                                                                                           |
|---------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| "Brazil"                  | the Federative Republic of Brazil;                                                                                                                                                                                                                                                                                        |
| "BRL"                     | the lawful currency of the Federative Republic of Brazil;                                                                                                                                                                                                                                                                 |
| "Business Day"            | a day, other than a Saturday or Sunday, on which both B3 S.A. - Brasil, Bolsa, Balcão (B3) and the New York Stock Exchange are open for business, or an alternative day nominated by the Directors;                                                                                                                       |
| "Class"                   | a class of redeemable participating shares having investment objectives and other terms as set out in the relevant Annex to this Offering Memorandum;                                                                                                                                                                     |
| "Closing Date"            | in relation to each Class, such Business Day as the Directors shall determine;                                                                                                                                                                                                                                            |
| "Companies Law Act"       | the Companies Act (Revised) of the Cayman Islands as amended or re-enacted from time to time;                                                                                                                                                                                                                             |
| "Directors"               | the directors of the Fund for the time being and any duly constituted committee;                                                                                                                                                                                                                                          |
| "Eligible Investors"      | investors who are either (i) not U.S. Persons or any person whose ownership of Shares would constitute a breach of the law or requirements of any country or governmental authority or cause an undue risk or adverse tax or other consequences to the Fund or any of its shareholders, or (ii) Permitted U.S. Investors; |
| "Fiscal Year"             | the twelve-month period ending on December 31 of each year;                                                                                                                                                                                                                                                               |
| "Fund"                    | PIPA Global Equities Fund, Ltd. (formerly known as IP Global Fund, Ltd. and IP Investment Fund, Ltd.);                                                                                                                                                                                                                    |
| "Initial Offering Period" | in respect of each Class, the period beginning on the date on which such Class was created and ending on the Closing Date for that Class;                                                                                                                                                                                 |
| "Initial Offer Price"     | in relation to Shares of any Class, such amount as the Directors may determine as expressed in U.S. Dollars and specified in the relevant Annex for each Class;                                                                                                                                                           |

|                                        |                                                                                                                                                                     |
|----------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| "Investment Management Agreement"      | the investment management agreement between the Fund and the Investment Manager as amended from time to time;                                                       |
| "Investment Manager"                   | Nextep Investimentos Ltda.;                                                                                                                                         |
| "Management Fee"                       | the management fee payable to the Investment Manager as described in the Section "Fees and Expenses" hereof;                                                        |
| "Monetary Authority"                   | the Cayman Islands Monetary Authority;                                                                                                                              |
| "Mutual Funds Act"                     | the Mutual Funds Act (Revised) of the Cayman Islands as amended or re-enacted from time to time;                                                                    |
| "Net Asset Value" or "NAV"             | the net asset value of the Fund or the relevant Class, sub-class or series of Shares calculated as described in the Section "Net Asset Value Determination" hereof; |
| "Net Asset Value per Share" or "NAVPS" | the net asset value per Share calculated as described in the Section "Net Asset Value Determination" hereof;                                                        |
| "NAV Calculation Agreement"            | the net asset value calculation agreement between the Fund and the NAV Calculator as amended from time to time;                                                     |
| "NAV Calculator"                       | BNY Mellon Serviços Financeiros Distribuidora de Títulos e Valores Mobiliários S.A.;                                                                                |
| "Offering Memorandum"                  | this document and the Fund's most recent annual report and accounts or, if more recent, its interim report and accounts;                                            |
| "Ordinary Shares"                      | the voting non-participating ordinary shares of US\$1.00 par value each in the capital of the Fund;                                                                 |
| "Performance Fee"                      | the performance fee payable to the Investment Manager as described in the Section "Fees and Expenses" hereof;                                                       |

|                                           |                                                                                                                                                                                                                                                                                                                                                   |
|-------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| "Performance Period"                      | for each Share, and unless otherwise stated in the relevant Annex, the period beginning on the later of the first Business Day of each calendar year or the date of issue of such Share, as applicable, and ending on the earlier of the last Business Day of such calendar year or the Redemption Day of the relevant Share, as the case may be; |
| "Permitted U.S. Investors"                | U.S. Persons that are both “accredited investors” (as defined in Rule 501(a) of Regulation D under the United States Securities Act of 1933, as amended (the "Securities Act")), and “qualified purchasers” (as defined in Section 2(a)(51) of the United States Investment Company Act of 1940, as amended (the “1940 Act”));                    |
| "Redemption Day"                          | the Business Day on which Shares of each Class may be redeemed in accordance with the Articles and the specific rights attached to each Class specified in the relevant Annex to this Offering Memorandum;                                                                                                                                        |
| "Redemption Price"                        | the redemption price of a Share as calculated in accordance with the Articles and described herein;                                                                                                                                                                                                                                               |
| "Registrar and Transfer Agency Agreement" | the registrar and transfer agency agreement between the Fund and the Registrar and Transfer Agent as amended from time to time;                                                                                                                                                                                                                   |
| "Registrar and Transfer Agent"            | MUFG Alternative Fund Services (Cayman) Limited;                                                                                                                                                                                                                                                                                                  |
| "Subscription Day"                        | in relation to each Class, such Business Day or Business Days as the Directors may in their sole discretion determine, as specified in the relevant Annex for each Class, and/or such other Business Day as the Directors in their absolute discretion may determine either in any particular case or generally;                                  |
| "Subscription Price"                      | the subscription price of a Share as calculated in accordance with the Articles and described herein;                                                                                                                                                                                                                                             |
| "Share"                                   | a redeemable non-voting participating share of US\$ 0.01 par value in the capital of the Fund, issued in classes;                                                                                                                                                                                                                                 |

|                          |                                                                                                                                                        |
|--------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------|
| "Shareholder"            | a holder of any Class of Shares in the Fund;                                                                                                           |
| "Subscription Agreement" | the subscription agreement relating to the purchase of Shares of each Class of the Fund;                                                               |
| "US\$" or "U.S. Dollars" | the lawful currency of the United States of America;                                                                                                   |
| "U.S."                   | the United States of America and areas subject of its jurisdiction; and                                                                                |
| "U.S. Person"            | any person that falls within the definition of the term "U.S. person" as that term is defined in Rule 902(k) of Regulation S under the Securities Act. |

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## **INVESTMENT OBJECTIVE AND POLICIES**

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### **Investment Objective and Strategies**

The investment objective of each Class of Shares in the Fund is to generate capital appreciation.

The Fund seeks to achieve the investment objective of each Class of Shares by trading and investing directly and indirectly in a wide range of securities, currencies, commodities and related derivative instruments including, but not limited to, equities, equity related securities, bonds and other fixed income securities, swaps, listed and over-the-counter options, warrants, repurchase agreements, futures and forward contracts and indices.

Any excess funds held by any Class of Shares of the Fund are normally invested in money market instruments or as otherwise deemed appropriate by the Investment Manager. Any income earned from such investments is ordinarily reinvested by the Fund in accordance with the investment program of the relevant Class of Shares.

The Fund has complete flexibility in the instruments and markets in which it may invest and investment techniques it may use to achieve its investment objective for each Class of Shares. Nevertheless, the exact range of instruments and markets in which the Fund takes positions cannot be specified in advance. Investors should also refer to the relevant Annex for further details of the investment strategies to be employed by the Fund on behalf of each Class of Shares.

The Directors may modify the investment policy, objectives and restrictions of any Class from time to time. Reasonable notice will be provided to Shareholders of such Class prior to any material change, to allow a Shareholder to redeem its Shares before the change takes effect.

The Directors reserve the right to create new Classes of Shares at any time, the investment objective, investment strategies, terms and conditions of which will be set out in the relevant Annex to this Offering Memorandum. Details of the Fund's existing Classes of Shares may be obtained from the Investment Manager.

There is no assurance that the Fund's investment objective will be achieved.

### **Short Sales, Borrowing, Leverage, Hedging and Use of Derivatives**

The Fund may for any Class practice leveraging and may use derivatives, short sales and hedging as part of its investment strategy for any Class. The use or otherwise of any such financial techniques or instruments for any Class will be as set out in each Annex.

### **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.

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## **STRUCTURE AND OPERATIONS**

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The Fund is a limited liability exempted company of perpetual duration and was incorporated under the provisions of the Companies Act on October 10, 2000.

### **Capitalization**

The authorised share capital of the Fund is US\$1,000,000.00, divided into 99,990,000 authorised Shares of US\$0.01 par value per share and 100 authorised Ordinary Shares of US\$1.00 par value per share.

Subject to the provisions of the Articles, the unissued Shares of the Fund are under the control of the Directors who may issue, allot and dispose of them.

### **Ordinary Shares**

100 Ordinary Shares are in issue, fully paid and held by the Investment Manager. The Ordinary Shares are not transferable without the prior written consent of the Directors. The Ordinary Shares have the entire voting power of the Fund except on a variation of rights issue. However, they do not entitle the holder to participate in the Fund's profits and losses and they are not redeemable. Upon the winding up of the Fund the holders of Ordinary Shares are entitled to receive their paid-in capital of US\$1.00 per Ordinary Share.

### **Shares**

Shares, when issued, will be fully paid. All Shares of each Class have equal dividend rights and each issued Share of each Class will be entitled to participate equally in the assets and profits attributable to its Class on liquidation. Holders of the Shares have no right to receive notice of or to attend or to vote at general meetings of the Fund and have no other voting rights (except on a variation of rights issue – see "Variation of Rights" below).

The Fund maintains a book-entry register of Shares. No Share certificates will be issued by the Fund although the Registrar and Transfer Agent will provide written confirmation of this issuance of Shares to each investor and the number of Shares so issued.

### **Classes**

The Shares of the Fund are issued in Classes, each such Class being differentiated from the others by its investment objectives and/or other incidental terms and conditions. The Directors reserve the right to create new Classes of Shares at any time, the investment objectives and

terms and conditions of which will be set out in the Annexes to this Offering Memorandum.

The subscription proceeds for the Shares of each Class and the subsequent investments made therewith will be kept by the Fund in separate accounting records. However, it should be noted that on liquidation, all of the assets of the Fund, regardless of the Class to which they are attributable, will be available to meet all of the liabilities of the Fund regardless of the Class to which such liabilities are attributable. Thus, in the event of insolvency of one Class, the assets of the Fund attributable to the other Classes may be utilized to cover any shortfall in the insolvent Class and the Net Asset Value of the Classes which are not insolvent may be adversely affected.

The Directors may, in an attempt to ensure that investors in one Class are not exposed to trading risks of another Class, elect to carry on the investment program of any Class in a separate trading company incorporated in the Cayman Islands and held as a wholly owned trading subsidiary of the Fund. In that way, so far as possible under applicable law, any trading losses associated with such a Class will be contained within the trading company for that Class and should have no impact on the assets of any other Class unless the trading company is treated as the agent or alter ego of the Fund. Accordingly, where the context requires references to the Fund shall include the trading company.

### **Series**

Where specified in an Annex, a new series of Shares of each Class will be issued on each Subscription Day on which Shares of that Class are issued. The reason for the different series is to equitably reflect the differing performance fees attributable to each series (because of the differing issue dates throughout the Performance Period). All Participating Shares of a particular series in respect of a Class will have identical rights and conditions. If Shares of a particular series are issued on only one date, then that Class will have only one series of Shares.

At the end of each Performance Period, each series of a Class in respect of which a Performance Fee has been paid in respect of such Performance Period will be converted into the oldest series of the relevant Class in respect of which a Performance Fee has been paid in respect of such Performance Period.

### **Directors**

The Directors are responsible for the overall management and control of the Fund in accordance with the Articles. 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 Investment Management Agreement whilst the day-to-day administrative functions have been delegated to the Registrar and Transfer Agent under the Registrar and Transfer Agency Agreement and the NAV Calculator under the NAV Calculation Agreement. In each case, the delegation has been made in

accordance with the directors' powers of delegation under the Articles. The Directors will periodically review the performance of the Investment Manager, the Registrar and Transfer Agent and the NAV Calculator.

The Fund's board of directors comprises Áthilas Alves de Lima and Rodrigo Lobo, whose biographical information is set forth below.

*Áthilas Alves de Lima*

Mr. Lima has over 30 years of business experience. He is a partner and director responsible for back office processes of the Investment Manager. Prior to joining Investidor Profissional in 1991 he worked at the broker Tiara DTVM. Mr. Lima is a certified asset manager and holds a bachelor's degree in Business Administration from Universidade Salgado de Oliveira (Universo-RJ).

*Rodrigo Lobo de Andrade*

Mr. Lobo started working in the financial market in 1985 and was a founding partner of Investidor Profissional. He continued his career in first tier management consulting firms and held executive positions in several industries. Mr. Lobo is a certified financial planner and asset manager; he holds an MBA from the Wharton School at the University of Pennsylvania.

The Directors will not receive any direct compensation from the Fund for serving in such capacity. Directors may be elected by the holders of the Ordinary Shares or by the Directors themselves. Currently all of the Ordinary Shares are held by the Investment Manager.

### **Registered Office**

The Fund's registered office in the Cayman Islands is that of the Registrar and Transfer Agent at 227 Elgin Avenue, P.O. Box 852, Grand Cayman KY1-1103, Cayman Islands.

### **Mutual Funds Act**

The Fund is a mutual fund as defined in the Mutual Funds Act. The Fund currently complies with that law, on the basis that the minimum initial investment per Shareholder is not less than US\$50,000, by registration as a mutual fund under Section 4(3) of the Mutual Funds Act. Such registration does not imply that the Monetary Authority or any other regulatory authority in the Cayman Islands has passed upon or approved this Offering Memorandum or the offering of the Shares. The Fund is required to provide to the Monetary Authority a summary of the terms of the offering of the Shares and to provide details of its various agents. It is also required to file audited financial statements, within six months of the end of its fiscal year and is subject to the supervision of the Monetary Authority as set out on page ii of this Offering Memorandum.

As a regulated mutual fund, the Fund is subject to the supervision of the Monetary Authority. At any time, the Monetary Authority may instruct the Fund to have its accounts audited and

to submit them to the Monetary Authority within a specified time. Failure to comply with any supervisory request by the Monetary Authority may result in substantial fines. The Monetary Authority 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) has contravened any provision under the Mutual Funds Act or of the Anti-Money Laundering Regulations (Revised);
- (c) 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;
- (d) is not being managed in a fit and proper manner; or
- (e) has persons appointed as director, manager or officer that is not a fit and proper person to hold the respective position.

The powers of the Monetary Authority include, amongst others: (i) the power to require a Director and/or the Investment Manager to be replaced; (ii) the power to appoint a person, at the expense of the Fund to advise the Fund on the proper conduct of its affairs; (iii) the power to appoint a person, at the expense of the Fund, to assume control of the affairs of the Fund, including for the purpose of terminating the business of the Fund; and (iv) the power to cancel or impose conditions on any mutual fund registration granted under the Mutual Funds Act. The Monetary Authority also has other remedies available to it including applying to the courts of the Cayman Islands for approval of other actions, and requiring the Fund to reorganise its affairs in a manner specified by the Monetary Authority.

The Monetary Authority has a discretionary power to impose substantial administrative fines upon the Fund in connection with any breaches by the Fund of prescribed provisions of certain regulatory laws and regulations of the Cayman Islands including the Mutual Funds Act and the Anti-Money Laundering Regulations (Revised) of the Cayman Islands and upon any director or officer of the Fund who either consented to or connived in the breach, or to whose neglect the breach is proved to be attributable. To the extent any such administrative fine is payable by the Fund, the Fund will bear the costs of such fine and any associated proceedings.

### Beneficial Ownership Regime

The Fund is regulated as a mutual fund under the Mutual Funds Act and, accordingly, does not fall within the scope of the primary obligations under Part XVIIIA of the Companies Act ("Beneficial Ownership Regime"). The Fund is required to confirm its out-of-scope status to the relevant Cayman authority and failure to do so may result in an administrative fine payable by the Fund. The Fund may, however, be required from time to time to provide, on request, certain particulars to other Cayman Islands entities which are within the scope of the Beneficial Ownership Regime and which are therefore required to maintain beneficial ownership registers

under the Beneficial Ownership Regime. Neither the beneficial ownership registers nor any information provided is publicly available.

## **Memorandum and Articles of Association**

All holders of Shares are entitled to the benefit of, are bound by and are deemed to have notice of, the provisions of the Memorandum and Articles of Association of the Fund, copies of which are available from the Fund's registered office.

The Memorandum of Association provides that the objects of the Fund are unrestricted.

The Articles contain, inter alia, provisions to the following effect:

### *Classes of Shares*

The Shares will be designated as Shares of a particular Class, sub-class and/or series on or before allotment. The Directors may resolve from time to time to redesignate any Class, or to create new Classes, sub-classes and/or series, each having the terms set out herein and in the Annex relevant thereto. In respect of any Class or subclass for which series have been issued, the Directors shall designate the series to which such Shares will belong.

### *Variation of rights*

The rights attaching to any Class, sub-class or series of Shares (unless otherwise provided by the terms of issue of the Shares of that class) may, whether or not the Fund is being wound up, be varied with the consent in writing of two-thirds of the holders of the issued Shares of that Class, or with the sanction of a resolution passed by two-thirds of the holders of the issued Shares of that Class at a general meeting of the holders of the Shares of that Class.

### *Alterations of capital*

- (i) By an Ordinary Resolution, the Fund may increase its share capital, consolidate its Shares or any of them into Shares of a larger amount, cancel any Shares not taken by any person or sub-divide its Shares or any of them into Shares of a smaller amount.
- (ii) Subject to the provisions of the Companies Act, by a Special Resolution, the Fund may reduce its share capital and any capital redemption reserve fund.

### *Transfer of Shares*

The instrument of transfer of any Shares shall be in writing in any usual or common form in the Cayman Islands or any other form which the Directors may approve and shall be executed by or on behalf of the transferor and the transferor shall be deemed to remain the holder of a Share until the name of the transferee is entered in the register of Shareholders in respect

thereof. No transfer of Shares may be effected without the prior written consent of the Directors, which approval may be refused in their absolute discretion without assigning any reason therefor. The Directors shall refuse to register a transfer to or for the benefit of any person who is not an Eligible Investor. In connection with any request to transfer Shares, the Directors may require such certifications and other documentation as they consider reasonably necessary. The Directors may decline to register a transfer in favour of more than four joint holders as transferees. Registrations of transfer may be suspended at such times and for such periods (not exceeding 30 days in any year) as the Directors may determine.

#### *Directors*

- (i) Unless otherwise determined by the Fund in general meeting the number of Directors shall not be less than one and not more than ten (inclusive of alternate directors).
- (ii) A shareholding qualification for Directors may be fixed by the Fund in general meeting, but unless and until so fixed, no qualification shall be required.
- (iii) A Director may be a director or other officer of or otherwise interested in any company promoted by the Fund or in which the Fund may be interested and (unless otherwise agreed) no such Director shall be accountable to the Fund for any remuneration or other benefits received thereby.
- (iv) Provided the nature of his interest is or has been declared in accordance with the Articles, a Director or intending Director may enter into or be directly or indirectly interested in any contract or arrangement with the Fund and such contract or arrangement shall not be liable to be avoided and the Director concerned shall not be liable to account to the Fund for any profit realized by any such contract or arrangement by reason of his holding of that office and the fiduciary relationship so established and may hold any other office or place of profit under the Fund in conjunction with the office of Director (except that of Auditor) on such terms as to tenure of office and otherwise as the Directors may determine.
- (v) The office of Director shall be vacated, inter alia, where he is removed by an Ordinary Resolution.
- (vi) A person may be appointed a Director by Ordinary Resolution of the Fund or by the Directors. Any Director also has the power to appoint an alternate.
- (vii) There is no fixed retirement age for the Directors and there is no provision for the retirement of Directors by rotation.

#### *Dividends*

- (i) Subject to the law, the Directors may in their discretion from time to time declare dividends including interim dividends on Shares in issue and authorize payment of the

same out of the funds of the Fund.

- (ii) No dividend shall be declared or paid other than out of funds as may be lawfully distributed as dividends, including Share premium.
- (iii) The Directors may satisfy any dividend in whole or in part by distributing in specie assets of the Fund.
- (iv) The Fund does not anticipate that dividends for any Class of Shares or other distributions will be paid out of earnings and profits attributable to any Class in the foreseeable future. Net income earned or gains realized by the Fund attributable to any Class of shares generally will be reinvested and will be reflected by an increase in Net Asset Value per Class, which may be realized by Shareholders at such time as they redeem their shares.

#### *Indemnities and Exculpation*

- (i) Every Director (including any alternate director appointed pursuant to the Articles), managing director, agent, secretary, assistant secretary, or other officer for the time being and from time to time of the Fund and the personal representatives of the same is entitled to be indemnified and secured harmless out of the assets and funds of the Fund against all actions, proceedings, costs, charges, expenses, losses, damages or liabilities incurred or sustained by him unless the same happens through his own dishonesty in or about the conduct of the Fund's business or affairs or in the execution or discharge of his duties, powers, authorities or discretions, including without prejudice to the generality of the foregoing, any costs, expenses, losses or liabilities incurred by him in defending (whether successfully or otherwise) any civil proceedings concerning the Fund or its affairs in any court whether in the Cayman Islands or elsewhere.
- (ii) No such Director, alternate director, managing director, agent, secretary, assistant secretary or other officer of the Fund will be liable (i) for the acts, receipts, neglects, defaults or omissions of any other such director or officer or agent of the Fund or (ii) by reason of his having joined in any receipt for money not received by him personally or (iii) for any loss on account of defect of title to any property of the Fund or (iv) on account of the insufficiency of any security in or upon which any money of the Fund has been invested or (v) for any loss incurred through any bank, broker or other agent or (vi) for any loss occasioned by any negligence, default, breach of duty, breach of trust, error of judgment or oversight on his part or (vii) for any loss, damage or misfortune whatsoever which may happen in or arise from the execution or discharge of the duties, powers, authorities or discretions of his office or in relation thereto, unless the same happens through his own dishonesty.

#### *Notices*

Notices or other documents served on Shareholders are deemed to have been served five days

after posting, if served by post, or on the same day if it is sent by email.

### *Compulsory Redemption of Shares*

The Fund will be entitled to redeem all or any of the Shares of any Class at the Net Asset Value per Share of the relevant Class (or series of that Class if applicable) if the holder thereof is not an Eligible Investor or in any circumstances where it is in the sole opinion of the Directors necessary to do so in order to avoid adverse regulatory or tax consequences to the Fund or the Investment Manager.

### *Termination of the Fund*

The Fund may be liquidated at any time upon a passage of a special resolution (as defined in the Companies Act) of the holders of the Ordinary Shares.

## **Reports to Shareholders**

The Fund will make available to each Shareholder (1) annual audited financial statements after the end of the Fund's fiscal year, and (2) unaudited semi-annual reports. The fiscal year of the Fund ends on 31st December of each year unless the Directors prescribe some other period therefore and accounts shall be prepared in accordance with International Financial Reporting Standards principles other than amortization of preliminary fees.

## **Books and Records**

The Fund will maintain the books and records for all existing Classes of Shares denominated in U.S. Dollars.

## **Investment Manager**

Pursuant to the Investment Management Agreement, the Fund has appointed Nextep Investimentos Ltda. to be the Fund's Investment Manager. The Investment Manager is a Brazilian independent asset management company founded in 2007. It was established as a subsidiary of IP, the first independent asset management company in Brazil, and became an independent firm in 2012. The main strategy run by the Investment Manager is a value oriented global equity strategy named PIPA Global. This strategy was established in 2001 by IP, who managed it until the spin off of the Investment Manager.

The Investment Manager has its address at Rua Visconde de Pirajá 509, casa 1, Ipanema, 22410-003, Rio de Janeiro, RJ, Brazil.

The principals of the Investment Manager are Rodrigo Lobo de Andrade, Áthilas Alves de Lima and Arley da Conceição Ramos da Silva. Biographical information for Mr. Silva is set forth below. Biographical information for Mr. Lima is set forth above under the heading "Directors".

### *Arley Ramos da Silva*

In the last 18 years Mr. Silva has held leadership positions in finance, marketing and management in major companies such as IBM, Texaco, Digital Ventures, Blue Tree Hotels and Microware. He Holds a bachelor 's degree in Marketing from Universidade Estácio de Sá – RJ.

Pursuant to the Investment Management Agreement, the Fund will indemnify the Investment Manager from and against all losses, claims, damages, liabilities, costs, expenses (including without limitation, legal and accountants fees and disbursements) judgments and amounts paid in settlement (collectively "Losses") incurred or sustained by the Investment Manager in the performance of its duties thereunder, provided that the Investment Manager shall have provided reasonable documentary evidence of such Losses in so far as such Losses arise out of, relate to or are based upon any breach or violation by the Fund of any representations, warranties or agreements of the Fund thereunder or the performance by the Investment Manager of its duties thereunder except to the extent that such Losses arise by reason of the wilful misfeasance, bad faith or negligence on the Investment Manager's part or reckless disregard by it of its obligations and duties thereunder.

The Investment Management Agreement may be terminated by either party on 90 days' prior written notice and earlier in certain circumstances. The Investment Management Agreement is governed by the laws of the Cayman Islands.

### **Bank**

The Fund has appointed UBS AG, Stamford, CT, USA to be the Fund's banker.

### **Attorneys**

Ogier, 89 Nexus Way, Camana Bay, Grand Cayman KY1-9009, Cayman Islands, have been appointed as the Fund's attorneys as to Cayman Islands law.

Benzecry & Pitta Advocacia Especializada, Rua Voluntários da Pátria 45, sala 1008, Botafogo, 22270-000, Rio de Janeiro, RJ, Brazil, have been appointed as the Fund's attorneys as to Brazilian law.

Willkie Farr & Gallagher LLP, 787 7th Avenue, New York, NY 10019, USA, have been appointed as the Fund's attorneys as to U.S. law.

Ogier acts as Cayman Islands legal counsel to the Fund. In connection with the Fund's offering of Shares and subsequent advice to the Fund, Ogier will not be representing Shareholders. No independent legal counsel has been retained to represent the Shareholders. Ogier's representation of the Fund is limited to specific matters as to which it has been consulted by the Fund. There may exist other matters that could have a bearing on the Fund as to which Ogier has not been consulted. In addition, Ogier does not undertake to monitor compliance by the Investment Manager and its affiliates with the investment program, valuation procedures and

other guidelines set forth herein, nor does Ogier monitor ongoing compliance with applicable laws. In connection with the preparation of this Offering Memorandum, Ogier's responsibility is limited to matters of Cayman Islands law and it does not accept responsibility in relation to any other matters referred to or disclosed in this Offering Memorandum. In the course of advising the Fund, there are times when the interests of Shareholders may differ from those of the Fund. Ogier does not represent the Shareholders' interests in resolving these issues. In reviewing this Offering Memorandum, Ogier has relied upon information furnished to it by the Fund and the Investment Manager and has not investigated or verified the accuracy and completeness of information set forth herein concerning the Fund, the Fund's service providers and their respective affiliates and personnel.

### **Auditors**

KPMG of Century Yard, Cricket Square, P.O. Box 493, Grand Cayman KY1-1106, Cayman Islands has been appointed as the Fund's independent auditors. The Directors may replace the Fund's independent auditors without prior notice to the shareholders.

### **The Registrar and Transfer Agent**

MUFG Alternative Fund Services (Cayman) Limited serves as the Registrar and Transfer Agent pursuant to a registrar and transfer agency agreement between the Fund and the Registrar and Transfer Agent (the "Registrar and Transfer Agency Agreement"). The Registrar and Transfer Agent's place of business is located at 227 Elgin Avenue, P.O. Box 852, Grand Cayman KY1-1103, Cayman Islands. MUFG Alternative Fund Services (Cayman) Limited is a wholly owned member of Mitsubishi UFJ Financial Group, was incorporated in the Cayman Islands in 1972 and is a holder of a class 'A' Banking and Trust Licence as well as an unrestricted Mutual Fund Administrator's Licence.

Pursuant to the Registrar and Transfer Agency Agreement, the Registrar and Transfer Agent provides services to the Fund including maintaining the register of shareholders of the Fund, receiving and processing subscription and redemption agreements or applications and submitting to shareholders a statement of their holdings in the Fund upon request. The Registration and Transfer Agency Agreement also provides for indemnification of the Registrar and Agent and its directors, officers and employees against any liability, actions, proceedings, claims, demands, costs or expenses whatsoever (other than those resulting from willful default or fraud on its part or on the part of its directors, officers or employees) which may be imposed on, incurred by or asserted against the Registrar and Transfer Agent in performing its obligations or duties thereunder. The Registrar and Transfer Agency Agreement may be terminated by the Fund or the Registrar and Transfer Agent upon 90 days' written notice.

The Directors and the Investment Manager, and not the Registrar and Transfer Agent, are responsible for determining that the Shares of the Fund are marketed and sold in compliance with all applicable securities, tax and other laws. Furthermore, the Registrar and Transfer Agent shall bear no responsibility for the compliance by the Fund and its shareholders with securities, tax, and other laws applicable to them.

The Registrar and Transfer Agent will not be responsible for ensuring that the investment transactions comply with the investment objectives and policies set forth in the Offering Memorandum. Additionally, the Directors of the Fund and not the Registrar and Transfer Agent are responsible for monitoring of Investment Restrictions.

The Registrar and Transfer Agent is compensated for its services pursuant the Registrar and Transfer Agency Agreement. The fees and charges of the Registrar and Transfer Agent are subject to variation and renegotiation from time to time.

The Registrar and Transfer Agency Agreement is governed by the laws of the Cayman Islands.

### **NAV Calculator**

BNY Mellon Serviços Financeiros Distribuidora de Títulos e Valores Mobiliários S.A. has been appointed as the Fund's NAV Calculator and has its address at Avenida Presidente Wilson 231, 11º andar, Centro, 20030-905, Rio de Janeiro, RJ, Brazil.

The agreement with BNY Mellon Serviços Financeiros Distribuidora de Títulos e Valores Mobiliários S.A. is governed by Cayman Islands law and may be terminated by either party upon not less than 90 days' notice in writing to the other.

### **Brokerage and Custody**

The allocation of assets between custodians will be determined by the nature and type of transaction.

#### *Assets Traded in the Brazilian Markets*

The Fund has entered into an agreement (the "Brazilian Custody Agreement") with BNY Mellon Banco S.A. (the "Brazilian Custodian"), which sets forth the terms and conditions upon which the Brazilian Custodian provides custodial services to the Fund (or its investment subsidiary) with respect to the Fund's assets traded in Brazilian markets. Custodial service involves the physical and financial settlement of assets, their safekeeping, as well as the administration and information of corporate actions associated with these assets, including the financial settlement of derivatives, financial flow swap agreements, swap and forward transactions, as well as the payment of fees with respect to services rendered, such as, but not limited to, fees on the movement and registration of the depository institutions, clearinghouses and settlement systems.

The Brazilian Custodian is among the largest custody service providers globally. The Brazilian Custodian commenced custody operations in Brazil on December 10th, 2012. The Brazilian Custodian is regulated by the Brazilian Central Bank ("Banco Central do Brasil") and, in relation to the custodial service under the Brazilian Custody Agreement, by the Brazilian Securities Commission ("Comissão de Valores Mobiliários") and the Brazilian National

Association of Investment Banks (“Associação Nacional dos Bancos de Investimento”) in adherence with Brazilian National Association of Investment Banks Best Practice and Qualified Services Code (“Código de Regulação e Melhores Práticas para Serviços Qualificados”). As part of a large conglomerate, the Brazilian Custodian may use sub-custody services provided by other companies in their financial group to accomplish any of its duties under the Brazilian Custody Agreement provided that the Brazilian Custodian shall exercise reasonable skill, care and diligence in the selection of a suitable sub-custodian and shall be responsible to the Fund for the duration of the sub-custody agreement for satisfying itself as to the ongoing suitability of the sub-custodians to provide custodial services to the Fund. The Brazilian Custodian will be jointly responsible for any losses or damages arising from the acts or omissions of any of the sub-custodians in the execution of the custodial service. The Brazilian Custodian will also maintain an appropriate level of supervision over the third parties and will make appropriate inquiries periodically to confirm that the obligations of them continue to be completely discharged. The Brazilian Custodian will be responsible for providing the Fund (or its investment subsidiary) with the custodial services described above in accordance with the Fund's (or its investment subsidiary's) instructions, and shall be liable for any losses or damages arising from the Brazilian Custodian's own actions or omissions.

The Fund (or its investment subsidiary) will be responsible for the accuracy, existence and value of the assets before such assets are delivered to the Brazilian Custodian under the Brazilian Custody Agreement, as well as for providing the Brazilian Custodian with all instructions in relation to the assets and with all monies that shall be necessary to accomplish with such instructions.

The Brazilian Custody Agreement is governed by Brazilian law and may be terminated by either party upon not less than 60 days' notice in writing to the other and earlier in certain circumstances.

#### *Assets Traded in Other Markets - Other Custody or Brokerage Arrangements*

Subject to the rules of any stock exchange on which an applicable Class of Shares is listed, the Investment Manager is authorized to identify any other custodian, broker or dealer to be used for each securities transaction of the Fund. The broker-dealer appointed by the Investment Manager to effect the transaction in respect of such assets shall also act as the custodian of those assets for the Fund, and shall so act on the standard terms and conditions of such broker-dealer. In placing orders, it is the Investment Manager's policy to obtain the best price and execution for its transactions. Where 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, although 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, but is not limited to: (i) written information and analyses concerning specific securities, companies or sectors; (ii) market, financial and economic studies and forecasts; (iii) financial and trade publications; (iv) statistical and pricing services; and (v) discussions with research personnel and consultants. Research and related services obtained by the use of commissions arising from the

portfolio transactions of the Fund may be used by the Investment Manager in its other investment activities.

All other services obtained by the use of commissions arising from the investment transactions of the Fund will be limited to services that would otherwise be an expense of the Fund (including research-related testing, travel, meal 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 such brokers, although 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.

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

In addition to the custody account maintained with the Brazilian Custodian, the Fund maintains a custody account with Pershing LLC (a subsidiary of The Bank of New York Mellon), through which the Fund may execute trades. The Fund is not committed to continue its brokerage or custody relationship with either of its current broker-dealers for any minimum period, and the Investment Manager, in its discretion, may select other or additional broker-dealers to provide brokerage and/or custody services to the Fund without notice to the Shareholders.

The Fund has consented to the transfer and reuse of assets on customary terms under its service agreements with the Brazilian Custodian. Such transfer and reuse is restricted by regulatory limitations imposed upon the Brazilian Custodian.

## **Data Protection**

For the purposes of the Cayman Islands Data Protection Act 2017 as amended from time to time ("Data Protection Act"), the data controller in respect of any personal data provided in respect of Shareholders and their respective representatives, directors, officers, agents or beneficial owners in respect of whom personal data is provided in relation to the Fund shall be the Fund. Personal data shall be processed in accordance with the privacy notice adopted in respect of the Cayman Islands Data Protection Act (the "Cayman Privacy Notice") set out in Subscription Agreement. The Cayman Privacy Notice sets out the purposes for which such personal data may be processed, the circumstances in which such data might be disclosed or transferred, Shareholders' rights in respect of such data, as well as other matters.

The Fund has engaged the Administrator to act as data processor, as defined in the Data Protection Act. Pursuant to the Registrar and Transfer Agency Agreement, the Administrator, as data processor, is permitted to do the following, including but not limited to, processing

personal data (as defined in the Data Protection Act and the Registrar and Transfer Agency Agreement) in order to provide services under the Registrar and Transfer Agency Agreement and to carry out anti- money laundering checks and related actions; disclose or transfer the personal data to its affiliates, employees, agents, delegates, subcontractors, credit reference agencies, professional advisors or competent authorities for the provision of the services; and report tax or regulatory related information to competent bodies or authorities.

The Administrator, as data processor, shall, among others, only act on and process such personal data in accordance with the documented instructions of the Fund, unless otherwise prevented or required by applicable laws; ensure that all persons who have access to personal data have committed themselves to appropriate obligations of confidentiality; and upon termination of the Registrar and Transfer Agency Agreement, the personal data shall, at the Fund's option, be destroyed or returned to the Fund, unless applicable laws prevent the return or deletion of such personal data.

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## **CERTAIN RISK FACTORS AND POTENTIAL CONFLICTS OF INTEREST**

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### **General**

An investment in a Class of Shares involves potential conflicts of interest and a certain degree of risk. The Fund may not be suitable for all investors, and is intended for investors who understand and are capable of accepting the risks associated with its investments. An investment in any Class of Shares is intended to serve as only one component of an investor's portfolio and not as a complete program for an investor. Prior to investing in any Class of Shares, prospective investors should carefully consider the risk factors and potential conflicts of interest set forth below as well as other information set forth herein.

### **Limited Regulatory Oversight**

The Fund is registered in the Cayman Islands pursuant to Section 4(3) of the Mutual Funds Act, but such registration does not involve a detailed examination of the merits of the Fund or substantive supervision of the investment performance of the Fund by the Cayman Islands government or the Monetary Authority. There is no financial obligation or compensation scheme imposed on or by the government of the Cayman Islands in favour of or available to the investors in the Fund. Although the Fund is a regulated mutual fund under the Mutual Funds Act, it is not required to, nor does it intend to, register under the laws of any other jurisdiction. As a consequence, the securities laws of other jurisdictions (which may provide certain regulatory safeguards to investors) generally will not apply. Accordingly Shareholders may not have the benefit of all the protections afforded to them by the securities laws of their home jurisdiction or other relevant jurisdictions.

The offering of Shares is not and will not be registered under the Securities Act or in any state within the United States in reliance on an exemption from registration pursuant to Section 4(a)(2) of the Securities Act and applicable state securities law exemptions. In addition, the Fund has not been, and currently does not intend to be, registered as an investment company under the 1940 Act pursuant to the provisions of Section 3(c)(7) of the 1940 Act and, accordingly, the provisions of the 1940 Act (which, among other matters, require investment companies to have a majority of disinterested directors, require securities held in custody at all times to be individually segregated from the securities of any other person and marked to clearly identify such securities as the property of such investment company and regulate the relationship between the adviser and the investment company) will not be applicable.

The Investment Manager qualifies as a “foreign private adviser” under the U.S. Investment Advisers Act of 1940, as amended (the “Advisers Act”), and as such is not required to register as an investment adviser with the U.S. Securities and Exchange Commission (the “SEC”).

The Fund may trade futures, options on futures, swaps and other commodity interests (collectively, “futures”) as part of its investment strategy and therefore will be deemed to be a commodity pool

under the U.S. Commodity Exchange Act, the operator of which must register as a commodity pool operator (a “CPO”) with the Commodity Futures Trading Commission (the “CFTC”) or qualify for an exemption from such registration. The Investment Manager has claimed an exemption from CPO registration under CFTC Rule 4.13(a)(3) with respect to the Fund. In order to rely on CFTC Rule 4.13(a)(3), at all times either: (a) the aggregate initial margin and premiums required to establish commodity interest positions will not exceed 5% of the liquidation value of the Fund’s investment portfolio; or (b) the aggregate net notional value of the Fund’s commodity interest positions will not exceed 100% of the liquidation value of the Fund’s investment portfolio. As a result of having claimed the exemption, the Investment Manager is not required to comply with the disclosure, reporting and recordkeeping requirements generally applicable to registered CPOs, including delivery to investors of a disclosure document and a certified annual report designed to meet CFTC requirements. The Investment Manager is subject to certain limited recordkeeping requirements and the CFTC’s prohibition against fraud.

### **Illiquidity of Shares**

An investor generally will be permitted to redeem his Shares on any Redemption Day as specified in the Annex of the relevant Class. Transfers of Shares will be permitted only with the consent of the Directors. Accordingly, Shares should only be acquired by investors willing and able to commit their assets for an appreciable period of time.

### **Distributions**

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

### **Class Insolvency**

Although the Fund will maintain separate accounting records for each Class and the subscription proceeds and subsequent investments made for each Class will be kept by the Fund in segregated accounts, in the event of the insolvency of any Class, all of the assets of the Fund, regardless of the Class to which they are attributable, will be available to meet all of the liabilities of the Fund in a liquidation regardless of the Class to which such liabilities are attributable. Thus, the assets of the Fund attributable to certain Classes may be utilized to cover any shortfall in an insolvent Class and the Net Asset Value of the Classes which are not insolvent may be adversely affected.

### **Securities Law Enforceability**

The Directors and the Investment Manager, and affiliated 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 realize 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 may be 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 countries .

## **Limited Rights of Holders of Shares**

An investment in the Fund should be regarded as a passive investment. This is because holders of 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 rights attaching to their 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 Ordinary Shares, the Investment Manager controls all of the voting interests in the Fund, other than in respect of a proposal to vary the rights attaching to the 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 subdividing 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 Registrar and Transfer Agent and other agents of the Fund.

## **Effect of Substantial Redemptions**

In the event that the Fund faces substantial redemptions of Shares of any Class, it may be more difficult for the Fund to generate the same level of profits for the relevant Class of Shares, operating on a small capital base. In the event that there are substantial redemptions on any date, the Fund may find it difficult to adjust the assets allocation and strategies for the relevant Class of Shares to the suddenly reduced amounts of assets under management. Under such circumstances, in order to provide sufficient funds to pay redemptions, the Fund might be required to liquidate positions for the relevant Classes of Shares at an inappropriate time or on unfavourable terms.

## **Valuation**

Because of the overall size and concentrations in particular markets and maturities of positions that may be held directly for certain Classes of Shares from time to time, the liquidation values of the securities and other investments held for the related Classes may differ significantly from the interim valuations of such investments derived from the valuation methods described herein. Such differences may be further affected by the time frame within which such liquidation occurs. Third party pricing information may at times not be available regarding securities and other investments held for certain Classes of Shares. Valuations of the securities and other investments for a certain Class, which will affect the amount of the Management and Performance Fees attributable to such Class, may involve uncertainties and determinations based upon judgment, and if such valuations should prove to be incorrect, the related Net Asset Value could be adversely affected. Absent bad faith or manifest error, valuation determinations will be conclusive and binding.

In circumstances where the Fund invests on behalf of any Class of Shares in other investment funds, the Fund will rely upon the valuation of the Fund's holdings in such investment funds.

## **Dependence on Key Personnel**

The investment performance of the Fund will be substantially dependent on the expertise of the Investment Manager's principals and employees. In particular, the departure for any reason of the key individuals who will be primarily responsible for managing the investment of the assets of the

Fund may have a material adverse effect on the performance of the Fund.

### **Discretion of the Investment Manager; Concentration of Investments**

The Investment Manager will seek to engage in the investment activities described in this Offering Memorandum and the applicable Annex. Nonetheless, the Investment Manager may alter the Fund's portfolio in respect of any particular Class. It can do so in its sole discretion and without the approval of any holder of 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 for the account of any particular Class. A loss on a large security position following such concentration could materially reduce the Fund's capital.

### **Conflicts of Interest**

Certain potential conflicts of interest may exist as a result of the structure and operations of the Fund. The Investment Manager, as the holder of all of the Ordinary Shares, controls all of the voting interests in the Fund. As sole holder of Ordinary Shares, the Investment Manager controls the appointment and removal of the Directors. The Directors control the appointment and removal of the agents of the Fund (such as the Investment Manager).

The Investment Manager and its respective affiliates also provide investment advisory services to funds and other clients other than the Fund. Therefore, conflicts may arise between the interests of the Fund and those of other clients. In that connection, the Investment Manager or any of its respective affiliates may give advice for their own account or in the performance of their duties to other clients which may differ from the timing and nature of action recommended with respect to the Fund. Because of different objectives or other factors, a particular asset may be bought by one or more funds (including the Fund) or accounts, when one or more of the other funds or accounts advised by the Investment Manager is selling the same asset. Also, if purchases or sales of assets advised by the Investment Manager for two or more of such funds or accounts arise for consideration at or about the same time, transactions in such assets will be allocated, insofar as feasible, for the respective funds and accounts in a manner determined by the Investment Manager to be equitable to all. As a result of a number of factors in addition to the foregoing considerations, the results of investment activities for a Class may differ significantly from those of the Investment Manager's own account or accounts of other funds managed by the Investment Manager. There may be circumstances when purchases or sales of assets for one or more funds or accounts advised by the Investment Manager (including their own account) will have an adverse effect on other funds (including the Fund) or accounts advised by the Investment Manager, including a negative effect on the price of securities owned for a Class of Shares or which the Fund desires to purchase for a Class. Orders for any Class may be bunched or aggregated with orders for other accounts which may adversely affect the size or price of the transaction obtained by the Fund.

No brokerage fees will be paid to any connected persons to the Fund. The term "connected persons" is as follows:

- (a) Any person or company beneficially owning, directly or indirectly, 20% (twenty percent) or more of the ordinary share capital of the Fund or able to exercise directly or indirectly, 20% (twenty

percent) or more of the total votes in the Fund;

(b) Any person or company controlled by a person who or which meets one or both of the descriptions given in paragraph (a);

(c) Any member of the group of which the Fund forms a part;

(d) Any Director or officer of the Fund or any of its connected persons as defined paragraph (a), (b) or (c);

(e) Any person being a promoter, broker, underwriter, banker, investment banker or professional advisor who has a special relationship with the person or company described in paragraph (a), (b) or (c).

The Investment Manager will earn fees (including a Performance Fee) based on the Net Asset Value and the performance of Shares of the Fund. Such fees will be earned in respect of unrealised gains and the Performance Fee may be paid to the Investment Manager even though the subsequent performance of the relevant Class may mean that such Performance Fee was not earned. Such fees may also create an incentive to make investments that are more speculative than would be the case without such performance-based fees.

The Investment Manager may receive goods or services from a broker or a dealer in consideration for directing transaction business for the account of the Fund to such broker or dealer provided that (i) the goods or services are of demonstrable benefit to the Fund, and (ii) the transaction execution is consistent with best execution standards and the brokerage rates are not in excess of customary full service brokerage rates.

Goods and services may include research and advisory services, economic and political analysis, portfolio analysis (including valuation and performance measurement), market analysis, data and quotation services, clearing and custodian services and investment-related publications. The goods and services which the Investment Manager receives will not include any goods and services prohibited from time to time by any code or guidelines issued by any relevant regulatory authority.

The Fund may be deemed to be paying for these services with “soft” dollars. Although the Investment Manager believes that the Fund will demonstrably benefit from the services obtained with soft dollars generated by trades, the Fund does not benefit from all of these soft dollar services. The Investment Manager or its affiliates also derive substantial direct or indirect benefits from these services, particularly to the extent that the Investment Manager uses soft dollars to pay for expenses the Investment Manager would otherwise be required to pay itself.

The relationships with brokerage firms that provide soft dollar services to the Investment Manager may influence the Investment Manager's judgement in allocating brokerage business and create a conflict of interest in using the services of those brokers to execute transactions. The brokerage commissions paid to those firms, will not, however, differ materially from, nor will they be in excess of, customary full brokerage commissions payable to other firms for comparable services.

## **Business and regulatory risks of investment funds**

The regulatory environment for hedge funds is evolving and any changes may adversely affect the Fund. Regulatory changes may adversely affect the Fund's ability to pursue its trading strategies or obtain the leverage it might otherwise have obtained or. In addition, securities and futures markets are subject to comprehensive laws, 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.

## **Liquidity in Markets**

The Fund will bear the risk of cessation of trading in the markets for securities and other instruments in which it invests. Any such cessation will affect the Investment Manager's ability to initiate or close out positions. Poor liquidity for securities and other instruments may adversely affect the Net Asset Value of the Fund or the Net Asset Value per Class as the Investment Manager may not be able to initiate or close out positions on the terms on which it may wish to do so. Poor liquidity may also affect the Fund's ability to effect redemptions of Shares. Some futures markets have daily trading limits which, if they are reached, means that trading ceases either for a certain period of time or for the rest of the day. This may affect the price and timing at which investments can be closed out. These risks may be accentuated where the Fund is required to liquidate positions to meet redemption requests, margin calls or other funding requirements.

## **Investment Risk**

A substantial part of the Fund's investment programme is based on the Investment Manager's assessment of the likely movement in future prices. If prices do not move in the expected direction, then the Fund will suffer losses.

## **Currency Risk**

The Net Asset Value per Share will be computed in U.S. Dollars whereas the Fund's investments may be acquired in other currencies. The value in terms of U.S. Dollars of the investments of the Fund, which may be designated in any currency, may rise and fall due to exchange rate fluctuations of individual currencies. Adverse movements in currency exchange rates can result in a decrease in return and a loss of capital. It may not be possible or practicable to hedge successfully against the consequent risk exposure in all circumstances.

## **Equity Securities**

The Fund's investment portfolio may include long and short positions in equity securities. The value of these securities generally will vary with the performance of the issuer and movements in the equity markets. As a result, the Fund may suffer losses if it 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 Fund 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.

## **Fixed Income**

The Fund may invest in a variety of fixed-income securities (including, but not limited to corporate bonds). Typically, the values of fixed-income securities change inversely with prevailing interest rates. Therefore, a fundamental risk of fixed-income securities is interest rate risk, which is the risk that the value of such securities will generally decline as prevailing interest rates rise, which may cause the Fund's Net Asset Value to likewise decrease. Due to recent events in the fixed-income markets, the Fund may be subject to heightened interest rate risk as a result of a rise in interest rates. In addition, the Fund is subject to the risk that interest rates may exhibit increased volatility, which could cause the Fund's Net Asset Value to fluctuate more. How specific fixed-income securities may react to changes in interest rates will depend on the specific characteristics of each security. Fixed-income securities are also subject to credit risk, prepayment risk, valuation risk, and liquidity risk.

- Credit risk is the risk that the credit strength of an issuer of a fixed-income security will weaken and/or that the issuer will be unable to make timely principal and interest payments and that the security may go into default.
- Prepayment risk is the risk that during periods of falling interest rates, certain fixed-income securities with higher interest rates, such as mortgage- and asset-backed securities, may be prepaid by their issuers thereby reducing the amount of interest payments.
- Valuation risk is the risk that one or more of the fixed-income securities in which the Fund invests are priced differently than the value realized upon such security's sale. In times of market instability, valuation may be more difficult.
- Liquidity risk is the risk that fixed-income securities may be difficult or impossible to sell at the time that the Investment Manager would like or at the price the Investment Manager believes the security is currently worth. Current market conditions or future government actions (e.g., increase in interest rates) could subject the Fund to higher liquidity risk.

## **Index or Index Options**

The value of an index or index option fluctuates with changes in the market values of the securities included in the index. Because the value of an index or index option depends upon movements in the level of the index rather than the price of a particular security, whether the Fund will realize appreciation or depreciation from the purchase or writing of options on indices depends upon movements in the level of instrument prices in the security market generally or, in the case of certain indices, in an industry or market segment, rather than movements in the price of particular securities.

## **Index Futures**

The price of index futures contracts may not correlate perfectly with the movement in the underlying index because of certain market distortions. First, all participants in the futures market are subject to

margin deposit and maintenance requirements. Rather than meeting additional margin deposit requirements, participants may close futures contracts through offsetting transactions that would distort the normal relationship between the index and futures markets. Second, from the point of view of speculators, the deposit requirements in the futures market are less onerous than margin requirements in the securities market. Therefore, increased participation by speculators in the futures market also may cause price distortions. Successful use of index futures contracts by the Fund also is subject to the Investment Manager's ability to correctly predict movements in the direction of the market.

### **Repurchase Agreements**

A repurchase agreement involves the purchase of a security by the Fund and a simultaneous agreement by the seller (generally a bank or dealer) to repurchase the security from the Fund at a specified date or upon demand. This technique offers a method of earning income on idle cash. These securities involve the risk that the seller will fail to repurchase the security, as agreed. In that case, the Fund will bear the risk of market value fluctuations until the security can be sold and may encounter delays and incur costs in liquidating the security.

### **Swaps**

Whether the Fund's use of swap agreements or swaptions will be successful will depend on the Investment Manager's ability to select appropriate transactions for the Fund. Swap agreements and options on swap agreements ("swaptions") can be individually negotiated and structured to include exposure to a variety of different types of investments, asset classes or market factors. Depending on their structure, swap agreements may increase or decrease the holder's exposure to, for example, equity securities, long-term or short-term interest rates, currency values, credit spreads or other factors. Swap agreements can take many different forms and are known by a variety of names. Swap transactions may be highly illiquid and may increase or decrease the volatility of the Fund's portfolio. Moreover, the Fund bears the risk of loss of the amount expected to be received under a swap agreement in the event of the default or insolvency of its counterparty. The Fund will also bear the risk of loss related to swap agreements, for example, for breaches of such agreements or the failure of the Fund to post or maintain required collateral. It is possible that developments in the swap markets, including potential government regulation, could adversely affect the Fund's ability to terminate swap transactions or to realize amounts to be received under such transactions.

### **Futures Contracts**

The value of futures contracts depends upon the price of the financial instruments, such as commodities, underlying them. The prices of futures contracts are highly volatile, and price movements of futures contracts can be influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, as well as national and international political and economic events and policies. In addition, investments in futures contracts are also subject to the risk of the failure of any of the exchanges on which the Fund's positions trade or of its clearing houses or counterparties. Futures positions may be illiquid because certain commodity exchanges limit fluctuations in certain futures contract prices during a single day by regulations referred to as "daily price fluctuation limits" or "daily limits." Under such daily limits, during a single trading day no trades may be executed at

prices beyond the daily limits. Once the price of a particular futures contract has increased or decreased by an amount equal to the daily limit, positions in that contract can neither be taken nor liquidated unless traders are willing to effect trades at or within the limit. This could prevent the Fund from promptly liquidating unfavorable positions and subject the Fund to substantial losses or prevent it from entering into desired trades. Also, low margin or premiums normally required in such trading may provide a large amount of leverage, and a relatively small change in the price of a security or contract can produce a disproportionately larger profit or loss.

## **Forward Contracts**

The Fund may enter into over-the-counter forward contracts for the trading of certain futures interests, such as currencies, through U.S. and non-U.S. national or local banks and currency and rates dealers. A forward contract is a contractual obligation to buy or sell a specified quantity of a financial instrument or commodity at or before a specified date in the future at a specified price and, therefore, is similar to a futures contract. Banks and dealers act as principals in such markets. Forward contracts and options thereon, including non-deliverable forwards, are currently not traded through clearinghouses, although this is expected to change. The principals who deal in the forward contract market are not required to continue to make markets in such contracts. There have been periods during which certain participants in forward markets have refused to quote prices for forward contracts or have quoted prices with an unusually wide spread between the price at which they were prepared to buy and that at which they were prepared to sell. The imposition of credit controls or price risk limitations by governmental authorities may limit such forward trading to less than that which the Investment Manager would otherwise recommend, to the possible detriment of the Fund. In its forward trading, the Fund will be subject to the risk of the failure of, or the inability or refusal to perform with respect to its forward contracts by, the principals with which the Fund trades. Fund assets on deposit with such principals will also generally not be protected by the same segregation requirements imposed on certain regulated brokers in respect of customer funds on deposit with them. The Investment Manager may order trades for the Fund in such markets through agents. Accordingly, the insolvency or bankruptcy of such parties could also subject the Fund to the risk of loss.

## **Counterparty and Settlement Risk**

Due to the nature of some of the investments which the Fund may make, the Fund may rely on the ability of the counterparty to a transaction to perform its obligations. In the event that any such party fails to complete its obligations for any reason, the Fund may suffer losses. The Fund will therefore be exposed to a credit risk on the counterparties with which it trades or with which it engages in securities lending and therefore the Investment Manager will seek to transact only with major established counterparties. The Fund will also bear the risk of settlement default by clearing houses and exchanges. Any default by a counterparty or on settlement could have a material adverse effect on the Fund.

## **Leverage**

The Fund may use leverage. Borrowing creates an opportunity for a greater total return, but also increases exposure to capital risk. Money borrowed for the account of the Fund will be subject to

interest costs which may or may not exceed the income and gains from investments made with the proceeds of such borrowing. Such borrowing will magnify declines as well as increases in the value of the portfolio investments held. If loans to the Fund are collateralized with some of its portfolio securities which decrease in value, the Fund may be obliged to pledge additional collateral to a lender in the form of cash or securities held for such Class to avoid liquidation of the pledged securities.

The rights of any lenders to the Fund to receive payments of interest on and repayments of principal of such borrowing will be senior to the rights of the Shareholders of the relevant Class to receive dividends and redeem Shares, and the terms of any borrowing may contain provisions which limit certain activities of the Fund making use of this strategy, including, but not limited to, the payment of dividends to Shareholders and the ability of the Fund to redeem Shares of the relevant Classes. Interest payments and fees incurred in connection with borrowing will reduce the amount of net income available for payment to Shareholders.

Subject to the requirements of the applicable regulations, amounts borrowed for the account of any Class may be unsecured, secured by a pledge of portfolio securities or otherwise secured. The Fund's anticipated use of short-term margin borrowings subjects the Fund to additional risks, including the possibility of a "margin call", pursuant to which, if Fund securities collateralizing a loan to the Fund decrease in value, the Fund may either deposit additional securities or cash with the broker or suffer mandatory liquidation of the pledged securities to compensate for the decline in value. In the event of a sudden precipitous drop in the value of the assets held for the Fund, the Fund might not be able to liquidate assets quickly enough to pay off its margin debt.

## **Hedging**

Although the Fund will attempt to hedge its exposure to specific arbitrage positions, it will not always be possible fully to 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.

## **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.

## **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 options/instruments, unlike exchange-traded options/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. In any event, any of such over-the-counter derivative instruments shall be duly and validly formalized, in order to allow the Investment Manager to verify and assure the existence of such instruments.

### **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.

### **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.

### **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.

### **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.

## **Risks of Global Investing**

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

- (i) 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
- (ii) 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:

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

## **Lack of Diversification**

The Fund's investments on behalf of any Class may not be diversified among a wide range of securities but may instead be concentrated in a limited number of securities or may be concentrated in a limited number of industries. Such securities may be highly speculative and volatile in nature due to factors such as the risks associated with the purchase and sale of publicly traded securities, regulatory complications and litigation developments. The future success of the Fund is contingent, to a large extent, on market factors beyond the control of the Fund and sudden reversals in the financial markets would undoubtedly have a particularly severe impact on the returns of the Fund and its investors.

## **Difficult Market for Investment Opportunities**

The activity of identifying, completing and realising 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 objective or to realise 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.

## **Systemic Risk**

Systemic risk is the risk of broad financial system stress or collapse triggered by the default of one or more financial institutions, which results in a series of defaults by other interdependent financial institutions. Financial intermediaries, such as clearing houses, banks, securities firms and exchanges with which the Fund interacts, as well as the Fund, are all subject to systemic risk. A systemic failure could have material adverse consequences on the Fund and on the markets for the securities in which the Fund seeks to invest.

## **Assumption of Business, Terrorism and Catastrophe Risks**

The Fund may be subject to the risk of loss arising from exposure that it may incur, indirectly, due to the occurrence of various events, including, without limitation, hurricanes, earthquakes, and other natural disasters, terrorism and other catastrophic events. These risks of loss can be substantial and could have a material adverse effect on the Fund and the Shareholders' investments therein.

## **Risk of Fraud**

Although the Investment Manager intends to employ reasonable diligence in evaluating portfolio securities, no amount of diligence can eliminate the possibility that one or more issuers of such portfolio securities may engage in improper or fraudulent conduct, including improper accounting practices and unsupportable valuations of assets.

## **Cybersecurity Risk**

As part of its business, the Investment Manager processes, stores and transmits large amounts of electronic information, including information relating to the transactions of the Fund and personally identifiable information of the Shareholders. Similarly, service providers of the Investment Manager and the Fund, especially the Registrar and Transfer Agent, may process, store and transmit such information. The Investment Manager has procedures and systems in place that it believes are reasonably designed to protect such information and prevent data loss and security breaches. However, such measures cannot provide absolute security. The techniques used to obtain unauthorized access to data, disable or degrade service, or sabotage systems change frequently and may be difficult to detect for long periods of time. Hardware or software acquired from third parties may contain defects in design or manufacture or other problems that could unexpectedly compromise information security. Network connected services provided by third parties to the Investment Manager may be susceptible to compromise, leading to a breach of the Investment Manager's network. The Investment Manager's systems or facilities may be susceptible to employee error or malfeasance, government surveillance, or other security threats. On-line services provided by the Investment Manager to the Shareholders may also be susceptible to compromise. Breach of the Investment Manager's information systems may cause information relating to the transactions of the Fund and personally identifiable information of the Shareholders to be lost or improperly accessed, used or disclosed.

The service providers of the Investment Manager and the Fund are subject to the same electronic information security threats as the Investment Manager. If a service provider fails to adopt or adhere to adequate data security policies, or in the event of a breach of its networks, information relating to

the transactions of the Fund and personally identifiable information of the Shareholders may be lost or improperly accessed, used or disclosed.

The loss or improper access, use or disclosure of the Investment Manager's or the Fund's proprietary information may cause the Investment Manager or the Fund to suffer, among other things, financial loss, the disruption of its business, liability to third parties, regulatory intervention or reputational damage. Any of the foregoing events could have a material adverse effect on the Fund and the Shareholders' investments therein.

**No Separate Counsel; No Independent Verification.**

Ogier acts as legal counsel to the Fund as to matters of Cayman Islands laws. The Directors and the Fund do not have independent counsel. Ogier does not represent investors in the Fund, and no independent counsel has been retained to act on behalf of the Shareholders. Ogier's representation of the Fund and the Directors is limited to specific matters as to which it has been consulted by the Fund and the Directors. There may exist other matters which could have a bearing on the Fund and the Directors as to which Ogier has not been consulted. In addition, Ogier does not undertake to monitor the compliance of the Fund with the investment program, valuation procedures and other guidelines set forth herein, nor does it monitor compliance with applicable laws. This Offering Memorandum is based on information furnished by the Directors and Investment Manager. Ogier has not independently verified the accuracy and completeness of such information.

**The foregoing list of risk factors does not purport to be a complete enumeration or explanation of the risks involved in an investment in the Fund. Prospective investors should carefully read this entire Offering Memorandum, the applicable Annex and the Articles and consult with their own advisors before deciding whether to invest in the Fund. In addition, as the Fund's investment program develops and changes over time, an investment in the Fund may be subject to additional and different risk factors not discussed herein.**

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## FEES AND EXPENSES

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### **Investment Manager**

#### *(a) Management Fee*

Pursuant to the Investment Management Agreement, the Fund pays the Investment Manager the Management Fee at an annual rate, that may differ from one Class to another (see the Annexes to this Offering Memorandum for a disclosure of the applicable rates for each Class), of the Net Asset Value for each Class (or each sub-class or series of each Class if applicable) prior to the deduction of both the Management Fee and the Performance Fee attributable to each Class (or each sub-class or series of each Class if applicable). The Management Fee will accrue on a daily basis and be paid as described in the applicable Annex.

#### *(b) Performance Fee*

In addition to the Management Fee, pursuant to the Investment Management Agreement, the Fund will pay the Investment Manager a Performance Fee at a fixed percentage, that may differ from one Class to another (see the Annexes to this Offering Memorandum for a disclosure of the applicable conditions for each Class), of the profits of each Share of that Class (or each sub-class or series of each Class if applicable) prior to the deduction of the Performance Fee attributable to that Class (or each sub-class or series of each Class if applicable). The Performance Fee for each Class will accrue and be paid as described in the applicable Annex.

### **Registrar and Transfer Fee**

The Registrar and Transfer Agent will receive, in respect of each Class of Shares, a registrar and transfer fee calculated as set forth in the Registrar and Transfer Agency Agreement.

### **Operating Fees**

In addition to the above-mentioned fees, the Fund will bear certain operating expenses, including in particular stamp duties, taxes, government and fiscal charges and duties, commissions (including brokerage commissions), foreign exchange costs, bank charges, transfer and registration fees relating to investments, insurance and security costs, expenses of the issue and compulsory redemption of Shares, the auditors', tax advisors' and legal fees, research expenses and certain other expenses incurred in the administration of the Fund and in the acquisition, pricing, holding and disposal of investments. The Fund will also be responsible for the costs of preparing, printing and distributing all valuations, statements, accounts and reports (including the cost of publishing the Net Asset Value and the Net Asset Value per Share). The preliminary expenses incurred in or about the formation and

establishment of the Fund, including the expenses of registration and the initial issue of Shares of any Class, were paid by the Fund and amortised over a 12 month period.

### **NAV Calculator**

The NAV Calculator will charge the Fund for the account of each Class an amount specified in the relevant Annex of up to 0.12% per year of the NAV of that Class. The fees not attributable directly to any Class of Shares will be apportioned on each relevant date on which NAV is calculated between the relevant Classes on the basis of the respective NAVs of such Classes.

### **Brokers and Custodians**

The Fund pays the Brazilian Custodian a fee in respect of each Class of up to 0.03% per year of the Fund's assets in custody and compensates its other custodians, including Pershing LLC (a subsidiary of The Bank of New York Mellon), in line with market rates. The brokers and custodians are compensated through interest on credit balances, margin borrowings, stock loans and brokerage commissions. The Fund has consented to the transfer and reuse of Fund's assets on customary terms under its service agreement with the brokers and custodians, subject to regulatory limitations imposed upon the brokers and custodians.

### **Placement Agents and Distributors**

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

The Investment Manager may pay (or cause to be paid) fees to such persons. Any such fees may be paid by the Fund directly and will be deducted from the Management Fee or Performance Fee, or both, payable in respect of the applicable Class. Such payment will in no event be payable by or chargeable to the Fund or any Shareholder or prospective Shareholder and shall be made by the Fund only in circumstances in which such payment coincides with the Fund's payment of the Management Fee or Performance Fee.

Alternatively, or in addition thereto, the Fund, provided that the applicable Annex provides for the payment of subscription fees, may permit such placement agent, distributor or selling dealer to charge a fee (which may be shared with affiliates of the placement agents or selling dealers or other financial intermediaries) in an amount not to exceed the subscription fee, set forth in the applicable Annex, applicable to the subscription price of Shares placed through such placement agents. If such a fee is charged, the fee will be borne by the subscriber and will be payable directly to the relevant placement agent or distributor.

### **Legal Counsel**

Counsel have received fees calculated on a combination of a fixed fee and time spent basis in connection with the formation and launch of the Fund and may continue to receive fees on such

basis in connection with ongoing legal and regulatory advice.

### **Variation of Fees**

The remuneration being paid to service providers by the Fund (and any other term of their respective service agreements) may be amended by the mutual consent of the Directors and the relevant service provider. This may be necessary from time to time to keep such remuneration in line with the prevailing market rates being charged.

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## **NET ASSET VALUE DETERMINATION**

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### **Net Asset Value & Net Asset Value Per Share**

Net Asset Value of the Fund, a Class or a sub-class or series of Shares is the total assets, including all cash and equivalents of the Fund, the Class, sub-class or series (as applicable) less its total liabilities which include any reserves for contingencies.

Net Asset Value per Share or "NAVPS" will be the NAV of the relevant Class (or each sub-class or series of each Class if applicable) divided by the total number of Shares of the relevant Class (or each subclass series of each Class if applicable) outstanding.

The NAV for a Class will be calculated as of any relevant Business Day, after deducting the liabilities attributable to the relevant Class, which include any reserves for contingencies. Such deductions will include, but not be limited to:

- (a) The fees and expenses of the Investment Manager, the Registrar and Transfer Agent and other agents of the Fund, including accrued but unpaid fees and expenses;
- (b) An allowance for the Fund's estimated annual audit and legal fees;
- (c) Accrued interest expenses and commitment fees on loans, repurchase agreement fees and overdraft balances;
- (d) Withholding taxes, transfer taxes and other governmental charges and duties;
- (e) Any reserve determined to be required for contingencies; and
- (f) Any other liabilities or expenses to be borne by the Fund.

Liabilities of the Fund clearly attributable to any particular Class, sub-class or series of Shares will be deducted in calculating the NAV of that Class, sub-class or series. Any expenses, which cannot be directly attributable to any Class, sub-class or series of Shares, will be apportioned on each relevant date on which NAV is calculated between the relevant Classes, sub-classes or series on the basis of the respective relevant NAV of such Classes, sub-classes or series.

The value of the assets of the Fund will be determined on the accrual basis of accounting using the International Financial Reporting Standards and denominated in United States Dollars, unless otherwise deemed appropriate in the discretion of the Directors following consultation with the Investment Manager and the NAV Calculator, and in accordance with the principles

summarized below:

- (a) Investments that are listed on a securities, commodities or futures exchange or market (including such securities when traded in any over-the-counter trading market, including the NASDAQ National Market System), including securities which are in the form of put or call options, shall be valued at their settlement price on the date of determination. Securities that do not have a settlement price, shall be valued at the last trade price on the relevant date, or, if no trades occurred on such date, at the mean between the "bid" and "asked" prices on the most immediate prior date on which such prices were quoted, or if no such prices were quoted, at the value reasonably assigned to such securities by the NAV Calculator in consultation with the Investment Manager;
- (b) Securities that are not listed or quoted on a securities, commodities or futures exchange or market, including securities which are in the form of put or call options, will be valued at the mean between the representative "bid" and the representative "asked" prices on the date of determination, or if no such prices were quoted on such date, on the most immediate prior date on which such prices were quoted, or at the value reasonably assigned to such securities by the NAV Calculator in consultation with the Investment Manager;
- (c) For investments denominated in Brazilian currency, the conversion into U.S. Dollars will be made at the reference exchange rate published by BM&FBOVESPA calculated based on daily quotations of BRL/USD bid and offer rates (firm quotations) for settlement in two days at the close of business on the date on which such conversion is made. In the event such rate is not available, the conversion into U.S. Dollars will be made at an exchange rate determined by the Investment Manager in a commercially reasonable manner;
- (d) All other assets of the Fund (except goodwill, which will not be taken into account) will be assigned such value as the NAV Calculator may reasonably determine, in consultation with the Investment Manager. If the NAV Calculator determines that the valuation of any security or other asset pursuant to the foregoing does not fairly represent its market value, the NAV Calculator, in consultation with the Investment Manager, will value such security or instrument as it reasonably determines and will set forth the basis of such valuation in writing in the Portfolio's records. The value of any investment, security or other asset as aforesaid or other property for which no price quotations are available as above provided will be determined in such manner as the NAV Calculator, in consultation with the Investment Manager, reasonably determines and the basis of such valuation will be set forth in writing in the Fund's records.
- (e) Securities may be valued on the basis of their net asset value or (if applicable) current bid price. Where definitive prices are not available on the applicable valuation day, the last definitive or estimated available prices, provided by the administrator or investment manager, may be used as the basis for the calculation of the NAV of the Fund.

Because of the nature of the market, quotations from several different sources will generally be sought so that the assets of the Fund will not be priced by a single source. The quotations on which the Fund's valuations are made may be qualified by market-makers as being for pricing purposes only, and typically will not indicate the volume of securities covered. As a result, the valuations may not reflect the proceeds that would be received if the Fund were to liquidate the Fund's assets immediately.

In addition to special valuation determinations relating to illiquid securities, other special situations affecting the determination of NAV may arise from time to time. Prospective investors should be aware that situations involving uncertainties as to the valuation of the Fund's assets could have an adverse effect on the NAV of the Fund, and could result in greater payments of Management Fees and Performance Fees to the Investment Manager, if judgments regarding appropriate valuations made by the Directors should prove incorrect. Absent bad faith or manifest error, the determination of NAV by the NAV Calculator will be conclusive and binding on all Shareholders.

Certain of the Fund's assets and liabilities may not have readily observable market prices and the valuation of such assets may rely on quoted prices in inactive markets or models that have observable inputs. Certain other categories of assets may lack any readily available market information and, accordingly, the valuation of such assets may rely substantially on models and significant unobservable inputs including assumptions from market participants. As such assets are not actively traded, their value can only be estimated using a combination of complex market prices, mathematical models and subjective assumptions.

The NAVs may be adjusted under certain circumstances (such as to correct an error resulting from an incorrect calculation or quotation).

The NAV of the fund and the NAVPS will be reported to Shareholders by way of investor statements issued by the Registrar and Transfer Agent by email on a monthly basis. The NAV of the Fund and the NAVPS will generally be available for reporting to investors promptly following completion of the calculation of NAV.

To the extent the NAV (or any part thereof) is calculated other than by the Registrar and Transfer Agent then, notwithstanding that such valuation may have been conducted in accordance with valuation policies of the Fund then in effect, the Monetary Authority may require the Fund to have such valuation verified by an auditor or other independent third party.

The Directors have ultimate responsibility for oversight of the valuation process and review and approve, at least annually, this NAV Calculation Policy, including any pricing models or determination methods used to value hard to value securities.

### **Possible suspension of the calculation of the NAV and of Redemptions and Subscriptions**

The Directors may, in their absolute discretion, suspend the determination of the NAV, and/or the NAVPS, and, therefore, the right of redemption and subscription of Shares in any Class in

exceptional circumstances. The circumstances in which the Directors will exercise such power are as follows:

- (a) When one or more banks, stock exchanges, or other markets which provide a basis for valuing any of the assets of the Fund attributable to a relevant Class are closed other than for or during holidays or if dealings therein are restricted or suspended;
- (b) When, as a result of political, economic, military or monetary events or any circumstances outside the control, responsibility and power of the Fund, disposal of the assets of the Fund attributable to a relevant Class is not reasonably practicable without being seriously detrimental to the interests of the relevant Shareholders or if, in the opinion of the Directors, a fair price cannot be calculated for the assets of the Fund attributable to a relevant Class;
- (c) In the case of a breakdown of the means of communication normally used for the valuing of any material investments of the Fund attributable to a relevant Class or if for any reason the value of any material assets of the Fund attributable to a relevant Class may not be determined as rapidly and accurately as normal;
- (d) If, as a result of exchange restrictions or other restrictions affecting the transfer of Funds, transactions on behalf of the Fund for the relevant Class are rendered impracticable or if purchases, sales, deposits and withdrawals of the Fund's assets attributable to a relevant Class cannot be effected at the normal rates of exchange; or
- (e) If a relevant redemption, due to market illiquidity, in the opinion of the Directors, may jeopardize or be prejudicial to the Fund and the holders of its Shares.

No issue or redemption of Shares of a given Class, sub-class or series will take place during any period for which the calculation of the NAVPS of any Share in that Class, sub-class or series is suspended. Notice of any suspension will be given to all Shareholders. If the redemption request is not withdrawn, the redemption will take place as of the first Business Day following the end of the suspension.

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## **SUBSCRIPTION PROCEDURE**

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### **Subscription Price**

Shares will be offered at the Initial Offer Price per Share of the relevant Class during the Initial Offering Period and thereafter Shares will generally either continue to be offered at the Initial Offer Price (where the Shares of the relevant Class are issued in series), or will be offered at the Net Asset Value per Share of the relevant Class as of the Subscription Day, as set out in the relevant Annex for each Class.

### **The Initial Offer**

Applications for subscriptions for Shares during the Initial Offering Period and payment for subscriptions in respect thereof must be received in cleared funds by the Registrar and Transfer Agent by 3:00 p.m. (Cayman Islands time) on the Closing Date.

### **The Continuing Offer**

After the Closing Date Shares will be issued on each Subscription Day at the Directors' sole discretion, pursuant to the terms and conditions set out in the relevant Annex for each Class.

### **Applications under the Initial Offer and the Continuing Offer**

Applications are subject to the terms of this Offering Memorandum, the Memorandum and Articles of Association of the Fund and the enclosed Subscription Agreement.

Subscriptions for Shares must be in U.S. Dollars. However, in the sole discretion of the Directors, during the Initial Offering Period for any Class the Fund may accept subscriptions for Shares in securities provided the ownership of such securities by the Fund on behalf of any Class is in accordance with the investment objectives and policies of the Fund for such Class as set out in the relevant Annex.

Applications for subscriptions for Shares shall be made by executing and delivering the Subscription Agreement applicable to the relevant Class of Shares to the Registrar and Transfer Agent, acting as registrar on behalf of the Fund, at the email address shown below. The minimum initial and subsequent subscription amount of Shares per investor may differ from one Class to another, but the minimum subscription amount will not be less than US\$50,000 per new investor (see the Annexes to this Offering Memorandum for a description of the applicable minimum initial and subsequent subscription amount for Shares of each Class).

The Directors may not only determine at any time with respect to each Class the minimum

aggregate value of Shares to be subscribed for and issued to each prospective investor, and the minimum aggregate value of Shares to be otherwise issued to or held by each investor after a transfer or redemption, but also the minimum aggregate value of Shares which may be redeemed from time to time, provided that any increase in the minimum redemption amount shall not apply to the holders of Shares that held such Shares immediately prior to the time of such increase.

The Fund and the Registrar and Transfer Agent will process subscriptions on the basis of emailed copies of the Subscription Agreement but neither the Fund, its Directors nor the Registrar and Transfer Agent accept any responsibility for errors in email transmissions.

Completed documents should be sent to the Registrar and Transfer Agent at the email address below:

MUFG Alternative Fund Services (Cayman) Limited  
227 Elgin Avenue  
P.O. Box 852  
Grand Cayman KY1-1103  
Cayman Islands

Telephone: 1 (345) 914-1000

**Email:      [OL-nextepinvestimentos-IR@mfsadmin.com](mailto:OL-nextepinvestimentos-IR@mfsadmin.com)**

In order to facilitate prompt and accurate crediting of subscription payments, investors must notify the Registrar and Transfer Agent, prior to remitting payment: (1) the name of the investor; (2) the dollar amount to be subscribed; (3) the Class of Shares to be purchased; (4) the investor's address (including an email address); (5) the name and address of the financial institution remitting the subscription payment; and (6) the approximate value date as of which the payment is being wired to the Class' account. (Separate notification is not required if the subscriber's application documents are received by the Registrar and Transfer Agent prior to the payment date).

Payments in full for subscriptions should be made in U.S. Dollars by wire transfer as per the following instructions:

|               |                                 |
|---------------|---------------------------------|
| Bank:         | UBS AG, STAMFORD BRANCH         |
| ABA:          | 026007993                       |
| Chips:        | 0779                            |
| Account:      | 101-WA-272922-000               |
| Account Name: | PIPA GLOBAL EQUITIES FUND, LTD. |

To avoid return of funds, the wire transfer must indicate the name and account number from which the funds are being wired.

Please effect the wire by either swift MT100 or MT103

### **Inquiries**

All inquiries regarding the completion of the Subscription Agreement and the other application documents should be directed to the Registrar and Transfer Agent in the Cayman Islands.

### **Signature**

The applicable Subscription Agreement may be completed by a duly authorised officer or agent on behalf of the investor. Any person signing any Subscription Agreement in a representative capacity should type or print on the last page of such Subscription Agreement: the name of the investor, the name of the person signing the Subscription Agreement and the capacity in which he or she is signing. In the case of an individual investor the initial Subscription Agreement must be signed by the investor and any subsequent delegation of signing authority must be properly communicated, and evidenced to the Registrar and Transfer Agent. In the case of corporate investments, the articles of association and by-laws or other governing instruments and corporate resolutions authorizing investment in the Shares must be remitted with the Subscription Agreement and a list of authorised signatories with their specimen signatures.

### **Compliance with Requirement to Provide Information**

In order to comply with regulations aimed at the prevention of money laundering, the Fund or the Registrar and Transfer Agent on its behalf will require verification of identity and source of funds from all prospective investors to the extent required under the Anti-Money Laundering Regulations of the Cayman Islands.

The Fund or the Registrar and Transfer Agent on its behalf reserves the right to request such information as is necessary to verify the identity of a prospective investor and source of funds. The Fund or the Registrar and Transfer Agent on its behalf also reserves the right to request such identification evidence in respect of a transferee of Shares. In the event of delay or failure by the prospective investor or transferee to produce any information required for verification purposes, the Fund or the Registrar and Transfer Agent on its behalf may refuse to accept the application or

(as the case may be) to register the relevant transfer and (in the case of a subscription of Shares) any funds received will be returned without interest to the account from which the monies were originally debited.

The Fund or the Registrar and Transfer Agent on its behalf also reserves the right to refuse to make any redemption payment or distribution to a Shareholder otherwise than to the account from which the corresponding subscription funds were paid if the Directors or the Registrar and Transfer Agent suspects or is advised that the payment of any redemption or distribution moneys to such Shareholder might result in a breach or violation of any applicable anti-money laundering or other laws or regulations by any person in any relevant jurisdiction, or such refusal is considered necessary or appropriate to ensure the compliance by the Fund, the Directors or the Registrar and Transfer Agent with any such laws or regulations in any relevant jurisdiction.

It is further acknowledged that the Registrar and Transfer Agent and the Fund shall be held harmless by the investor against any loss arising as a result of a failure to process a subscription or a redemption if such information as has been requested by the Registrar and Transfer Agent has not been provided by the investor.

**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 money laundering or is involved with terrorism or terrorist property, and the information for that knowledge or suspicion came to such person's attention in the course of business in the regulated sector, such 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 Act (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 Act (Revised) of the Cayman Islands, if the disclosure relates to involvement with terrorism or terrorist financing and property. Such a report shall not be treated as a breach of confidence or of any restriction upon the disclosure of information imposed by any enactment or otherwise.**

By subscribing for Shares, applicants consent to the disclosure by the Fund, the Investment Manager, the Registrar and Transfer Agent 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.

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

## **Anti-Money Laundering – Cayman Islands**

The Fund is required to comply with the anti-money laundering ("AML") and countering the financing of terrorism ("CFT") legislation of the Cayman Islands. The Fund has outsourced the maintenance of its AML/CFT policies and procedures to the Registrar and Transfer Agent, which is subject to the AML/CFT regime of the Cayman Islands, as permitted by, and in accordance with the requirements of, the Anti-Money Laundering Regulations (Revised) (as amended, the "AMLRs").

The Fund has appointed an Anti-Money Laundering Compliance Officer ("AMLCO"), as required by the AMLRs, to ensure the Fund's compliance with the AMLRs. The Fund has also appointed a Money Laundering Reporting Officer ("MLRO") and a Deputy Money Laundering Reporting Officer ("DMLRO" and, together with the AMLCO and the MLRO, the "AML Officers"), to whom reports of suspicious activity will be made and who will ensure that suspicious activity is disclosed to the Financial Reporting Authority of the Cayman Islands (the FRA) where required by the AMLRs. Each of the AML Officers is an employee of the Registrar and Transfer Agent.

As part of the Fund's and the Registrar and Transfer Agent's responsibility for the prevention of money laundering and terrorism financing, the Fund and the Registrar and Transfer Agent (including their affiliates, subsidiaries or associates) will require a detailed verification of each applicant's identity and the source of payment.

The Fund is subject to sanctions obligations which restrict it from dealing with certain persons or persons that are located or domiciled in certain countries. The Fund will require each applicant to represent that they and their beneficial owners/controllers and other connected persons are not (a) named on, or deal with persons named on, lists of prohibited entities and individuals maintained by the US Treasury Department's Office of Foreign Assets Control ("OFAC"), the United Kingdom (UK) or the European Union (EU), or (b) operationally based or domiciled in a country or jurisdiction in relation to which sanctions have been issued by the UK, the EU or the United Nations (collectively, the "Sanctions Lists"), 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 or on any Sanctions List and is not operationally based or domiciled in a country or territory in relation to which sanctions imposed by the United Nations, the European Union or the United Kingdom apply or otherwise subject to such sanctions. . Each subscriber will also be required to represent that subscription monies are not directly or indirectly derived from activities that may contravene Cayman Islands, United States federal or state, or international, laws and regulations, including anti-money laundering laws and regulations . Where an applicant or a Shareholder appears on a Sanctions List, the Fund, or the Registrar and Transfer Agent on the Fund's behalf, must take steps to comply with the relevant sanctions obligations and may be required to cease any further dealings with that person or their Shareholding.

None of the Fund, the Investment Manager, the Registrar and Transfer Agent 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 Registrar and Transfer Agent on behalf of the Fund, has not been provided by the subscriber in a timely manner.

### **Conversion Procedure**

A Shareholder may normally convert all or any of his Shares of one Class ('the first Class') into Shares of another Class ('the new Class') on any Subscription Day for the new Class by submitting a conversion request to the Registrar and Transfer Agent on the same form as is required to effect a redemption of Shares of the first Class.

Conversions will be affected by the redemption of Shares of the first Class and the application of assets equal to the Net Asset Value per Share of Shares of the first Class in subscribing for Shares of the new Class at a price equal to Net Asset Value per Share of Shares of the new Class on the relevant Subscription Day.

No conversion request will be complied with in respect of Shares of the first Class having an aggregate Net Asset Value per Share of less than the minimum initial subscription amount in respect of such Class.

No fees will be charged on conversions

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## **REDEMPTION PROCEDURE**

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Redemptions shall be effected on any Redemption Day and after such prior written notice as may be specified in relation to each Class in the Annexes to this Offering Memorandum describing the relevant Class, at a Redemption Price equal to the Net Asset Value per Share, as of the relevant Redemption Day and otherwise in accordance with the terms of each Class of Shares (see the Annexes for a description of each Class).

Except as otherwise provided herein, all requests for redemption in proper form will be honoured, and investments attributable to the relevant Class of Shares will be liquidated to the extent possible to effect the related redemptions. The right to redeem Shares of any Class is contingent upon the Fund having, in relation to the relevant Class, profits or share premium in its share premium account or other funds sufficient, in the view of the Directors, to discharge its liabilities on the Redemption Day and to comply with the Companies Act.

A prospective investor should realize that if the Fund incurs substantial losses as a result of its trading and investment activities, the Fund may have insufficient assets from which to pay the requested redemption payment or may be restricted otherwise by the laws of the Cayman Islands from completing a redemption. Sizable redemptions of Shares of the Fund by Shareholders may have an adverse impact on the ability of the Fund to successfully conduct the business and activities of the Fund. Redemptions may be suspended by the Fund in certain circumstances (as set out in "Possible suspension of the calculation of the NAV and of Redemptions and Subscription").

Shareholders wishing to redeem their Shares should deliver an executed Redemption Form to the Registrar and Transfer Agent, at the email address specified in the Redemption Form.

The Redemption Form may be delivered to the Registrar and Transfer Agent by email. The Fund and the Registrar and Transfer Agent will process redemptions and pay the Redemption Price on the basis of emailed copies of the Redemption Form but neither the Fund, its Directors nor the Registrar and Transfer Agent, accept any responsibility for errors in email transmissions. For the avoidance of doubt, the original Redemption Form is not required for releasing the redemption payment.

Only in exceptional circumstances will redemption payments be paid to a bank account other than that from which the subscription funds originated. Under no circumstances, will redemption payments be made to an account other than that of the shareholder. If payment instructions are to another account of the shareholder, the Fund reserves the right to request supplementary information before determining whether effect can be given to the instructions. Cayman Islands law has certain restrictions on the redemption of Shares, particularly where the Fund is not funding such redemption out of profits or the proceeds of fresh issues of

Shares made for the purposes of redemption. In particular, any redemption payment out of capital will only be possible if the Fund remains able to pay its debts as they fall due in the ordinary course of business after such redemption payment is made out of capital.

Once given, a redemption notice may not be revoked by the Shareholder save where determination of the Net Asset Value is suspended by the Directors in the circumstances set out below or except as otherwise agreed by the Directors.

On giving at least 30 days notice to Shareholders, the Directors may amend the frequency of redemption, provided that such change shall only take effect following the Redemption Day next succeeding such notice.

### **Redemption Proceeds**

At redemption, Shareholders will be paid the Redemption Price, which is based on the Net Asset Value per Share and calculated in accordance with the Articles. The Redemption Price will be paid in U.S. dollars by wire transfer at the request and expense of the redeeming member. Payment details for each Class of Shares will be set out in each relevant Annex.

### **Redemption Charge**

The Directors may levy a charge of such amount as may be specified in the Annex relating to the relevant Class.

### **Redemption in Kind**

The Fund may, at its discretion, arrange for payment by way of transfer of the Fund's underlying investments to such Shareholders as the Fund may select. No investment will be transferred to the Shareholder unless the Directors are satisfied that:

- (i) the value of the investments to be transferred, calculated in accordance with the valuation provisions set out in the Articles of this Offering Memorandum, is equal to and does not exceed the Net Asset Value of the Shares to be redeemed less all fiscal duties and charges arising in connection with the vesting of such Investments in the Shareholder; and
- (ii) the terms of any such exchange shall not materially prejudice the remaining Shareholders.

### **Compulsory Redemption**

The Fund will be entitled to redeem all or any of the Shares at their Net Asset Value if the holder thereof is not an Eligible Investor or in any circumstances where it is in the sole opinion of the Directors necessary to do so to avoid regulatory or tax consequences to the Fund or the Investment Manager.

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## **TAXATION**

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### **General**

In view of the number of different jurisdictions where local laws may apply to Shareholders, the discussion below does not address the tax consequences to potential investors of the purchase, ownership, and disposition of Shares. Prospective investors are urged to consult their own tax advisors in determining the possible tax consequences to them under the laws of the jurisdictions of which they are citizens, residents or domiciliaries, jurisdictions in which they conduct business and jurisdictions in which they hold shares. This discussion does not constitute tax advice.

The following comments are based on advice received by the Directors regarding the current law and practice in the Cayman Islands and the United States. There can be no guarantee that the tax position or proposed tax position prevailing at the date of this Offering Memorandum will prevail indefinitely.

### **Cayman Islands**

There is, at present, no direct taxation in the Cayman Islands and interest, dividends and gains payable to the Fund will be received free of all Cayman Islands taxes. The Fund is registered as an exempted limited liability company under Cayman Islands law and has received an undertaking from the Financial Secretary of the Cayman Islands to the effect that, for a period of 20 years from the date of the undertaking (May 14, 2021), no law that is thereafter enacted in the Cayman Islands imposing any tax or duty to be levied on income or on capital gains or appreciation or any tax in the nature of estate duty or inheritance tax will apply to any property comprised in, or any income arising under, the Fund or to the Shareholders thereof in respect of any such property or income.

### **Automatic Exchange of Financial Account Information**

The Cayman Islands has signed an inter-governmental agreement to improve international tax compliance and the exchange of information with the United States (the "US IGA"), which gives effect to the automatic tax information exchange requirements of the US Foreign Account Tax Compliance Act ("US FATCA"). The Cayman Islands is also one of multiple jurisdictions which have agreed to the automatic exchange of financial account information on the basis of the standard published by the Organisation for Economic Co-operation and Development (the "Common Reporting Standard" or the "CRS").

In order to give effect to its obligations under the US IGA and the CRS, the Cayman Islands has adopted regulations (the "AEOI Regulations"). Pursuant to the AEOI Regulations, the Cayman Islands Tax Information Authority (the "Cayman TIA") has also published guidance notes on the application of the US IGA and the CRS.

Under the AEOI Regulations, all Cayman Islands "Financial Institutions" ("FIs") will be classified as "Reporting Financial Institutions" ("Reporting FIs") unless a FI may rely on an exemption, in which case it will be classified as a "Non-Reporting Financial Institution". As a Reporting FI, the Fund is required to, among other things: (i) register with the US Internal Revenue Service ("IRS") to obtain a Global Intermediary Identification Number (under US FATCA), (ii) register with and notify the Cayman TIA of its status as a Reporting FI, (iii) conduct due diligence on its investors to identify whether accounts are reportable under the AEOI Regulations, and (iv) report account information on reportable accounts to the Cayman TIA. The Cayman TIA will exchange the information reported to it with the IRS and other foreign fiscal authorities annually on an automatic basis.

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) 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 or other foreign fiscal authorities;
- (iii) the Fund (or its agent) may be required to disclose to the IRS or other foreign fiscal authorities certain confidential information when registering with such authorities and if such authorities contact the Fund (or its agent 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, whether or not that actually leads to compliance failures by the Fund, or a risk of the Fund or the Fund's investors being subject to withholding tax or penalties under the relevant legislative or inter-governmental regimes, 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) 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 or the AEOI Regulations or any of the relevant underlying or implementing legislation.

Investors should ensure that their tax affairs are in compliance in their jurisdiction(s) of residence and/or citizenship (as applicable).

## **United States**

The tax status of the Fund and its Shareholders under the tax laws of the United States is summarized below. The summary is based on the assumption that the Fund is owned, managed and operated as contemplated. The summary is considered to be a correct interpretation of existing laws as applied at the date of this Offering Memorandum, but no representation is made or intended by the Fund (i) that changes in such laws or their application or interpretation will not be made in the future or (ii) that the IRS will agree with the above described interpretation as applied to the method of operation of the Fund. Persons interested in subscribing for Shares should consult their own tax advisers with respect to the tax consequences, including the income tax consequences, if any, to them of the purchase, holding, redemption, sale or transfer of Shares.

Pursuant to IRS regulations, the Fund and its tax advisers hereby inform you that: (i) any tax advice contained herein is not intended and was not written to be used, and cannot be used by any taxpayer, for the purposes of avoiding penalties that may be imposed on the taxpayer; (ii) any such advice was written to support the promotion or marketing of the Shares; and (iii) each taxpayer should seek advice based on the taxpayer's particular circumstances from an independent tax adviser.

## **Taxation of the Fund**

It is expected that the Fund will be treated as a corporation for U.S. federal income tax purposes.

In general, the Fund's investment and trading gains are not expected to be subject to U.S. federal income tax because the Fund intends to structure its investments and operations so that it will not be treated as engaged in a "trade or business" in the United States for U.S. federal income tax purposes. However, the Fund may earn certain U.S. source interest income and dividend income that are subject to U.S. federal withholding tax at a rate of 30%. This tax will apply even if the Fund complies with its obligations under the Hiring Incentives to Restore Employment Act (the "HIRE Act") (as discussed below). The Fund will be subject to U.S. federal income tax on any gain realized from the sale of a "United States real property interest" within the meaning of Section 897 of the U.S. Internal Revenue Code of 1986, as amended (the "Code"), which term generally includes, among other things, stock of a "United States real property holding corporation".

The "Foreign Account Tax Compliance Act" or "FATCA" provisions of the HIRE Act provide that the Fund must disclose the name, address and taxpayer identification number of certain U.S. persons that own, directly or indirectly, an interest in the Fund, as well as certain other information relating to any such interest, pursuant to either an agreement with the IRS or an intergovernmental agreement between the United States and 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 U.S. source income and proceeds from the sale of property that could give rise to U.S. source interest or dividends. The IRS has announced that implementation of the withholding tax provisions of the HIRE Act will be postponed to January 1, 2017, in the case of proceeds from the sale of property. Although the Fund will attempt to satisfy any obligations imposed on it 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 investor and its beneficial owners that the Fund determines is necessary or desirable in order for the Fund to avoid the FATCA withholding tax and otherwise comply with the HIRE Act. If the Fund becomes subject to a FATCA withholding tax as a result of the HIRE Act, the value of Shares held by all Shareholders may be materially affected, although the Fund generally expects to charge the amounts to the relevant investors, as applicable.

### **Taxation of U.S. Taxable Shareholders**

Persons generally subject to U.S. federal income taxation on worldwide income (“U.S. Taxable Shareholders”) should be aware of certain tax consequences of investing directly or indirectly in the Fund. The Fund is a “passive foreign investment company” (“PFIC”) as defined in Section 1297 of the Code. A U.S. Taxable Shareholder is subject to different rules depending on whether the U.S. Taxable Shareholder makes an election to treat the Fund as a “qualified electing fund” (a “QEF election”) for the first taxable year that the U.S. Taxable Shareholder holds Shares (a “timely QEF election”).

If a U.S. Taxable Shareholder makes a timely QEF election, the U.S. Taxable Shareholder must report each year for U.S. federal income tax purposes his pro rata share of the Fund’s ordinary earnings and net capital gain, if any, for the year, but certain tax penalty provisions applicable to a non electing Shareholder will not apply. If a U.S. Taxable Holder does not make a timely QEF election, certain tax penalties may be applicable. These alternative sets of tax rules are discussed in more detail below.

A U.S. Taxable Shareholder who makes a timely QEF election (an “Electing Shareholder”) must report for U.S. federal income tax purposes his pro rata share of the ordinary earnings and the net capital gain, if any, of the Fund for the taxable year of the Fund that ends with or within the taxable year of the Electing Shareholder. The “net capital gain” of the Fund is the excess, if any, of the Fund’s net long term capital gains over its net short term capital losses and is reported by the Electing Shareholder as long term capital gain. Any net operating losses or net capital losses of the Fund will not pass through to the Electing Shareholder and will not offset any ordinary earnings or net capital gain of the Fund reportable to Electing Shareholders in subsequent years (although such losses would ultimately reduce the gain, or increase the loss, recognized by the Electing Shareholder on his disposition of his Shares).

A U.S. Taxable Shareholder makes a QEF election for a taxable year by completing and filing IRS Form 8621 in accordance with the instructions thereto. The Fund will furnish U.S. Taxable Shareholders with information needed in order to complete IRS Form 8621.

A U.S. Taxable Shareholder who does not make a timely QEF election (a “Non Electing Shareholder”) will be subject to special rules with respect to (i) any “excess distribution” (generally, the portion of any distributions received by the Non Electing Shareholder on the Shares in a taxable year in excess of 125% of the average annual distributions received by the Non Electing Shareholder in the three preceding taxable years, or, if shorter, the Non Electing Shareholder’s holding period for his Shares), and (ii) any gain realized on the sale or other disposition of such Shares. Under these rules, (i) the excess distribution or gain would be allocated ratably over the Non Electing Shareholder’s holding period for the Shares; (ii) the amount allocated to the current taxable year would be taxed as ordinary income; and (iii) the amount allocated to each of the other taxable years would be subject to tax at the highest rate of tax in effect for the applicable class of taxpayer for that year, and an interest charge for the deemed deferral benefit would be imposed with respect to the resulting tax attributable to each such other taxable year. If a Non Electing Shareholder who is an individual dies while owning Shares, the Non Electing Shareholder’s successor would be ineligible to receive a step-up in tax basis of the Shares.

The Fund may invest in companies that are PFICs. U.S. Taxable Shareholders will be subject to the PFIC rules with respect to their indirect ownership interests in such PFICs. There can be no assurance that a U.S. Taxable Shareholder will be able to make a QEF election with respect to PFICs in which the Fund invests.

If the Fund were classified as a “controlled foreign corporation” (a “CFC”) as defined in Code Section 957, each U.S. Taxable Shareholder who is a “United States shareholder” (i.e., a Shareholder who owns, or who is considered to own as a result of certain attribution rules, 10% or more of the total combined voting power of all classes of the Fund’s Shares entitled to vote) would be required to include in his gross income, for his taxable year in which the taxable year of the Fund ends, his pro rata share of the Fund’s income for such year. This income would be reported by the “United States shareholder” as ordinary income even to the extent that it is attributable to net long term capital gains of the Fund. With respect to a U.S. Taxable Shareholder’s direct interest in the Fund (as opposed to the U.S. Taxable Shareholder’s indirect interests in other PFICs in which the Fund may invest), the PFIC rules will not apply to any portion of a U.S. Taxable Shareholder’s holding period during which the U.S. Taxable Shareholder is a “United States shareholder” and the Fund is a CFC.

### **Taxation of U.S. Tax-Exempt Shareholders**

Shares may be sold to a limited number of U.S. persons which are pension and profit sharing trusts or other tax exempt organizations (“U.S. Tax Exempt Shareholders”). Assuming a U.S. Tax Exempt Shareholder does not borrow money or otherwise utilize leverage to purchase its Shares, the U.S. Tax Exempt Shareholder generally should not realize “unrelated debt financed income” as defined in Code Section 514 or “unrelated business taxable income” as defined in Code Section 512 with respect to its investment in the Fund and generally should not be subject to U.S. federal income tax under the PFIC provisions of the Code with respect to its investment in the Fund.

## **Information Reporting Requirements**

Any U.S. person within the meaning of the Code owning 10% or more (taking certain attribution rules into account) of the total voting power or total value of the shares of a foreign corporation such as the Fund will likely be required to file an information return with the IRS containing certain disclosure concerning the filing shareholder, other shareholders and the corporation. The Fund has not committed itself to provide the information about the Fund or its Shareholders needed to complete the return. In addition, a U.S. person within the meaning of the Code that transfers cash to a foreign corporation such as the Fund may be required to report the transfer to the IRS if (i) immediately after the transfer, such person holds (directly, indirectly or by attribution) at least 10% of the total voting power or total value of the shares of such corporation or (ii) the amount of cash transferred by such person (or any related person) to such corporation during the twelve-month period ending on the date of the transfer exceeds \$100,000. Further, Shareholders may be required to file an information return with respect to an investment in the Fund pursuant to Code Section 6038D or Code Section 1298(f). Shareholders are urged to consult their own tax advisors concerning these and any other reporting requirements.

The IRS has released final Treasury Regulations expanding previously existing information reporting, record maintenance and investor list maintenance requirements with respect to certain “tax shelter” transactions (the “Tax Shelter Regulations”). The Tax Shelter Regulations may potentially apply to a broad range of investments that would not typically be viewed as tax shelter transactions, including investments in investment companies and portfolio investments of investment companies. Under the Tax Shelter Regulations, if the Fund engages in a “reportable transaction,” a Shareholder would be required, under certain circumstances, to (i) retain all records material to such “reportable transaction”; (ii) complete and file IRS Form 8886, “Reportable Transaction Disclosure Statement” as part of its U.S. federal income tax return for each year it participates in the “reportable transaction”; and (iii) send a copy of such form to the IRS Office of Tax Shelter Analysis at the time the first such tax return is filed. The scope of the Tax Shelter Regulations may be affected by further IRS guidance. Non-compliance with the Tax Shelter Regulations may involve significant penalties and other consequences. Each Shareholder should consult its own tax advisers as to its obligations under the Tax Shelter Regulations.

## **Other Jurisdictions**

It is possible that certain dividends, interest and other income received by the Fund from sources within certain countries will be subject to withholding taxes imposed by such countries. In addition, 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 the rate of tax that the Fund will pay in advance since the amount of the Fund's assets to be invested in various countries is not known.

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## EMPLOYEE BENEFIT PLANS

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### General

Before purchasing any Shares, a fiduciary of a prospective investor that is an employee benefit plan (as defined in Section 3(3) of the U.S. Employee Retirement Income Security Act of 1974, as amended (“ERISA”)) subject to Title I of ERISA (an “ERISA Plan”) should determine whether an investment in Shares is consistent with the fiduciary requirements of Section 404 of ERISA, and in particular whether the investment is prudent and whether the investment would result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code.

### Plan Asset Regulation

In determining whether an investment in Shares would satisfy the fiduciary requirements of ERISA or result in a prohibited transaction, the fiduciary should consider whether the assets of the Fund will be considered “plan assets” within the meaning of U.S. Department of Labor Regulation 29 C.F.R. Section 2510.3-101 (the “Plan Asset Regulation”), as amended by Section 3(42) of ERISA. Under the Plan Asset Regulation, the assets of an entity in which an ERISA Plan acquires an “equity interest” that is neither a “publicly offered” security nor a security issued by an investment company registered under the 1940 Act are considered to be assets of the ERISA Plan for purposes of the fiduciary requirements and prohibited transaction rules unless the entity is an “operating company” or investments in each class of equity interests in the entity by ERISA Plans and other “benefit plan investors” (“Benefit Plan Investors”) are not “significant.” Under Section 3(42) of ERISA, Benefit Plan Investors include (i) ERISA Plans, (ii) plans described in Section 4975(e)(1) of the Code and subject to Section 4975 of the Code (e.g., IRAs) (ERISA Plans, together with IRAs, “Plans”), and (iii) entities whose underlying assets include plan assets by reason of investment by Benefit Plan Investors in such entities. Investment by Benefit Plan Investors in a class of equity interests will generally not be deemed “significant” if less than 25% of the total value of such class is held by such investors (the “25% Test”). In addition, the 25% Test is applied by disregarding the value of any equity interests held by a person (other than a Benefit Plan Investor) who has discretionary authority or control with respect to the assets of the entity or any person who provides investment advice for a fee (direct or indirect) with respect to such assets, or any affiliate of such a person.

The Fund intends to limit purchases of each class of Shares by Benefit Plan Investors and transfers of Shares to Benefit Plan Investors. The Fund may also require a Benefit Plan Investor to withdraw so that the 25% Test is satisfied. Assuming that the Fund at all times limits investments by Benefit Plan Investors in compliance with the 25% Test, the assets of the Fund will not be considered to be assets of any investor which is an ERISA Plan for purposes of the fiduciary responsibility or prohibited transaction provisions of ERISA or the Code.

## **Prohibited Transactions**

Unless covered by an exemption, if the assets of the Fund are considered “plan assets,” the Investment Manager would be prohibited by ERISA from entering into any transaction that involves the assets of the Fund if it knows or should know that such transaction constitutes a “prohibited transaction.”

In general, a fiduciary of a Plan is prohibited from (a) dealing with the assets of the Plan in his own interest or for his own account, (b) acting on behalf of a party whose interests are adverse to the interests of the Plan in any transactions involving the Plan, (c) receiving any consideration for its own account from any party dealing with the Plan in connection with a transaction involving the Plan’s assets, and (d) causing the (i) selling or leasing of Plan property to or from a “party-in-interest” as defined in Section 3(14) or ERISA, (ii) furnishing of goods, services or facilities between the Plan and a party-in-interest, and (iii) transfer of Plan assets to, or permitting the use of Plan assets by, a party-in-interest.

As discussed above, the Fund may use leverage in connection with its investments. In this regard, a Benefit Plan Investor will generally be subject to tax on the portion of its share of the Fund profits attributable to the use of leverage. Such portion will be considered “debt-financed income” and will be taxable as “unrelated business taxable income” under the Federal income tax law.

Employee benefit plans that are governmental plans (as defined in Section 3(32) of ERISA) and certain church plans (as defined in Section 3(33) of ERISA) are not subject to the fiduciary responsibility or prohibited transaction provisions of ERISA or the Code but may be subject to restrictions under state or local law.

**THE ABOVE DISCUSSION IS A SUMMARY OF SOME OF THE MATERIAL ERISA CONSIDERATIONS APPLICABLE TO PROSPECTIVE INVESTORS THAT ARE ERISA PLANS. IT IS NOT INTENDED TO BE A COMPLETE DISCUSSION NOR TO BE CONSTRUED AS LEGAL ADVICE OR A LEGAL OPINION. PROSPECTIVE INVESTORS SHOULD CONSULT THEIR OWN COUNSEL ON THESE MATTERS.**

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22410-003, Rio de Janeiro, RJ, Brazil

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Avenida Presidente Wilson 231, 11º andar e 4º, 13º e 17º andares (parte), Centro  
20030-905, Rio de Janeiro, RJ, Brazil

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227 Elgin Avenue  
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Grand Cayman KY1-1103  
Cayman Islands

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